

Dated 6 October 2014

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 by Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 and Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014.

Summary Note

in respect of an Offer of:

€30,000,000 5% Secured Bonds 2024
of a nominal value of €100 per Bond issued at par

by

HAL MANN VELLA GROUP P.L.C.

(A public limited liability company registered in Malta
with company registration number C 5067)

For a description of the security in respect of the Bonds, see section C.8 of this Summary Note.

Registrar



Malta Stock Exchange plc

Security Trustee



FJV FIDUCIARY LTD

Sponsor

CHARTS
WEALTH MANAGEMENT • CORPORATE BROKING

Legal Counsel

ÆQUITAS **Æ**
LEGAL

APPROVED BY THE DIRECTORS

Vincent Vella

Joseph Vella

Mark Vella

Martin Vella

Arthur Galea
Salomone

William Van
Buren

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IMPORTANT INFORMATION

THIS SUMMARY NOTE CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION ON HAL MANN VELLA GROUP P.L.C., AND THE BUSINESS OF THE GROUP, AND INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH: (A) 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 BY COMMISSION DELEGATED REGULATION (EU) NO. 486/2012 OF 30 MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF 4 JUNE 2012, COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF 30 APRIL 2013) AND COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014; AND (B) THE RULES AND REGULATIONS APPLICABLE TO THE ADMISSION OF SECURITIES ON THE OFFICIAL LIST OF THE MSE.

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A COPY OF THIS DOCUMENT HAS BEEN REGISTERED WITH THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, THE MSE IN SATISFACTION OF THE MSE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES, IN ACCORDANCE WITH THE ACT. APPLICATION HAS ALSO 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 THE ISSUER'S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S WEBSITE 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 ANY FINANCIAL INSTRUMENTS AND SECURITIES ISSUED BY THE ISSUER.

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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 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.

ALL THE ADVISORS TO THE ISSUER HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS PUBLIC OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY 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 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.

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.

This Summary Note is prepared in accordance with the requirements of the Regulation, as amended by Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 and Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014.

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'.

In this Summary Note the following words and expressions shall bear the following meaning 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 to subscribe for Bonds made by an Applicant/s by completing an Application Form/s and delivering same to the Registrar or to any of the Authorised Financial Intermediaries;
Application Form	the form of application of subscription for Bonds, a specimen of which is contained in Annex II of the Securities Note;
Authorised Financial Intermediaries	the licensed stockbrokers and financial intermediaries listed in Annex I of the Securities Note;
Bond(s) or Secured Bond(s)	the €30 million bonds due 2024 of a face value of €100 per bond redeemable at their nominal value on the Redemption Date, bearing interest at the rate of 5% per annum, as detailed in the Securities Note;
Bond Offer or Offer	the issue of the Bonds;
Bond Offer 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;

Collateral or Security Interests	<p>(i) the first-ranking general hypothec to be constituted by the Company in favour of the Trustee, over all its assets present and future, for the amount of €30,000,000 (thirty million Euro), interest thereon and any other amounts due under the Bonds;</p> <p>(ii) the first-ranking special hypothec to be constituted by the Company in favour of the Trustee over the Hal Mann factory, showroom and adjacent land, measuring <i>circa</i> 22,300m² and situated in Hal Mann Road, Lija, for the amount of €30,000,000 (thirty million Euro), interest thereon and any other amounts due under the Bonds;</p> <p>(iii) the first-ranking general hypothec to be constituted by the Guarantor in favour of the Trustee, over all its assets present and future, for the amount of €30,000,000 (thirty million Euro), interest thereon and any other amounts due under the Bonds;</p> <p>(iv) the first-ranking special hypothec to be constituted by the Guarantor in favour of the Trustee:</p> <p>(a) over a plot of land measuring <i>circa</i> 5,200m² forming part of Hal Mann and situated in Pantar Road, Lija; and</p> <p>(b) over 50% (being the portion owned by the Guarantor) of a warehouse complex (known as 'Il-Binja il-Gdida') consisting of a two-storey development with an underlying two storey parking area, having a footprint of <i>circa</i> 1,200m² and situated in Pantar Road, Lija;</p> <p>for the amount of €30,000,000 (thirty million Euro), interest thereon and any other amounts due under the Bonds;</p>
CSD	the Central Securities Depository of the Malta Stock Exchange established pursuant to Chapter 4 of the Malta Stock Exchange Bye-Laws, having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;
Deed of Hypothec	a deed to be entered into by and between the Trustee and the Issuer in the acts of Notary Anthony Abela whereby the Issuer constitutes the Collateral in favour of the Trustee;
Directors or Board	the directors of the Company whose names and addresses are set out in the Registration Document;
Euro or €	the lawful currency of the Republic of Malta;
Guarantee	the joint and several suretyship granted by the Guarantor as security for the punctual performance of the Issuer's payment obligations under the Bonds, subject to the terms and conditions contained in the Security Trust Deed and as the same is held on trust for the benefit of the Bondholders by the Security Trustee;
Guarantor	Sudvel Limited, a private company registered under the laws of Malta with company registration number C 35806 and having its registered office at St Mary House, St Philip Street, Mgarr MGR 1373, Malta;
Hal Mann Vella Group or Group	Hal Mann Vella Group p.l.c. and any company or entity in which Hal Mann Vella Group p.l.c. has a controlling interest, as further described in the Registration Document;
Hypothecated Property	<p>(i) the officially unnumbered immovable property known as the Halmann Factory and Showroom which together with adjacent land covers a global area of <i>circa</i> 27,500m². Part of the aforesaid property which has a footprint of <i>circa</i> 22,300m² is owned by the Company. An adjacent parcel of land is the property of the Guarantor and measures <i>circa</i> 5,200m². Both properties, forming a combined property, are located at a corner formed between Pantar Road, Lija, and the junction between Valletta Road, Mosta, and Mosta Road, Lija, and are hence variably referred to as in the Limits of Lija or the Limits of Mosta. The combined property is bounded on the north by property of the Government of Malta, held on encroachment by the Group from the Government of Malta, which property is then bounded on the north by Valletta Road, Mosta. On the East and North East, the combined property is bounded by Hal-Mann Road and on the West by Pantar Road; and</p> <p>(ii) 50% (being the portion owned by the Guarantor) of the warehouse complex situated in Pantar Road, Lija, having a footprint of approximately 1,200m² which consists of a large parking/storage area at lower basement level, warehouses at ground floor level and offices at first floor level;</p>
Interest Payment Date	6 November of each year between and including each of the years 2015 and 2024, 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	17 November 2014;

Issuer or Company	Hal Mann Vella Group p.l.c., a company registered under the laws of Malta with company registration number C 5067 and having its registered office at The Factory, Mosta Road, Lija LJA 9016, Malta;
Listing Authority	the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act (Cap. 345 of the Laws of Malta) by virtue of Legal Notice 1 of 2003;
Listing Rules	the listing rules of the Listing Authority;
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;
Memorandum and Articles of Association	the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus;
MFSA	the Malta Financial Services Authority, incorporated in terms of the Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta);
Offer Period	the period between 27 October 2014 to 31 October 2014 during which the Bonds are on offer;
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;
Placement Agreement	the agreement between the Sponsor and the Issuer to subscribe for Bonds in accordance with the Securities Note for the purpose of distributing to or placing with their underlying customers and other financial intermediaries any portion of the Bonds;
Prospectus	collectively the Registration Document, Securities Note and this Summary Note;
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of 4 November, 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as may be amended from time to time;
Redemption Date	6 November 2024;
Redemption Value	the nominal value of each Bond (€100 per Bond);
Registration Document	the registration document issued by the Issuer dated 6 October 2014, forming part of the Prospectus;
Regulation	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; and Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 as regards to regulatory technical standards for publication of supplements to the prospectus;
Securities Note	the securities note issued by the Issuer dated 6 October 2014, forming part of the Prospectus;
Security Trust Deed or Trust Deed	the trust deed signed between the Company, Guarantor and the Security Trustee dated 6 October 2014;
Security Trustee or Trustee	FJV Fiduciary Ltd having its registered office at FJVA Business Centre, Industry Street, Qormi QRM 3000, Malta;
Sponsor	Charts Investment Management Service Limited (C 7944) of Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913, Malta, an authorised financial intermediary licensed by the MFSA and a Member of the MSE;
Summary Note	this document in its entirety;
Terms and Conditions	the terms and conditions of the Bond Offer as contained in the Securities Note;
Trust Property	the rights attaching to and emanating from the Trust Deed and the benefit of the security created by virtue of the Security Interests for the benefit of Bondholders.

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 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 for use of the Prospectus during the Offer Period: prospective investors are hereby informed that:

- i. For the purposes of any subscription for Bonds through any of the Authorised Financial Intermediaries during the Offer Period 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:
 - (a) in respect of Bonds subscribed for through the Authorised Financial Intermediaries listed in Annex I of the Securities Note during the Offer Period;
 - (b) to any resale or placement of Bonds subscribed for as aforesaid taking place in Malta;
 - (c) to any resale or placement of Bonds subscribed for as aforesaid taking place within the period of 60 days from the date of the Prospectus.
- 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.**
- iii. Any new information with respect to Authorised Financial Intermediaries unknown at the time of the approval of this Prospectus will be made available through a company announcement which will also be made available on the Issuer's website: www.hmvellagroup.com

SECTION B ISSUER

- B.1 The legal and commercial name of the Issuer is Hal Mann Vella Group p.l.c. (registration number C 5067). The legal and commercial name of the Guarantor is Sudvel Limited (registration number C 35806).
- B.2 The Issuer was registered in Malta in terms of the Act on 1 July 1980 as a private limited liability company and was converted to a public limited liability company on 12 April 2014. The Issuer is domiciled in Malta. The Guarantor was registered in Malta as a private limited liability company in terms of the Act on 8 March 2005, and is domiciled in Malta.
- B.4b The Issuer is the parent company of the Hal Mann Vella Group that is principally engaged in the ownership of a diverse portfolio of business entities involved in: the supply of natural stone, manufacture of terrazzo tiles and pre-cast elements, general contracting services, hotel operations, property development and letting, and fashion retailing. The Issuer is therefore dependent on the business prospects, operating results and financial position of the operating companies within the Group.

The Guarantor was incorporated to provide advisory and management services to other companies. It has not commenced such activity to date, but has principally acted as a holding company. The Guarantor owns the following properties: a plot of land measuring *circa* 5,200m² forming part of the Hypothecated Property and on which it is intended to construct a mixed use commercial building having *circa* 14,000m² of rentable space; 50% ownership of a warehouse complex (known as 'Il-Binja l-Gdida'), forming part of the Hypothecated Property, consisting of a two-storey development with an underlying two storey parking area having a footprint of *circa* 1,200m². The property, other than the basement level, is leased to third parties tenants; and two other parcels of land located in Naxxar and Lija.

The offering of Bonds by the Issuer pursuant to the Securities Note will be made with the benefit of the joint and several corporate guarantee of the Guarantor. In this respect, the level of recoverability by the Bondholders of any amounts due under any of the Bonds from the Guarantor will be limited to the extent of its operations and assets as described above.

The Hal Mann Vella Group's strategy for the foreseeable future is to continue to develop its assets with a view to realising and maximising its financial potential.

The manufacturing, products and general contracting services segment is directly correlated to the construction industry in Malta which, in general, has been going through a slow period in the past few years. However, given that the Group is an important supplier of stone, marble and other products in the infrastructure sector in Malta, it is expected that the Group will continue to be involved, whether directly as contractors or indirectly as sub-contractors, in most of the major projects in Malta. Furthermore, the Group aims to maintain or improve its market position in this sector through research and development of new products, such as the recently developed Terraslik. The Directors believe that this product will compete well in the market as a result of its improved qualities of reduced permeability.

Internationally, the economic environment remains difficult and therefore competition is expected to continue to be particularly intense. In the current financial year, the Group has concluded a contract to be executed outside Malta and which has a value of €2.2 million. The Directors believe that with the modernisation of the factory, the Group will be better positioned to tender for international contracts, as its offerings are enhanced and improvements materialise in production throughput and final quality of product.

The sale of units at the Northport Apartments has been progressing in line with the Group's projections. As to the villas at Madliena Ridge, construction is nearing completion and 70% of villas have already been sold. Given that the apartments and villas have been finished to meticulous and high standards, the Directors are confident that all units will be sold in due time.

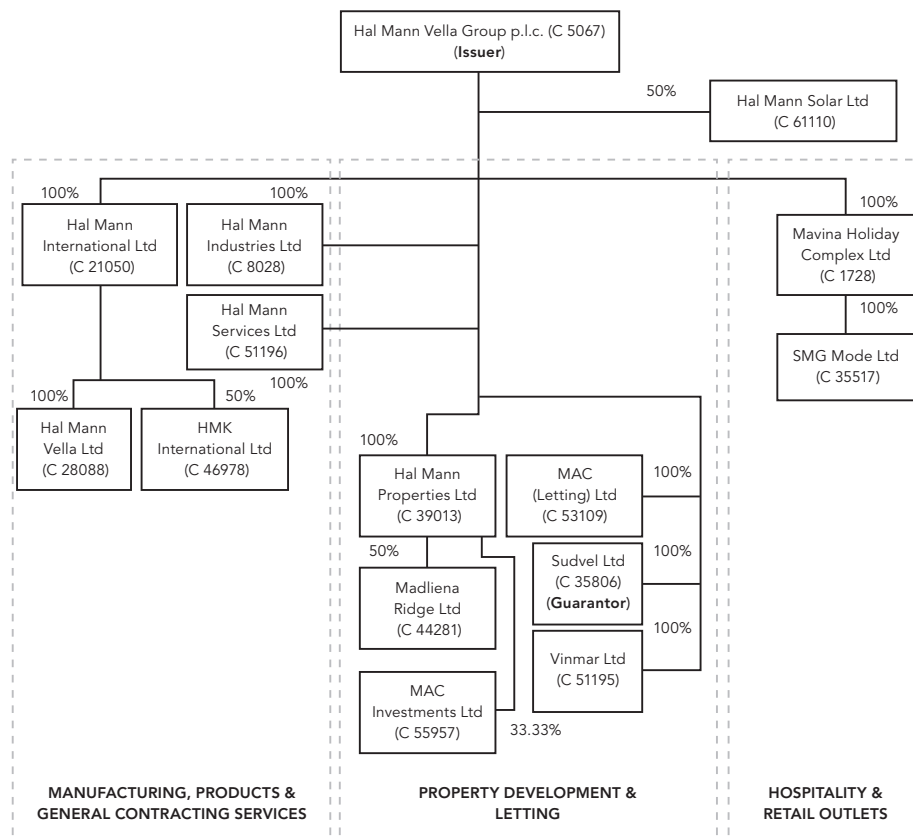
As to Spinola Residence, the apartments are fully occupied and therefore management is primarily involved in the property's upkeep. It is the intention of the Group to place a number of such apartments on the market for sale in the near term.

The Group plans to renovate the Mavina Hotel, which should enable the property to improve average room rates once it re-opens for business. Management has not been particularly active in the operation and marketing of the hotels, but this is set to change once the project is complete. Although income from hospitality will remain modest as compared to Group turnover, the Directors expect such operations to yield more positive results and contribute to overall profitability.

In general, the retail market in Malta is subject to stiff competition, both from local retailers as well as from online sales (through the internet). Notwithstanding this generic view, particular brands are performing better than others and continue to be sought after. Given that both Guess and Brooks Brothers are two of the top international brands in quality apparel, the Directors are confident that the Group's outlets can compete well for a share of the retail market in Malta.

The future performance of the Guarantor will depend on the development of the circa 14,000m² mixed use commercial property in Lija and its subsequent leasing to third parties once the property is complete.

B.5 The Issuer is the holding company of the Group. The organisational structure of the Group is illustrated in the diagram below:



- B.9 Not Applicable: the Registration Document forming part of the Prospectus does not contain any profit forecasts or estimates.
- B.10 Not Applicable: the audit reports on the audited financial statements of each of the Issuer and Guarantor for the years ended 31 December 2011, 2012 and 2013 do not contain any qualifications.
- B.12 The annual statutory financial statements of the Issuer and Guarantor for the financial years ended 31 December 2011, 2012 and 2013, as audited by HLB Falzon & Falzon, together with the unaudited financial statements for the six month period ended 30 June 2014 of the Issuer and Guarantor, are available at the registered office of the Issuer.

The remaining components of Element B.12 are not applicable, given that:

- there has been no material adverse change in the prospects of the Issuer and Guarantor since the date of their last published audited financial statements; and
- there were no significant changes in the financial or trading position of the Issuer and Guarantor since the end of the financial period to which the last published audited financial statements relate.

Extracts of the historical financial information referred to above are set out below:

Hal Mann Vella Group p.l.c.

Consolidated Income Statement for the years ended 31 December (Audited)	2013 (€'000)	2012 (€'000)	2011 (€'000)
Revenue	13,156	13,684	12,461
EBITDA	1,273	1,106	1,090
Change in fair value of investment property	5,946	-	-
Profit after tax	5,840	570	480

Hal Mann Vella Group p.l.c.

Consolidated Balance Sheet as at 31 December (Audited)	2013 (€'000)	2012 (€'000)	2011 (€'000)
ASSETS			
Non-current assets	41,625	32,479	28,514
Current assets	18,925	22,334	22,935
Total assets	60,550	54,813	51,449
EQUITY AND LIABILITIES			
Total equity	28,078	22,023	19,583
Liabilities			
Non-current liabilities	10,474	16,949	15,480
Current liabilities	21,998	15,841	16,386
Total liabilities	32,472	32,790	31,866
Total equity and liabilities	60,550	54,813	51,449

Hal Mann Vella Group p.l.c. Consolidated Income Statement for the six month period ended 30 June (Unaudited)	2014 (€'000)	2013 (€'000)
Revenue	6,697	5,762
EBITDA	275	248
(Loss)/profit after tax	(203)	42

Hal Mann Vella Group p.l.c. Consolidated Balance Sheet as at (Unaudited)	30/06/14 (€'000)	31/12/13 (€'000)
Total assets	61,452	60,550
Equity	27,875	28,078
Liabilities	33,577	32,472
Total equity and liabilities	61,452	60,550

Sudvel Limited For the years ended 31 December (Audited)	2013 (€)	2012 (€)	2011 (€)
Profit/(loss) for the year	26,287	(1,672)	(928)
Total assets	9,233,544	9,157,291	9,157,319
Total shareholders' funds	7,504,890	7,478,603	7,480,275

Sudvel Limited Balance Sheet as at (Unaudited)	30/06/14 (€'000)	31/12/13 (€'000)
Total assets	9,265	9,234
Equity	7,531	7,505
Liabilities	1,734	1,729
Total equity and liabilities	9,265	9,234

B.13 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 The principal object of the Issuer is the carrying on of the business of a finance and investment company and for the financing or re-financing of the funding requirements of the business of the Hal Mann Vella Group. The Guarantor principally acts as a property holding company. Accordingly both the Issuer and the Guarantor are economically dependent on the operations and performance of the Group's operating companies within the manufacturing, products & general contracting services segment which generate approximately 80% of the Group's annual turnover. The other business segments of the Group include property development & letting; hotel operations; and management of retail outlets.

B.15 As at the date of the Prospectus, the Issuer is the holding company of the Group. In terms of the Memorandum and Articles of Association of the Issuer the main objects of the Issuer include, *inter alia*: acting as a finance and investment company in connection with the ownership, development, operation and financing of the business activities of the Issuer's subsidiaries, joint ventures and/or associated companies. Clause 3 of the Memorandum of Association contains the full list of objects of the Company. The Guarantor was incorporated to provide advisory and management services to other companies. As at the date of this Summary Note, the Guarantor has not commenced such activity but has acted principally as a holding company.

B.16 The authorised share capital of the Issuer is €5,000,000. The issued share capital is €4,999,820 divided into 4,999,820 ordinary shares of €1 each, fully paid up. The share capital is subscribed to by Vincent Vella and Mary Vella as to 299,285 ordinary shares each and the remaining ordinary shares are equally divided amongst their seven children (each holding 628,750 shares, equivalent to 12.58% of the issued share capital).

The authorised and issued share capital of the Guarantor is €1,164.69 divided into 500 ordinary shares of €2.329373 each, fully paid up and is subscribed to by the Issuer.

- B.17 Not Applicable: the Issuer has not 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 For the purposes of the Guarantee, the Guarantor stands surety jointly and severally with the Issuer and guarantees the due and punctual performance of all the obligations undertaken by the Issuer in terms of such Issue. Accordingly, until such time as Bonds remain in issue, the Guarantor undertakes to pay any amounts of principal and interest which become due and payable by the Issuer to Bondholders under the Bonds but which remain unpaid by the Issuer for more than 60 days from due date. In such cases the Guarantor would be under an obligation to pay to the Bondholders, upon demand - and without the necessity of action first being taken by Bondholders against the Issuer itself - the amount due and payable by the Issuer to such Bondholders. The Guarantor's obligations 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 €30 million 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 number MT0000811209. The Bonds shall bear interest at the rate of 5% per annum and shall be repayable in full upon maturity unless they are previously re-purchased and cancelled.
- 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 in accordance with the rules and regulations of the MSE applicable from time to time.
- C.8 There are no special rights attached to the Bonds other than the right of the Bondholders to payment of capital and interest and in accordance with the below described guarantee and ranking.

The offering of Bonds by the Issuer pursuant to the Securities Note will be made with the benefit of the joint and several corporate guarantee of the Guarantor. The guarantee is unconditional and shall cover all payments that may be due to holders of the Bonds, including any amount of interest or capital under the Bonds that may have become due under the terms of issue of a Bond.

Ranking: The Bonds are debt obligations of the Issuer secured by a first-ranking general hypothec over the assets of the Company and Guarantor, and also by a first-ranking special hypothec over the Hypothecated Property. The Bonds shall rank equally as between themselves.

Agreement has been reached between the Issuer and Bank of Valletta p.l.c. ("**BOV**") for the latter to cancel all hypothecary rights registered in its favour as security for advances made available to the Group. The hypothecary rights are registered over the Hal Mann factory, showroom and adjacent land, measuring *circa* 22,300m² and situated in Hal Mann Road, Lija. The cancellation of the hypothecary rights arising in favour of BOV shall take place after the Bond Offer and upon receipt by BOV of the total amount outstanding, estimated at €7.3 million.

Agreement has also been reached between the Issuer and HSBC Bank (Malta) p.l.c. ("**HSBC**") for the latter to cancel all hypothecary rights registered in its favour as security for advances made available to the Group. The hypothecary rights are registered over a plot of land measuring *circa* 5,200m² forming part of Hal Mann and situated in Pantar Road, Lija, and 50% of a warehouse complex (known as 'Il-Binja il-Gdida') located in Pantar Road, Lija. The cancellation of the hypothecary rights arising in favour of HSBC shall take place after the Bond Offer and upon receipt by HSBC of the total amount outstanding, estimated at €6.4 million.

The Hypothecated Property shall thereafter be unencumbered and without any charges registered over the Hypothecated Property. Pursuant to the Trust Deed, the Issuer and the Guarantor have agreed to constitute in favour of the Security Trustee for the benefit of Bondholders as beneficiaries, a special hypothec over the Hypothecated Property and a general hypothec over all their assets, present and future.

Accordingly, following the issue of the Bonds and application of the proceeds as set out above, the Trustee will for the benefit of the Registered Beneficiaries have the benefit of a special hypothec over the Hypothecated Property for the full amount of €30 million and interests thereon in addition to the general hypothec over all the assets, present and future of the Company and Guarantor for the full amount of €30 million and interests thereon.

- C.9 The Bonds shall bear interest from and including 7 November 2014 at the rate of 5% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 6 November 2015. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 6 November 2024.

The gross yield calculated on the basis of the Interest, the Bond Offer Price and the Redemption Value of the Bonds at Redemption Date, is five per cent (5%).

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 6 October 2014. Application has been made to the MSE for the Bonds being issued, pursuant to the Prospectus, to be listed and traded on the Official List. The Bonds are expected to be admitted to the MSE with effect from 17 November 2014 and trading is expected to commence on 18 November 2014.

SECTION D RISKS

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.

The Prospectus 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.

Below is 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 Note. Investors are therefore urged to consult their own financial or other professional advisors with respect to the suitability of investing in the Bonds. The following is a summary of the principal risk factors:

D.2 Essential information on the key risks specific to the Issuer, the Group and its business:

A. Risks relating to the Issuer:

i. The Issuer’s business is that of a holding company and as such, its assets include immovable property and loans issued to Group companies. Consequently, the Issuer is largely dependent on income derived from the lease of its immovable property to Group companies and receipt of interest and loan repayments from Group companies to service interest payments on the Bonds and repay the principal on maturity date.

B. Risks relating to the Guarantor:

i. The Guarantor is a property holding company. As property is a relatively illiquid asset, such illiquidity may affect, amongst others, the Guarantor’s ability to vary its portfolio or dispose of or liquidate part of its portfolio and such factors could have an adverse effect on the Guarantor’s financial condition and results.

ii. The Guarantor plans to construct a mixed-use commercial property, which project is susceptible to specific risks. If any of the risks were to materialise, they would have an adverse impact of the Guarantor’s results and cash flows.

iii. The Guarantor is susceptible to adverse economic developments and trends.

iv. The Guarantor is dependent on tenants fulfilling their obligations under their lease agreements. The business, revenue and projected profits of the Guarantor would be negatively impacted if tenants fail to honour their respective lease obligations.

C. Risks relating to the manufacturing, products and general contracting services segment of the Group:

i. The Group’s products are used mainly in the construction sector. The cyclicity of the construction sector together with its dependence on economic activity could have a negative impact on the Group’s financial results and the profitability of its operations.

ii. The Group is reliant on its supply chain, in particular, in relation to the supply of high performance cements, marble and granite aggregates, and natural stones. The failure of one or more suppliers to deliver high quality materials on a timely basis could damage the reputation of the Group in its market and increase the cost of manufacturing, products and general contracting services, thereby causing the Group to delay delivery requirements on contractual commitments with customers. Such supplier failure and additional costs could have a material adverse effect on the Group’s business and results of operations.

iii. The Group relies on strategic relationships with other entities, such as contractors, joint venture arrangements, suppliers and business partners, for its involvement in third party projects. Any failure by the Group and/or the Group’s business partners to perform their obligations may lead to a delay in the execution of assigned projects. It is also possible that disputes with such partners may arise or that the interests of the Group and its joint venture partners may not be aligned. There can be no guarantee that such issues will not have adverse consequences for the Group. Furthermore, failure to maintain these relationships may have a material and adverse effect on the Group’s financial condition and operations.

- iv. The Group is associated with high product quality and is an important reason why customers buy products from the Group. In certain projects, the Group undertakes to source directly third party finished products. The inadvertent supply of defective or inferior products by the Group to their customers could have a material adverse effect on the Group's business, results of operations and overall financial position.
 - v. The Group's production is currently concentrated in one location. If the manufacturing facilities are critically damaged or impaired this could severely reduce or suspend the Group's production capacity for an extended time period. The production of the Group's products is an industrial process that requires specialised equipment and which may be subject to break-downs and other problems. Any disruption in production equipment and capacity could have a material adverse effect on the Group's business, financial condition and operating results.
- D. Risks relating to the property development segment of the Group:
- i. The Group is involved in the acquisition, development, management and letting of real estate projects and properties in Malta. Property development projects are subject to a number of specific risks inherent in this field. If these risks were to materialise, they would have an adverse impact on the Group's revenue generation, cash flows and financial performance.
 - ii. 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 Group's operating performance could be adversely affected by a downturn in the property market in terms of capital values.
 - iii. The Group is subject to various counter-party risks. If such risks were to materialise, they could have an adverse impact on the Group's revenue generation, cash flows and financial performance.
 - iv. Property is a relatively illiquid asset and therefore such illiquidity may have an adverse effect on the Group's financial condition and results.
- E. Risks relating to the hospitality segment of the Group:
- i. The Group's hotel operations and the results thereof are subject to a number of external factors that could adversely affect the Group's business, many of which are common to the hotel industry and beyond the Group's control. The impact of any of these factors (or a combination of them) may adversely affect room rates and occupancy levels at the Group's hotels, or otherwise cause a reduction in the Group's income, which would have a material adverse effect on the Group's business, financial condition and results of operations.
- F. Risks relating to the apparel segment of the Group:
- i. The Group's apparel business is presently focused on the Guess brand which has been marketed in Malta for the past nine years. In addition the Group has this year introduced to the local market the brand 'Brooks Brothers'. There can be no assurance that projected sales will be achieved and any shortfall in sales would have an adverse impact of the Group's revenue generation, cash flows and financial performance. A termination of either the Guess franchise or the Brooks Brothers franchise would have an adverse effect on the Group's operations and income.
 - ii. The apparel industry is subject to rapidly evolving fashion trends and shifting consumer demands. Adverse factors could result in decreased sales volume and lower product margins, and could have a material adverse effect on the Group's results of operations.
- G. Other risks:
- i. The loss of key personnel could have an adverse effect on the Group's business, financial condition and results of operations as the Group might not be able to replace the individual within a reasonable period of time.
 - ii. The Group's current debt to equity ratio may hinder the Group's ability to procure additional financing for any new investments.
 - iii. Pursuant to the Bond Offer, the Group will undertake the modernisation of the factory, the construction of a mixed-use commercial property and the renovation of the Mavina Hotel. Each of the aforesaid projects are susceptible to specific risks. If any of the risks were to materialise, they would have an adverse impact of the Group's results and cash flows.
 - iv. The Group's 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.
 - v. The failure to comply with present or future environmental and/or health and safety laws and regulations could result in regulatory action, the imposition of fines or third party claims which could in turn have a material adverse effect on the Group's results of operation, its financial condition and/or its reputation.

- vi. No assurance can be given that the Group's 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.
- vii. Significant competition and changes in economic and market conditions could adversely affect the Group's business and operating results. There can be no assurance that the Group will successfully maintain its market share in each of its businesses in the future.
- viii. The Group is exposed, in the case of certain transactions not denominated in Euro, to foreign currency risk. Fluctuations in foreign currency exchange rates could negatively affect the results of the Group and have a material adverse effect on its business, results of operations, financial condition or prospects.

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

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. the effectiveness of the guarantee is dependent upon the Guarantor's financial strength. The Guarantor has a limited operating history and its business is intimately related to that of the Issuer and the Hal Mann Vella Group. Therefore the operating results of the Issuer and the Group have a direct effect on the Guarantor's financial position;
- ii. the existence of an orderly and liquid market for the Bonds depends on a number of factors. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Offer Price or at all;
- iii. investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds;
- iv. 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;
- v. 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;
- vi. notwithstanding that the Bonds constitute the general, direct, unconditional and secured obligations of the Issuer and Guarantor, and shall rank with preference and priority, over any unsecured debt of the Issuer and Guarantor, if any, there can be no guarantee that privileges accorded by law in specific situations will not arise during the course of the business of each of the Issuer and Guarantor which may rank with priority or preference to the Security Interests;
- vii. in the event that the Issuer wishes to amend any of the Terms and Conditions of the Bond Offer it shall call a meeting of Bondholders. The provisions relating to meetings of Bondholders 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 Terms and Conditions of this Bond Offer are based on Maltese law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of this Prospectus.

SECTION E OFFER

- E.2b The proceeds from the Bond Offer, which net of Bond Offer expenses are expected to amount to approximately €29.3 million, will be used by the Issuer for the following purposes, in the following amounts and order of priority: (i) the first €13.7 million of the proceeds from the Bond Offer will be used to refinance bank borrowings described in Element C.8 of this Summary Note; (ii) the aggregate amount of *circa* €5 million shall be used for funding the complete modernisation of the Hal Mann Vella factory and investment in new plant and machinery; (iii) the amount of *circa* €7 million shall be applied towards the costs of construction and development of a mixed used commercial property in Pantar Street, Lija. The project will consist of a three floor building above street level occupying a footprint of *circa* 3,600m²; and (iv) any remaining balance of the net Bond Offer proceeds will be used for general corporate funding purposes of the Group and/or further reducing the corporate indebtedness of the Group.
- E.3 The Bonds are open for subscription by all categories of investors, including Authorised Financial Intermediaries either for their own account or on behalf of clients, and the general public. On 3 October 2014, the Issuer entered into a conditional placement agreement with the Sponsor, Charts Investment Management Service Limited (C 7944) of Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913, Malta, for the subscription of €20 million of the Bonds by the Sponsor on 24 October 2014. All other Applicants may subscribe for Bonds by submitting an Application Form, subject to a minimum application of €2,000 and in multiples of €100 thereafter.

Following the allocation of €20 million to Charts Investment Management Service Limited pursuant to the conditional placement agreement referred to in the preceding paragraph, the Issuer shall allocate the remaining Bonds to Applications submitted by members of the general public without priority or preference amongst themselves and in accordance with the allocation policy as determined by the Issuer and the Registrar.

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. General

Each Bond forms part of a duly authorised issue of 5% Secured Bonds 2024 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €30 million.

2. Form, Denomination and Title

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 in the Securities Note.

3. 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 the Redemption Date. Subject to the provisions of this paragraph, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike. All Bonds so purchased will be cancelled forthwith and may not be re-issued or re-sold.

4. Interest and Yield

The Bonds shall bear interest at the rate of 5% per annum payable annually on 6 November of each year. Interest shall accrue as from 7 November 2014. The first Interest Payment Date following the issuance of this Prospectus shall be 6 November 2015. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day.

The gross yield calculated on the basis of the interest, the Bond Offer Price and the redemption value of the Bonds at Redemption Date, is five per cent (5%).

5. Status of the Notes and Negative Pledge

The Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and secured obligations of the Issuer and Guarantor, and shall at all times rank *pari passu* without priority or preference among themselves, but with priority or preference over all other unsecured indebtedness of the Issuer and Guarantor, if any.

6. 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 the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Redemption Date.

Payment of interest on a Bond will be made in Euro to the person in whose name such Bond is registered as 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.

7. Events of Default

The Securities Note sets out a list of events of default the occurrence of which would result in the Bonds becoming immediately due and repayable at their principal amount together with accrued interest.

8. 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 for the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed

in relation thereto, will be borne by the Issuer. The Issuer will not register the transfer or transmission of Bonds for a period of fifteen (15) days preceding the due date for any payment of interest on the Bonds.

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) so that such further issue shall be consolidated and form a single series with the outstanding debt securities of the relevant series (including the Bonds), or upon such terms as the Issuer may determine at the time of their issue, provided that no issue may be made that would rank senior to the Bonds on the Collateral.

10. Meetings of Participation Bondholders

The provisions of the Prospectus may be amended with the approval of the Bondholders at a meeting called for that purpose by the Issuer.

11. Governing Law and Jurisdiction

The Bonds have been created, and the Bond Offer relating thereto is being made, in terms of the Act. From their inception the Bonds, and all contractual arrangements arising therefrom, shall be governed by and shall be construed in accordance with Maltese law. Any legal action, suit, action or proceeding against the Issuer 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 Save for the subscription for Bonds by Charts Investment Management Service Limited and any fees payable to Charts Investment Management Service Limited in connection with the Bond Offer as Sponsor, so far as the Issuer is aware no person involved in the Bond Offer has an interest material to the Bond Offer.

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 Offer are estimated to be in the region of €700,000.

TIME-TABLE

1. Application Forms available	13 October 2014
2. Private Placement date	24 October 2014
3. Offer Period (opening and closing of subscription lists, respectively)	27 October 2014 to 31 October 2014, both days included
4. Commencement of interest on the Bonds	7 November 2014
5. Announcement of basis of acceptance	7 November 2014
6. Expected date of constitution of Security Interests	7 November 2014
7. Refunds of unallocated monies	14 November 2014
8. Expected dispatch of allotment advices	14 November 2014
9. Expected date of admission of the securities to listing	17 November 2014
10. Expected date of commencement of trading in the securities	18 November 2014

The Issuer reserves the right to close the Offer of Bonds before 31 October 2014 in the event of over-subscription, in which case the events set out in steps 5 to 10 above shall be brought forward, although the number of workings days between the respective events shall not also be altered.

Registration Document

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 by Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 and Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014.

dated 6 October 2014

by

Hal Mann Vella Group p.l.c.

(a public limited liability company registered under the laws of Malta

with registration number C 5067)

Registrar



Malta Stock Exchange plc

Security Trustee



FJV FIDUCIARY LTD

Sponsor

CHARTS
WEALTH MANAGEMENT • CORPORATE BROKING

Legal Counsel

ÆQUITAS **Æ**
LEGAL

APPROVED BY THE DIRECTORS

Vincent Vella

Joseph Vella

Mark Vella

Martin Vella

Arthur Galea
Salomone

William Van
Buren

THE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THESE SECURITIES AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT 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 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 HOWEVER 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 REGISTRATION DOCUMENT CONTAINS INFORMATION ON HAL MANN VELLA GROUP P.L.C. 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 BY COMMISSION DELEGATED REGULATION (EU) NO. 486/2012 OF 30 MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF 4 JUNE 2012, COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF 30 APRIL 2013 AND COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014).

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

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

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

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1 DEFINITIONS

In this Registration Document the following words and expressions shall bear the following meanings except where the context otherwise requires:

Act	the Companies Act (Cap. 386 of the Laws of Malta);
Bond(s) or Secured Bond(s)	the €30 million secured bonds due 2024 of a face value of €100 per bond, redeemable at their nominal value on the Redemption Date, bearing interest at the rate of 5% per annum, as detailed in the Securities Note;
Bond Offer or Offer	the issue of Bonds;
Collateral or Security Interests	<p>(i) the first-ranking general hypothec to be constituted by the Company in favour of the Trustee, over all its assets present and future, for the amount of €30,000,000 (thirty million Euro), interest thereon and any other amounts due under the Bonds;</p> <p>(ii) the first-ranking special hypothec to be constituted by the Company in favour of the Trustee over the Hal Mann factory, showroom and adjacent land, measuring <i>circa</i> 22,300m² and situated in Hal Mann Road, Lija, for the amount of €30,000,000 (thirty million Euro), interest thereon and any other amounts due under the Bonds;</p> <p>(iii) the first-ranking general hypothec to be constituted by the Guarantor in favour of the Trustee, over all its assets present and future, for the amount of €30,000,000 (thirty million Euro), interest thereon and any other amounts due under the Bonds;</p> <p>(iv) the first-ranking special hypothec to be constituted by the Guarantor in favour of the Trustee:</p> <p>(a) over a plot of land measuring <i>circa</i> 5,200m² forming part of Hal Mann and situated in Pantar Road, Lija; and</p> <p>(b) over 50% (being the portion owned by the Guarantor) of a warehouse complex (known as 'Il-Binja il-Gdida') consisting of a two-storey development with an underlying two storey parking area, having a footprint of <i>circa</i> 1,200m² and situated in Pantar Road, Lija;</p> <p>for the amount of €30,000,000 (thirty million Euro), interest thereon and any other amounts due under the Bonds;</p>
Deed of Hypothec	a deed to be entered into by and between the Trustee and the Issuer in the acts of Notary Anthony Abela whereby the Issuer constitutes the Collateral in favour of the Trustee;
Directors or Board	the directors of the Issuer whose names are set out under the heading "Identity of Directors, Advisors and Auditors";
Euro or €	the lawful currency of the Republic of Malta;
Guarantee	the joint and several suretyship granted by the Guarantor as security for the punctual performance of the Issuer's payment obligations under the Bonds, subject to the terms and conditions contained in the Security Trust Deed and as the same is held on trust for the benefit of the Bondholders by the Security Trustee. 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 thereof;
Guarantor	Sudvel Limited, a Subsidiary of the Issuer and a private company registered under the laws of Malta with company registration number C 35806 and having its registered office at St Mary House, St Philip Street, Mgarr MGR 1373, Malta;
Hal Mann Vella Group or Group	the Issuer and its Subsidiaries and the Jointly Controlled Entities;

Hypothecated Property	<p>(i) the officially unnumbered immovable property known as the Halmann Factory and Showroom which together with adjacent land covers a global area of <i>circa</i> 27,500m². Part of the aforesaid property which has a footprint of <i>circa</i> 22,300m² is owned by the Company. An adjacent parcel of land is the property of the Guarantor and measures <i>circa</i> 5,200m². Both properties, forming a combined property, are located at a corner formed between Pantar Road, Lija, and the junction between Valletta Road, Mosta, and Mosta Road, Lija, and are hence variably referred to as in the Limits of Lija or the Limits of Mosta. The combined property is bounded on the north by property of the Government of Malta, held on encroachment by the Group from the Government of Malta, which property is then bounded on the north by Valletta Road, Mosta. On the East and North East, the combined property is bounded by Hal-Mann Road and on the West by Pantar Road; and</p> <p>(ii) 50% (being the portion owned by the Guarantor) of the warehouse complex situated in Pantar Road, Lija, having a footprint of approximately 1,200m² which consists of a large parking/storage area at lower basement level, warehouses at ground floor level and offices at first floor level;</p>
Issuer or Company	Hal Mann Vella Group p.l.c. (formerly Hal Mann Velsud Group Ltd), a public company registered under the laws of Malta with company registration number C 5067 and having its registered office at The Factory, Mosta Road, Lija LJA 9016, Malta;
Jointly Controlled Entities	<p>each of:</p> <ul style="list-style-type: none"> a) Madliena Ridge Limited (a limited liability company registered under the laws of Malta with company registration number C 44281) – 50% ownership b) Hal Mann Holdings Ltd (a limited liability company registered under the laws of Malta with company registration number C 2215) – 50% ownership; c) HMK International Ltd (a limited liability company registered under the laws of Malta with company registration number C 46978) – 50% ownership; d) Hal Mann Solar Limited (a limited liability company registered under the laws of Malta with company registration number C 61110) – 50% ownership; e) MAC Investments Limited (a limited liability company registered under the laws of Malta with company registration number C 55957) – 33.3% ownership;
Listing Authority	the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act (Cap. 345 of the Laws of Malta) by virtue of Legal Notice 1 of 2003;
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 in force at the time of publication of the Prospectus;
MFSA	Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta);
Offer Period	the period between 27 October 2014 to 31 October 2014 during which the Bonds are on offer;
Prospectus	collectively, the Registration Document, the Securities Note and the Summary Note;

Redemption Date	shall have the meaning set out in the Securities Note;
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 prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended by Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; and Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 as regards to regulatory technical standards for publication of supplements to the prospectus;
Securities Note	the securities note issued by the Issuer dated 6 October 2014, forming part of the Prospectus;
Security Trustee or Trustee	FJV Fiduciary Ltd having its registered office at FJVA Business Centre, Industry Street, Qormi QRM 3000, Malta;
Subsidiary	<p>each of:</p> <ul style="list-style-type: none"> a) Mavina Holiday Complex Ltd (a limited liability company registered under the laws of Malta with company registration number C 1728). The company is the parent company of SMG Mode Ltd (a limited liability company registered under the laws of Malta with company registration number C 35517); b) Sudvel Limited (a limited liability company registered under the laws of Malta with company registration number C 35806); c) Hal Mann International Ltd (a limited liability company registered under the laws of Malta with company registration number C 21050). The company is the parent company of Hal Mann Vella Ltd (a limited liability company registered under the laws of Malta with company registration number C 28088); d) Hal Mann Properties Ltd (a limited liability company registered under the laws of Malta with company registration number C 39013); e) Vinmar Limited (a limited liability company registered under the laws of Malta with company registration number C 51195); f) Hal Mann Industries Ltd (a limited liability company registered under the laws of Malta with company registration number C 8028); g) Hal Mann (Letting) Ltd (a limited liability company registered under the laws of Malta with company registration number C 53109); h) Hal Mann Services Limited (a limited liability company registered under the laws of Malta with company registration number C 51196); <p>and the term 'Subsidiaries' shall collectively refer to the said companies;</p>
Summary Note	the summary note issued by the Issuer dated 6 October 2014, forming part of the Prospectus.

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 THIS 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 THE ISSUER IS NOT IN A POSITION TO EXPRESS A VIEW 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 FINANCIAL RESULTS AND TRADING PROSPECTS AND THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE SECURITIES ISSUED BY IT FROM TIME TO TIME. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER FACES. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE OF THE ISSUER.

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 strategies and plans relating to the attainment of its 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 Directors include those risks identified under the heading "Risk Factors" and elsewhere in the Prospectus. If any of the risks described were to materialise, they could have a serious effect on the Issuer's financial results, trading prospects and the ability of the Issuer to fulfill its obligations under the securities to be issued. Accordingly, the Issuer cautions the reader that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ from those expressed or implied by such statements and no assurance is given that the future results or expectations will be achieved.

2.2 Risks relating specifically to the Issuer

Issuer's dependence on payments due by Group companies may be affected by factors beyond the Issuer's control

The Issuer's business is that of a holding company and as such, its assets include immovable property and loans issued to Group companies. Consequently, the Issuer is largely dependent on income derived from the lease of its immovable property to Group companies and receipt of interest and loan repayments from Group companies to service interest payments on the securities described in the Securities Note and repay the principal on maturity date. In this respect, the operating results of the other companies forming part of the Group have a direct effect on the Issuer's financial position and therefore, the risks intrinsic in the business and operations of such other Group companies shall have a direct effect on the ability of the Issuer to meet its obligations in respect of the repayment of principal and interest under the said securities when due.

The lease and interest payments, and loan repayments to be effected by the Group companies are subject to certain risks. More specifically, the ability of the Group companies to effect payments to the Issuer will depend on the cash flows and earnings of each of the Group companies, which may be restricted by changes in applicable laws and regulations, by the terms of agreements to which they are or may become party, including the indenture governing their existing indebtedness, if any, or by other factors beyond the control of the Issuer. The occurrence of any such factor could in turn negatively affect the ability of the Issuer to meet its obligations in respect of the payment of interest and repayment of principal under the securities described in the Securities Note when due.

2.3 Risks relating specifically to the Guarantor

Real estate investments are illiquid

The Guarantor is a property holding company. As property is a relatively illiquid asset, such illiquidity may affect the Guarantor's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely fashion and at satisfactory prices in response to changes in economic, real estate market or other conditions or the exercise by tenants of their contractual rights such as those which enable them to vacate properties occupied by them prior to, or at, the expiration of the lease term. These factors could have an adverse effect on the Guarantor's financial condition and results.

Project risk

The Guarantor plans to initiate construction of a mixed-use commercial property in 2015. In this respect, the Guarantor 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; and the risk of insufficiency of resources to complete. Upon completion of construction works, the specific risks relating to the project will include: the risk of rental transactions not being effected at the prices and within the timeframe as projected, and the inability to renew leases or re-let vacant space upon expiration of lease terms.

Exposure to economic conditions

The Guarantor is susceptible to adverse economic developments and trends. Negative economic factors and trends could have a material impact on the business of the Guarantor generally, and may adversely affect rental revenues, property values and results of operations. In addition, the Guarantor may be impacted by increased competition from other similar developments and rising operating costs.

Dependence on tenants

The Guarantor is dependent on tenants fulfilling their obligations under their lease agreements. The business, revenue and projected profits of the Guarantor would be negatively impacted if tenants fail to honour their respective lease obligations.

2.4 Risks relating to the manufacturing, products and general contracting services segment of the Group

Risks relating to the cyclical nature of the construction industry

The Group's products are used mainly in the construction sector. This sector tends to be cyclical and depends on various factors such as the level of infrastructure spending, the level of residential and commercial construction activity, interest rates, and, more generally, the level of economic activity in the market. The cyclicity of the construction sector together with its dependence on economic activity could have a negative impact on the Group's financial results and the profitability of its operations.

Supplier failure and increase in supply costs

The Group is reliant on its supply chain, in particular, in relation to the supply of high performance cements, marble and granite aggregates, and natural stones. The failure of one or more suppliers to deliver high quality materials on a timely basis could damage the reputation of the Group in its market, increase the cost of manufacturing, products and general contracting services, thereby causing the Group to delay delivery requirements on contractual commitments with customers. Such supplier failure and additional costs could have a material adverse effect on the Group's business and results of operations.

Risks relating to the award and execution of projects

The Group relies on strategic relationships with other entities, such as contractors, joint venture arrangements, suppliers and business partners, for its involvement in third party projects. Such business alliances are set up to enhance the likelihood that contracts are adjudicated in favour of the purposely formed consortium, thereby benefiting the Group indirectly. Any failure by the Group and/or the Group's business partners to perform their obligations may lead to a delay in the execution of assigned projects. It is also possible that disputes with such partners may arise or that the interests of the Group and its joint venture partners may not be aligned. There can be no guarantee that such issues will not have adverse consequences for the Group. Furthermore, failure to maintain these relationships may have a material and adverse effect on the Group's financial condition and operations.

Risks relating to the supply of finished products

The Group is associated with high product quality and is an important reason why customers buy products from the Group. In certain projects, the Group undertakes to source directly third party finished products. Although the Group requires its suppliers to satisfy certain standards regarding the quality and specification of their

products, there is a risk that on delivery such supplies are of a lower quality standard. In the event of a product, whether of a third party supplier or of the Group, being defective or inferior, there is a risk that relationships with customers could be affected. The inadvertent supply of defective or inferior products by the Group to their customers could have a material adverse effect on the Group's business, results of operations and overall financial position.

Risks relating to a disruption in the manufacturing cycle

The Group's production is currently concentrated in one location. If the manufacturing facilities are critically damaged or impaired this could severely reduce or suspend the Group's production capacity for an extended time period. Moreover, the inability to fully and timely utilise the Group's facility could result in increased costs or significant delays and could also result in breaches of customer agreements and have an impact on the Group's products and reputation.

The production of the Group's products is an industrial process that requires specialised equipment and which may be subject to break-downs and other problems. Any disruption in production equipment and capacity could have a material adverse effect on the Group's business, financial condition and operating results.

2.5 Risks relating to the property development segment of the Group

Risks relating to the Group's properties and operations

The Group is involved in the acquisition, development, management and letting of real estate projects and properties in Malta. Property development projects are subject to a number of specific risks inherent in this field – the risk of cost overruns; the risk of insufficiency of resources to complete; the risk of rental transactions not being effected at the prices and within the timeframe envisaged; inability to renew leases or re-let vacant space upon expiration of lease terms; higher interest costs; and the erosion of revenue generation. If these risks were to materialise, they would have an adverse impact on the Group's revenue generation, cash flows and financial performance.

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 Group's property portfolio may also fluctuate as a result of other factors outside the Group'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 Group's operating performance could be adversely affected by a downturn in the property market in terms of capital values.

The valuation of property and property-related assets is inherently subjective. Moreover all property valuations are made on the basis of assumptions which may not prove to reflect the true position. There is no assurance that the valuations of the properties and property-related assets will reflect actual market process.

Counter-party risks

The Group is subject to various counter-party risks, such as contractors and subcontractors engaged for the demolition, excavation, construction and finishing of developments in which the Group may be involved from time to time, and prospective lessors and/or purchasers defaulting on their obligations with the Group. Such parties may fail to perform or default on their obligations to the Group due to insolvency, lack of liquidity, market or economic downturns, operational failure or other reasons which are beyond the Group's control. If such risks were to materialise, they could have an adverse impact on the Group's revenue generation, cash flows and financial performance.

Real estate investments are illiquid

Property is a relatively illiquid asset and therefore such illiquidity may affect the Group's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely fashion and at satisfactory prices in response to changes in economic, real estate market or other conditions. These factors could have an adverse effect on the Group's financial condition and results.

2.6 Risks relating to the hospitality segment of the Group

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

The Group owns the Mavina Hotel and the Huli Hotel, both of which are located in Bugibba, Malta. As such, the Group's hotel operations and the results thereof are subject to a number of external factors that could adversely affect the Group's business, many of which are common to the hotel industry and beyond the Group's 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, as well as agreements entered into with tour operators.

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

2.7 Risks relating to the apparel segment of the Group

The apparel segment of the Group is dependent on the brands 'Guess' and 'Brooks Brothers'

The Group's apparel business is presently focused on the Guess brand which has been marketed in Malta for the past nine years. In addition the Group has, as from the current financial year, introduced to the local market the brand 'Brooks Brothers'. Guess is a relatively new brand in Malta and therefore requires a few more years of operation to establish a more stable market presence locally. As to Brooks Brothers, the Group commenced selling products of this franchise in the third quarter of 2014 and as a result, its success or otherwise is yet to be determined. There can be no assurance that projected sales will be achieved and any shortfall in sales would have an adverse impact on the Group's revenue generation, cash flows and financial performance. Furthermore, the Group is dependent on maintaining a good relationship with each of the franchise owners to ensure continuation and renewal of the respective franchise agreements. A termination of either the Guess franchise or the Brooks Brothers franchise would have an adverse effect on the Group's operations and income.

The Group's success in the apparel business depends on the ability of Guess and Brooks Brothers to anticipate trends and respond to changing consumer preferences

The apparel industry is subject to rapidly evolving fashion trends and shifting consumer demands. Accordingly, the success of both brands, and in turn the success of the Group's outlets in Malta, is dependent upon both the priority customers place on fashion and the franchisors' ability to anticipate, identify and capitalise upon emerging fashion trends. If either or both of the franchisors fails to anticipate, identify or react appropriately, or in a timely manner, to fashion trends, the Group's outlets could experience reduced customer acceptance of Guess and Brooks Brothers products. These factors could result in decreased sales volume and lower product margins, and could have a material adverse effect on the Group's results of operations.

2.8 Other risks

The Group's key personnel and management have been and remain material to its growth

If one or more of the members of its Directors, management team and other skilled and/or qualified personnel were unable or unwilling to continue in their present position, the Group might not be able to replace the individual within a reasonable period of time, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's level of debt

The Group's ability to implement its business strategies is dependent upon, amongst other things, its ability to generate sufficient funds internally and to access continued financing at acceptable costs. The Group's current debt to equity ratio may hinder the Group's ability to procure additional financing for any new investments.

Project risk

Pursuant to the Bond Offer, the Group will undertake the modernisation of the factory and the construction of a mixed-use commercial property. In executing the project relating to the factory, the Group will be subject to a number of specific risks including: the risk of cost overruns; the risk in delays in the procurement and/or delivery of new machinery and equipment; and the risk that the planned efficiencies in production and cost savings, and anticipated additional sales due to increased capacity, are not achieved.

Risks relating to the development of the mixed-use commercial property are included in section 2.3 above.

Furthermore, the Group will be closing down the Mavina Hotel in the last quarter of 2014 for renovation purposes. Specific risks related to this project include: the risk of delays in obtaining the necessary planning permissions, delays in securing bank financing to cover project costs, delays in the execution of the renovation programme, cost overruns and delays in re-commencement of hotel operations.

If any of the above risks were to materialise, they would have an adverse impact on the Group's revenue generation, cash flows and financial performance.

A portion of the Group's operating expenses are fixed, which allow for limited reaction to changes in its revenue

A portion of the Group's costs are fixed and the Group's operating results are vulnerable to short-term changes in its revenues. The Group's 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.

Environmental and/or health and safety compliance costs and liabilities may have a material adverse effect on the Group's financial condition and operations

The Group is involved in manufacturing, suppliers to the construction industry, property development and hotel operations, and as such is subject to a variety of European Union, national and local laws and regulations concerning environmental and/or health and safety ("EHS") matters. While the Directors believe that the Group is in compliance in all material respects with EHS laws and regulations currently applicable to it, there can be no assurance that the Group will not be found to be in breach of EHS laws and regulations. The failure to comply with present or future EHS laws and regulations could result in regulatory action, the imposition of fines or third party claims which could in turn have a material adverse effect on the Group's results of operation, its financial condition and/or its reputation. In addition, compliance with new EHS laws and regulations could require the Group to incur significant expenditure that could have a material adverse effect on the Group's results of operation, financial condition or operations.

The Group's insurance policies

Historically, the Group has maintained insurance at levels determined by the Group to be appropriate in the light of the cost of cover and the risk profiles of the business in which the Group operates. With respect to losses for which the Group is covered by its policies, it may be difficult and may take time to recover such losses from insurers. In addition, the Group may not be able to recover the full amount from the insurer. No assurance can be given that the Group's 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.

Increased competition

The Group is involved in industries that are characterised by strong and increasing competition. Some of the Group's current and potential competitors may have longer operating histories, greater name recognition, larger customer bases and greater financial and other resources than the Group. Significant competition and changes in economic and market conditions could adversely affect the Group's business and operating results. There can be no assurance that the Group will successfully maintain its market share in each of its businesses in the future.

Foreign exchange risk

The Group is exposed, in the case of certain transactions not denominated in Euro, to foreign currency risk. Exchange gains and losses may arise in relation to the importation of raw materials from non-Euro countries and income generated at the hotels not denominated in Euro. Fluctuations in foreign currency exchange rates could negatively affect the results of the Group and have a material adverse effect on its business, results of operations, financial condition or prospects.

3 IDENTITY OF DIRECTORS, ADVISORS AND AUDITORS

As at the date of this Registration Document, the Board of Directors of each of the Issuer and the Guarantor are constituted by the following persons:

3.1 Directors

3.1.1 Directors of the Issuer

Vincent Vella	Chairman
Joseph Vella	Executive Director
Mark Vella	Executive Director
Martin Vella	Executive Director
Arthur Galea Salomone	Independent Non-Executive Director
William Van Buren	Independent Non-Executive Director

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 persons listed under the sub-heading "Advisors" have advised and assisted the Directors in the drafting and compilation of the Prospectus.

3.1.2 Directors of the Guarantor

Vincent Vella	Director
Mary Vella	Director

3.2 Advisors

Legal Counsel

Name: Aequitas Legal
Address: Valletta Buildings, South Street
Valletta VLT 1103 - MALTA

Sponsor

Name: Charts Investment Management Service Limited
Address: Valletta Waterfront, Vault 17, Pinto Wharf,
Floriana FRN 1913 – MALTA

Security Trustee

Name: FJV Fiduciary Ltd
Address: FJVA Business Centre, Industry Street,
Qormi QRM 3000 - MALTA

Registrar

Name: Malta Stock Exchange plc
Address: Garrison Chapel, Castille Place,
Valletta VLT 1063 - MALTA

3.3 Auditors

Name: HLB Falzon & Falzon
Address: Casa Floriani, Pietro Floriani Street
Floriana FRN 1060 - MALTA

The annual statutory consolidated financial statements of the Issuer for the financial years ended 31 December 2011, 2012 and 2013 and the audited financial statements of the Guarantor for the financial years ended 31 December 2011, 2012 and 2013 have been audited by HLB Falzon & Falzon. HLB Falzon & Falzon is a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act (Cap. 281 of the Laws of Malta).

4 SELECTED FINANCIAL INFORMATION

The financial information about the Issuer is included in the audited consolidated financial statements of the Issuer for each of the financial years ended 31 December 2011, 2012 and 2013. The financial information about the Guarantor is included in the audited financial statements of the Guarantor for each of the financial years ended 31 December 2011, 2012 and 2013. The said statements, together with the audited financial statements of each of the Group companies have been published and are available for inspection at the registered office of the Issuer.

Set out below are highlights taken from the audited consolidated financial statements of the Issuer and from the audited financial statements of the Guarantor for the years ended 31 December 2011, 2012 and 2013.

Hal Mann Vella Group p.l.c.

For the years ended 31 December	2013	2012	2011
	€'000	€'000	€'000
Revenue	13,156	13,684	12,461
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1,273	1,106	1,090
Profit for the year ¹	5,840	570	480
Total assets	60,550	54,813	51,449
Total shareholders' funds	28,078	22,024	19,583

¹ Profit for the year ended 31 December 2013 includes an uplift in fair value of investment property of €5.23 million (net of deferred taxation on said revaluation).

Sudvel Limited

For the years ended 31 December	2013	2012	2011
	€	€	€
Profit/(loss) for the year	26,287	(1,672)	(928)
Total assets	9,233,544	9,157,291	9,157,319
Total shareholders' funds	7,504,890	7,478,603	7,480,275

5 INFORMATION ABOUT THE ISSUER AND GUARANTOR

5.1 Historical development of the Issuer

Full legal and commercial name of the Issuer:	Hal Mann Vella Group p.l.c.
Registered address:	The Factory, Mosta Road, Lija LJA 9016, Malta
Place of registration and domicile:	Malta
Registration number:	C 5067
Date of registration:	01 July 1980
Legal form	The Issuer was incorporated as a private limited liability company on 01 July 1980 with the name Velsud Limited. By virtue of a resolution signed by all the shareholders dated 18 December 2007, the Issuer changed its name to Hal Mann Velsud Group Ltd. Pursuant to a resolution dated 12 April 2014, the Issuer was converted into a public limited company in terms of the Act and changed its name to Hal Mann Vella Group p.l.c.
Telephone number:	+356 21 433 636
Fax:	+356 21 412 499
Email:	info@hmvella.com
Website:	www.hmvellagroup.com

The Issuer is the parent company of the Hal Mann Vella Group that is principally engaged in the ownership of a diverse portfolio of business entities involved in: the supply of natural stone, manufacture of terrazzo tiles and pre-cast elements, general contracting services, hotel operations, property development and letting, and fashion retailing.

The Hal Mann Vella Group was established *circa* 60 years ago and at the time was solely involved in the manufacture of terrazzo tiles for the local market. During the six decades the business progressed with the launch of new products to the market, which included the manufacture of other forms of tile, such as resin tiles, and also the supply of marble, granite and natural stone.

Under the management of brothers Martin Vella, Joseph Vella and Mark Vella, with the assistance of the other brothers and sisters, the Group has over the years supplied its products and provided general contracting services to a number of major projects in Malta (including Mater Dei Hospital, Sky Parks at the Malta International Airports, Valletta Waterfront, Hilton Malta and Radisson SAS Golden Sands, amongst others) and abroad (including London City Hall, Manchester Piccadilly Railway Station, Victoria Shopping Centre UK and Corinthia Tripoli, amongst others).

The Group is committed to maintain a strong presence in its target markets, especially in Malta, and is therefore constantly improving its manufacturing processes through investment in the latest machinery and techniques. Moreover, the management team continues to enhance the product range on offer, including the availability of tailor-made solutions, to ensure that the Group meets its customers' demands. The principal contracts currently being concluded by the Hal Mann Vella Group include Smart City, Life Sciences Park and the monumental project by Renzo Piano at City Gate Valletta.

The Hal Mann Vella Group is also involved in hospitality, through the ownership and operation of two hotels, the 66-room Mavina Hotel and the 26-room Huli Hotel, both located in Bugibba, Malta. Due to the close proximity of the two hotels, the facilities of both hotels are available to all residents, and include two restaurants, a pizzeria and two swimming pools.

In 2006, the Group was awarded the franchise for the apparel brand 'Guess' and currently operates three outlets in Malta which are located at: Bay Street Complex, St George's Bay, St Julians; The Point Shopping Mall, Tigne, Sliema; and Bisazza Street, Sliema. The Guess brand was founded in 1981 in the United States and today is represented in *circa* 1,200 outlets worldwide. It offers lifestyle collections of contemporary apparel and accessories for men, women and children.

In the third quarter of 2014, the Group commenced operations of a fourth outlet located in Valletta, Malta under the franchise 'Brooks Brothers'. The brand was founded in 1818 and principally addresses the higher end segment of men's fashion. Through this outlet, the Group plans to additionally offer be-spoke tailoring of men's suits.

The Group is actively engaged in the acquisition and development of properties in Malta. As at the date of this Registration Document, the Group has 4 apartments and a number of garages available for sale situated at Northport Apartments, Xemxija Hill, Xemxija, Malta. One of the aforesaid apartments is subject to a promise of sale agreement. Also included in the property portfolio are 12 apartments situated at Spinola Residence, Spinola Road, St Julians, Malta, which are leased to third parties. Furthermore, the Group has a 50% shareholding in a new development of 20 villas known as Madliena Ridge situated in Madliena Malta, which is nearing completion. Madliena Ridge Limited has, to date, sold 14 villas and a further 2 villas are subject to promise of sale agreements.

5.2 Investments

Subsequent to 31 December 2013, being the date of the latest audited consolidated financial statements, SMG Mode Limited acquired through a lease agreement a prime retail outlet in Republic Street, Valletta, Malta. The Company commenced operations of said store in the third quarter of 2014 under the Brooks Brothers franchise. The total cost of acquisition and refurbishment amounted to *circa* €1.4 million and was funded through bank financing.

The Company plans to undertake a capital expenditure programme to reconfigure the factory floor and acquire new equipment so as to enhance production efficiency and capacity, and quality of finished products. Works will commence shortly after the Bond Offer and will be structured in phases to allow for minimal disruption of production. It is expected that the said project will be completed by the third quarter of 2015 and the estimated cost of €5 million will be funded from Bond proceeds.

Furthermore, the Guarantor intends to construct a mixed use commercial building having a footprint of *circa* 3,600m² (gross area: 5,200m²), which parcel of land forms part of the Hypothecated Property. Construction works on the development are expected to be completed within 21 months from receipt of the necessary permits. It is estimated that the commercial building will cost *circa* €7 million and will be financed from Bond proceeds.

In the fourth quarter of 2014, Mavina Holiday Complex Limited plans to close the Mavina Hotel for renovation. The property is currently made up of three separate blocks of 66 apartments. The initial phase of the project will entail bringing the hotel to shell form, connecting each floor of the three blocks and constructing two additional floors. The next phase will include mechanical, electrical and plumbing works, interior and exterior finishes, floor tiles, bathrooms, external apertures and internal doors, soft furnishings and any other works necessary to complete the hotel. It is envisaged that the renovated hotel will comprise a total of *circa* 105 rooms. The cost of the aforesaid works is estimated at *circa* €2.5 million and will be funded through bank financing. The project is also dependent on the attainment of planning and other permits. Subject to obtaining necessary permits and bank funding, works on the hotel should take *circa* 14 months to complete.

Other than the above, the Group is not party to any principal investments, and has not entered into or committed for any principal investments.

5.3 Historical development of the Guarantor

Full legal and commercial name of the Guarantor:	Sudvel Limited
Registered address:	St Mary House, St Philip Street, Mgarr MGR 1373, Malta
Place of registration and domicile:	Malta
Registration number:	C 35806
Date of registration:	08 March 2005
Legal form	The Issuer was incorporated as a private limited liability company in terms of the Act on 08 March 2005.
Telephone number:	+356 21 433 636
Fax:	+356 21 412 499
Email:	info@hmvella.com
Website:	www.hmvellagroup.com

The Guarantor was incorporated to provide advisory and management services to other companies. As at the date of this Registration Document, the Guarantor has not commenced such activity but has acted principally as a holding company. The Guarantor owns the below mentioned properties:

- A plot of land measuring *circa* 5,200m² forming part of the Hypothecated Property. It intends to utilise €7 million of Bond proceeds to construct a mixed use commercial building which will make available for lease *circa* 14,000m² of commercial space. Construction works on the development are expected to be completed within 21 months from receipt of the necessary permits. The Guarantor estimates that the building will be available for lease as from 2017 and the annual revenue is projected to amount to approximately €0.9 million;
- Part ownership (50% shareholding) of a warehouse complex (known as 'Il-Binja l-Gdida'), forming part of the Hypothecated Property, consisting of a two-storey development with an underlying two storey parking area having a footprint of *circa* 1,200m². The property is situated in Pantar Road, Lija, Malta. During the year ended 31 December 2013, the Guarantor leased out its portion of the property to three tenants for periods ranging between 5 to 10 years. The basement level has been left vacant as it is being utilised by the Group;
- Part ownership (50%) of two parcels of land each located in Naxxar and Lija, which as at 31 December 2013 were valued at €3.43 million.

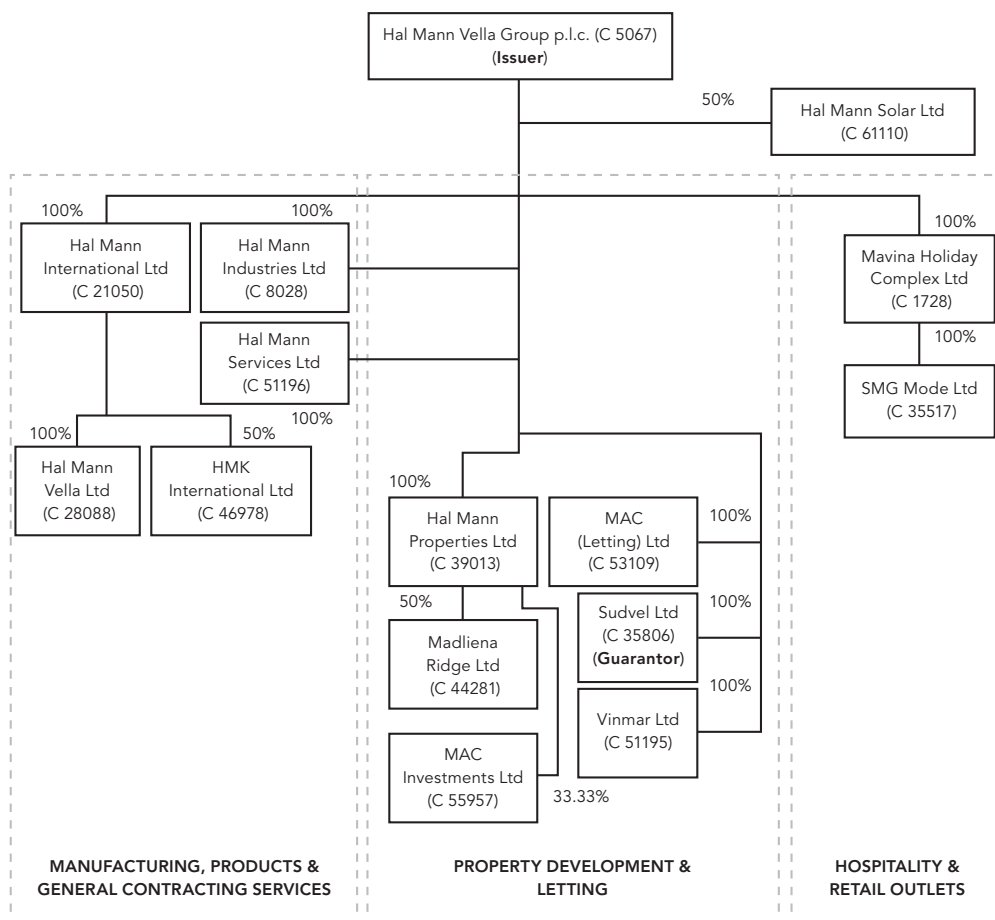
The offering of Bonds by the Issuer pursuant to the Securities Note will be made with the benefit of the joint and several corporate guarantee of the Guarantor. The guarantee is unconditional and shall cover all payments that may be due to holders of the Bonds, including any amount of interest or capital under the Bonds that may have become due under the terms of issue of a Bond. As denoted above, the operations of the Guarantor are limited to that of a holding company and its principal income in the near term will accrue from the lease of commercial space to third party tenants in the new premises.

In this respect, the level of recoverability by the Bondholders of any amounts due under any of the Bonds from the Guarantor will be limited to the extent of its operations and assets as described above.

6 GROUP STRUCTURE

6.1 Organisational structure

The following chart outlines the organisational structure relative to the Hal Mann Vella Group:



Hal Mann Vella Group p.l.c. (formerly Hal Mann Velsud Group Ltd) is the parent company of the Hal Mann Vella Group and is primarily focused on establishing and monitoring strategic direction, and development of the Group.

In addition to the companies highlighted in the above organisational structure, the Issuer has a 50% equity shareholding in Hal Mann Holdings Ltd (C 2215) and a 20% shareholding in Hal Mann Projects Limited (C 11022). The said companies have ceased operations and will be liquidated in due course. As a result, Hal Mann Holdings Ltd and Hal Mann Projects Limited have not been included in the organisational structure.

The Hal Mann Vella Group is organised into four distinct business units as detailed below:

Manufacturing, products & general contracting services

The Group companies forming part of this segment are primarily responsible for: (i) the manufacture of tiles and pre-cast elements; (ii) importation of marble, granite and natural stone; and (iii) tendering for contracts in Malta and internationally.

Property development & letting

Hal Mann Properties Ltd is a company set up to acquire property and engage in property development. Between 2008 and 2011, the company developed the Northport Apartments situated in Xemxija, Malta. Currently, 3 apartments and 6 garages are available for sale and 1 apartment is subject to a promise of sale agreement. The company's portfolio of immovable property also includes a number of garages, a maisonette and a villa sized plot in various areas in Malta.

Hal Mann (Letting) Limited owns a block of 12 apartments and 12 car park spaces, known as Spinola Residence. The property is situated in Spinola Road, St Julians Malta. All apartments are currently leased to third parties.

Sudvel Limited is a holding company and owns two properties forming part of the Hypothecated Property and part ownership of 2 parcels of land.

Vinmar Limited was incorporated as a property company and its assets include an apartment and a lock-up garage at Tas-Sellum, Mellieha Malta.

Madliena Ridge Ltd was incorporated to develop the site known as Madliena Ridge in Madliena Malta, which is at completion phase. The company has to date disposed of 14 villas and 2 other villas are subject to promise of sale agreements. The company is actively marketing the remaining stock of 4 villas. The Group holds a 50% shareholding in the company through Hal Mann Properties Ltd.

MAC Investments Ltd has not commenced operations since incorporation in 2013 and does not hold any assets of its own.

The Group actively sources property for development, trading and leasing.

Hospitality

Mavina Holiday Complex Ltd is the owner and operator of two hotels, the Mavina Hotel and the Huli Hotel, both situated in Bugibba, Malta. The former hotel consists of 66 rooms ranging from studio to two-bedroom units. The Mavina Hotel has a swimming pool and a sun terrace. Other facilities include a bar, restaurant and a pizzeria. The Huli Hotel comprises of 26 self-catering one-bedroom and studio apartments, and facilities include a rooftop pool and a restaurant at ground level. The two hotels are located a few minutes away from the Bugibba seafront promenade.

Apparel

SMG Mode Ltd is responsible for the operation of 3 Guess retail outlets located at: Bay Street Complex, St George's Bay, St Julians; The Point Shopping Mall, Tigne, Sliema; and Bisazza Street, Sliema. The company also operates a Brooks Brothers outlet in Valletta, Malta. The aforesaid outlets have all been leased from third parties.

6.2 Dependence on the operating companies

The Issuer is a holding company having investments in a number of undertakings which operate the business of the Group. The Guarantor principally acts as a property holding company. Accordingly, both the Issuer and Guarantor are ultimately dependent on the business prospects, operating results and financial position of the Group's operating companies, and in particular those companies within the manufacturing, products & general contracting services segment, since said segment generates approximately 80% of the Group's annual turnover.

7 BUSINESS OVERVIEW

7.1 Principal activities and markets of the Issuer

7.1.1 Principal activities

The principal objects of the Issuer's activities are set out in article 3 of its memorandum of association and include, but are not limited to, the carrying on of the business of a finance and investment company and in particular but without prejudice to the generality of the foregoing the financing or re-financing of the funding requirements of the business of the Hal Mann Vella Group.

7.1.2 Principal markets

The Issuer operates exclusively in and from Malta.

7.2 Principal activities and markets of the Guarantor

7.2.1 Principal activities

The Guarantor is principally a holding company, and owns the following properties:

- A plot of land measuring *circa* 5,200m² situated in Pantar Road, Lija which forms part of the Hypothecated Property. The Guarantor intends to utilise €7 million of Bond proceeds to construct a mixed use commercial building which will make available for lease *circa* 14,000m² of commercial space. Construction works on the development are expected to be completed within 21 months from receipt of the necessary permits. The Guarantor estimates that the building will be available for lease as from 2017 and the annual revenue is projected to amount to approximately €0.9 million;

- Part ownership (50%) of a warehouse complex (known as 'Il-Binja l-Gdida'), forming part of the Hypothecated Property and consisting of a two-storey development with an underlying two-storey parking area having a footprint of circa 1,200m². The property is situated in Pantar Road, Lija, Malta. During the year ended 31 December 2013, the Guarantor leased out its portion of the property to three tenants for periods ranging between 5 to 10 years. The basement level has been left vacant as it is being utilised by the Group. The aforesaid financial year was also the first year of operations of the Guarantor;
- Part ownership (50%) of a quarry located in the Limits of Naxxar, measuring circa 12,000m² and valued at €3.05 million as at 31 December 2013;
- Part ownership (50%) of a parcel of land measuring circa 17,000m² and situated in Lija. The value of said site as at 31 December 2013 amounted €0.38 million.

7.2.2 Principal markets

The Issuer operates exclusively in and from Malta.

7.3 Principal activities and markets of the Group

7.3.1 Principal activities

The Group's business largely relates to the operation of various entities engaged in manufacturing, products & general contracting services; property development & letting; hotel operations; and management of retail outlets. Turnover by segment, excluding intra group transactions, for the 3 financial years ended 31 December 2011, 2012, 2013 were as follows:

	2013	2012	2011
	€'000	€'000	€'000
Turnover			
Manufacturing, products & general contracting services	10,487	11,007	10,543
Property development & letting	1,173	1,224	800
Hotel operations	373	393	321
Fashion retail	1,123	1,060	797
	13,156	13,684	12,461

Manufacturing, products & general contracting services

Raw materials are the basic material from which products are manufactured or made. The Hal Mann Vella factory stocks more than 100 natural stones sourced from around the world and include: marble, granite, travertine & onyx, hard stone, composite stone and terrazzo & terrazzo pre-cast elements.

Marble – Just like limestone and sandstone, marble has many uses. It is particularly suitable for kitchens and bathrooms, but is also used for flooring, cladding and vanity tops.

Granite – Its hardness makes it virtually maintenance free and unlike other solid surfaces granite does not scratch or stain. It is applicable for cladding, flooring, paving and work surfaces.

Travertine & Onyx – Travertine is a stone which has an uneven surface, since in its natural state it is typically full of gas bubbles. As a result, when it is manufactured as tiles or slabs, travertine is generally filled with cement and polished or honed. Onyx, like travertine, is a type of stone. It is a very soft stone and is characterised by its translucence.

Hard stone – The Hal Mann Vella Group are quarry operators for Maltese hard stone, which can be applied for cladding, masonry, flooring, paving and work surfaces. This type of stone has recently been used by Architect Renzo Piano for the City Gate Project in Valletta, Malta.

Composite stone – Quartz composite is a man made stone which is produced by mixing natural quartz crystals and resin, thereby forming a very hard, low porosity slabs. This stone is very durable and is typically used for any indoor surfacing application such as in kitchens and bathrooms, and for flooring purposes.

Terrazzo – This is the name given to the process of producing tiles, or pre-cast elements (staircases, risers, pool copings, vanity tops, covings, amongst others), from a cement based marble/granite aggregate mix. The Group uses high performance cements with special additives, combined with graded marble and granite aggregates. The main applications for terrazzo include public areas (such as airports, hospitals, schools, supermarkets and hotels) and private residences. The Group has recently managed to develop a new product with reduced permeability. Terraslik, as the product is known, is expected to generate additional demand especially for application in commercial and public areas.

Complimenting the manufacturing operations detailed above, the Group provides general contracting services to both corporate and private clients, and include carpentry, building services, tiling and metalwork.

The principal contracts undertaken by the Group in 2013 included: Smart City Kalkara, Valletta City Gate, House of Four Winds Valletta, Casa Ellul Valletta, the Life Sciences Park and ICT – University of Malta.

Property development & letting

The Group is engaged in the acquisition and development of property in Malta. During the 3 financial years ended 31 December 2011 to 2013, the Group was principally involved in 3 property developments as follows:

Northport Apartments – This development is located in Xemxija Hill, Xemxija Malta and consists of 12 apartments and 12 garages. As at the date of this Prospectus, 9 apartments (1 of which being subject to a promise of sale agreement) and 6 car spaces have been sold to third parties.

Spinola Residence – This development is a residential block comprised of 12 apartments (nine 2-bedroomed units and three 1-bedroomed units) and underlying car spaces, situated in Spinola Road, St Julians Malta. The apartments are fully furnished and leased to third parties for periods generally exceeding 6 months.

Madliena Ridge – The Group has a 50% equity shareholding in this project, which involved the construction and development of 20 fully detached villas on a site located in Madliena, Malta. The development is nearing completion stage and 6 villas (of which 2 are subject to promise of sale agreements) remain available for sale.

Hospitality

The Group owns and manages two hotels, the 66-room Mavina Hotel and the 26-room Huli Hotel, both located in Bugibba, Malta. The hotels were acquired by the Group in 1999 as separate blocks of apartments and offer basic accommodation to its residents, mainly targeting tour operator business. As detailed in section 5.2 above, the Group intends to renovate the Mavina Hotel and construct an additional two floors. It is expected that the project will span over a period of 14 months, but such timing is dependent on the issuance of necessary planning and other permits. The proposed project is also subject to the Group securing bank financing for the project, estimated at *circa* €2.5 million.

Fashion retail

The Guess franchise for Malta was awarded to the Group company SMG Mode Ltd in 2006, pursuant to the terms of an operating license agreement entered into with Guess Europe SAGL. To date the Group operates 3 outlets in Malta on the basis of this franchise. In the third quarter of 2014, the Group opened a fourth outlet in Valletta, Malta and operates under the Brooks Brothers franchise.

7.3.2 Principal markets

The Group operates exclusively in and from Malta. With respect to sales of products (stone and other materials) and general contracting services, the Group is also active in tendering for contracts in countries other than Malta. During the last financial year which ended on 31 December 2013, the Group primarily generated revenue from Malta.

7.4 Business development strategy

The key elements of the Group's strategy are:

Factory modernisation

In order to maintain its competitive edge in the market, the Group's management reviews operation methodologies and performance on an on-going basis, monitors developments in the industry and ensures that it maintains excellent relations with its clients.

The Group has, over the past three years, engaged a number of consultants to prepare a detailed analysis of the current factory layout and work practices, with the objective of implementing necessary changes to improve operational efficiencies and increase capacity, mitigate rising costs and reduce lead time.

As a result, the Group will be utilising *circa* €5 million of Bond proceeds detailed in the Securities Note to execute a complete modernisation of the factory which will also include the acquisition of modern machinery and equipment for the production of stone, marble and other similar products. The new factory has been designed to enable a re-organisation of processes, to introduce the latest technology in flexible mechanical and electrical systems and to meet international standards. Furthermore, the purpose built open plan factory floor should result in a more efficient utilisation of space which will release, for alternative use, part of the area occupied by the current factory.

Land development

The Group has identified an undeveloped area measuring *circa* 3,600m² (gross area: 5,200m²), adjacent to the factory, for the construction of a mixed-use commercial property including two upper floors earmarked for office space, warehouse facilities at ground level and parking spaces, primarily for rental to third party tenants.

Designs for the proposed development are complete and the Group has submitted an application to the Malta Environment & Planning Authority. Subject to the issuance of development permits, the Group will be utilising *circa* €7 million of Bond proceeds highlighted in the Securities Note to construct two floors below ground level and three floors above ground level, providing when complete *circa* 14,000m² of rentable space. Construction works are expected to be completed within 21 months from receipt of the necessary permits.

Hospitality

The Directors believe that the tourism industry in Malta will continue to perform positively in the coming years. In this respect, the Group will cease operations at the Mavina Hotel in the fourth quarter of 2014 to undertake a complete renovation of said property as detailed in section 5.2 of this Registration Document. Subject to the attainment of bank financing and necessary permits, the project is expected to be implemented over a 14 month period at an estimated cost of €2.5 million. The planned re-opening date is set for the initial months of 2016. As a consequence of the renovation works, it is projected that achieved room rates will be more in line with average rates achieved by other three-star hotels in the area.

Retail

One of the strategies of the Group is to diversify its business operations and minimise possible over exposure to any one particular industry or sector. A few years back, the Directors identified the retail sector in Malta as an area for possible expansion. As at the date of this document, the Group operates three outlets in Malta under the Guess franchise and a fourth outlet under the Brooks Brothers brand. The Directors will keep under review the performance of its outlets to determine the Group's future strategy for this area of business.

8 SECURITY

8.1 Creating the security

Agreement has been reached between the Issuer and Bank of Valletta p.l.c. ("**BOV**") for the latter to cancel all hypothecary rights registered in its favour as security for advances made available to the Group. The hypothecary rights are registered over the Hal Mann factory, showroom and adjacent land, measuring *circa* 22,300m² and situated in Hal Mann Road, Lija. The cancellation of the hypothecary rights arising in favour of BOV shall take place after the Bond Offer and upon receipt by BOV of the total amount outstanding, estimated at €7.3 million.

Agreement has also been reached between the Issuer and HSBC Bank (Malta) p.l.c. ("**HSBC**") for the latter to cancel all hypothecary rights registered in its favour as security for advances made available to the Group. The hypothecary rights are registered over a plot of land measuring *circa* 5,200m² forming part of Hal Mann and situated in Pantar Road, Lija, and 50% of a warehouse complex (known as 'Il-Binja il-Gdida') located in Pantar Road, Lija. The cancellation of the hypothecary rights arising in favour of HSBC shall take place after the Bond Offer and upon receipt by HSBC of the

total amount outstanding, estimated at €6.4 million.

Following the above, the Issuer and Guarantor shall have no hypothecs registered against each of them or their respective properties and shall thereafter be in a position to constitute the appropriate security in favour of the Security Trustee for the purpose of securing the Bonds in accordance with this Prospectus.

8.2 Dynamics for closing

Following the close of the Offer Period and conditional allocations made by the Registrar, all proceeds shall be transferred to the Security Trustee who shall hold same on trust for the benefit of Bondholders and, save for the payment of the expenses related to the Bond Offer, shall retain all remaining Bond proceeds until all security for the benefit of Bondholders has been duly constituted in its favour. It is expected that within 15 Business Days from the close of the Offer Period and following the conditional allocation of the Bonds:

- i. the Issuer shall delegate the Security Trustee to pay the amount of *circa* €7.3 million directly to BOV and upon receipt of such payment, BOV shall cancel its general hypothecary rights over the Issuer as well as all its special hypothecs over the Hal Mann factory, showroom and adjacent land, measuring *circa* 22,300m² and situated in Hal Mann Road, Lija;
- ii. the Issuer shall delegate the Security Trustee to pay the amount of *circa* €6.4 million directly to HSBC and upon receipt of such payment, HSBC shall cancel its general hypothecary rights over the Guarantor as well as all its special hypothecs over a plot of land measuring *circa* 5,200m² forming part of Hal Mann and situated in Pantar Road, Lija, and over 50% of a warehouse complex located in Pantar Road, Lija;
- iii. the Issuer and Guarantor shall register the Security Interests in favour of the Security Trustee.

Following presentation to the Security Trustee of the appropriate notes of hypothec, and the subsequent admission of the Bonds to trading on the Malta Stock Exchange, the Bonds shall be issued and unconditionally allocated to investors, whereupon the Security Trustee shall release the remaining proceeds of the Bond Offer to the Issuer.

8.3 Status of the Security Interests

As at the date of this Registration Document the Security Interests have not been constituted. The Bonds shall only be issued and allotted following the satisfaction of the two conditions precedent, namely (i) the constitution in favour of the Security Trustee of the Security Interests; and (ii) the admission of the Bonds, as and when issued, to trading on the Malta Stock Exchange.

Pursuant to the Trust Deed, the Issuer and Guarantor have agreed to constitute in favour of the Security Trustee for the benefit of Bondholders as Beneficiaries a special hypothec over the Hypothecated Property. The Issuer and Guarantor have also agreed to constitute in favour of the Security Trustee for the benefit of Bondholders as Beneficiaries a general hypothec over all their respective assets, present and future.

The general and special hypothecs will secure the claim of the Trustee, for the benefit and in the interest of Bondholders, for the repayment of the principal and interest under the Bonds.

Accordingly, following the issue and allotment of the Bonds and application of the proceeds as set out above, the Security Trustee for the benefit of the beneficiaries will have the benefit of a special hypothec over the Hypothecated Property for the full amount of €30 million (thirty million Euro) and interests thereon in addition to the general hypothec over all the assets, present and future of the Company and Guarantor for the full amount of €30 million (thirty million Euro) and interests thereon.

The Bonds shall not be issued and allotted and accordingly no funds will be released to the Issuer before the Security Trustee is satisfied that the Security Interests have been duly constituted in its favour.

9 TREND INFORMATION AND FINANCIAL PERFORMANCE

9.1 Trend information

There has been no material adverse change in the prospects of the Issuer and Guarantor since the date of their latest published audited financial statements.

At the time of publication of this Registration Document, the Issuer considers that its future performance is intimately related to the performance of the Hal Mann Vella Group. The Issuer considers that generally the Hal Mann Vella Group will be subject to the normal business risks associated with the principal activities detailed in section 7.3 above and does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of its business and that of the Hal Mann Vella Group, at least with respect to the current financial year and the forecast year ending 31 December 2015.

The Guarantor considers that its future performance will depend on: (i) the issuance of the necessary permits to initiate construction of the commercial building detailed in section 7.2 above; (ii) the completion of construction works as planned; and (iii) the leasing of commercial space within the new property thereafter in accordance with projections. Other than the aforesaid uncertainties, the Guarantor does not anticipate any trends, uncertainties, demands, commitments or events that could be deemed likely to have a material effect on the upcoming prospects of its business, at least with respect to the current financial year and the forecast year ending 31 December 2015.

The Hal Mann Vella Group's strategy for the foreseeable future is to continue to develop its assets with a view to realising and maximising its financial potential.

The following is an overview of the trends expected in the key areas of operation of the Hal Mann Vella Group in the foreseeable future:

Manufacturing, products & general contracting services

The manufacturing, products and general contracting services segment is directly correlated to the construction industry in Malta which, in general, has been going through a slow period in the past few years. However, given that the Group is an important supplier of stone, marble and other products in the infrastructure sector in Malta, it is expected that the Group will continue to be involved, whether directly as contractors or indirectly as sub-contractors, in most of the major projects in Malta. Furthermore, the Group aims to maintain or improve its market position in this sector through research and development of new products, such as the recently developed Terraslik. The Directors believe that this product will compete well in the market as a result of its improved qualities of reduced permeability.

Internationally, the economic environment remains difficult and therefore competition is expected to continue to be particularly intense. In the current financial year, the Group has concluded a contract to be executed outside Malta and which has a value of €2.2 million. The Directors believe that with the modernisation of the factory, the Group will be better positioned to tender for international contracts, as its offerings are enhanced and improvements materialise in production throughput and final quality of product.

Property development & letting

The sale of units at the Northport Apartments has been progressing in line with the Group's projections. As to the villas at Madliena Ridge, construction is nearing completion and 70% of villas have already been sold. Given that the apartments and villas have been finished to meticulous and high standards, the Directors are confident that all units will be sold in due time.

As to Spinola Residence, the apartments are fully occupied and therefore management is primarily involved in the property's upkeep. It is the intention of the Group to place a number of such apartments on the market for sale in the near term.

Hospitality

The Group plans to renovate the Mavina Hotel, which should enable the property to improve average room rates once it re-opens for business. Management has not been particularly active in the operation and marketing of the hotels, but this is set to change once the project is complete. Although income from hospitality will remain modest as compared to Group turnover, the Directors expect such operations to yield more positive results and contribute to overall profitability.

Retail

In general, the retail market in Malta is subject to stiff competition, both from local retailers as well as from online sales (through the internet). Notwithstanding this generic view, particular brands are performing better than others and continue to be sought after. Given that both Guess and Brooks Brothers are two of the top international brands in quality apparel, the Directors are confident that the Group's outlets can compete well for a share of the retail market in Malta.

9.2 Key financial review

The financial information about the Issuer and Guarantor are included in their respective audited financial statements for each of the financial years ended 31 December 2011, 2012 and 2013. The said statements have been published and are available at the Issuer's registered office. Set out below are highlights taken from the audited consolidated financial statements of the Issuer for the years ended 31 December 2011, 2012 and 2013.

Hal Mann Vella Group p.l.c.

Consolidated Income Statement for the years ended 31 December	2013 (€'000)	2012 (€'000)	2011 (€'000)
Revenue	13,156	13,684	12,461
Net operating costs	(11,883)	(12,578)	(11,371)
EBITDA	1,273	1,106	1,090
Depreciation and amortisation	(558)	(402)	(431)
Change in fair value of investment property	5,946	-	-
Share of results of joint ventures	779	324	167
Income from acquisition of shares from subsidiary	15	-	-
Provision for permanent diminution of investments	-	(3)	-
Net finance costs	(835)	(604)	(616)
Profit before tax	6,620	421	210
Taxation	(780)	149	270
Profit after tax	5,840	570	480

As highlighted in section 7.3 above, the Group generates approximately 80% of revenue from manufacturing, sale of products and general contracting services. In the financial years under review, achieved income from this segment was broadly stable at between €10.5 million to €11.0 million. Other Group revenue principally included sale of property, hotel operations and fashion retail, which in aggregate amounted to €2.67 million in 2013 (2012: €2.65 million). Property sales mainly comprised the disposal of units at Northport in Xemxija, Malta and income from hospitality was earned through the operation of the Mavina and Huli Hotels in Bugibba, Malta. Income from retail was derived from the operation of two outlets (in Bay Street, St Julians and The Point, Sliema) since the third outlet commenced operations in the last quarter of 2013 and therefore did not have any material impact on revenue for the respective year.

During the year ended 31 December 2013, immovable property at Lija, which includes the factory, showroom and adjacent buildings, was revalued by €5.23 million (net of deferred taxation). As a result, the profit for the year ended 31 December 2013 amounted to €5.84 million (2012: €0.57 million).

Hal Mann Vella Group p.l.c.

Consolidated Balance Sheet as at 31 December

	2013 (€'000)	2012 (€'000)	2011 (€'000)
ASSETS			
Non-current assets	41,625	32,479	28,514
Current assets	18,925	22,334	22,935
Total assets	60,550	54,813	51,449
EQUITY AND LIABILITIES			
Total equity	28,078	22,023	19,583
Liabilities			
Non-current liabilities	10,474	16,949	15,480
Current liabilities	21,998	15,841	16,386
Total liabilities	32,472	32,790	31,866
Total equity and liabilities	60,550	54,813	51,449

Total assets of the Group as at 31 December 2013 amounted to €60.6 million (2012: €54.8 million) and primarily comprise: the factory, showroom and other properties valued at €26.1 million (2012: €20.0 million); investment property totalling €11.6 million (2012: €9.2 million); investment in joint ventures amounting to €2.7 million (2012: €2.1 million); and current assets which include inventory (2013: €9.2 million, 2012: €10.1 million), receivables (2013: €9.2 million, 2012: €11.9 million) and cash balances (2013: €0.5 million, 2012: €0.4 million).

Total liabilities of the Group principally include bank borrowings amounting to €21.6 million (2012: €20.8 million) and payables totalling €7.7 million (2012: 8.6 million).

Hal Mann Vella Group p.l.c.

Consolidated Cash Flow Statement for the years ended 31 December

	2013 (€'000)	2012 (€'000)	2011 (€'000)
Net cash from operating activities	747	(340)	1,970
Net cash from investing activities	(299)	212	(2,322)
Net cash from financing activities	(2,392)	(1,253)	678
Net movement in cash and cash equivalents	(1,944)	(1,381)	326
Cash and cash equivalents at beginning of year	(6,754)	(5,373)	(5,699)
Cash and cash equivalents at end of year	(8,698)	(6,754)	(5,373)

Net cash from operating activities in 2013 was positive at €0.7 million (2012: -€0.3 million), as certain entries in the income statement were non-cash items and therefore were reversed for the purpose of presenting the cash flow statement.

Net cash used in investing activities over the three year period amounted to €2.3 million and mainly represented (i) the acquisition of property, plant and equipment; (ii) the refurbishment and upgrade of the Group's showroom and buildings; and (iii) ongoing maintenance expenditure.

In 2013, net cash used in financing activities mainly related to advances to shareholders of €2.8 million (2012: €0.8 million) and interest payments of €0.3 million (2012: €0.4 million).

9.3 Interim financial results

Set out below are the interim financial results of the Issuer and the Guarantor for the six month period ended 30 June 2014. The said results, which are unaudited, have been published and are available at the Issuer's registered office.

Hal Mann Vella Group p.l.c.

Consolidated Income Statement for the six month period ended 30 June	2014	2013
	(€'000)	(€'000)
Revenue	6,697	5,762
Net operating costs	(6,422)	(5,514)
<hr/>		
EBITDA	275	248
Depreciation and amortisation	(252)	(256)
Share of results of joint ventures	54	388
Net finance costs	(478)	(359)
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(Loss)/profit before tax	(401)	21
Taxation	198	21
<hr/>		
(Loss)/profit after tax	(203)	42
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Hal Mann Vella Group p.l.c.		
Consolidated Balance Sheet as at	30/06/14	31/12/13
	(€'000)	(€'000)
ASSETS		
Non-current assets	43,038	41,625
Current assets	18,414	18,925
Total assets	61,452	60,550
EQUITY AND LIABILITIES		
Total equity	27,875	28,078
Liabilities		
Non-current liabilities	10,213	10,474
Current liabilities	23,364	21,998
Total liabilities	33,577	32,472
Total equity and liabilities	61,452	60,550

Hal Mann Vella Group p.l.c.		
Consolidated Cash Flow Statement for the six month period ended 30 June	2014	2013
	(€'000)	(€'000)
Net cash from operating activities	1,630	6,881
Net cash from investing activities	(1,611)	(3,441)
Net cash from financing activities	2,557	(5,214)
Net movement in cash and cash equivalents	2,576	(1,774)
Cash and cash equivalents at beginning of year	(8,698)	(6,753)
Cash and cash equivalents at end of year	(6,122)	(8,527)

During the period under review, the Group registered a loss after tax of €203,000 compared to a profit after tax of €42,000 for the comparable period. Revenue was higher by €935,000 (+16%) and EBITDA increased by 11% to €275,000 (FP2014). Share of results of joint ventures principally related to activity in property development. Such profits tend to be volatile as they depend on timing of property sales.

The Group's overall results are impacted by seasonal factors common to the respective sectors in which it operates. In general contracting, more invoices are issued in the latter half of the year as projects are concluded. In retail fashion, sales typically peak in the December holiday season.

Sudvel Limited**Income Statement for the six month period ended 30 June**

	2014	2013
	(€'000)	(€'000)
Profit before tax	37	7
Taxation	(11)	(3)
Profit after tax	26	4

Sudvel Limited**Balance Sheet as at**

	30/06/14	31/12/13
	(€'000)	(€'000)
ASSETS		
Non-current assets	9,232	9,232
Current assets	33	2
Total assets	9,265	9,234

EQUITY AND LIABILITIES

Total equity	7,531	7,505
Liabilities		
Non-current liabilities	1,674	1,684
Current liabilities	60	45
Total liabilities	1,734	1,729
Total equity and liabilities	9,265	9,234

Sudvel Limited**Cash Flow Statement for the six month period ended 30 June**

	2014	2013
	(€'000)	(€'000)
Net cash from operating activities	42	32
Net cash from investing activities	-	(51)
Net cash from financing activities	(10)	22
Net movement in cash and cash equivalents	32	3
Cash and cash equivalents at beginning of year	1	1
Cash and cash equivalents at end of year	33	4

During the period under review, the Guarantor generated rental income of €37,000 (2013: €12,000) and registered a profit after tax of €26,000 (2013: €4,000).

10 MANAGEMENT

10.1 The Board of Directors of the Issuer

The Issuer is managed by a board of six directors entrusted with the overall direction and management of the Issuer. The Board currently consists of a Non-Executive Director as Chairman, three Executive Directors and two independent Non-Executive Directors. The business address of each Director is the registered office of the Issuer.

10.1.1 Executive Directors

The Executive Directors of the Issuer are entrusted with the company's day-to-day management and are also directors or officers of other companies within the Hal Mann Vella Group. They are also responsible for the identification and execution of new investment opportunities and the funding of the Group's investments. The Executive Directors are supported in this role by several consultants and benefit from the know-how gained by members and officers of the Group.

10.1.2 Non-Executive Directors

The main functions of the Non-Executive Directors are to monitor the operations of the Executive Directors and their performance, as well as to review any proposals tabled by the Executive Directors. In addition, the Non-Executive Directors have the role of acting as an important check on the possible conflicts of interest for the Executive Directors in view of their dual role as Executive Directors of the Company and their role as officers of the Hal Mann Vella Group.

The Non-Executive Directors are Vincent Vella, Arthur Galea Salomone and William Van Buren. Arthur Galea Salomone and William Van Buren are considered to be independent of the Issuer and hold a majority on the Issuer's Audit Committee (see section 12 below)

10.1.3 Curriculum vitae of Directors of the Issuer

Vincent Vella

Vincent Vella is the co-founder of the Hal Mann Vella Group. Together with his brother, he commenced operations circa 60 years ago manufacturing terrazzo tiles for the local market. The business evolved over the years to a group of companies engaged in the manufacture of terrazzo tiles and pre-cast elements, supply of natural stone, general contracting services, hotel operations, property development and letting, and fashion retailing. Vincent Vella has been Chairman of the Board of the Issuer since its formation and he sits on the board of other companies forming part of the Group.

Joseph Vella

Joseph Vella is an Executive Director of the Issuer and a member of the Management Committee. He is responsible for all operational logistics, manufacture of local hardstone, recruitment of personnel at operations level and is directly involved in projects commissioned locally. Joseph Vella is a director of various companies within the Group.

Mark Vella

Mark Vella is an Executive Director of the Issuer and a member of the Management and Tendering Committees. He is directly involved in the manufacturing & products division, particularly in the manufacture of marble and granite products. Mark Vella is a director of various companies within the Group.

Martin Vella

Martin Vella is an Executive Director of the Issuer and a member of the Management and Tendering Committees. In his role as Managing Director of the Group he supervises all operating activities including hotel operations, property development and letting, and operations at the retail outlets. Martin Vella is also a director of various companies within the Group.

Arthur Galea Salomone

Arthur Galea Salomone LL.M., (Toronto) LL.D, graduated as a lawyer at the University of Malta in 1988. As a Commonwealth Scholar, he read International Commercial Law at the University of Toronto and now practices law at Galea Salomone & Associates with a focus on Corporate and Commercial Law, Financial Services Law, Maritime Law, Real Estate law, Foreign Investment.

Arthur was Chairman of the Malta Stock Exchange from 2010 to 2013. He is currently Deputy Chairman of the Malta Arbitration Centre. He is a Director at APS Bank Ltd. where he also chairs the Risk Management Committee of the Bank. Arthur is a partner and director of the Finco Trust Group of Companies and sits on the Board of Directors of a number of companies in the affiliated insurance field including Multi Risk Insurance Co Ltd, Multi Risk Benefits Limited, Propgen Insurance Limited, Central Life Limited and Rhenas Insurance Company Limited.

Arthur Galea Salomone is a member of the Commercial Law Department within the Faculty of Laws at the University of Malta. He has lectured widely on various aspects of Commercial Law. For a number of years he was the appointee of the Chamber of Advocates on the Joint Committee for the Prevention of Money Laundering and Terrorism.

William Van Buren

William Van Buren has over 20 years experience in various management and executive positions, mainly in financial services, across Europe, the South African Region and the Middle East. He started his career with Coopers & Lybrand (now PricewaterhouseCoopers) leading both audit and non-audit engagements, subsequently taking up Financial Controller positions with the Archdiocese of Malta and then Globe Financial Management p.l.c. (now GlobalCapital p.l.c.). In 2002, he was appointed Chief Executive Officer of the aforesaid company, where he led the restructuring and eventually the turnaround of the company.

In 2004, William, was appointed President of Financial Services for the British American Group in Mauritius, with responsibility to monitor and maintain the existing financial services businesses, whilst overseeing the group's strategy of controlled growth, both organic and through acquisition and new lines of business. In the period with British American he led various successful initiatives, restructuring a number of group companies and setting-up investment services operations in Mauritius, Dubai and Kenya.

In 2007, he joined Al Rajhi Capital, one of the largest investment banks in the Kingdom of Saudi Arabia with over USD2 billion in assets under management, as Chief Operating Officer. In this role William had direct responsibility for strategy and led the intricate project of separating the investment banking operations from the parent company, Al Rajhi Bank. In 2010 he moved to a similar role in Doha, Qatar, as Chief Operating Officer of The First Investor Ltd, the investment banking arm of the Barwa Bank Group.

William graduated with Honours in Accountancy from the University of Malta in 1991 and is a Fellow of the Chartered Association of Certified Accountants and the Malta Institute of Accountant.

10.1.4 Service contracts of the Issuer's Directors

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

10.1.5 Aggregate emoluments of the Issuer's Directors

In accordance with the Issuer's Articles of Association, the total emoluments payable to all Directors, whether as fees and/or salaries by virtue of holding employment with the Issuer, is subject to shareholder approval at general meeting.

None of the Directors have received emoluments for the financial year ended 31 December 2013.

10.1.6 Loans to the Issuer's Directors

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

10.1.7 Removal of the Issuer's Directors

A Director may, unless he resigns, be removed by the shareholder appointing him or by an ordinary resolution of the shareholders as provided in sections 139 and 140 of the Act.

10.1.8 Powers of the Issuer's Directors

By virtue of the Articles of Association of the Issuer the Directors are empowered to transact all business which is not by the Articles expressly reserved for the shareholders in general meeting. The powers of the Directors of the Issuer are better described in section 16.3(d) below.

10.2 The Board of Directors of the Guarantor

The Memorandum of Association of the Guarantor provides that the board of directors shall be composed of two directors. The business address of each director is the registered office of the Guarantor. As at the date of this Registration Document, the board of directors of the Guarantor is constituted by the following persons:

Vincent Vella

Vincent Vella is the co-founder of the Hal Mann Vella Group. Together with his brother, he commenced operations circa 60 years ago manufacturing terrazzo tiles for the local market. The business evolved over the years to a group of companies engaged in the manufacture of terrazzo tiles and pre-cast elements, supply of natural stone, general contracting services, hotel operations, property development and letting, and fashion retailing. Vincent Vella sits on the board of other companies forming part of the Group.

Mary Vella

Mary Vella has been a director of the Guarantor since its incorporation.

10.2.1 Service contracts of the Guarantor's Directors

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

10.2.2 Aggregate emoluments of the Guarantor's Directors

In accordance with the Guarantor's Articles of Association, the total emoluments payable to all Directors, whether as fees and/or salaries by virtue of holding employment with the Guarantor, is subject to shareholder approval at general meeting.

None of the Directors have received emoluments for the financial year ended 31 December 2013.

10.2.3 Loans to the Guarantor's Directors

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

10.2.4 Removal of the Guarantor's Directors

A Director may, unless he resigns, be removed by the shareholder appointing him or by an ordinary resolution of the shareholders as provided in sections 139 and 140 of the Act.

10.2.5 Powers of the Guarantor's Directors

By virtue of the Articles of Association of the Guarantor the Directors are empowered to transact all business which is not by the Articles expressly reserved for the shareholders in general meeting. The powers of the Directors of the Guarantor are better described in section 16.4(d) below.

10.3 Employees of the Group

As at 31 December 2013, the Group had 208 employees (2012: 240), of which 163 (2012: 175) staff members formed part of operations and distribution, whilst 45 (2012: 65) employees were involved in administration. The Issuer does not have any employees of its own.

11 MANAGEMENT STRUCTURE

11.1 General

The Issuer is a holding company which does not require an elaborate management structure. Vincent Vella has been appointed Chairman of the Issuer. The Executive Directors are responsible for the day-to-day management of the Group. In the execution of the strategic direction, investment and management oversight of the Group, they are assisted by members of management of the operating Group companies.

The Directors believe that the current organisational structures are adequate for the current activities of the Company. The Directors will maintain these structures under continuous review to ensure that they meet the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

11.2 The Management Committee

The Management Committee was established in order to conduct the business of the Group and to take day to day responsibility for the efficient running of the business. The committee meets on a weekly basis and its role includes the following:

- to monitor and review business operations;
- to identify and assess new business ventures, opportunities and investment proposals;
- to determine funding requirements of investments undertaken by the Group;
- to review candidates for and make appointments to fill senior management positions, as required;
- to organise visits by suppliers, customers or other delegations; and
- to consider other major issues that may arise from time to time.

The members of the Management Committee are the following:

Martin Vella	Executive Director
Joseph Vella	Executive Director
Mark Vella	Executive Director
Joseph Tabone	Group Finance Director
Martin Ciappara	Group IT Director

11.3 The Tendering Committee

The Tendering Committee is responsible for monitoring the compilation and submittal of tenders and high value contracts relating to third party projects. The members of the committee are:

Martin Vella	Executive Director
Mark Vella	Executive Director
Joseph Tabone	Group Finance Director
Hugh Vella	Architect & Contract Manager
Andrea Vella	Project Finance Administrator

11.4 Conflict of interest

Vincent Vella, Joseph Vella, Mark Vella and Martin Vella are officers of a number of members of the Hal Mann Vella Group. Conflicts of interest could potentially arise in relation to transactions involving the Issuer and other Group companies.

The audit committee of the Issuer has the task of ensuring that any potential conflicts of interest that may arise at any moment, pursuant to these different roles held by Directors, are handled in the best interest of the Issuer and according to law. The majority held by the independent Non-Executive Directors on the audit committee provides an effective measure to ensure that transactions vetted by the Audit Committee are determined on an arms-length basis. To the extent known or potentially known to the Issuer as at the date of this Registration Document, there are no potential conflicts of interest between any duties of the Directors towards the Issuer and their private interests which require disclosure in terms of the Regulation.

11.5 Major shareholders

The Issuer is the parent company of the Hal Mann Vella Group. The issued share capital of the Company is €4,999,820 divided into 4,999,820 ordinary shares of €1 each, fully paid up, and is subscribed to by Vincent Vella and Mary Vella as to 299,285 ordinary shares each and the remaining ordinary shares are equally divided amongst their seven children (each holding 628,750 shares, equivalent to 12.58% of the issued share capital).

The Issuer adopts measures in line with the Code of Corporate Governance to ensure that the relationship with each of its shareholders is retained at arm's length, including adherence to Rules on Related Party Transactions requiring the sanction of the Audit Committee, in which the majority is constituted by the two independent Non-Executive Directors of the Issuer.

The Guarantor is a wholly-owned subsidiary of the Issuer.

12 AUDIT COMMITTEE PRACTICES

The Issuer has set up an Audit Committee and its terms of reference of the Audit Committee include, *inter alia*; its support to the Board 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 that establish 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 Audit Committee is a sub-committee of the Board and is directly responsible and accountable to the Board. The Board reserves the right to change these 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 independent auditors; and
- c) preserving the company's assets by understanding 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 scrutinising and evaluating any proposed transaction to be entered into by the Company and a related party, to ensure that the execution of any such transaction is at arm's length and on a commercial basis and ultimately in the best interests of the Company.

The Audit Committee is composed of Vincent Vella, Arthur Galea Salomone and William Van Buren, all Non-Executive Directors of the Company. The Audit Committee is chaired by Vincent Vella. In compliance with the Listing Rules, William Van Buren is the independent Non-Executive Director considered by the Board to be the director competent in accounting and/or auditing matters. The CVs of the said Directors may be found in section 10.1.3 above.

13 COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

13.1 The Issuer

Prior to the present issue, the Company was not regulated by the Listing Rules and accordingly was not required to comply with the Code of Principles of Good Corporate Governance forming part of the Listing Rules (the "**Code**"). As a consequence of the present issue of securities in accordance with the terms of the Listing Rules, the Issuer is required to comply with the provisions of the Code. The Issuer supports the Code and is confident that the application thereof shall result in positive effects accruing to the Issuer.

As at the date hereof, the Board considers the Company to be in compliance with the Code save for the following exceptions:

- Principle 4: The Issuer is a holding company which does not require an elaborate management structure. Its Executive Directors are responsible for the day-to-day management of the Group, assisted, when necessary from time to time, by members of the management teams of the Group companies. The Directors believe that the current organisational structures are adequate for the current activities of the Company. The Directors

will maintain these structures under continuous review to ensure that they meet the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance;

- Principle 6: Full adherence by the Issuer with the provisions of Principle 6 of the Code is not deemed necessary taking into account the size, nature and operations of the Issuer. The Issuer does not feel the need to establish and/or implement a succession plan for senior management in light of its existing organisational structures. The Directors will maintain the existing arrangements under continuous review to ensure that such meet the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance;
- Principle 8: The Issuer does not have a Remuneration Committee as recommended in Principle 8. The Issuer does not have any employees other than the Directors and the company secretary;
- Principle 8: The Issuer does not have a Nomination Committee as recommended in Principle 8. Appointments to the board of directors of the Issuer are determined by the shareholders of the Company in accordance with the Memorandum and Articles of Association of the Issuer. The Issuer considers that the members of the Board provide the level of skill, knowledge and experience expected in terms of the Code; and

13.2 The Guarantor

The Guarantor is a private company not bound by the provisions of the Code, and as such does not comply with the Code. Notwithstanding the aforesaid, it is the intention of the Issuer in its role as parent company to introduce disciplines within the Group, including the Guarantor, that are recommended in the Code.

14 HISTORICAL INFORMATION

The audited consolidated financial statements of the Issuer for the three financial years ended 31 December 2011, 2012 and 2013 have been audited by HLB Falzon & Falzon, copies of which are available from the Issuer's registered office.

The audited financial statements of the Guarantor for the three financial years ended 31 December 2011, 2012 and 2013 have been audited by HLB Falzon & Falzon, copies of which are available from the Issuer's registered office.

The unaudited financial statements for the six month period ended 30 June 2014 of the Issuer and Guarantor are available from the Issuer's registered office.

There were no significant changes to the financial or trading position of the Issuer, Guarantor or the Group since the end of the financial period to which the last audited consolidated financial statements relate.

15 LITIGATION

There have not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or Guarantor is aware) during the period covering twelve (12) months prior to the date of the Prospectus which may have, or have had in the recent past significant effects on the financial position or profitability of the Issuer, Guarantor or of the Group.

16 ADDITIONAL INFORMATION

16.1 Share capital of the Issuer

The authorised share capital of the Issuer is €5,000,000. The issued share capital is €4,999,820 divided into 4,999,820 ordinary shares of €1 each, fully paid up.

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

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

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

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.

16.2 Share capital of the Guarantor

The authorised share capital of the Guarantor is €1,164.69. The issued share capital is €1,164.69 divided into 500 ordinary shares of €2.329373 each, fully paid up.

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

It is not expected that shares in the Guarantor shall be issued during the next financial year, whether fully or partly paid up, in consideration for cash or otherwise.

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

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 Issuer is to be put under option.

16.3 Memorandum and articles of association of the Issuer

(a) Objects

The Memorandum and Articles of Association of the Issuer (C 5067) are registered with the Malta Registry of Companies. The main objects of the Issuer include, *inter alia*: acting as a finance and investment company in connection with the ownership, development, operation and financing of the business activities of the Issuer's subsidiaries, joint ventures and/or associated companies. Clause 3 of the Memorandum of Association contains the full list of objects of the Company. 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 and at the Registry of Companies.

(b) Voting Rights

The holders of the ordinary shares in the Issuer are entitled to vote at meetings of the shareholders of the Company on the basis of one vote for each share held.

(c) Appointment of Directors

At present, in terms of the Memorandum and Articles of Association, the Board of the Issuer shall consist of not more than six Directors who are appointed in accordance with articles 55.1 to 55.4 of the Articles of Association of the Company, as follows:

55.1 The Directors of the Company shall be appointed by the Members in the annual general meeting of the Company. Save for the provisions of article 55.3, an election of Directors shall take place every year. The procedure for the appointment of Directors shall be as follows:

55.1.1 Any Member or number of Members who in the aggregate hold not less than 200,000 shares having voting rights in the Company shall be entitled to nominate a fit and proper person for appointment as a Director of the Company.

55.1.2 In addition to the nominations that may be made by Members pursuant to the provisions of article 55.1.1, the Directors themselves or a committee appointed for the purpose by the Directors, may make recommendations and nominations to the Members for the appointment of Directors at the next following annual general meeting.

55.2 For the purpose of enabling Members to make nominations in accordance with the provisions of article 55.1.1, the Company shall grant a period of at least fourteen (14) days to Members to nominate candidates for appointment as Directors. Such notice may be given by the publication of an advertisement in at least two (2) daily newspapers. All such nominations, including the candidate's acceptance to be nominated as director, shall on pain of disqualification be made on the form to be prescribed by the Directors from time to time and shall reach the Office (or such other place determined by the Directors) not later than fourteen (14) days after the publication of the said notice (the "**Submission Date**"). PROVIDED THAT the Submission Date shall not be less than fourteen (14) days prior to the date of the meeting appointed for such election. Nominations to be made by the Directors or any sub-committee of the Directors appointed for that purpose shall also be made by not later than the date established for the closure of nominations to Members pursuant to this article.

55.3 In the event that there are either less nominations than there are vacancies on the Board or if there are as many nominations made pursuant to either articles 55.1.1 or 55.1.2 as there are vacancies on the Board, then each person so nominated shall be automatically appointed a Director.

55.4 In the event that there are more nominations made pursuant to the provisions of articles 55.1.1 and 55.1.2, then an election shall take place in accordance with the provisions of these articles. Save for the case contemplated in article 55.3, an election pursuant to this article 55.4 shall be held every year.

(d) 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 such 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 remuneration to themselves or any number of their body. Any increases in the maximum limit of Directors' aggregate emoluments have to be approved by the general meeting. The Directors may also vote on pensions, gratuities or allowances on retirement to any Director who has held any other salaried office with the Issuer, or to such Director's widow or dependants. However, any such proposal shall have to be approved by the shareholders in general meeting.

In terms of the Memorandum and Articles of Association, the Board may exercise all the powers of the Issuer to borrow money and give security therefore, subject to the limit established in the Memorandum and Articles of Association and the over-riding authority of shareholders in general meeting to change, amend, restrict and or otherwise modify such limit and the Directors' borrowing powers.

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.

16.4 Memorandum and articles of association of the Guarantor

(a) Objects

The Memorandum and Articles of Association of the Guarantor (C 35806) are registered with the Malta Registry of Companies. The main objects of the Guarantor include, *inter alia*: the provision to other companies and commercial establishments advisory consultative, administrative and management services. Clause 4 of the Memorandum of Association contains the full list of objects of the company. 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 and at the Registry of Companies.

(b) Voting Rights

The holders of the ordinary shares in the Guarantor are entitled to vote at meetings of the shareholders of the Guarantor on the basis of one vote for each share held.

(c) Appointment of Directors

At present, in terms of the Memorandum and Articles of Association, the board of the Guarantor shall consist of not more than two directors who shall be appointed from amongst the shareholders of the company.

(d) 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 such Memorandum and Articles of Association reserved for the shareholders in general meeting.

17 MATERIAL CONTRACTS

The Issuer and Guarantor have not entered into any material contracts which are not in the ordinary course of their business and which could result in any member of the Group 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 forming part of the Prospectus.

18 PROPERTY VALUATION REPORT

The Issuer commissioned TBA Periti to issue a property valuation report in relation to the Hypothecated Property. The following are the details of the said valuer:

Name: Prof. Dr.Eur.Ing. Alex Torpiano
Business address: TBA Periti
43, Main Street
Balzan BZN 1259

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. The valuation report is dated 23 September 2014.

A copy of the report compiled by Prof. Dr.Eur.Ing. Alex Torpiano in respect of the Hypothecated Property is annexed to this Registration Document as Annex I and is available for inspection as set out in section 20 below.

19 INTEREST OF EXPERTS AND ADVISORS

Save for the valuation report prepared in relation to the Hypothecated Property and contained in Annex I to the Registration Document and the financial analysis summary set out as Annex III 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 TBA Periti of 43, Main Street, Balzan BZN 1259 and Charts Investment Management Service Limited of Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913, Malta respectively, which have given and have not withdrawn their consent to the inclusion of such reports herein. TBA Periti and Charts Investment Management Service Limited do not have any material interest in the Issuer. The Issuer 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 Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

20 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 Guarantor;
- (b) Audited Consolidated Financial Statements of the Issuer for the years ended 31 December 2011, 2012 and 2013;
- (c) Audited Financial Statements of the Guarantor for the years ended 31 December 2011, 2012 and 2013;
- (d) Audited Financial Statements of each of the Group companies for the years ended 31 December 2011, 2012 and 2013;
- (e) Interim Unaudited Financial Statements of the Issuer and Guarantor for the six-month period ended 30 June 2014;
- (f) The letter of confirmation drawn up by HLB Falzon & Falzon dated 6 October 2014;
- (g) Financial Analysis Summary prepared by Charts Investment Management Service Limited dated 6 October 2014;
- (h) The Guarantee;
- (i) The Security Trust Deed; and
- (j) Independent Expert's property valuation report prepared at the Issuer's request in respect of the Hypothecated Property.

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

ANNEX 1 - ARCHITECT VALUATION REPORT

TBA periti

Architects, Civil, and Structural Engineering Consultants
No. 43 Main Street, Balzan BZN 1259, Malta
Tel: (+356) 21498532 Fax: (+356) 21498534 E-mail:tbaperiti@tbaperiti.com

The Directors,
Hal Mann Vella Group plc
The Factory
Valletta Road
Lija

23rd September 2014

Dear Sirs,

VALUATION REPORT – IMMOVEABLE PROPERTY AT LIMITS OF LIJA/LIMITS OF MOSTA

In accordance with your instructions, the undersigned has carried out a valuation of immovable property, located at Lija, bound by the intersection of Pantar Road, Lija, and the junction between Valletta Road, Mosta, and Mosta Road, Lija, as indicated in the attached site plan, and which detailed valuation report, including the undersigned's opinion of the value of the property, is herewith submitted. The effective date of this valuation is the 23rd September 2014.

It is understood that the purpose of the valuation is for inclusion with the Prospectus, to be published in connection with the proposed public bond issue by Hal Mann Vella Group plc, in accordance with the Listing Rules of the Listing Authority. The valuation has been prepared in accordance with Chapter 7 of the Listing Rules published by the Malta Financial Services Authority, and, in particular, with the disclosure requirements relating to Property Companies seeking listing on the Malta Stock Exchange.

The undersigned declares that he has visited the site, and is fully familiar with the property; and that all information as was considered necessary was obtained from the Directors, or their advisors; this included information about the boundaries of the immovable property in question, the burdens imposed on the property, planning constraints, and the dates of construction of the various buildings erected thereupon; as well as the Directors' intentions as far as concerns the developable components of the property. The undersigned declares that his office was directly involved in the design of a project for one developable part of the property, but confirms his status as an external independent valuer, without any financial interest in the Group.

The Property included in this valuation is divided into (i) land which is developed, and on which a number of related commercial and industrial buildings are installed, marked in red on the attached drawing, Appendix 1; (ii) land which is in use for the same industrial activities, but which, by virtue of a rationalization of their industrial processes, is earmarked, and held for future re-development, marked in blue on the attached drawing; (iii) land which is not currently developable according to the existing planning guidelines, but which is currently in use in support of the industrial activities in the adjacent portions of the Property, marked in green on the attached drawing; (iv) part ownership of an existing building adjacent to the above, marked in brown in the attached drawing.

The Property has a total land surface area of approximately 28,700 (twenty-eight thousand seven hundred) square metres. It is located at a corner formed between Pantar Road, Lija, and the junction between Valletta Road, Mosta, and Mosta Road, Lija, and is hence variably referred to as located in the Limits of Lija or the Limits of Mosta. The property is bounded on the north by property of the Government of Malta, held on encroachment by the Company from the Government of Malta, which property is then bounded on the north by Valletta Road, Mosta. On the East and North East, the Property is bounded by Hal-Mann Road, and on the West by Pantar Road. The portion of land held on encroachment forms part of the access road and surface carparking in front of the Showroom and Offices.

The Property comprises a number of plots of land, comprising 27,500 (twenty-seven thousand, five hundred) square metres, that were originally acquired separately, over a period of years, and part ownership of a building erected on a land area of 1,200 (one thousand two hundred) square metres. The following burdens are recorded:

The land held on encroachment, which is recorded as originally measuring approximately 1,000 (one thousand) square metres, but part of which was subsequently taken back by the Government of Malta for road construction purposes, carries an annual payment of €4.66c (four euros and sixty six cents). Since Hal Mann Vella Group plc shall be hypothecating in favour of the trustee all its rights resulting from this encroachment, the Property has been valued as one whole.

The remaining area of ca. 26,500 (twenty-six thousand five hundred) square metres is in part subject to the annual and perpetual ground-rent of €1,700.44c (one thousand seven hundred and forty-four euro cents only), in part subject to

the “decimi dekanili in perpetuo” of 97c per annum (ninety-seven euro cents), and in part subject to the annual and temporary ground-rent of €2,981.60c, (two thousand nine hundred and eighty one euros and sixty euro cents). The latter plot, measuring ca. 5,625.60 (five thousand six hundred twenty-five) sq.m., was acquired on the 15th September 1980, as a temporary emphyteutical grant of 150 years, meaning that the remaining period of the grant is approximately one hundred and sixteen years.

Ca. 5,200 sq.m. of this land, as marked in blue in Appendix 1, is owned by Sudvel Limited, but since Sudvel Limited shall constitute itself as joint and several surety with Hal Mann Vella Group plc, to secure the Bond issue, by a special hypothec on the property in its name, the Property has been valued as one whole. Sudvel Ltd. is hereunder referred to as the Guarantor.

Details of the mortgages and privileges and other charges, real rights thereon including details of emphyteutical concessions, easements and other burdens, are included in Appendix 2.

The Property included in this valuation comprises buildings which are used as part of the Hal Mann Marble and Tile production plant located at the junction of Valletta Road and Pantar Road, Lija. The Property includes various industrial sheds and buildings, containing different parts of the storage and production process of the industrial plant, built, extended and altered over a number of decades. It also includes a recently built Showroom building with overlying Offices, and an underground car-parking area. The Property also includes a recently-built building, partly co-owned by the Guarantor, referred to as “Il-Binja I-Gdida”, which is located on Pantar Road. This building consists of a two-storey warehousing development, overlying two underground levels of car-parking/storage area. The lower basement (Level -2), as well as half of the ground floor, and half of the first floor, and the corresponding air-space, are owned by the Guarantor, and are included in this valuation. The property includes the co-ownership of the common entrance and vertical circulation.

With reference to Listing Rule 7.4.1.6, it is stated that a significant proportion of the industrial facilities were erected before the current planning legislation. A significant portion of the land comprised in the Property, measuring ca. 19,375 (nineteen thousand three hundred and seventy five) square metres, has been included within the Area of Containment for Hal Mann Lija area, published by Malta Environment and Planning Authority (MEPA), (PC0050/10), subject to a number of planning conditions, (Policies LJAC 1 to 6), including a 3m deep buffer green area along Pantar Road, a 60% site coverage, and a building height limitation of 10.5m above street level. The remaining part of the land, measuring ca. 8,150 (eight thousand one hundred fifty) square metres, lies outside the Area of Containment, but currently accommodates various openair storage facilities in support of the marble and tile industrial operations, as permitted by MEPA. The land within the Area of Containment includes a number of industrial buildings, sheds or warehouses, covering a total area of ca. 7,000 (seven thousand) square metres, which have been built at various times over the last four decades. It also includes a Showroom and Offices, with underlying car-parking, completed in 2008, with a footprint area of ca. 800 (eight hundred) square metres. The latter development is covered by Planning Permits PA00034/2004, issued in August 2005, and PA04952/2006, issued in May 2008. This Valuation takes into account the development potential of the land within the Area of Containment, and the recently developed property, in accordance with the relative permits. Structures without relative development permits, but within the Area of Containment, have been valued with this context in mind.

The property referred to as “Il-Binja il-Gdida” is within the Area of Containment, described above, and is covered by a number of Planning Permits, PA/07519/95, issued in February 1999, PA/04418/99, issued in October 2000, PA/01434/05, issued in July 2005, and PA/05928/06, issued in March 2007. The lower basement has an area of ca. 1,200 (one thousand two hundred) square metres. This basement is connected by a ramp to the rest of the property described above. The ground floor warehouses, which have a total area of ca. 600 (six hundred) square metres, are directly accessible from Pantar Road, whilst the first floor offices, with a total area of ca. 640 (six hundred forty) square metres, are accessed from the common vertical access. The building was erected ca. fourteen years ago.

The listing rules require that the valuation be made on the basis of an open market value for existing use. An open market value represents an opinion of the best price for which the sale of an interest in a property would have been completed unconditionally for a cash consideration on the date of the valuation. An open market valuation assumes (i) that there is a willing seller; (ii) that the interest being valued would have been, prior to the transaction, properly marketed; (iii) that the state of the market, level of values and other circumstances are consistent over the period of the valuation; (iv) that no account is taken of any additional bid by a prospective purchaser with a special interest; (v) and that both parties to the transaction act knowledgeably, prudently and without compulsion. An existing use value follows on the definition of the open market value, with the added assumptions that (a) the property can be used, for the foreseeable future, only for the existing use, and (b) that vacant possession is provided on completion of the sale of all parts occupied by the business.

The Property has been valued on the basis highlighted below. It is stated that no intra-Group leases on the property occupied by the Group was advised, or taken into account in the Valuation. No valuation of the benefit or detriment of contractual arrangements in respect of the property have been requested, or taken into account in this valuation. No information was received that any Director or promoter have had an interest in any acquisitions or disposals of any part of the Property during the two years preceding the date of this valuation.

The land that is included within the Area of Containment has been valued on the basis of the open market value of land, by comparison to similar properties, in similar locations, such as Mosta, Naxxar and Mriehel, for comparable potential volumes of development, as allowed by current planning policies. The approved policies for the Area of Containment include site coverage not exceeding 60% (sixty percent), and a total height of development not exceeding 10.5m (ten point five metres). This implies that if the whole of the industrial area were cleared for redevelopment, the site, measuring approximately 14,185 (fourteen thousand one hundred eighty-five) square metres of developable land would yield a development for commercial/industrial/warehousing use of ca. 25,500 (twenty-five thousand and five hundred) square metres, excluding underground development. On an open market, the land which would allow this development would have a value of approximately **€14,000,000.00 (fourteen million euros)**. This includes the land which is held on temporary emphyteusis, which would represent €5,500,000 (five million five hundred thousand euros) of this amount. This estimate takes into account the location of the site at the intersection of major traffic routes, and the proximity to the major urban nodes of Mosta, Naxxar, Birkirkara, and the residential areas of Attard, Lija and Balzan.

An additional part of the land within the Area of Containment, measuring ca. 5,200 (five thousand two hundred) square metres, is held by the Guarantor for Development. It is currently proposed to develop this site to create a mixed office/commercial development, with underlying car-parking. An application for planning permission has been submitted to MEPA for approval. It is envisaged that development would be completed with twenty-one (21) months from receipt of development permission. The cost of this development is estimated to be approximately €7,000,000 (seven million euros), on a shell and core basis. The proposed development conforms to the planning conditions outlined above, and therefore it is expected that the area will yield approximately 9,300 (nine thousand three hundred) square metres of commercial/office development, excluding under-ground car-parking, which, using the open market valuation criteria outlined above, would yield a value of land of approximately **€5,000,000 (five million euros)**.

The area outside the Area of Containment, which has a current, permitted, use for surface storage and other industrial activities, in support of the main industrial activities, (and which measures ca. 8,250 (eight thousand two hundred and fifty) square metres), has also been valued on the basis of comparison to properties, which are in a similar context, that is, not developable according to current planning policies, but in use in support of current activities. A value of **€1,500,000.00 (one million, five hundred thousand euros)** is estimated on an open market basis.

The built property on the land has been valued on the basis of a gross estimated replacement cost, depreciated for obsolescence. The Depreciated Replacement Cost is a valuation procedure which is used to arrive at an Existing Use Value or value in use, of properties, such as in the current case, which are rarely, if ever, sold or let other than as part of a business. From the information available, a number of industrial buildings were erected over a period of approximately thirty years, that is, approximately one-third in the 1970's, one-third in the 1980's and one-third in the 1990's, and are not covered by planning permits. They are, however, allowed by MEPA if used in conjunction with the current industrial operations. It was therefore felt that this method of valuation is, for these buildings, appropriate. These structures cover a total area of ca. 6,500 (six thousand five hundred) square metres, and were estimated to cost ca. €1,350,000 (one million three hundred fifty thousand euros) if they were to be built today; this value was depreciated, at an average rate of 1% per annum, to yield a current replacement value of ca. €1,000,000, (one million euros), to which were added ca. €500,000 (five hundred thousand euros) of recent upgrades to the fabric. A built area of approximately 1,000 (one thousand) square metres is earmarked for clearance and re-development, and therefore it was estimated that the current overlying structure has no value. On the other hand, the Showroom and Office building, which is closely associated with the afore-mentioned industrial operations, was completed in 2008, and, for this reason, it has been valued practically at cost, that is, €3,500,000.00 (three million, five hundred thousand euros), bringing the total value of the built property to **€5,000,000.00 (five million euros)**.

The Directors have advised that the ground floor warehouses and the first floor offices of the "Binja Gdida" in Triq Pantar have been leased to third parties, with contracts extending to 2016 and 2018. Details of the leases of this part of the Property are indicated in Appendix 3. The current Net Annual Rent value is, therefore, €75,440 (seventy-five thousand four hundred forty euros). Although, the lower basement is empty, it has the potential of accommodating 1,200 sq.m of storage or 45 car-parking spaces. The estimated Net Annual Rent, when this area is leased out either as car-parking or storage area, would then be €129,440 (one hundred and twenty-nine thousand four hundred forty euros). On the basis of current rental levels, and potential rentals where the premises are still vacant, respectively discounted at the rate of 6% for the upper levels, and 8% for the underground level, plus the residual value of the land, an open market value, based on the relative discounted cash flows, of **€2,000,000 (two million euros)** is estimated. In view of the nature of the shared ownership, the value of the latter part of the property on the basis of redevelopment of the site is not being considered in this report.

In summary, on the basis of the above, the present capital value of the Property, in the existing state, is estimated to be as indicated below. For the purposes of this Valuation, the present capital value of the property in its existing state and the open market value are considered to be the same; and the present capital value of the property in its existing state and the value determined on a depreciated replacement cost basis are considered equivalent, as applicable.

- (i) Land property valued on an open market basis:
 - a. freehold basis: **€15,000,000 (fifteen million euros)**
 - b. temporary emphyteusis (remaining 116 years): **€5,500,000 (five million five hundred thousand euros);**
- (ii) Built property valued on a depreciated replacement cost basis:
 - freehold basis: **€5,000,000 (five million euros);**
- (iii) Built property valued on an open market value: **€2,000,000 (two million euros)**

amounting to a total value of **€27.5 million (twenty-seven million and five hundred thousand euros)**.

The valuation has been carried out by the undersigned, as an independent valuer, in terms of, and with regard given to, the UK Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. The undersigned confirms that there is no conflict of interest in advising you of the opinion of the value of the property, since the undersigned or his associates will not benefit from the valuation instruction, other than the valuation fee.

My opinion of the value of the Property is based upon the facts and evidence available at the date of the valuation, part of which information was made available by the Directors and their advisors. No detailed area measurements have been undertaken, although our knowledge of the project allows us to confirm that the areas quoted in this valuation report are broadly correct. No geological investigations have been carried out in order to determine the suitability of ground conditions and services, nor were environmental, archaeological or geo-technical surveys undertaken. However, there is no reason to believe that there are any such issues as may impede the envisaged development of the site. It has also been assumed that all development will take place in strict conformity with the relative planning permits, and other statutory obligations, and constructed by reputable contracting firms, to good quality standards and workmanship.

Valuations are not a prediction of price, nor a guarantee of value, and whilst our valuation is one which we consider both reasonable and defensible, different valuers may properly arrive at different opinions of value. Moreover, the value of property development is susceptible to changes in economical conditions, and may therefore change over relatively short periods. This valuation and report is submitted without prejudice to the party to whom they are addressed. The undersigned advises that no responsibility is accepted or implied to third parties to whom this report may be disclosed, with or without our consent. In particular, the undersigned advises that no liability is accepted in contract, tort (including negligence, or breach of statutory duty), restitution or otherwise, in respect of any direct loss of profit, any indirect, special or consequential loss whatsoever howsoever caused including, without limitation, loss of profit, loss of business, loss of goodwill, loss of use of money, and loss of opportunity.

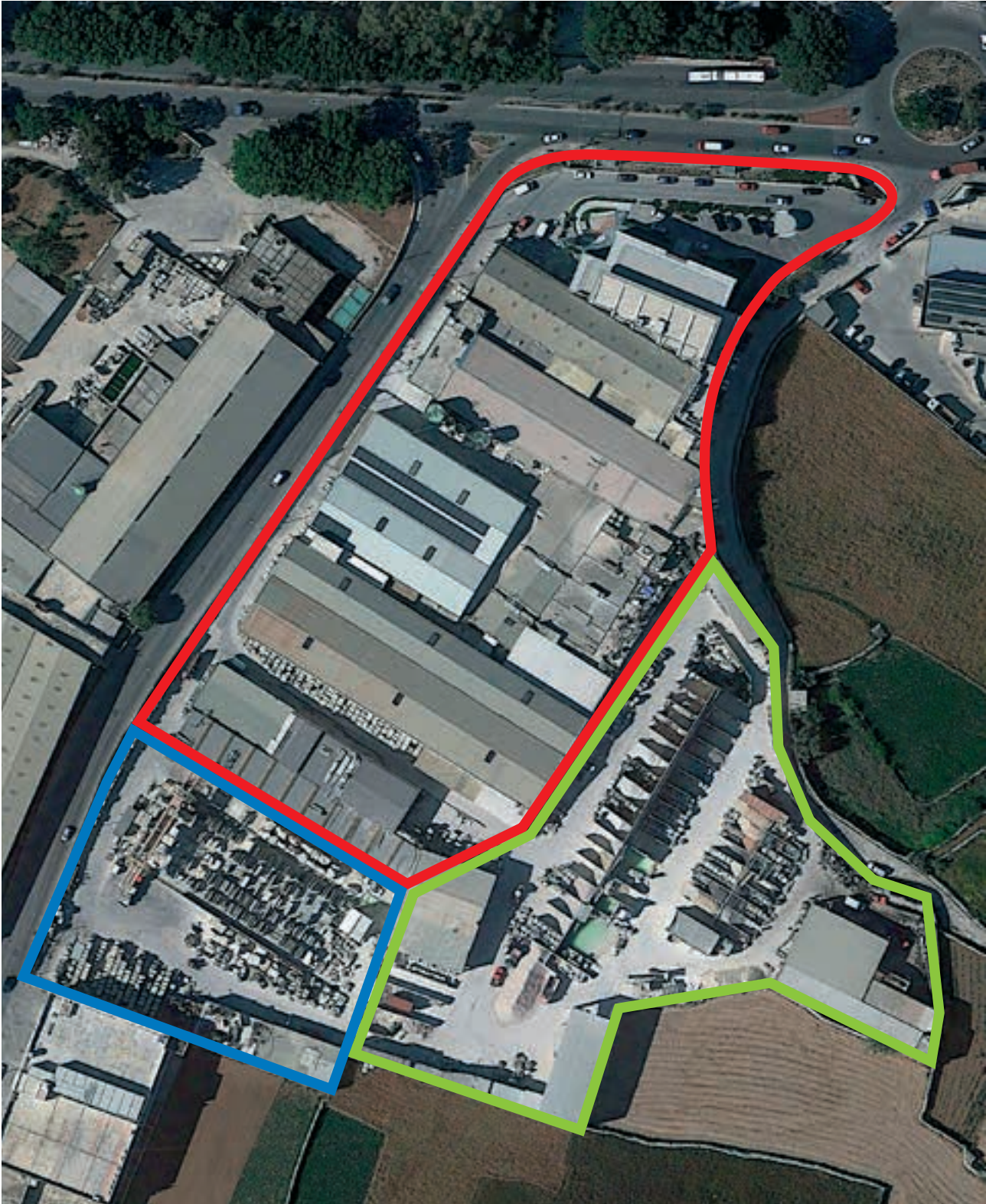
In accordance with standard practice, neither the whole nor any part of this valuation nor any reference thereto may be included in any published document without the prior written approval of the undersigned for the context in which it may appear.



Prof. Dr.Eur.Ing. Alex Torpiano,
B.E.&A. (Hons), MSc. (Lond), PhD (Bath), MIStructE, CEng., Perit

obo TBA periti

APPENDIX 1



APPENDIX 2

Hypothecary notes regarding Velsud Limited – Halmann Velsud Group Limited, prepared by Notary Dr. Anthony Abela, of Abela & Abela – Notarial Firm 4, Museum Road, Rabat, 19th September 2014.

Vol 13862/2005	BOV C.Bellzzi 9.8.2005 where Bank gave Halmann International Limited OD facility for Lm 500,000 == € 1,164,686,
Vol 4183/2007	BOV N Mugliette 8.2.2007 where bank gave Halmann International Limited further OD facilities Lm 60,000 == € 139,762. Velsud Limited acted as surety
Vol 4185/2007	BOV N Mugliette 8.2.2007 where bank granted to Velsud Limited a loan for Lm 500,000 == € 1,164,686
Vol 14577/2007	BOV N Mugliette 12.7.2007 where bank granted to SMG Mode Limited a loan for Lm 39,930 == € 93,011.87 with Velsud Limited acting as surety
Vol 14580/2007	BOV N Mugliette 12.7.2007 where Bank granted to SMG Mode Limited an OD facility for Lm 40,000 == € 93,175 with Velsud Limited acting as surety
Vol 16400/2008	BOV A Abela 18.9.2008 where bank granted to Halmann International Limited a loan for € 1,772,907 with Halmann Velsud Group Limited standing as guarantee
Vol 16401/2008	BOV A Abela 18.9.2008 where bank granted additional OD facility to Halmann International Limited for € 35,300 with Halmann Velsud Group Limited standing as guarantee
Vol 16403/2008	BOV A Abela 18.9.2008 where bank granted additional overdraft facilities to Halmann International Limited for € 135,238 with Halmann Velsud Group Limited standing as guarantee
Vol 3265/2009	BOV A Abela 23.2.2009 where bank granted loan to Halmann Velsud Group Limited for € 775,000
Vol 14373/2009	BOV A Abela 24.9.2009 where bank granted Overdraft facilities to Ceramax International Limited for € 175,000 with Halmann Velsud Group Limited standing as guarantee
Vol 14376/2009	BOV A Abela 24.09.2009 where bank granted a loan to SMG Mode Limited for the sum of € 100,000 with Halmann Velsud Group Limited standing as guarantee
Vol 14377/2009	BOV A Abela 24.09.2009 where bank granted a loan to SMG Mode Limited for the sum of € 125,000 with Halmann Velsud Group Limited standing as guarantee
Vol 14378/2009	BOV A Abela 24.9.2009 where bank granted overdraft facilities to SMG Mode Limited for € 100,000 with Halmann Velsud Group Limited standing as guarantee
Vol 14678/2009	BOV A Abela 24.9.2014 where bank granted additional overdraft facilities to SMG Mode Limited for €. 56,825.06c with Halmann Velsud Group Limited standing as guarantee
Vol I 862/2011	BOV A Abela 20.12.2010 where bank granted loan to Halmann International Limited for the sum of € 149,829 with Halmann Velsud group limited acting as guarantee
Vol I 863/2011	BOV A Abela 20.12.2010 where bank granted further Overdraft facility to Halmann International Limited for the sum of € 8,800,013 with Halmann Velsud group limited acting as guarantee
Vol I 864/2011	BOV A Abela 20.12.2010 where bank granted further Overdraft to Halmann International Limited for the sum of € 100,000 with Halmann Velsud group limited acting as guarantee
Vol I 15738/2011	BOV A Abela 28.09.2011 where bank granted loan to Ceramax International Limited for the sum of € 87,840 with Halmann Velsud group limited acting as guarantee
Vol I 15740/2011	BOV A Abela 28.09.2011 where bank granted overdraft facilities to SMG Mode Limited for the sum of € 200,000 with Halmann Velsud group limited acting as guarantee
Vol I 15741/2011	BOV A Abela 28.09.2011 where bank granted overdraft facilities to Q Stone Limited Limited for the sum of € 150,000 with Halmann Velsud group limited acting as guarantee

Vol I 1378/2012	BOV A Abela 28.09.2011 correction of hypothec Vol I 15740/2011
Vol I 414/2013	BOV A Abela 31.12.2012 where bank granted Overdraft facilities to Halmann Industries Limited formerly Pantar ceramics Limited for the sum of € 130,000 with Halmann Velsud group limited acting as guarantee
Vol I 415/2013	BOV A Abela 31.12.2012 where bank granted loan to Halmann Industries Limited formerly Pantar ceramics Limited for the sum of € 500,000 with Halmann Velsud group limited acting as guarantee
Vol 1403/2013	BOV A Abela 25.1.2013 where bank granted Overdraft facilities to Ceramax International Limited for the sum of € 70,000 with Halmann Velsud group limited acting as guarantee

Hypothecs By Sudvel Limited

Vol I 19096/2005	HSBC N Mugliette 27.10.2005 Bank granted an overdraft facility for the sum of Lm 660,000 == € 1,537,386 where Sudvel Limited stood as guarantee
Vol I 12554/2007	HSBC N Mugliette 8.6.2007 Bank granted a loan to Halmann Vella Limited for Lm 100,000 == € 232,293 where Sudvel Limited stood as guarantee
Vol I 12555/2007	HSBC N Mugliette 8.6.2007 Bank granted a Overdraft facility of € 326,112 == Lm 140,000 to Halmann Vella Limited where Sudvel Limited stood as guarantee
Vol I 13751/2008	HSBC A Abela 25.8.2008 Bank granted a loan to Halmann Vella Limited for Lm 100,000 -- € 232,937 where Sudvel Limited and Mavina Holiday Complex Limited stood as guarantee
Vol I 13752/2008	HSBC A Abela 25.8.2008 Bank granted a loan to Halmann Vella Limited for € 322,000 where Sudvel Limited and Mavina Holiday Complex Limited stood as guarantee
Vol I 13753/2008	HSBC A Abela 25.8.2008 Bank granted a Overdraft Facility to Halmann Vella Limited for € 900,000 where Sudvel Limited and Mavina Holiday Complex Limited stood as guarantee
Vol I 12579/2009	HSBC A Abela 14.8.2009 Bank granted additional overdraft facilities to loan to Halmann Vella Limited for € 2,033,000 where Sudvel Limited and Mavina Holiday Complex Limited stood as guarantee
Vol I 16814/2012	HSBC A Abela 19.11.2012 Bank granted a additional overdraft facilities to Halmann Vella Limited for € 1,950,000 where Sudvel Limited and Mavina Holiday Complex Limited stood as guarantee - it was declared on deed that total facilities amounting to € 6,746,498

APPENDIX 3

Details and Terms of Leases:

leaseholder 1

Commencement Date 29/04/2013 - 161 sq.m.

Three year intervals at an annual rent: Year 1 €16,000, 2 €16,400 and Year 3 €16,974 ex VAT, payable in full every 6 months in advance. After Year 3, the rent shall continue to increase by 3% per annum on the amount payable during the previous year.

leaseholder 2

Commencement Date 14/02/2013 - 525.31 sq.m.

Five year intervals at an annual rent: Year 1-5 at €39,040 per annum ex VAT, payable in full every 6 months in advance. After Year 5, the rent shall increase by 5% per annum for the next 5 years to come. Includes office space at 1st floor, storage space at ground floor level, and 5 car spaces at Level -2.

leaseholder 3

Commencement Date 01/08/2013 - 362 sq.m.

Five year intervals at an annual rent: Year 1-5 at €20,000 per annum ex VAT, payable in full every 6 months in advance. Rate shall increase by 10% every 5 years. Includes storage space at ground floor level on Pantar Road.

Securities Note

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Listing Rules published by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended by Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 and Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014. This Securities Note is issued pursuant to the requirements of Listing Rule 4.14 of the Listing Rules and contains information about the Bonds being issued by Hal Mann Vella Group p.l.c. The Listing Authority has approved the admission to listing and trading of the Bonds on the Official List of the Malta Stock Exchange. This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Issuer.

Dated 6 October 2014

In respect of an Offer of:
€30,000,000 5% Secured Bonds 2024
of a nominal value of €100 per Bond issued at par
ISIN: MT0000811209
by

Hal Mann Vella Group p.l.c.

(a public limited liability company registered under the laws of Malta with registration number C 5067)

For a description of the security in respect of the Bonds, see the section entitled "Creating the Security" in section 8.1 of the Registration Document.

Registrar



Malta Stock Exchange plc

Security Trustee



FJV FIDUCIARY LTD

Sponsor



WEALTH MANAGEMENT • CORPORATE BROKING

Legal Counsel



APPROVED BY THE DIRECTORS

Vincent Vella

Joseph Vella

Mark Vella

Martin Vella

Arthur Galea
Salomone

William Van
Buren

THE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THESE SECURITIES AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT 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 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 HOWEVER 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 OFFER BY HAL MANN VELLA GROUP PLC (THE "ISSUER") OF €30 MILLION SECURED BONDS 2024 OF A NOMINAL VALUE OF €100, ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 5% PER ANNUM, PAYABLE ANNUALLY ON 6 NOVEMBER OF EACH YEAR. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON THE REDEMPTION DATE UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION.

THIS SECURITIES NOTE:

- A. CONTAINS INFORMATION ABOUT THE ISSUER AND THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES, THE ACT AND THE REGULATION, AND SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER; AND
- B. SETS OUT THE CONTRACTUAL TERMS UNDER WHICH THE BONDS ARE ISSUED BY THE COMPANY 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 THE TERMS OF THIS SECURITIES NOTE.

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

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

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

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

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

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

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

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

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

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

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

1 DEFINITIONS

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

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 to subscribe for Bonds made by an Applicant/s by completing an Application Form/s and delivering same to the Registrar or to any of the Authorised Financial Intermediaries;
Application Form	the form of application of subscription for Bonds, a specimen of which is contained in Annex II of this Securities Note;
Authorised Financial Intermediaries	the licensed stockbrokers and financial intermediaries listed in Annex I of this Securities Note;
Bond(s) or Secured Bond(s)	the €30 million secured bonds due 2024 of a face value of €100 per bond redeemable at their nominal value on the Redemption Date, bearing interest at the rate of 5% per annum, as detailed in this Securities Note;
Bond Offer or Offer	the issue of the Secured Bonds;
Bond Offer Price	the price of €100 per Bond;
Bondholder/s	a holder of Secured 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;
Collateral or Security Interests	<ul style="list-style-type: none"> (i) the first-ranking general hypothec to be constituted by the Company in favour of the Trustee, over all its assets present and future, for the amount of €30,000,000 (thirty million Euro), interest thereon and any other amounts due under the Bonds; (ii) the first-ranking special hypothec to be constituted by the Company in favour of the Trustee over the Hal Mann factory, showroom and adjacent land, measuring <i>circa</i> 22,300m² and situated in Hal Mann Road, Lija, for the amount of €30,000,000 (thirty million Euro), interest thereon and any other amounts due under the Bonds; (iii) the first-ranking general hypothec to be constituted by the Guarantor in favour of the Trustee, over all its assets present and future, for the amount of €30,000,000 (thirty million Euro), interest thereon and any other amounts due under the Bonds; (iv) the first-ranking special hypothec to be constituted by the Guarantor in favour of the Trustee: <ul style="list-style-type: none"> (a) over a plot of land measuring <i>circa</i> 5,200m² forming part of Hal Mann and situated in Pantar Road, Lija; and (b) over 50% (being the portion owned by the Guarantor) of a warehouse complex (known as 'Il-Binja il-Gdida') consisting of a two-storey development with an underlying two storey parking area, having a footprint of <i>circa</i> 1,200m² and situated in Pantar Road, Lija; <p style="margin-left: 40px;">for the amount of €30,000,000 (thirty million Euro), interest thereon and any other amounts due under the Bonds;</p>
CSD	the Central Securities Depository of the Malta Stock Exchange established pursuant to Chapter 4 of the Malta Stock Exchange Bye-Laws, having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;

Deed of Hypothec	a deed to be entered into by and between the Trustee and the Issuer in the acts of Notary Anthony Abela whereby the Issuer constitutes the Collateral in favour of the Trustee;
Directors or Board	the directors of the Issuer whose names are set out under the heading "Identity of Directors, Advisors and Auditors" in section 3 of the Registration Document;
Euro or €	the lawful currency of the Republic of Malta;
Guarantee	the joint and several suretyship granted by the Guarantor as security for the punctual performance of the Issuer's payment obligations under the Bonds, subject to the terms and conditions contained in the Security Trust Deed and as the same is held on trust for the benefit of the Bondholders by the Security Trustee;
Guarantor	Sudvel Limited, a private company registered under the laws of Malta with company registration number C 35806 and having its registered office at St Mary House, St Philip Street, Mgarr MGR 1373, Malta;
Hal Mann Vella Group or Group	the Issuer and its Subsidiaries and the Jointly Controlled Entities;
Hypothecated Property	<p>(i) the officially unnumbered immovable property known as the Halmann Factory and Showroom which together with adjacent land covers a global area of <i>circa</i> 27,500m². Part of the aforesaid property which has a footprint of <i>circa</i> 22,300m² is owned by the Company. An adjacent parcel of land is the property of the Guarantor and measures <i>circa</i> 5,200m². Both properties, forming a combined property, are located at a corner formed between Pantar Road, Lija, and the junction between Valletta Road, Mosta, and Mosta Road, Lija, and are hence variably referred to as in the Limits of Lija or the Limits of Mosta. The combined property is bounded on the north by property of the Government of Malta, held on encroachment by the Group from the Government of Malta, which property is then bounded on the north by Valletta Road, Mosta. On the East and North East, the combined property is bounded by Hal-Mann Road and on the West by Pantar Road; and</p> <p>(ii) 50% (being the portion owned by the Guarantor) of the warehouse complex situated in Pantar Road, Lija, having a footprint of approximately 1,200m² which consists of a large parking/storage area at lower basement level, warehouses at ground floor level and offices at first floor level;</p>
Interest Payment Date	6 November of each year between and including each of the years 2015 and 2024, 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	17 November 2014;
Issuer or Company	Hal Mann Vella Group p.l.c. (formerly Hal Mann Velsud Group Ltd), a public company registered under the laws of Malta with company registration number C 5067 and having its registered office at The Factory, Mosta Road, Lija LJA 9016, Malta;

Jointly Controlled Entities	each of: <ul style="list-style-type: none"> a) Madliena Ridge Limited (a limited liability company registered under the laws of Malta with company registration number C 44281) – 50% ownership; b) Hal Mann Holdings Ltd (a limited liability company registered under the laws of Malta with company registration number C 2215) – 50% ownership; c) HMK International Ltd (a limited liability company registered under the laws of Malta with company registration number C 46978) – 50% ownership; d) Hal Mann Solar Limited (a limited liability company registered under the laws of Malta with company registration number C 61110) – 50% ownership; e) MAC Investments Limited (a limited liability company registered under the laws of Malta with company registration number C 55957) – 33.3% ownership;
Listing Authority	the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act (Cap. 345 of the Laws of Malta) by virtue of Legal Notice 1 of 2003;
Listing Rules	the listing rules of the Listing Authority;
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;
Memorandum and Articles of Association	the memorandum and articles of association in force at the time of publication of the Prospectus;
MFSA	Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta);
Offer Period	the period between 27 October 2014 to 31 October 2014 during which the Bonds are on offer;
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;
Placement Agreement	the agreement between the Sponsor and the Issuer to subscribe for Bonds in accordance with section 7.4 of this Securities Note for the purpose of distributing to or placing with their underlying customers and other financial intermediaries any portion of the Bonds;
Prospectus	collectively the Registration Document, Summary Note and this Securities Note;
Redemption Date	6 November 2024;
Redemption Value	the nominal value of each Bond (€100 per Bond);
Registration Document	the registration document issued by the Issuer dated 6 October 2014, forming part of the Prospectus;

Regulation	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended by Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; and Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 as regards to regulatory technical standards for publication of supplements to the prospectus;
Securities Note	this document in its entirety;
Security Interests	see Collateral;
Security Trust Deed or Trust Deed	the trust deed signed between the Company, Guarantor and the Security Trustee dated 6 October 2014;
Security Trustee or Trustee	FJV Fiduciary Ltd having its registered office at FJVA Business Centre, Industry Street, Qormi QRM 3000, Malta;
Sponsor	Charts Investment Management Service Limited (C 7944) of Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913, Malta, an authorised financial intermediary licensed by the MFSA and a Member of the MSE;
Subsidiary	<p>each of:</p> <ul style="list-style-type: none"> a) Mavina Holiday Complex Ltd (a limited liability company registered under the laws of Malta with company registration number C 1728). The company is the parent company of SMG Mode Ltd (a limited liability company registered under the laws of Malta with company registration number C 35517); b) Sudvel Limited (a limited liability company registered under the laws of Malta with company registration number C 35806); c) Hal Mann International Ltd (a limited liability company registered under the laws of Malta with company registration number C 21050). The company is the parent company of Hal Mann Vella Ltd (a limited liability company registered under the laws of Malta with company registration number C 28088); d) Hal Mann Properties Ltd (a limited liability company registered under the laws of Malta with company registration number C 39013); e) Vinmar Limited (a limited liability company registered under the laws of Malta with company registration number C 51195); f) Hal Mann Industries Ltd (a limited liability company registered under the laws of Malta with company registration number C 8028); g) Hal Mann (Letting) Ltd (a limited liability company registered under the laws of Malta with company registration number C 53109); h) Hal Mann Services Limited (a limited liability company registered under the laws of Malta with company registration number C 51196); <p>and the term 'Subsidiaries' shall collectively refer to the said companies;</p>
Summary Note	the summary note issued by the Issuer dated 6 October 2014, forming part of the Prospectus;
Terms and Conditions	the terms and conditions of the Bond Offer as contained in section 7.2 of this Securities Note;
Trust Property	the rights attaching to and emanating from the Trust Deed and the benefit of the security created by virtue of the Security Interests for the benefit of Bondholders.

2 RISK FACTORS

2.1 General

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

THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY ON THE REDEMPTION DATE UNLESS THE BONDS ARE PREVIOUSLY RE-PURCHASED AND CANCELLED.

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

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

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

2.2 Forward-looking statements

This Securities Note may contain "forward looking statements" which include, among others, statements concerning matters that are not historical facts and which may involve projections of future circumstances. These forward looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the Issuer's Directors. No assurance is given that future results or expectations will be achieved.

2.3 Risks relating to the Guarantee

The Bonds are being guaranteed by the Guarantor and therefore, Bondholders are entitled to request the Guarantor to pay the full amounts due under the Bonds if the Issuer fails to meet any amount. The guarantee also entitles the Bondholders to take action against the Guarantor without having to first take action against the Issuer. The level of recoverability by the Bondholders of any amounts due under any of the Bonds from the Guarantor is dependent upon the financial strength of the Guarantor and in the case of insolvency of the Guarantor, such level of recoverability is further dependent upon the existence or otherwise of any prior ranking claims in respect of the assets of the Guarantor. Furthermore, the Guarantor has a limited operating history and its business is intimately related to that of the Issuer and the Hal Mann Vella Group. Therefore the operating results of the Issuer and the Group have a direct effect on the Guarantor's financial position.

2.4 Risks relating to the Bonds

- The existence of an orderly and liquid market for the Bonds depends on a number of factors, including but not limited to the presence of willing buyers and sellers of the Issuer's Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Offer Price or at all.
- Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.
- A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different.

- Notwithstanding that the Bonds constitute the general, direct, unconditional and secured obligations of the Issuer and Guarantor and shall, subject to what is stated below, rank with preference and priority, over any unsecured debt of the Issuer and Guarantor, if any, there can be no guarantee that privileges accorded by law in specific situations will not arise during the course of the business of each of the Issuer and Guarantor which may rank with priority or preference to the Security Interests.
- The terms and conditions of this Bond Offer are based on Maltese law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of this Prospectus.
- 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.
- In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bond Offer it shall call a meeting of Bondholders in accordance with the provisions of section 5.12 of this Securities Note. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

3 PERSONS RESPONSIBLE

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

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

3.1 Consent for use of Prospectus

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

For the purposes of any subscription for Bonds through any of the Authorised Financial Intermediaries during the Offer Period 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 listed in Annex I of this Securities Note during the Offer Period;
- 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.

Neither the Issuer nor the Sponsor has any responsibility for any of the actions of any Authorised Financial Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale or placement of Bonds.

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

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

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

In the event of a resale, 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.

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 Offer shall, limitedly for the period of 60 days from the date of the Prospectus, publish on its website a notice to the effect that it is using this Prospectus for such resale, 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 the approval of this Securities Note will be made available through a company announcement which will also be made available on the Issuer's website: www.hmvellagroup.com

4 ESSENTIAL INFORMATION

4.1 Reasons for the Issue and use of proceeds

The proceeds from the Bond Offer, which net of Bond Offer expenses are expected to amount to approximately €29.3 million, will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

- (i) the first €13.7 million of the proceeds from the Bond Offer will be used to refinance bank borrowings described in section 5.2 below;
- (ii) the aggregate amount of *circa* €5 million shall be used for funding the complete modernisation of the Hal Mann Vella factory and investment in new plant and machinery;
- (iii) the amount of *circa* €7 million shall be applied towards the costs of construction and development of a mixed used commercial property in Pantar Street, Lija. The project will consist of a three floor building above street level occupying a footprint area of *circa* 3,600m² (gross area: 5,200m²);
- (iv) any remaining balance of the net Bond Offer proceeds will be used for general corporate funding purposes of the Group and/or further reducing the corporate indebtedness of the Group.

In the event that the Bond Offer is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for, and the proceeds from the Bond Offer shall be applied in the manner and order of priority set out above. Any residual amounts required by the Issuer for the purposes of the uses specified in this section 4.1 which shall not have been raised through the Bond Offer shall be financed from the Group's general cash flow and/or bank financing.

All proceeds from the Bond Offer shall be held by the Security Trustee pending the constitution of the Collateral to secure the Bonds. Subject to the satisfaction of the conditions precedent set out in section 7.2.1 of this document, the Bonds shall be subscribed pursuant to the Placement Agreement (see section 7.4 below) and general public offer (see section 7.3 below). In the event that either of the conditions precedent is not satisfied the Security Trustee shall return Bond proceeds received back to investors.

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 Offer are estimated not to exceed €700,000. There is no particular order of priority with respect to such expenses.

4.3 Issue statistics

Amount:	€30 million;
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:	MT0000811209;
Minimum amount per subscription:	Minimum of €2,000 and multiples of €100 thereafter;
Redemption Date:	6 November 2024;
Plan of Distribution:	The Bonds are open for subscription by all categories of investors, including Authorised Financial Intermediaries either for their own account or on behalf of clients, and the general public;
Preferred allocations:	There are no preferred allocations except pursuant to the Placement Agreement entered into with Charts Investment Management Service Limited;
Bond Offer Price:	At par (€100 per Bond);
Status of the Bonds:	The Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and secured obligations of the Issuer and Guarantor, and shall at all times rank <i>pari passu</i> without priority or preference among themselves, but with priority or preference over all other unsecured indebtedness of the Issuer and Guarantor, if any;
Listing:	The Listing Authority has approved the Bonds for admissibility to listing and subsequent trading 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;
Application Forms available:	13 October 2014;
Placement Agreement:	The Issuer has entered into a conditional placement agreement with Charts Investment Management Service Limited whereby a maximum amount of €20 million in value of Bonds has been made available for subscription on 24 October 2014;
Offer Period:	27 October 2014 to 31 October 2014, both days included;
Interest:	5% per annum;
Interest Payment Date(s):	Annually on 6 November as from 6 November 2015 (the first interest payment date);
Governing Law of Bonds:	The Bonds are governed by and shall be construed in accordance with Maltese law;
Jurisdiction:	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds.

4.4 Interest of natural and legal persons involved in the Issue

Save for the subscription for Bonds by Charts Investment Management Service Limited and any fees payable to Charts Investment Management Service Limited in connection with the Issue as Sponsor, so far as the Issuer is aware no person involved in the Issue has an interest material to the Issue.

4.5 Security

The Bonds shall be issued and allotted as secured and Bondholders shall benefit from the following security:

- (a) a first ranking general hypothec over all the assets of the Issuer and Guarantor; and
- (b) a first ranking special hypothec over the Hypothecated Property.

The security shall be constituted in favour of the Security Trustee for the benefit of all Bondholders from time to time registered in the CSD.

The Issuer and Guarantor have entered into a Trust Deed with the Security Trustee which consists of the covenants of the Issuer and Guarantor to pay the principal amount under the Bonds on the Redemption Date and interest thereon, the hypothecary rights under the Deed of Hypothec and all the rights and benefits under the Trust Deed. The Security Interests will be vested in the Security Trustee for the benefit of the Bondholders in proportion to the holding of Bonds. Pursuant to the provisions of the Trust Deed, the Security Trustee shall retain all proceeds from the Bonds until such time as the Security Interests shall have been duly constituted in favour of the Trustee. No Bonds shall be issued and allotted until the Security Interests have been duly constituted and the Malta Stock Exchange admits the Bonds to trading as listed instruments.

The Security Trustee's role includes holding of the Security Interests for the benefit of the Bondholders and the enforcement of those Security Interests upon the happening of certain events. The Security Trustee shall have no payment obligations to Bondholders under the Bonds which remain exclusively the obligations of the Issuer and the Guarantor.

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

5.1 General

- 5.1.1 Each Bond forms part of a duly authorised issue of 5% Secured Bonds 2024 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €30 million (except as otherwise provided under section 5.11 "Further issues and further indebtedness").
- 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, the Bonds are expected to be assigned ISIN: MT0000811209.
- 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 Issue Period of the Bonds is between 27 October 2014 and 31 October 2014, both days included.
- 5.1.7 The Issue Date of the Bonds is 17 November 2014.
- 5.1.8 The Bond Offer is not underwritten.

5.2 Ranking of the Bonds

The Bonds shall, as and when issued, constitute the general, direct, unconditional and secured obligations of the Issuer and Guarantor, and will rank with first priority and preference over all other present and future obligations of the Issuer and Guarantor. In addition, the payment of the principal under the Bonds and interests thereon shall be secured by a first-ranking general hypothec over all the assets of the Issuer and Guarantor, present and future, as well as a first-ranking special hypothec over the Hypothecated Property which the Company and Guarantor have agreed to constitute in favour of the Security Trustee for the benefit of Bondholders. The Bonds shall rank *pari passu* as between themselves.

Agreement has been reached between the Issuer and Bank of Valletta p.l.c. ("**BOV**") for the latter to cancel all hypothecary rights registered in its favour as security for advances made available to the Group. The hypothecary rights are registered over the Hal Mann factory, showroom and adjacent land, measuring *circa* 22,300m² and situated in Hal Mann Road, Lija. The cancellation of the hypothecary rights arising in favour of BOV shall take place after the Bond Offer and upon receipt by BOV of the total amount outstanding, estimated at €7.3 million.

Agreement has also been reached between the Issuer and HSBC Bank (Malta) p.l.c. ("**HSBC**") for the latter to cancel all hypothecary rights registered in its favour as security for advances made available to the Group. The hypothecary rights are registered over a plot of land measuring *circa* 5,200m² forming part of Hal Mann and situated in Pantar Road, Lija, and 50% of a warehouse complex (known as 'Il-Binja il-Gdida') located in Pantar Road, Lija. The cancellation of the hypothecary rights arising in favour of HSBC shall take place after the Bond Offer and upon receipt by HSBC of the total amount outstanding, estimated at €6.4 million.

The Hypothecated Property shall thereafter be unencumbered and without any charges registered over the Hypothecated Property. Pursuant to the Trust Deed, the Issuer and the Guarantor have agreed to constitute in favour of the Security Trustee for the benefit of Bondholders as beneficiaries ("**Registered Beneficiaries**"), a special hypothec over the Hypothecated Property and a general hypothec over all their assets, present and future.

The general and special hypothecs will secure the claim of the Trustee, for the benefit and in the interest of Registered Beneficiaries, for the repayment of the principal and interest under the Bonds.

Accordingly, following the issue of the Bonds and application of the proceeds as set out above, the Trustee for the benefit of the Registered Beneficiaries will have the benefit of a special hypothec over the Hypothecated Property for the full amount of €30 million and interests thereon in addition to the general hypothec over all the assets, present and future of the Company and Guarantor for the full amount of €30 million and interests thereon.

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

- (i) the payment of capital;
- (ii) the payment of interest;
- (iii) the benefit of the Security Interests through the Security Trustee;
- (iv) the right to attend, participate in and vote at meetings of Bondholders in accordance with the terms and conditions of the Bond; and
- (v) enjoy all such other rights attached to the Bonds emanating from this Prospectus.

No Bonds shall be issued and allotted to investors before the conditions precedent set out in section 7.2.1 have been duly satisfied.

5.4 Interest

5.4.1 The Bonds shall bear interest from and including 7 November 2014 at the rate of 5% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 6 November 2015. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. In terms of article 2156 of the Civil Code (Cap. 16 of the Laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five (5) years.

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

5.5 Yield

The gross yield calculated on the basis of the interest, the Bond Offer Price and the Redemption Value of the Bonds at Redemption Date, is five per cent (5%).

5.6 Registration, form, denomination and title

- 5.6.1** 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.
- 5.6.2** The CSD will issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/her/its entitlement to Bonds held in the register kept by the CSD.
- 5.6.3** The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100, provided that on subscription, the Bonds will be issued for a minimum of €2,000, per individual Bondholder. Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €2,000 to each underlying client.
- 5.6.4** Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading "Transferability of the Bonds" in section 5.10 of this Securities Note.

5.7 Payments

- 5.7.1** 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 (7) days of the Redemption Date. The Issuer shall not be responsible for any loss or delay in transmission. Upon payment of the Redemption Value the Bonds shall be redeemed and the appropriate entry made in the electronic register of the Bonds at the CSD.
- 5.7.2** In the case of Bonds held subject to usufruct, payment will be made against the joint instructions of all bare owners and usufructuaries. Before effecting payment the Issuer and/or the CSD shall be entitled to request any legal documents deemed necessary concerning the entitlement of the bare owner/s and the usufructuary/ies to payment of the Bonds.
- 5.7.3** Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Interest Payment Date. The Issuer shall not be responsible for any loss or delay in transmission.
- 5.7.4** All payments with respect to the Bonds are subject in all cases to any applicable fiscal or other laws and regulations prevailing in Malta. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made net of any amount which the Issuer is 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.
- 5.7.5** No commissions or expenses shall be charged by the Issuer to Bondholders in respect of such payments.

5.8 Redemption and purchase

- 5.8.1** Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 6 November 2024.
- 5.8.2** Subject to the provisions of this section 5.8, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.
- 5.8.3** All Bonds repurchased by the Issuer shall be cancelled forthwith and may not be re-issued or re-sold.

5.9 Events of default

Pursuant to the Trust Deed, the Security Trustee may in its absolute and uncontrolled discretion, and shall upon the request in writing of not less than seventy five per cent (75%) in value of the Registered Beneficiaries, by notice in writing to the Issuer and/or Guarantor declare the Bonds to have become immediately due and payable upon the happening of any of the following events:

- 5.9.1** the Issuer and/or Guarantor fail to effect the payment of interest under the Bonds on an Interest Payment Date and such failure continues for a period of sixty (60) days after written notice thereof by the Security Trustee to the Issuer and/or Guarantor;
- 5.9.2** the Issuer and/or Guarantor fail to pay the principal amount of a Bond on the date fixed for its redemption; and such failure continues for a period of sixty (60) days after written notice thereof by the Security Trustee to the Issuer and/or Guarantor;
- 5.9.3** the Issuer and/or Guarantor fail duly to perform or shall otherwise be in breach of any other material obligation contained in the Prospectus and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer and/or Guarantor by a Bondholder;
- 5.9.4** in terms of section 214(5) of the Act, a Court order or other judicial process is levied or enforced upon or sued out against any part of the property of the Issuer and/or Guarantor and is not paid out, withdrawn or discharged within one month;
- 5.9.5** the Issuer and/or Guarantor stop payment of their debts or cease or threaten to cease to carry on their business;
- 5.9.6** the Issuer and/or Guarantor are unable to pay their debts within the meaning of section 214(5) of the Act, or any statutory modification or re-enactment thereof;
- 5.9.7** a judicial or provisional administrator is appointed of the whole or any part of the property of the Issuer; and such appointment is certified by the Security Trustee to be prejudicial, in its opinion, to the Bondholders;
- 5.9.8** an order is made or an effective resolution is passed for winding up of the Issuer and/or Guarantor, except for the purpose of a reconstruction, amalgamation or division, the terms of which have been approved in writing by the Security Trustee;
- 5.9.9** the Issuer and/or Guarantor substantially change the object or nature of business as currently carried on;
- 5.9.10** the Issuer and/or Guarantor commit a breach of any of the covenants or provisions contained in the Trust Deed and on their part to be observed and performed and the said breach still subsists for thirty (30) days after having been notified by the Security Trustee (other than any covenant for the payment of interests or principal monies owing in respect of the Bonds);
- 5.9.11** the security constituted by any hypothec, pledge or charge upon the whole or any part of the undertaking or assets of the Issuer and/or Guarantor shall become enforceable and steps are taken to enforce the same and the taking of such steps shall be certified in writing by the Security Trustee to be in its opinion prejudicial to the Bondholders;
- 5.9.12** any representation or warranty made or deemed to be made or repeated by or in respect of the Issuer and/or Guarantor is or proves to have been incorrect in any material respect in the sole opinion of the Security Trustee;
- 5.9.13** any material indebtedness of the Issuer and/or Guarantor is not paid when properly due or becomes properly due and payable or any creditor of the Issuer and/or Guarantor becomes entitled to declare any such material indebtedness properly due and payable prior to the date when it would otherwise have become properly due or any guarantee or indemnity of the Issuer and/or Guarantor in respect of indebtedness is not honoured when properly due and called upon; PROVIDED THAT for the purposes of this provision, material indebtedness shall mean an amount exceeding €2 million;
- 5.9.14** the Issuer and/or Guarantor repudiate, or do or cause or permit to be done any act or thing evidencing an intention to repudiate the Bonds and/or the Trust Deed; or
- 5.9.15** all, or in the sole opinion of the Security Trustee, a material part, of the undertakings, assets, rights, or revenues of or shares or other ownership interests in the Issuer and/or Guarantor are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government.

Upon any such declaration being made as aforesaid the said principal monies and interest accrued under the Bonds shall be deemed to have become immediately payable at the time of the event which shall have happened as aforesaid.

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

The Security Trustee shall not be bound to take any steps to ascertain whether any event of default or other condition, event or circumstance has occurred or may occur, and, until it shall have actual knowledge or express notice to the contrary, the Security Trustee shall be entitled to assume that no such event of default or condition, event or other circumstance has happened and that the Issuer and/or Guarantor are observing and performing all the obligations, conditions and provisions on their respective parts contained in the Bonds and the Trust Deed.

5.10 Transferability of the Bonds

- 5.10.1** 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.
- 5.10.2** Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Issuer or the CSD, elect either to be registered himself as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person.
- 5.10.3** All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.
- 5.10.4** The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require for the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Issuer.
- 5.10.5** The Issuer will not register the transfer or transmission of Bonds for a period of fifteen (15) days preceding the due date for any payment of interest on the Bonds.

5.11 Further issues and further indebtedness

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) so that such further issue shall be consolidated and form a single series with the outstanding debt securities of the relevant series (including the Bonds), or upon such terms as the Issuer may determine at the time of their issue, provided that no issue may be made that would rank senior to the Bonds on the Collateral.

5.12 Meetings of Bondholders

The Issuer may, through the Security Trustee, from time to time call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which, in terms of the Prospectus, require the approval of a Bondholders' meeting and to effect any change to the applicable Terms and Conditions of the Bonds, including any change to a material term of issuance of the Bonds or the Prospectus.

- 5.12.1 No change to the applicable Terms and Conditions of the Bonds or any terms of this Prospectus which has an effect on the Bonds may be made unless such decision is made at a meeting of Bondholders duly convened and held.
- 5.12.2 A meeting of Bondholders shall be called by the Directors, through the Security Trustee, by giving all Bondholders listed on the register of Bondholders as at a date being not more than thirty (30) days preceding the date scheduled for the meeting, not less than fourteen (14) days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this section 5.12 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.
- 5.12.3 The amendment or waiver of any of the provisions of and/or conditions contained in this Securities Note, or in any other part of the Prospectus, may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.
- 5.12.4 A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose at least two (2) Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within thirty (30) minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Bondholders present at that meeting. The Issuer shall within two (2) days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven (7) days, and not later than fifteen (15) days, following the original meeting. At an adjourned meeting: the number of Bondholders present, in person or by proxy, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.
- 5.12.5 Any person who in accordance with the Memorandum and Articles of Association of the Issuer is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.
- 5.12.6 Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the Directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.
- 5.12.7 The voting process shall be managed by the Company Secretary under the supervision and scrutiny of the auditors of the Issuer and the Security Trustee.
- 5.12.8 The proposal placed before a meeting of Bondholders shall only be considered approved if at least 60% in nominal value of the Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.
- 5.12.9 Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Issuer shall *mutatis mutandis* apply to meetings of Bondholders.

5.13 Authorisations and approvals

The Board of Directors of the Issuer authorised the Bond Offer pursuant to a Directors' resolution passed on 24 June 2014.

5.14 Notices

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

6 TAXATION

6.1 General

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

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

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

6.2 Malta tax on interest

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is otherwise instructed by a Bondholder or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% 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 need not declare the interest so received in his income tax return. No person shall be charged to further tax in respect of such income. However where the Bondholder is a Maltese resident individual, he is still entitled to declare the gross interest in the tax return and the tax so deducted will be available as a credit against the individual's tax liability or for a refund as the case may be.

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

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

6.3 European Union Savings Directive

Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the 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 EU Savings Directive 2003/48/EC.

6.4 Maltese taxation on capital gains on transfer of the Bonds

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

6.5 Duty on documents and transfers

In terms of article 50 of the Financial Markets Act (Cap. 345 of the Laws of Malta) as the Bonds constitute financial instruments of a company quoted on a regulated market Exchange, as is the MSE, redemptions and transfers of the Bonds are exempt from Maltese duty.

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

7 TERMS AND CONDITIONS OF THE BOND OFFER

7.1 Expected timetable of the Bond Offer

1. Application Forms available	13 October 2014
2. Private Placement date	24 October 2014
3. Offer Period (opening and closing of subscription lists, respectively)	27 October 2014 to 31 October 2014, both days included
4. Commencement of interest on the Bonds	7 November 2014
5. Announcement of basis of acceptance	7 November 2014
6. Expected date of constitution of Security Interests	7 November 2014
7. Refunds of unallocated monies	14 November 2014
8. Expected dispatch of allotment advices	14 November 2014
9. Expected date of admission of the securities to listing	17 November 2014
10. Expected date of commencement of trading in the securities	18 November 2014

The Issuer reserves the right to close the Offer of Bonds before 31 October 2014 in the event of over-subscription, in which case the events set out in steps 5 to 10 above shall be brought forward, although the number of workings days between the respective events shall not also be altered.

7.2 Terms and Conditions of Application

- 7.2.1** The issue and allotment of the Bonds is conditional upon: (i) the Bonds being admitted to the Official List; and (ii) the Security Interests being constituted in favour of the Security Trustee. In the event that either of the aforesaid conditions is not satisfied within 15 Business Days of the close of the Offer Period, any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant's bank account indicated by the Applicant on the relative Application Form.
- 7.2.2** The subscription lists during the Issue Period will open at 08:30 hours on 27 October 2014 and will close as soon thereafter as may be determined by the Issuer, but in any event no later than 16:00 hours on 31 October 2014.
- 7.2.3** The contract created by the Issuer's acceptance of an Application filed by a prospective Bondholder shall be subject to all the terms and conditions set out in this Securities Note and the Memorandum and Articles of Association of the Issuer. It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.
- 7.2.4** 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** In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each of the joint Applicants, and liability therefor is joint and several. The person whose name shall be inserted in the field entitled "Applicant" on the Application Form, or first-named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders whose names appear in the field entitled "Additional Applicants" in the Application Form or joint holders in the register, as the case may be. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.
- 7.2.6** In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed vis-à-vis the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bond (which shall be due to the bare owner).
- 7.2.7** Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
- 7.2.8** The Bonds have not been and will not be registered under the Securities Act of 1933, as amended, 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.
- 7.2.9** No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any registration or other legal requirements.
- 7.2.10** It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- 7.2.11** Subject to all other terms and conditions set out in the Prospectus, the Issuer reserves the right to reject in whole or in part, or to scale down, any Application, including multiple or suspected multiple Applications, and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Issuer is not properly completed in all respects in accordance with

the instructions or is not accompanied by the required documents. Only original Application Forms will be accepted and photocopies/facsimile copies will not be accepted.

- 7.2.12** The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by Applicants is €2,000.
- 7.2.13** The Bond Offer shall close on the earlier of: (i) the date on which the aggregate of the amount subscribed for in terms of the Placement Agreement and total Applications received reaches €30 million; or (ii) on 31 October 2014. Within 5 business days from closing of the subscription lists, the Issuer shall announce the result of the Issue and shall determine, and issue a company announcement setting out, the basis of acceptance of applications and allocation policy to be adopted.
- 7.2.14** In the event that an Applicant has not been allocated any Bonds or has been allocated a number of Bonds which is less than the number applied for, the Applicant shall receive a full refund or, as the case may be, the balance of the price of the Bonds applied for but not allocated, without interest, by credit transfer to such account indicated in the Application Form, at the Applicant's sole risk within five Business Days from the date of final allocation.
- 7.2.15** The completed Application Forms are to be lodged with the Sponsor or any of the Authorised Financial Intermediaries.
- 7.2.16** All Application Forms must be accompanied by the full price of the Bonds applied for in EUR. Payment may be made either in cash or by cheque payable to "**The Registrar – Hal Mann Vella Bond Offer**". In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.
- 7.2.17** For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations 2008 as amended from time to time, all appointed Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the "Code of Conduct for Members of the Malta Stock Exchange" appended as Appendix IV to Chapter 3 of the Malta Stock Exchange Bye-Laws, irrespective of whether the said appointed Authorised Financial Intermediaries are Malta Stock Exchange Members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the Data Protection Act (Cap. 440 of the Laws of Malta) for the purposes and within the terms of the Malta Stock Exchange Data Protection Policy as published from time to time.
- 7.2.18** By completing and delivering an Application Form the Applicant:
- a. agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;
 - b. warrants that the information submitted by the Applicant in the Application Form is true and correct in all respects and in the case where an MSE account number is indicated in the Application Form, such MSE account number is the correct account of the Applicant. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the Application Form and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;
 - c. authorises the Issuer and the MSE to process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Offer applied for, in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta). The Applicant has the right to request access to and rectification of the personal data relating to him/her as processed by the Issuer and/or the MSE. Any such requests must be made in writing and sent to the Issuer at the address indicated in the Prospectus. The requests must further be signed by the Applicant to whom the personal data relates;
 - d. confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer or the issue of the Bonds other than what is contained in the Prospectus and accordingly agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
 - e. agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the Laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
 - f. agrees to provide the Registrar and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;
 - g. warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bond or his/her Application;

- h. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- i. represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the "United States") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- j. agrees that Charts Investment Management Service Limited will not, in their capacity of Sponsor, treat the Applicant as their customer by virtue of such Applicant making an Application for the Bonds, and that Charts Investment Management Service Limited will owe the Applicant no duties or responsibilities concerning the price of the Bonds or their suitability for the Applicant;
- k. agrees that all documents in connection with the issue of the Bonds will be sent at the Applicant's own risk and may be sent by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form;
- l. renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds.

7.3 Plan of distribution and allotment

The Bonds are open for subscription to all categories of investors. In each case, subscription amounts shall be in multiples of €100, subject to a minimum subscription amount of €2,000.

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

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

7.4 Placement Agreement

On 3 October 2014, the Issuer entered into a conditional placement agreement with the Sponsor, Charts Investment Management Service Limited (C 7944) of Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913, Malta, for the subscription of €20 million of the Bonds by the Sponsor on 24 October 2014.

In terms of the Placement Agreement entered into with the Sponsor, the Issuer bound itself to issue, and the Sponsor bound itself to subscribe for, €20 million of the Bonds, subject to:

- a. the Prospectus being approved by the Listing Authority;
- b. the Security Interests being duly constituted in favour of the Security Trustee; and
- c. the Bonds being admitted to trading on the Official List.

In terms of the Placement Agreement, the Sponsor subscribing for Bonds may do so for its own account or for the account of underlying customers, including retail customers, and shall in addition be entitled to either:

- a. distribute to the underlying customers any portion of the Bonds subscribed for upon commencement of trading; or
- b. instruct the Issuer and the Registrar to issue a portion of the Bonds subscribed by them directly to their underlying customers.

7.5 Pricing

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

7.6 Allocation policy

Following the allocation of €20 million in Bonds to Charts Investment Management Service Limited pursuant to the conditional placement agreement referred to in section 7.4 above, the Issuer shall allocate the remaining Bonds to Applications submitted by members of the general public without priority or preference amongst themselves and in accordance with the allocation policy as determined by the Issuer and the Registrar by submitting the Application Form.

7.7 Admission to trading

- 7.7.1** The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 6 October 2014.
- 7.7.2** Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List of the Malta Stock Exchange.
- 7.7.3** The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 17 November 2014 and trading is expected to commence on 18 November 2014.

ANNEX I – AUTHORISED FINANCIAL INTERMEDIARIES

Name	Address	Telephone
APS Bank Ltd	17, Republic Street, Valletta VLT 1111	25671719
Calamatta Cuschieri & Co Ltd	Fifth Floor, Valletta Buildings, South Street, Valletta VLT 1103	25688688
Charts Investment Management Service Ltd	Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913	21224106
Crystal Finance Investments Ltd	10, First Floor, City Gate, Valletta VLT 1010	21226190
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	23426000
Financial Planning Services Ltd	4, Marina Court No. 1, G. Cali Street, Ta' Xbiex XBX 1421	21344244
FINCO Treasury Management Ltd	Level 5, The Mall Complex, The Mall, Floriana FRN 1470	21220002
GlobalCapital Financial Management Ltd	Testaferrata Street, Ta'Xbiex XBX 1403	21342342
Growth Investments Ltd	Customer Service Centre, Piazza Papa Giovanni XXIII, Floriana FRN 1420	25909000
Hogg Capital Investments Ltd	Ferris Building, Level 4, 1, St Luke's Road, Gwardamangia, Pieta PTA 1020	21322872
HSBC Bank Malta p.l.c.	116, Archbishop Street, Valletta VLT 1444	23802381
Jesmond Mizzi Financial Advisors Ltd	67/3, South Street, Valletta VLT 1105	23265690
Lombard Bank Malta p.l.c.	67. Republic Street, Valletta VLT 1117	25581114
Mediterranean Bank plc	10, St Barbara Bastion, Valletta VLT 1961	25574400
Michael Grech Financial Investment Services Ltd	1, Mican Court, JF Kennedy Square, Victoria, Gozo VCT 2580	21554492
MZ Investment Services Ltd	55, MZ House, St Rita Street, Rabat RBT 1523	21453739
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Third Floor, High Street, Sliema SLM 1549	22583000

ANNEX II - SPECIMEN APPLICATION FORM



HAL MANN VELLA GROUP P.L.C.
€30,000,000
5% Secured Bonds 2024

APPLICATION FORM

Please read the notes overleaf before completing this Application Form. Mark 'X' if applicable. Unless otherwise indicated, each of the panels below is to be completed.

APPLICANT/S (See notes 2 to 7)

<input type="checkbox"/>	Non-Resident	<input type="checkbox"/>	CIS-Prescribed Fund	<input type="checkbox"/>	Minor (under18)	<input type="checkbox"/>	Body Corporate/Body of Persons
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME / REGISTERED NAME					
ADDRESS/REGISTERED OFFICE							
						POSTCODE	
MSE A/C NO. (if applicable)		I.D. CARD / PASSPORT / COMPANY REG. NO.			TEL. NO.	MOBILE NO.	

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

TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME			I.D. CARD / PASSPORT NO.		
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME			I.D. CARD / PASSPORT NO.		

D MINOR'S PARENTS / LEGAL GUARDIANS (See note 4) (to be completed ONLY if the Applicant is a minor)

i TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME			I.D. CARD / PASSPORT NO.		
ii TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME			I.D. CARD / PASSPORT NO.		

E I/WE APPLY TO PURCHASE AND ACQUIRE (See notes 8 and 9):

AMOUNT IN FIGURES €	AMOUNT IN WORDS
------------------------	-----------------

Hal Mann Vella Group p.l.c. 5% Secured Bonds 2024 (minimum €2,000 and in multiples of €100 thereafter) at the Bond Offer Price (at par), as defined in the Prospectus dated 6 October 2014 (the "Prospectus"), payable in full upon application under the Terms and Conditions as defined in said Prospectus.

F RESIDENT - WITHHOLDING TAX DECLARATION (See note 10) (to be completed ONLY if the Applicant is a Resident in Malta)

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

G NON-RESIDENT - DECLARATION FOR TAX PURPOSES (See note 12) (to be completed ONLY if the Applicant is a Non-Resident)

TAX COUNTRY		CITY OF BIRTH		TIN (TAX IDENTIFICATION NO.)	
NATIONAL ID CARD / PASSPORT NO.		COUNTRY OF BIRTH		COUNTRY OF ISSUE	ISSUE DATE

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

H INTEREST, REFUND & REDEMPTION MANDATE (See note 11) (completion of this panel is mandatory)

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

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

 Date

Authorized Financial Intermediary's Stamp	Authorized Financial Intermediary's Code <table border="1"> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table>						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 6 October 2014

1. This Application is governed by the Terms and Conditions of Application contained in the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the same meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS.
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 – including I.D. Card Numbers – 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 7 below).
4. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. The relative box in Panel A must also be marked appropriately. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
5. Applicants who are Non-Resident 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.
6. 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. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
7. **APPLICANTS WHO ALREADY HOLD SECURITIES ON THE MSE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL B. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM. IF DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MSE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF, A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE EFFECTED.**
8. Application must be for a minimum of €2,000 and thereafter in multiples of €100.
9. Payment in Euro may be made in cash or by cheque payable to 'The Registrar – Hal Mann Vella Bond Issue'. In the event that the cheque accompanying an Application Form is not honoured on the first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.
10. Only Applicants who hold an 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 he/she will be obliged to declare interest so received on his/her tax return. 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 at the rate of 15% of the gross amount of interest, pursuant to Article 33 of the Income Tax Act.
11. 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 or the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in Panel H. Interest and redemption proceeds will be credited to the account indicated in Panel H or as otherwise amended by the Bondholder/s during the term of the Bond.
12. European Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments requires all payors established in the EU which pay interest to an individual resident in another EU Member State, to report the interest payment to the tax authorities of the Member State in which the payor is established. If the Applicant's permanent residential address is in an EU Member State or in another country to which the said Directive applies (called a "specified territory") then the interest paid will be reported.
13. Subscription lists will open at 08:30 hours on 27 October 2014 and will close as soon thereafter as may be determined by the Issuer, but not later than 16.00 on 31 October 2014. The Issuer reserves the right to close the Bond Issue before 31 October 2014, in the event of over-subscription. The Issuer reserves the right to refuse any Application which appears to be in breach of the terms and conditions of the Bonds as contained in the Prospectus. Any Applications received by the Registrar after the subscription lists close will be rejected. Completed Application Forms are to be delivered to any of the Authorised Financial Intermediaries listed in Annex I of the Securities Note, during normal office hours. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not being received by the date of closing of the subscription lists.
14. By completing and delivering an Application Form you (as the Applicant(s)):
 - a. acknowledge that the Issuer may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta);
 - b. acknowledge that the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. acknowledge that you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and addressed to the Issuer. The request must be signed by yourself as the Applicant to whom the personal data relates.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the 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 III – THE GUARANTEE

To All Bondholders:

Reference is made to the issue of €30 million 5% Secured Bonds 2024 by Hal Mann Vella Group p.l.c. (the “**Issuer**”) pursuant to and subject to the terms and conditions contained in the Securities Note dated 6 October 2014 (the “**Bonds**”).

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

All terms used in this guarantee shall, unless the context otherwise requires, have the same meaning assigned to them in the Prospectus.

This guarantee shall be governed by the laws of Malta.

Signed and executed on this the 6th day of October 2014, after approval of the Board of Directors in its meeting of 25 June 2014.



Vincent Vella

Director

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 a Securities Note to be published by the Issuer 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 4 of this Part B below.

2. Scope of the Guarantee

The Guarantee is unconditional and shall cover all payments that may be due to Bondholders of any series of Bonds issued by the Issuer pursuant to the Securities Note. The Guarantee binds the Guarantor to pay to Bondholders any amount of interest or capital under the Bonds that may have become due under the terms of issue of a Bond.

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

3. Information about the Guarantor

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

4. Terms of the Guarantee

4.1 Guarantee

For the purposes of the Guarantee, the Guarantor irrevocably and unconditionally guarantees to each holder of the Bonds described in the Prospectus ("Bondholder") that if for any reason the Issuer fails to pay any sum payable by it to such Bondholder pursuant to the terms 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 demand the amount payable by the Issuer to such bondholder.

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

This Guarantee shall apply to all Bonds issued on or after 6 October 2014 in accordance with the terms of the Securities Note.

4.2 Guarantor as Joint and Several Surety

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

4.3 Guarantor's Obligations Continuing

The Guarantor's obligations under this Guarantee are and will remain in full force and effect by way of continuing security until no sum remains payable to any Bondholder pursuant to the issue of the Bonds.

4.4 Repayment to the Issuer

If any payment received by a Bondholder is, on subsequent liquidation or insolvency of the Issuer, avoided under any laws relating to liquidation or insolvency, such payment will not be considered as having discharged or diminished the liability of the Guarantor, and this Guarantee will continue to apply as if such payment had at all times remained owing by the Issuer.

4.5 Indemnity

As a separate and alternative stipulation, the Guarantor unconditionally and irrevocably agrees that any sum expressed to be payable by the Issuer pursuant to the terms of the Bonds 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.

4.6 Status of Guarantee

The obligation of the Guarantor under this Guarantee constitutes a general, direct and secured obligation of the Guarantor and ranks with first priority and preference over all other present and future obligations, except for any debts for the time being preferred by law.

4.7 Power to execute

The Guarantor hereby warrants and represents with each Bondholder that it has all corporate power, and has taken all necessary corporate or other steps, to enable it to execute, deliver and perform this Guarantee, and that this Guarantee constitutes a legal, valid and binding obligation of the Guarantor in accordance with the terms laid out in this section 4.

4.8 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.

4.9 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.

4.10 Governing Law and Jurisdiction

This Guarantee is governed by and shall be construed in accordance with Maltese Law, and any disputes which may arise out of in connection with this Guarantee are to be settled by the Courts of Malta, whose decision on the dispute shall be conclusive and binding.

Hal Mann Vella Group p.l.c.

Financial Analysis Summary

6 October 2014

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The Directors
Hal Mann Vella Group p.l.c.
The Factory
Mosta Road
Lija LJA 9016

6 October 2014

Dear Sirs

Hal Mann Vella Group p.l.c. Financial Analysis Summary

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

The purpose of the financial analysis is that of summarising key financial data appertaining to Hal Mann Vella Group p.l.c. (the "**Group**" or the "**Company**"). The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data for the three years ended 31 December 2011 to 31 December 2013 has been extracted from the audited consolidated financial statements of the Company.
- (b) The forecast data of the Group for the years ending 31 December 2014 and 31 December 2015 has been provided by management of the Company.
- (c) Our commentary on the results of the Group and on its financial position is based on the explanations provided by the Company.
- (d) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions set out in Part 4 of the Analysis.

- (e) Relevant financial data in respect of the companies included in Part 3 has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

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

Yours faithfully,



Wilfred Mallia

Director

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PART 1

1. KEY ACTIVITIES OF THE GROUP

Hal Mann Vella Group p.l.c. (the “**Company**”, “**Issuer**” or the “**Group**”) is the parent company of the Hal Mann Vella Group. The Group is principally engaged in the running of a diverse portfolio of business entities involved in: the supply of natural stone, manufacture of terrazzo tiles and pre-cast elements, general contracting services, hotel operations, property development and letting, and fashion retailing.

The Hal Mann Vella Group was established *circa* 60 years ago and at the time was solely involved in the manufacture of terrazzo tiles for the local market. During the six decades the business progressed with the launch of new products to the market, which included the manufacture of other forms of tile, such as resin tiles, and also the supply of marble, granite and natural stone.

Under the management of brothers Martin Vella, Joseph Vella and Mark Vella, with the assistance of the other brothers and sisters, the Group has over the years supplied its products and provided general contracting services to a number of major projects in Malta (including Mater Dei Hospital, Sky Parks at the Malta International Airports, Valletta Waterfront, Hilton Malta and Radisson SAS Golden Sands, amongst others) and abroad (including London City Hall, Manchester Piccadilly Railway Station, Victoria Shopping Centre UK and Corinthia Tripoli, amongst others).

The Group is committed to maintain a strong presence in its target markets, especially in Malta, and is therefore constantly improving its manufacturing processes through investment in the latest machinery and techniques. Moreover, the management team continues to enhance the product range on offer, including the availability of tailor-made solutions, to ensure that the Group meets its customers’ demands. The principal contracts currently being concluded by the Hal Mann Vella Group include Smart City, Life Sciences Park and the monumental project by Renzo Piano at City Gate Valletta.

The Hal Mann Vella Group is also involved in hospitality, through the ownership and operation of two hotels, the 66-room Mavina Hotel and the 26-room Huli Hotel, both located in Bugibba, Malta. Due to the close proximity of the two hotels, the facilities of both hotels are available to all residents, and include two restaurants, a pizzeria and two swimming pools.

In 2006, the Group was awarded the franchise for the apparel brand ‘Guess’ and currently operates three outlets in Malta which are located at: Bay Street Complex, St George’s Bay, St Julians; The Point Shopping Mall, Tigne, Sliema; and Bisazza Street, Sliema. The Guess brand was founded in 1981 in the United States and today is represented in *circa* 1,200 outlets worldwide. It offers lifestyle collections of contemporary apparel and accessories for men, women and children.

In the third quarter of 2014, the Group commenced operations of a fourth outlet located in Valletta, Malta under the franchise ‘Brooks Brothers’. The brand was founded in 1818 and principally addresses the higher end segment of men’s fashion. Through this outlet, the Group plans to additionally offer be-spoke tailoring of men’s suits.

The Group is actively engaged in the acquisition and development of properties in Malta. As at the date of this report, the Group has 4 apartments and a number of garages available for sale situated at Northport Apartments, Xemxija Hill, Xemxija, Malta. One of the aforesaid apartments is subject to a promise of sale agreement. Also included in the property portfolio are 12 apartments situated at Spinola Residence, Spinola Road, St Julians, Malta, which are leased to third parties. Furthermore, the Group has a 50% shareholding in a new development of 20 villas known as Madliena Ridge situated in Madliena Malta, which is nearing completion. Madliena Ridge Limited has, to date, sold 14 villas and a further 2 villas are subject to promise of sale agreements.

2. DIRECTORS OF THE ISSUER

The Company is managed by a Board consisting of six directors entrusted with its overall direction and management. The Board currently consists of a Non-Executive Director as Chairman, three Executive Directors and two independent Non-Executive Directors.

Board of Directors

Vincent Vella	Chairman
Joseph Vella	Executive Director
Mark Vella	Executive Director
Martin Vella	Executive Director
Arthur Galea Salomone	Independent Non-Executive Director
William Van Buren	Independent Non-Executive Director

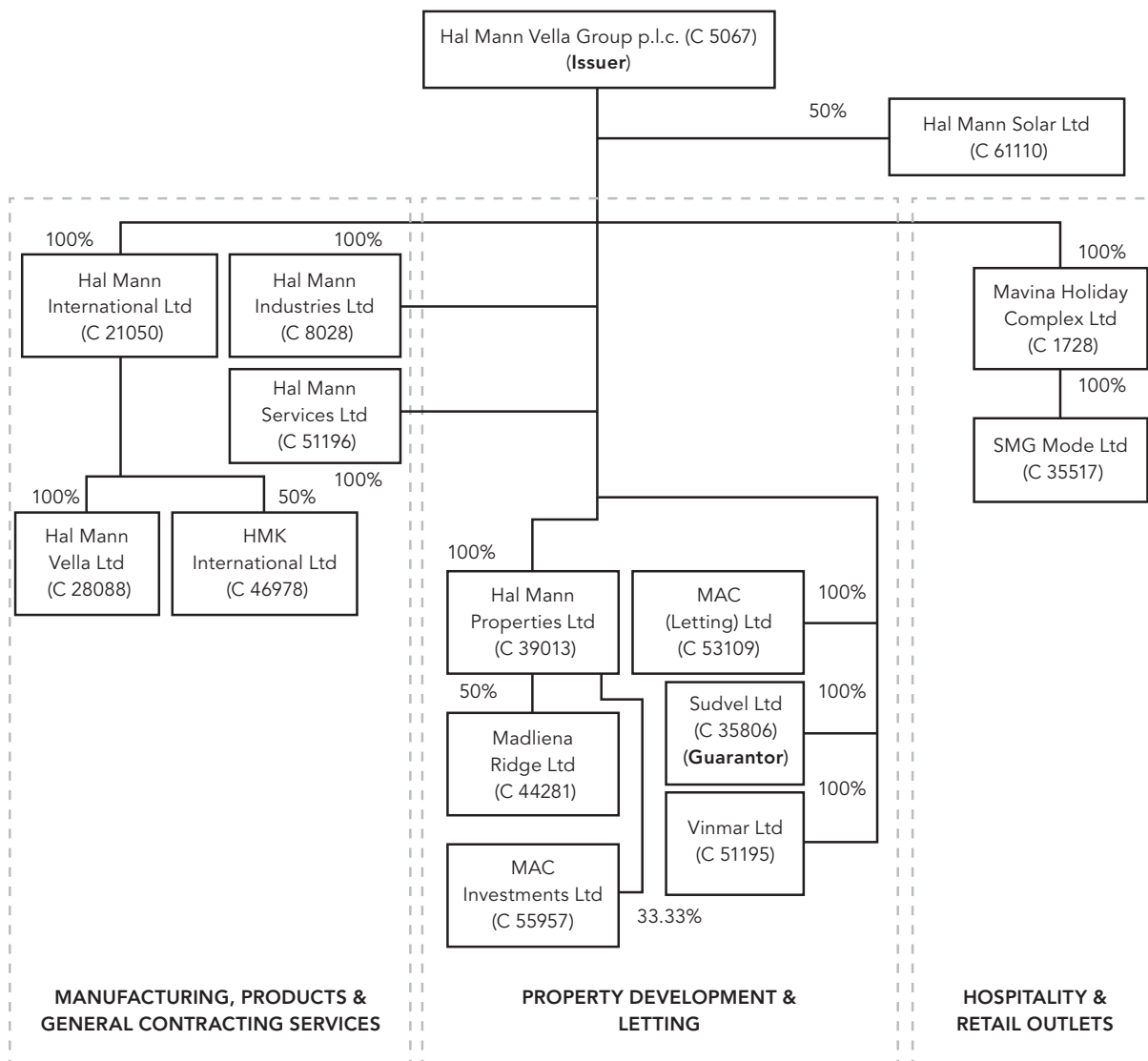
The Executive Directors of the Issuer are entrusted with the company's day-to-day management and are also directors or officers of other companies within the Hal Mann Vella Group. They are also responsible for the identification and execution of new investment opportunities and the funding of the Group's investments. The Executive Directors are supported in this role by several consultants and benefit from the know-how gained by members and officers of the Group.

The main functions of the Non-Executive Directors are to monitor the operations of the Executive Directors and their performance, as well as to review any proposals tabled by the Executive Directors. In addition, the Non-Executive Directors have the role of acting as an important check on the possible conflicts of interest for the Executive Directors in view of their dual role as Executive Directors of the Company and their role as officers of the Hal Mann Vella Group.

3. HAL MANN VELLA GROUP

3.1 ORGANISATIONAL STRUCTURE

As the holding company of the Group, the Company is ultimately dependent upon the operations and performance of the Group's operating companies. The organisational structure of the Group is illustrated in the diagram below:



Hal Mann Vella Group p.l.c. (formerly Hal Mann Velsud Group Ltd) is the parent company of the Hal Mann Vella Group and is primarily focused on establishing and monitoring strategic direction, and development of the Group.

In addition to the companies highlighted in the above organisational structure, the Issuer has a 50% equity shareholding in Hal Mann Holdings Ltd and a 20% shareholding in Hal Mann Projects Limited. The said companies have ceased operations and will be liquidated in due course. As a result, Hal Mann Holdings Ltd and Hal Mann Projects Limited have not been included in the organisational structure.

3.2 OVERVIEW OF THE PRINCIPAL BUSINESS SEGMENTS

The Hal Mann Vella Group is organised into four distinct business units as detailed below:

3.2.1 Manufacturing, products & general contracting services

The Group companies forming part of this segment are primarily responsible for: (i) the manufacture of tiles and pre-cast elements; (ii) importation of marble, granite and natural stone; and (iii) tendering for contracts in Malta and internationally.

Raw materials are the basic material from which products are manufactured or made. The Hal Mann Vella factory stocks more than 100 natural stones sourced from around the world and include: marble, granite, travertine & onyx, hard stone, composite stone and terrazzo & terrazzo pre-cast elements.

Marble – Just like limestone and sandstone, marble has many uses. It is particularly suitable for kitchens and bathrooms, but is also used for flooring, cladding and vanity tops.

Granite – Its hardness makes it virtually maintenance free and unlike other solid surfaces granite does not scratch or stain. It is applicable for cladding, flooring, paving and work surfaces.

Travertine & Onyx – Travertine is a stone which has an uneven surface, since in its natural state it is typically full of gas bubbles. As a result, when it is manufactured as tiles or slabs, travertine is generally filled with cement and polished or honed. Onyx, like travertine, is a type of stone. It is a very soft stone and is characterised by its translucence.

Hard stone – The Hal Mann Vella Group are quarry operators for Maltese hard stone, which can be applied for cladding, masonry, flooring, paving and work surfaces. This type of stone has recently been used by Architect Renzo Piano for the City Gate Project in Valletta, Malta.

Composite stone – Quartz composite is a man made stone which is produced by mixing natural quartz crystals and resin, thereby forming very hard, low porosity slabs. This stone is very durable and is typically used for any indoor surfacing application such as in kitchens and bathrooms, and for flooring purposes.

Terrazzo – This is the name given to the process of producing tiles, or pre-cast elements (staircases, risers, pool copings, vanity tops, covings, amongst others), from a cement based marble/granite aggregate mix. The Group uses high performance cements with special additives, combined with graded marble and granite aggregates. The main applications for terrazzo include public areas (such as airports, hospitals, schools, supermarkets and hotels) and private residences. The Group has recently managed to develop a new product with reduced permeability. Terraslik, as the product is known, is expected to generate additional demand especially for application in commercial and public areas.

Complimenting the manufacturing operations detailed above, the Group provides general contracting services to both corporate and private clients, and include carpentry, building services, tiling and metalwork.

The principal contracts undertaken by the Group in 2013 included: Smart City Kalkara, Valletta City Gate, House of Four Winds Valletta, Casa Ellul Valletta, the Life Sciences Park and ICT – University of Malta.

3.2.2 Property development & letting

Hal Mann Properties Ltd is a company set up to acquire property and engage in property development. Between 2008 and 2011, the company developed the Northport Apartments situated in Xemxija, Malta and which included 2 penthouses, 8 apartments and 13 garages. Units left for sale include: 1 apartment measuring 187m², 2 apartments each measuring 245m² (inclusive of a 75m² front garden) and 6 garages. A fourth apartment is currently subject to a promise of sale agreement. The company's portfolio of immovable property also includes a number of garages, a maisonette and a villa sized plot in various areas in Malta.

Hal Mann (Letting) Limited owns a block of 12 apartments and 12 car park spaces, known as Spinola Residence. The property is situated in Spinola Road, St Julians Malta. All apartments are currently leased to third parties.

Sudvel Limited is a holding company and owns a site measuring *circa* 5,200m² located within the premises of Hal Mann Vella in Lija. The site is earmarked for the development of a mixed-used commercial property. The company also owns 50% of a warehouse complex (known as 'Il-Binja il-Gdida') having a footprint of *circa* 1,200m² and situated in Pantar Road, Lija. The said property is leased to third parties except for the basement which is utilised by the Group. Furthermore, Sudvel Limited owns 50% of a quarry located in the Limits of Naxxar measuring *circa* 12,000m² and 50% of a parcel of land measuring *circa* 17,000m² situated in Lija. The value of said sites as at 31 December 2013 amounted to €3.05 million and €0.38 million respectively.

Vinmar Limited was incorporated as a property company and its assets include an apartment and a lock-up garage at Tas-Sellum, Mellieha Malta.

Madliena Ridge Ltd was incorporated to develop 20 villas on the site known as Madliena Ridge in Madliena Malta. Construction of the villas commenced in 2011 and will be completed in the current financial year. As at the date of this report the company has sold 14 villas and 2 other villas are subject to promise of sale agreements. The company is actively marketing the remaining stock of 4 villas. The Group holds a 50% shareholding in the company through Hal Mann Properties Ltd.

3.2.3 Hospitality

Mavina Holiday Complex Ltd is the owner and operator of two hotels, the Mavina Hotel and the Huli Hotel, both situated in Bugibba, Malta. The former hotel consists of 66 rooms ranging from studio to two-bedroom units. The Mavina Hotel has a swimming pool and a sun terrace. Other facilities include a bar, restaurant and a pizzeria. The Huli Hotel comprises of 26 self-catering one-bedroom and studio apartments, and facilities include a rooftop pool and a restaurant at ground level. The two hotels are located a few minutes away from the Bugibba seafront promenade.

The hotels were acquired by the Group in 1999 as separate blocks of apartments and offer basic accommodation to its residents, mainly targeting tour operator business. The Group intends to renovate the Mavina Hotel as further described in section 3.3.3 of this report.

3.2.4 Apparel

The Guess franchise for Malta was awarded to SMG Mode Ltd in 2006, pursuant to the terms of an operating license agreement entered into with Guess Europe SAGL. To date the Group operates 3 outlets in Malta on the basis of this franchise. In the third quarter of 2014, the Group opened a fourth outlet operating under the Brooks Brothers franchise.

The aforesaid outlets have all been leased from third parties as set out below:

Franchise	Address	Size of outlet	Expiry date of lease
Guess	Bay Street Complex, St George's Bay, St Julians	96m ²	2020
Guess	The Point Shopping Mall, Sliema	189m ²	2024
Guess	Bisazza Street, Sliema	70m ²	2025
Brooks Brothers	Republic Street, Valletta	230m ²	2058

3.3 BUSINESS DEVELOPMENT STRATEGY

In order to maintain its competitive edge in the market, the Group's management reviews operation methodologies and performance on an on-going basis, monitors developments in the industry and ensures that it maintains excellent relations with its clients.

The Hal Mann Vella Group's strategy for the foreseeable future is to continue to develop its assets with a view to realising and maximising its financial potential. The key elements of the Group's strategy are detailed below.

3.3.1 Factory modernisation

The present factory and plant has been built over a number of years with the core plant and production line dating back to the 1970s. The current set-up has a number of limitations including the suboptimal logistical movement of materials within the factory premises, excessive time consumption between processes and lack of storage facilities.

In view of the above, the Group has in the past three years, engaged a number of consultants to prepare a detailed analysis of the current factory layout and work practices, with the objective of implementing necessary changes to improve operational efficiencies and increase capacity, mitigate rising costs and reduce lead time.

As a result, the Group will be utilising *circa* €5 million from Bond proceeds to execute a complete modernisation of the factory which will also include the acquisition of modern machinery and equipment for the production of stone, marble and other similar products. Works will commence shortly after the Bond Offer and will be structured in phases to allow for minimal disruption of production. It is expected that the said project will be completed by the third quarter of 2015.

The new factory has been designed to enable a re-organisation of processes, to introduce the latest technology in flexible mechanical and electrical systems and to meet international standards. Furthermore, the purpose built open plan factory floor should result in a more efficient utilisation of space which will release, for alternative use, part of the area occupied by the current factory. The Directors believe that with the modernisation of the factory, the Group will be better positioned to increase production throughout, improve the quality of products, enhance its line-up of available products and reduce overall cost of production.

3.3.2 Land development

In view of the revised factory layout and logistical flow as detailed in section 3.3.1 above, an area measuring *circa* 5,200m² within the Group's property will be released from its current use as a storage area. It is the intention of the Group to develop the aforesaid parcel of land and construct a mixed-use commercial property measuring *circa* 3,600m² (net floor area). The proposed property will include two upper floors earmarked for office space, warehouse facilities at ground level and parking spaces, primarily for rental to third party tenants.

Designs for the proposed development are complete and the Group has submitted an application to the Malta Environment & Planning Authority. Subject to the issuance of development permits, the Group will be utilising *circa* €7 million of Bond proceeds for the construction and finishing of the property, which will provide when complete *circa* 14,000m² of rentable space. Construction works are expected to be finalised within 21 months from receipt of the necessary permits.

3.3.3 Hospitality

In an effort to maintain diversification of Group activities and optimise each of the business segments in which the Group operates, the Directors have resolved to enhance earnings generated from hospitality. As a result, the Group plans to close the Mavina Hotel for renovation in the fourth quarter of 2014. The property is currently made up of three separate blocks of 66 apartments. The initial phase of the project will entail bringing the hotel to shell form, connecting each floor of the three blocks, and constructing two additional floors. The next phase will include mechanical, electrical and plumbing works, interior and exterior finishes, floor tiles, bathrooms, external apertures and internal doors, soft furnishings and any other works necessary to complete the hotel. It is envisaged that the renovated hotel will comprise a total of *circa* 105 rooms.

The cost of the aforesaid works is estimated at *circa* €2.5 million and will be funded through bank financing. The project is also dependent on the attainment of planning and other permits. Subject to obtaining necessary permits and bank funding, works on the hotel should take *circa* 14 months to complete. As of the planned re-opening date, which is set for the initial months of 2016, the Group expects to materially improve occupancy and achieved room rates at the hotel that would be more comparable to results achieved by other three-star hotels in the area. In accordance with the Directors' objective to increase income from hospitality, the Group inaugurated a new restaurant in Bugibba by the name 'Lovage Bistro'. The restaurant has indoor and outdoor seating, and is focused on Mediterranean cuisine.

3.3.4 Retail

The Group is currently implementing an expansion programme in its retail segment. As at the date of this report the Group's complement of stores has increased to four outlets, three of which are operating under the Guess franchise and the fourth under the Brooks Brothers franchise. The Directors' strategy is to further grow this segment both in terms of number of store openings as well as availability of diverse brands, but will keep under review the performance of present outlets to determine the pace at which the Group's strategy for this area of business can be executed.

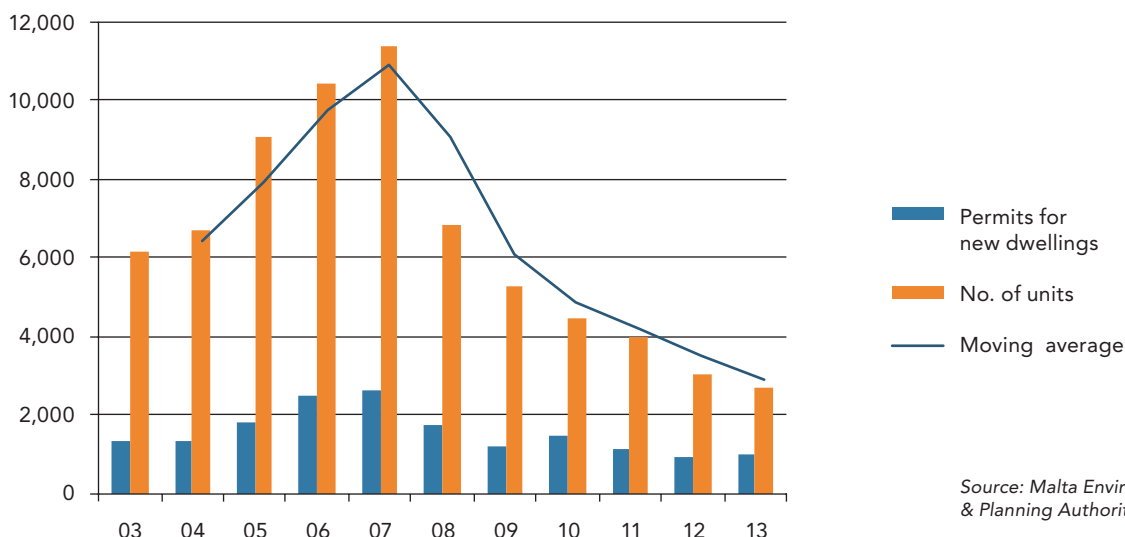
3.4 MARKET OVERVIEW

3.4.1 Manufacturing, products & general contracting services

The manufacturing, products and general contracting services segment is directly correlated to the construction industry in Malta which, in general, has been going through a slow period in the past few years.

New dwelling permits peaked in 2007, as depicted in Chart I overleaf, with 2,636 permits issued during the said year, but declined thereafter at a constant rate to a ten-year low of 958 permits in 2012. Thereafter permits increased only marginally by 46 permits in 2013 to 1,004 permits. With respect to the number of units covered by development permits, 2007 was again the peak year whereby MEPA had in that year issued permits for the construction of 11,343 units. In contrast, the number of units sanctioned in 2013 amounted to 2,705 units, a decline of more than 76% from 2007 figures. The above-mentioned statistics on new dwelling permits is an indicator of the health of the construction sector, which depicts a significant decrease in the last six years. Looking forward, this weak trend is likely to be maintained at least in the near term.

Chart I: Development permits for dwellings



National statistics relating to commercial property in Malta is currently not captured and therefore is more difficult to gauge the health of this sector. Notwithstanding the lack of such data, it can be deduced that since Malta has progressed towards a services oriented economy, the requirement for commercial property, in particular office space, has gained in demand. Moreover, in addition to the needs of local businesses, Malta has experienced in recent years an influx of foreign entities setting up operations in the country, such as remote gaming companies and financial services companies, which have further increased the demand for commercial premises and maintained a buoyant rental market. The positive view of this sector is further substantiated when assessing the supply side as a number of development projects earmarked for office and retail space are planned to commence in the coming years in response to such requirements.

In public infrastructure, the construction industry in Malta has benefited from EU funding programmes (European Regional Development Fund and Cohesion Fund) that commenced in 2007 and for which a maximum of 85% of approved projects were financed by the EU. Unlike other property sectors, public infrastructure is relatively resistant to economic shocks and cycles, as Governments recognise infrastructure investment as a prerequisite for sustainable economic growth. At EU level, this sector is set to maintain its importance as a tool to enhance economic growth and it is expected that such programmes will continue to form an integral part of the yearly budget. Furthermore, investment in public infrastructure is also driven by the need to replace ageing infrastructure, amplified by concerns over sustainability and environmental impact.

The Hal Mann Vella Group is exposed to all areas within the property sector and is not reliant on any particular niche market. The target demand for manufacturing, products & general contracting services includes both retail clients (residential and small to medium size commercial entities) and projects (local and international large-scale developments, public tenders and joint venture contracts). In the last three financial years ended 31 December 2013, revenue generated from retail and projects was broadly equal. This split provides a certain level of protection to the Group against any weakness experienced in any one particular niche market.

3.4.2 Property development & letting

During the three financial years under review, the Hal Mann Vella Group was primarily involved in the development of the Northport Apartments in Xemxija and the villas at Madliena Ridge. Most of the units have been sold or are subject to promise of sale agreements. In view of the softening of property market in recent years, as detailed in the above section, the Group has been fairly successful in its property offerings.

Rental income of the Group represents proceeds derived from the leasing of a warehouse complex known as 'Il-Binja il-Gdida' in Lija and a block of 12 apartments (Spinola Residence) located in St Julians. Both properties are leased to third party tenants, except for the basement level of the warehouse complex which is utilised by the Group. Pursuant to the Bond Offer, the Group will initiate construction of a mixed-use commercial property in Lija which will provide 14,000m² of rentable space. The Directors believe that there is a healthy demand for leasing good quality commercial property in Malta and are therefore confident that the new premises will be leased over a short timeframe once development is complete.

In view of the low to moderate outlook of the property sector in Malta, the Group will continue to source good quality property for development, trading and/or leasing commensurate with the level of demand in the market.

3.4.3 Hospitality

Tourism in Malta has been performing at a strong level and this trend continued in the initial months of 2014

as well. Tourist arrivals in 2013 (being the last reported full year) reached 1.6 million guests (2012: 1.44 million), which is a new all-time high for the country. National Statistics Office (NSO) data shows that the total number of arrivals during 2013 was estimated at 1.58 million persons, an increase of 9.6% over the comparable period in 2012. In absolute terms, the main origin of inbound tourists remained the British market.

The majority of incoming tourists were leisure guests, predominantly from the European Union. However, an increase of 24% was registered in tourists originating from non-EU countries. Non-package travel was higher than package travel, with a 52% share of the total. Nonetheless, package travel still advanced by 8% when compared to 2012. Total nights spent by tourists in 2013 were estimated at 12.9 million, up by 8.7% over the previous year, while average length of stay remained flat at 8.1 nights. Expenditure by inbound tourists was also up during the year under review and reached €1.4 billion (+8.6%).

Inbound tourism from January to July 2014 amounted to 931,378, an increase of 8.9% over the corresponding period in 2013. Total nights spent by inbound tourists went up by 5.1%, reaching nearly 7.0 million nights. During the period under review, total tourism expenditure was estimated at €793.1 million. This estimate is 7.1% higher than that recorded in 2013.

In view of the positive performance and outlook of the tourism industry in Malta, the Directors will be giving more attention to this area of the Group's business. In accordance with this strategy, the Group will be implementing, in the latter part of 2014, a renovation programme of the Mavina Hotel which will take approximately 14 months to complete.

3.4.4 Apparel

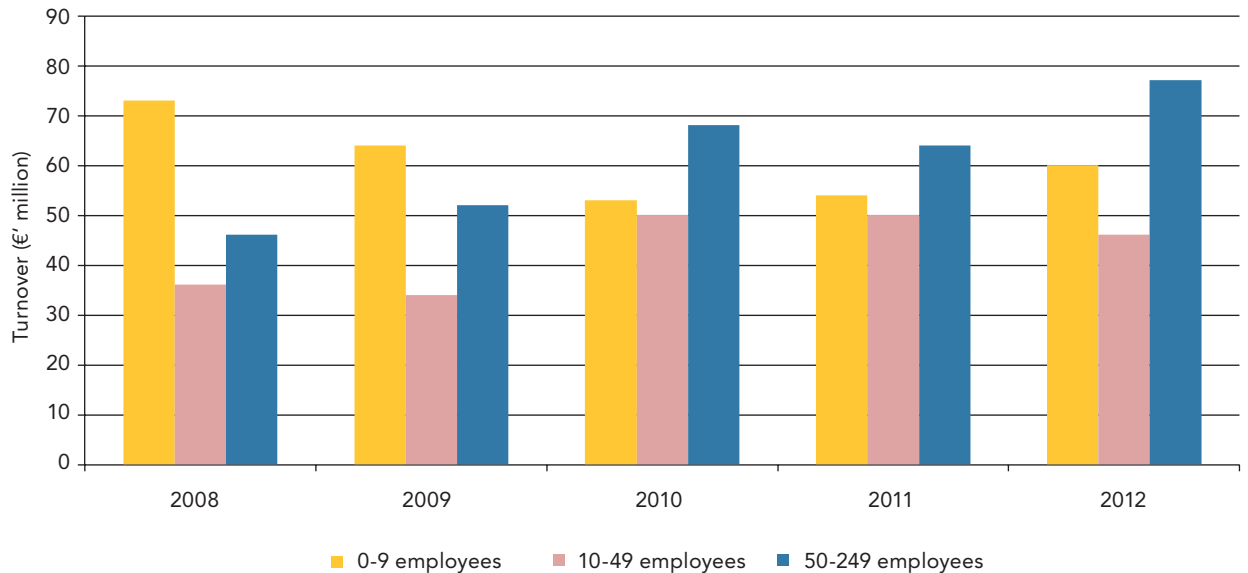
Data in relation to the size of the apparel market in Malta is not published. Notwithstanding, an estimate of the market has been derived from data obtained from the National Statistics Office of Malta. The latest available information relates to calendar year 2012. The table below sets out statistics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

Turnover of Apparel Retail Stores in Malta

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

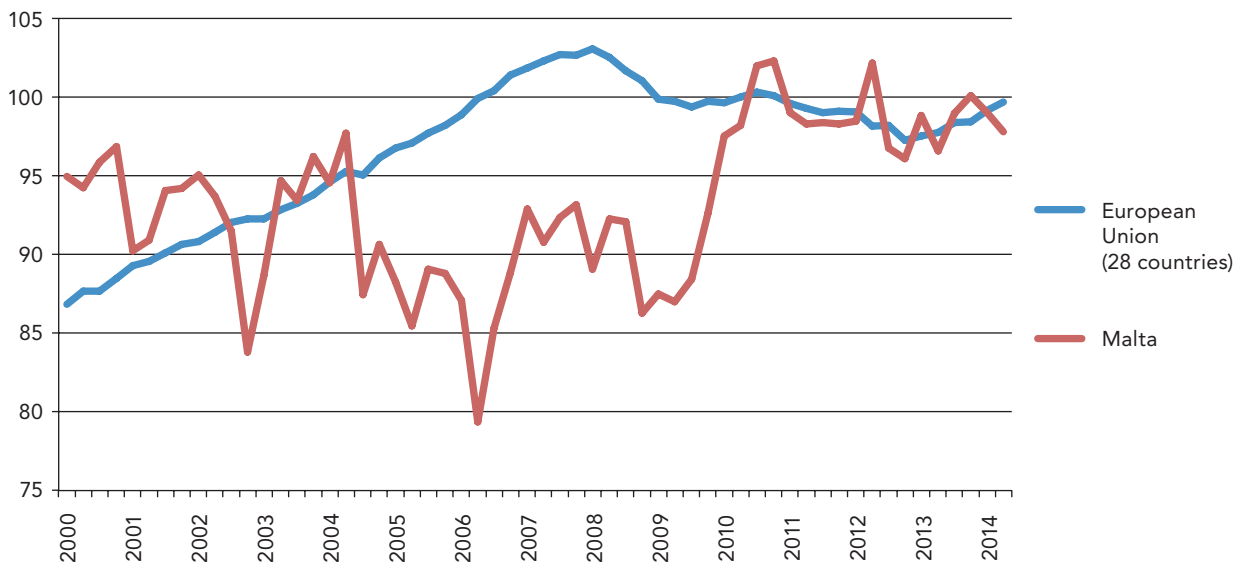
Source: National Statistics Office Malta (NACE 47.71 data)

Chart II: Retail Apparel Market in Malta



Over the five year period to 2012, the total number of outlets remained relatively unchanged (2008: 725 units; 2012: 729 units). However there has been a shift from smaller stores (a decrease of 13 units in 5 years) to larger ones (+17 from 25 stores in 2008 to 42 stores in 2012). Furthermore, consumer spending has also changed and shows a preference towards the larger stores. In fact, in the period 2008 to 2012, smaller outlets registered a compounded annual decrease in turnover of 4.8%, while the larger outlets recorded a compounded annual growth rate in turnover of 13.8%.

Chart III: Retail Trade (2010 = 100)



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

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

In general, the retail market in Malta is subject to stiff competition, both from local retailers as well as from online sales (through the internet). Notwithstanding this generic view, particular brands are performing better than others and continue to be sought after. The Directors are confident that with the availability of two top international brands in Malta – Guess and Brooks Brothers – the Group’s outlets can compete well for a share of the retail market in Malta and should perform according to established projections.

3.5 MAJOR ASSETS

The Hal Mann Vella Group is the owner of a number of properties which are included in the consolidated balance sheet under the headings: 'property, plant & equipment', 'investment property', and 'property for resale'. The following is a list of major assets owned by the Group.

Major assets	FY2013	FY2012	FY2011
	€'000	€'000	€'000
Hal Mann factory, plant & machinery and adjacent buildings	19,854	14,020	13,989
50% of Warehouse Complex (known as 'il-Binja il-Gdida')	2,151	2,100	2,100
Site earmarked for the construction of a commercial building (5,200m ²)	3,630	3,630	3,630
50% shareholding in quarry in Naxxar (12,000m ²)	3,046	3,046	3,046
50% shareholding of a site in Lija (17,000m ²)	380	380	380
Mavina and Huli hotels	4,972	4,844	1,457
Spinola apartments	2,372	2,421	
Northport apartments	1,295	1,917	2,301
Apartment and garage at tas-Sellum	462	462	462
Other assets	3,018	3,154	3,849
	41,180	35,974	31,214

Source: Consolidated audited financial statements of Hal Mann Vella Group p.l.c. for the years ended 31 December 2011, 2012 and 2013.

PART 2

4. GROUP PERFORMANCE REVIEW

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

4.1 Financial Information

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

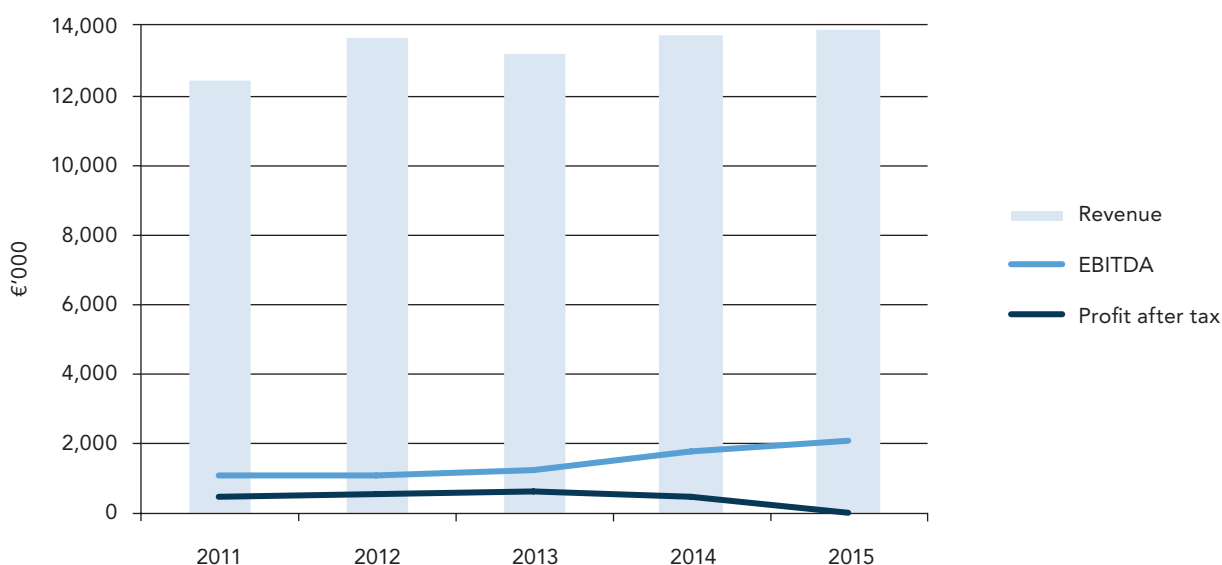
Hal Mann Vella Group p.l.c.

Consolidated Income Statement

for the years ended 31 December
(€'000)

	2015 Projection	2014 Forecast	2013 Actual	2012 Actual	2011 Actual
Revenue	13,866	13,753	13,156	13,684	12,461
Manufacturing, products & general contracting services	10,504	9,788	10,487	11,007	10,543
Property development & letting	845	1,191	1,173	1,224	800
Hotel operations	236	559	373	393	321
Fashion retail	2,281	2,215	1,123	1,060	797
Net operating costs	(11,754)	(11,977)	(11,883)	(12,578)	(11,371)
EBITDA	2,112	1,776	1,273	1,106	1,090
Depreciation and amortisation	(827)	(582)	(558)	(402)	(431)
Change in fair value of investment property	-	-	5,946	-	-
Share of results of joint ventures	320	437	779	324	167
Income from acquisition of shares from subsidiary	-	-	15	-	-
Provision for permanent diminution of investments	-	-	-	(3)	-
Net finance costs	(1,780)	(1,097)	(835)	(604)	(616)
Profit before tax	(175)	534	6,620	421	210
Taxation	185	(71)	(780)	149	270
Profit after tax	10	463	5,840	570	480

Revenue, EBITDA & Profit after tax



For the purpose of comparing normalised earnings in the above chart, an uplift in fair value of the factory, showroom and adjacent buildings of €5.2 million (after accounting for deferred taxation on the said revaluation) has been excluded from profit after tax for FY2013.

The key accounting ratios are set out below:

	FY2015	FY2014	FY2013	FY2012	FY2011
Operating profit margin (EBITDA/revenue)	15%	13%	10%	8%	9%
Interest cover (times) (EBITDA/net finance cost)	1.19	1.62	1.52	1.83	1.77
Net profit margin (Profit after tax/revenue)	-	3%	5% ²	4%	4%
Earnings per share (€) ¹ (Profit after tax/number of shares)	-	0.09	0.13 ²	0.11	0.10
Return on equity (Profit after tax/shareholders' equity)	-	2%	2% ²	3%	2%
Return on capital employed (Operating profit/total assets less current liabilities)	3%	3%	3%	3%	3%
Return on assets (Profit after tax/total assets)	-	1%	1% ²	1%	1%

¹ Earnings per share calculation set out above has been based on the current number of shares in issue of the Company of 4,999,820 shares of €1 each.

² An uplift in fair value of factory, showroom and adjacent land of €5.2 million has been excluded from the computation.

Source: Charts Investment Management Service Limited

The Hal Mann Vella Group's revenue for FY2013 amounted to €13.2 million, reflecting an increase of €0.7 million on the turnover level registered in FY2011. The 6% increase in revenue was mainly due to better performance in the fashion retail segment of the Group and increased sales of property.

The Group generates approximately 80% of revenue from manufacturing, sale of products and general contracting services. In the three historical financial years ended 31 December 2013, achieved income from this segment was stable at between €10.5 million to €11.0 million. Such income is derived from projects as well as retail customers in broadly equal proportions. During the years FY2011 to FY2013, the Group was principally involved in the following projects:

FY2013	FY2012	FY2011
Smart City, Kalkara	Tigne Point, Sliema	Smart City, Kalkara
Valletta City Gate	Valletta City Gate	Fort Cambridge, Sliema
House of Four Winds, Valletta	Fort Cambridge, Sliema	Spinola Residence, Sliema
Casa Ellul, Valleta	Spinola Residence, Sliema	Ta' Monita, Marsascala
Life Sciences Park & ICT, University of Malta	PriceWaterhouseCoopers, Qormi	Skyparks, Malta International Airport, Luqa

Other Group revenue principally included sale of property, hotel operations and fashion retail, which in aggregate amounted to €2.67 million in 2013 (2012: €2.65 million). Property sales mainly comprised the disposal of units at Northport in Xemxija, Malta and income from hospitality was earned through the operation of the Mavina and Huli Hotels in Bugibba, Malta. Income from retail was achieved from the operation of two outlets (in Bay Street, St Julians and The Point, Sliema) since the third outlet commenced operations in the last quarter of 2013 and therefore did not have any material impact on revenue for the respective year.

As to EBITDA, the Hal Mann Vella Group registered an increase of 17% (+€0.2 million) over the three year period from €1.1 million in FY2011 to €1.3 million in FY2013. Similar to revenue, the majority of EBITDA is derived from the manufacturing, sale of products and general contracting services segment. Positive factors that contributed to the increase in EBITDA in FY2013 included income from disposals of property and rental income from Spinola Residence.

During the year ended 31 December 2013, immovable property at Lija, which includes the factory, showroom and adjacent buildings, was revalued by €5.2 million (net of deferred taxation). As a result, the profit for the year ended 31 December 2013 amounted to €5.8 million (2012: €0.6 million).

Share of results of joint ventures in FY2013 amounted to €0.8 million and principally related to the income generated by Madliena Ridge Limited, of which, the Group has a 50% shareholding in the company. During the year under review, Madliena Ridge Limited was active in selling its portfolio of 20 fully detached villas in Madliena, Malta. The development is nearing completion stage and 6 villas (of which 2 are subject to promise of sale agreements) remain available for sale. The Group is projecting that the remaining properties will be sold in FY2014 and FY2015.

Income generated from manufacturing, products & general contracting services and property development & letting is projected to remain stable in FY2014 and FY2015. With respect to hotel operations, there will be a decline in revenue in FY2015 due to the closure for renovation of the Mavina Hotel. As to fashion retail, the Directors have maintained a prudent outlook and have therefore projected stable revenues for FY2014 and FY2015 at €2.2 million and €2.3 million respectively.

Hal Mann Vella Group p.l.c.
Consolidated Cash Flow Statement
for the years ended 31 December
(€'000)

	2015 Projection	2014 Forecast	2013 Actual	2012 Actual	2011 Actual
Net cash from operating activities	4,981	3,456	747	(340)	1,970
Net cash from investing activities	(12,071)	(5,155)	(299)	212	(2,322)
Net cash from financing activities	(138)	25,146	(2,392)	(1,252)	678
Net movement in cash and cash equivalents	(7,228)	23,447	(1,944)	(1,380)	326
Cash and cash equivalents at beginning of year	14,750	(8,697)	(6,753)	(5,373)	(5,699)
Cash and cash equivalents at end of year	7,522	14,750	(8,697)	(6,753)	(5,373)

Net cash flows from operating activities between FY2011 and FY2015 principally relate to cash inflows generated in operational activities of the Group and movements in changes in working capital (in particular movements in inventory of property, receivables and property held for resale).

Net cash used in investing activities between FY2011 and FY2013 amounted to €2.3 million and mainly represented: acquisition of property, plant & equipment; refurbishment and upgrade of the Group's showroom and buildings; ongoing maintenance expenditure; and financial assets (€3.7 million). The remaining balance relates to movement in related party balances. Net cash used in investing activities in FY2014 and FY2015 will primarily include: (i) the modernisation of the factory and acquisition of new machinery and equipment; (ii) construction of the mixed use commercial property; and (iii) renovation of the Mavina Hotel.

The principal movement in financing activities related to net advances to shareholders of €2.3 million over the three financial years (FY2011 – FY2013). Net repayment of bank borrowings amounted to €0.9 million and interest paid during the period under review totalled €2.1 million. Net cash from financing activities in FY2014 will include net proceeds from the €30 million Bond Offer, and net movements in bank borrowings and other loans.

Hal Mann Vella Group p.l.c.
Consolidated Balance Sheet
as at 31 December
(€'000)

	2015 Projection	2014 Forecast	2013 Actual	2012 Actual	2011 Actual
ASSETS					
Non-current assets					
Property, plant & equipment	39,474	28,693	26,086	20,005	25,790
Interest in joint-venture	3,451	3,131	2,622	2,112	1,788
Investment property	13,112	13,516	11,581	9,158	2
Other non-current assets	1,336	1,180	1,336	1,204	934
Non-current assets	57,373	46,520	41,625	32,479	28,514
Current assets					
Inventories	5,638	5,638	5,638	3,291	3,330
Property for resale	3,301	3,104	3,512	6,811	5,422
Trade and other receivables	10,341	12,199	9,281	11,853	13,104
Cash and cash equivalents	7,523	14,750	494	379	1,079
Current assets	26,803	35,691	18,925	22,334	22,935
Total assets	84,176	82,211	60,550	54,813	51,449
EQUITY AND LIABILITIES					
Total equity	28,706	28,696	28,078	22,024	19,583
Non-current liabilities					
Long-term borrowings	7,864	6,113	6,698	13,473	13,115
Bonds	29,497	29,439	-	-	-
Deferred taxation	3,268	3,589	3,776	3,476	2,365
Non-current liabilities	40,629	39,141	10,474	16,949	15,480
Current liabilities					
Short-term borrowings	1,063	1,038	15,194	8,090	7,722
Trade and other payables	13,686	12,845	6,612	7,714	8,551
Current taxation due	92	491	192	36	113
Current liabilities	14,841	14,374	21,998	15,840	16,386
Total liabilities	55,470	53,515	32,472	32,789	31,866
Total equity and liabilities	84,176	82,211	60,550	54,813	51,449

Total assets as at 31 December 2013 amounted to €60.6 million (FY2012: €54.8 million) and principally include: (i) the factory, plant & machinery and other properties valued at €41.2 million (FY2012: €36.0 million) as detailed in section 3.5 above; (ii) investment in joint venture companies amounting to €2.6 million (FY2012: €2.1 million), mainly representing a 50% shareholding in Madliena Ridge Ltd; non-current financial assets of €1.3 million (FY2012: €1.2 million); (iii) inventories relating to factory raw materials, products, fashion retail and hotel consumables of €5.6 million (FY2012: €3.3 million); and (iv) trade and other receivables amounting to €9.3 million (FY2012: €11.9 million).

By FY2015, total assets are expected to increase by €23.6 million, mainly as a result of the investment in modernising the factory floor and in new machinery & equipment, development of the mixed-use commercial property, and the renovation of the Mavina Hotel. Cash and cash equivalents as at 31 December 2015 is projected to amount to €7.5 million and will principally be utilised to complete the capital expenditure programmes initiated in FY2014.

Total liabilities represent trade and other payables which amounted to €6.6 million in FY2013 (FY2012: €7.7 million), deferred tax liabilities of €3.8 million (FY2012: €3.5 million) and borrowings as detailed below:

Hal Mann Vella Group p.l.c.

Borrowings & Bonds

as at 31 December
(€'000)

	2015 Projection	2014 Forecast	2013 Actual	2012 Actual	2011 Actual
Bank borrowings					
Hal Mann International Ltd	-	-	1,221	1,798	2,436
Hal Mann Vella Ltd	-	-	1,632	540	876
Sudvel Ltd	-	-	-	-	-
Vinmar Ltd	-	-	-	-	-
Hal Mann Services Ltd	-	-	629	443	574
Hal Mann Properties Ltd	500	500	400	1,013	1,767
Hal Mann Industries Ltd	-	-	332	-	-
SMG Mode Ltd	-	-	290	191	179
Hal Mann (Letting) Ltd	960	1,484	1,601	1,620	-
Hal Mann Vella Group p.l.c.	900	1,800	1,163	1,192	1,306
Mavina Holiday Complex Ltd	2,500	-	140	-	-
Bank overdrafts	19	19	9,191	7,133	6,452
	4,879	3,803	16,599	13,930	13,590
Bonds					
5% Secured Bonds 2024	29,497	29,439			
	29,497	29,439	-	-	-
Other borrowings					
Shareholders' loans	4,048	3,348	3,338	5,438	5,623
Amounts due to related parties (unsecured, interest free and no fixed date of repayment)	-	-	1,955	2,196	1,625
	4,048	3,348	5,293	7,634	7,248
Total borrowings and bonds	38,424	36,590	21,892	21,564	20,838

The key accounting ratios are set out below:

	FY2015	FY2014	FY2013	FY2012	FY2011
Net assets per share (€) ¹ (Net asset value/number of shares)	5.74	5.74	5.62	4.40	3.92
Gearing ratio (%) (Net debt/net debt + shareholders' equity)	52	43	43	49	50
Liquidity ratio (times) (Current assets/current liabilities)	1.81	2.48	0.86	1.41	1.40

¹Earnings per share calculation set out above has been based on the current number of shares in issue of the Company of 4,999,820 shares of €1 each.

Source: Charts Investment Management Service Limited

The gearing ratio (net debt/net debt + equity) demonstrates the degree to which the capital employed in a business is funded by external borrowings as compared to shareholders' funds. A company with high leverage tends to be more vulnerable when its business goes through a slowdown. At a leverage of 43% in FY2013, the Group's capital is funded to a higher degree from shareholders' funds as opposed to external debt. In FY2015 net borrowings are projected to increase to €30.9 million (from €21.4 million in FY2013) as the Group utilises the remaining net Bond proceeds, not previously utilised to repay outstanding bank borrowings, to modernise the factory and to construct the mixed-used commercial property. Furthermore, additional bank financing is expected to be raised to fund the renovation project of the Mavina Hotel. As a result, the gearing ratio of the Group is set to reach 52% by the end of FY2015. The Directors expect this higher leverage to be temporary as cash balances gradually increase through improved revenues and earnings generated from a more efficient factory, the new commercial premises and the re-opening of the Mavina Hotel.

PART 3

5. COMPARABLES

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

Comparative Analysis	Nominal Value (€'000)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'million)	Net Asset Value (€'million)	Gearing Ratio (%)
7.0% GH Marina plc 2017/20	11,659	5.65	n/a	47.03	24.90	37
6.8% Premier Cap. plc 2017/20	24,656	5.60	3.38	69.58	16.17	67
6.0% S. Farsons Cisk plc 2017/20	15,000	4.89	8.59	151.53	91.93	24
6.6% Eden Finance plc 2017/20	14,133	5.85	3.01	100.23	43.69	46
6.2% Tumas Investments plc 2017/20	25,000	4.89	3.74	286.00	93.60	55
4.9% Gasan Finance plc 2019/21	25,000	4.53	3.27	185.34	81.68	38
6.0% Corinthia Fin. plc 2019/22	7,500	5.41	2.09	1,299.87	677.82	39
6.0% Medserv plc 2020/23	20,000	5.28	3.38	22.46	8.16	49
5.5% Pendergardens Dev plc 2020	15,000	4.68	n/a	18.74	3.27	53
6.0% MIH plc 2021	12,000	6.27	3.40	350.91	166.14	39
6.0% Pendergardens Dev plc 2022	27,000	5.05	n/a	18.74	3.27	53
5.8% IHI plc 2023	10,000	5.51	2.54	1,092.67	626.49	33
6.0% AXI plc 2024	40,000	5.18	2.89	157.01	88.03	54
6.0% IHG plc 2024	35,000	5.06	2.29	141.14	36.20	65
5.3% Mariner Finance plc 2024	35,000	4.96	61.50	55.14	15.70	68
5.0% Tumas Investments plc 2024	25,000	4.22	3.74	286.00	93.60	55
5.0% Hal Mann Vella plc 2024	30,000	5.00	1.52	60.55	28.08	43

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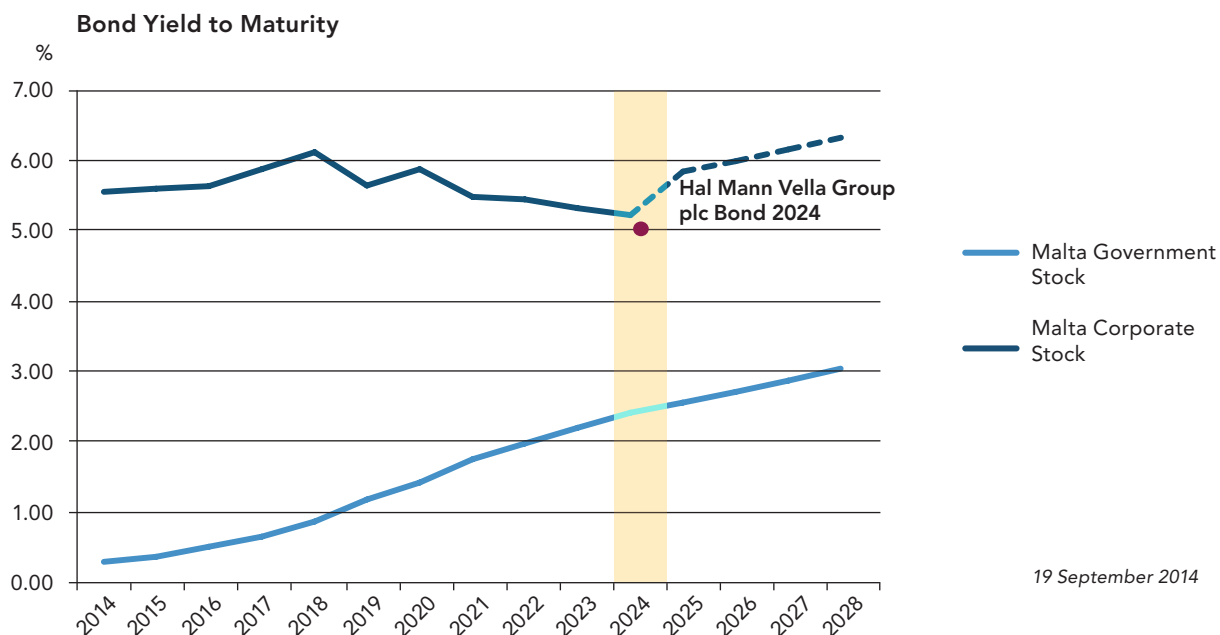
Source: Malta Stock Exchange, Charts Investment Management Service Limited

Annual Accounts: For the year ended 31 December 2013, except for Island Hotels Group Holdings plc (YE 31/10/2013), Simonds Farsons Cisk plc (YE 31/01/2013), Tumas Investments plc (YE 31/12/2012) and AX Investments plc (YE 31/10/2013).

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

The debt to equity ratio or gearing ratio demonstrates the degree to which the capital employed in a business is funded by external borrowings as compared to shareholders' funds. A company with high leverage tends to be more vulnerable when its business goes through a slowdown. At a gearing ratio of 43%, the Group's external net debt is almost equal to its shareholders' funds.

The chart below shows the yield to maturity of the proposed bond as compared to other corporate bonds listed on the Malta Stock Exchange. The Malta Government Stock yield curve has also been included as the benchmark risk-free rate for Malta.



To date, there are no corporate bonds which have a redemption date beyond 2024 and therefore a trend line has been plotted (denoted in the above chart by the dashed line). The premium over Malta Government Stock has been assumed at 334 basis points, which is the average premium for medium term corporate bonds listed on the Malta Stock Exchange. The Hal Mann Vella Group 5% Secured Bonds 2024 has been priced at 268 basis points above Malta Government Stock and broadly equal to listed corporate bonds.

PART 4

6. EXPLANATORY DEFINITIONS

Income Statement	
Revenue	Total revenue generated by the Group from its business activities during the financial year, including manufacturing, products & general contracting services, property development & letting, hospitality and apparel.
Net operating expenses	Net operating expenses include the cost of raw materials, labour expenses, inventory, food, beverages, consumables and all other direct expenses.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Share of results of joint ventures	The Hal Mann Vella Group owns minority stakes in a number of companies (less than 50% plus one share of a company's share capital). The results of such companies are not consolidated with the subsidiaries of the Group, but the Group's share of profit is shown in the profit and loss account under the heading 'share of results of joint ventures'.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.
Profitability Ratios	
Operating profit margin	Operating profit margin is operating income or EBITDA as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Efficiency Ratios	
Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.
Equity Ratios	
Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.
Cash Flow Statement	
Cash flow from operating activities	Cash generated from the principal revenue-producing activities of the Company.
Cash flow from investing activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Company.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Company.
Balance Sheet	
Non-current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group allocates the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was purchased. Such assets include investment properties, and property, plant & equipment and investments accounted for using the equity method.
Current assets	Current assets are all assets of the Group, which are realisable within one year from the balance sheet date. Such amounts include inventory, accounts receivable, cash and bank balances.
Current liabilities	All liabilities payable by the Group within a period of one year from the balance sheet date, and include accounts payable and short-term debt.

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

