

SUMMARY NOTE

dated 4 July 2018

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 the 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, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015.

In respect of an issue of:

€40,000,000 3.85% Unsecured Bonds 2028

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

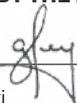
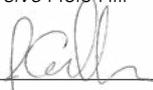
HILI FINANCE COMPANY P.L.C.

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

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

ISIN:- MT0001891200

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

Sponsor	Legal Counsel	Manager & Registrar
		
	APPROVED BY THE DIRECTORS	
 _____ Carmelo sive Melo Hili	 _____ Geoffrey Camilleri	 _____ Dorian Desira
 _____ Jacqueline Camilleri	 _____ Mario Vella	

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

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

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

IMPORTANT INFORMATION

THIS SUMMARY NOTE CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION IN RELATION TO HILI FINANCE COMPANY P.L.C. IN ITS CAPACITY AS ISSUER AND HILI VENTURES LIMITED AS GUARANTOR. THIS DOCUMENT INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH: (A) THE COMPANIES ACT, (CAP. 386 OF THE LAWS OF MALTA) AND COMMISSION REGULATION (EC) NO. 809/2004 OF 29 APRIL 2004 IMPLEMENTING DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS INFORMATION CONTAINED IN PROSPECTUSES AS WELL AS THE FORMAT, INCORPORATION BY REFERENCE AND PUBLICATION OF SUCH PROSPECTUSES AND DISSEMINATION OF ADVERTISEMENTS (AS AMENDED 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, COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014 AND COMMISSION DELEGATED REGULATION (EU) NO. 2016/301 OF 30 NOVEMBER 2015); AND (B) THE RULES AND REGULATIONS APPLICABLE TO THE ADMISSION OF SECURITIES ON THE OFFICIAL LIST OF THE MSE.

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION A INTRODUCTION AND WARNINGS

A.1 Prospective investors are hereby warned that:

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

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

Prospective investors are hereby informed that:

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

SECTION B ISSUER AND GUARANTOR

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

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

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

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

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

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

On the basis of data available to Premier Capital's management, it transpires that the Maltese market, the Baltic countries market, as well as the Romanian and the Greek markets, can sustain further expansion, albeit not necessarily with the same potential. In the case of Malta and the Baltic countries, Premier Capital already has a high penetration rate, comparable to that prevailing in the more developed city centres in Western Europe. Premier Capital's management believes that growth in these regions remains sustainable, with plans for relocations and renovations of its existing restaurants. In the case of Romania and Greece, Premier Capital's management believes that there is further room for higher penetration rates. The relatively low penetration rate of restaurants *per capita*, combined with the high level of brand recognition enjoyed and Premier Capital's pricing strategy for the region, is believed to postulate the right platform for expansion in these regions.

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

iSpot - The market in Poland, Hungary and Romania for Apple products and services is highly competitive. iSpot competes with other resellers of Apple products and services, and therefore competing factors include mainly price of products, as well as location of stores, quality of service provided and share of the business-to-business (B2B) market. The challenge of the Apple Premium Reseller stores is to differentiate the total service experience beyond the product. Apple is, however, designing new ways to expand the business generated from its retail platforms beyond the current business-to-consumer (B2C) activity, which will definitely create growth opportunities for the company's already strong portfolio in the market.

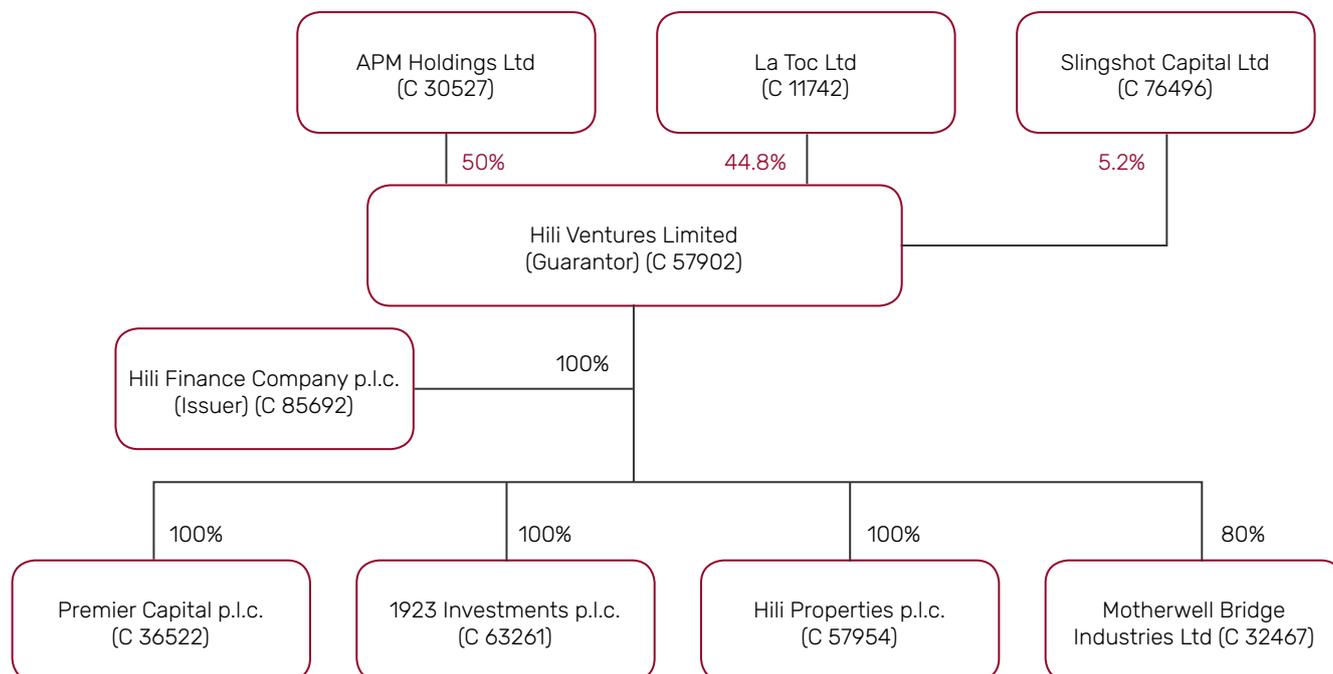
Harvest - The IT hardware, software and services industry is very fragmented and highly competitive. Harvest competes with a large number and wide variety of marketers and resellers of IT hardware, software and services. With reference to payment gateway solutions, management believes that electronic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

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

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

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

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



Subject to market conditions and necessary regulatory approvals, in the near term, the Guarantor intends to list the ordinary shares of 1923 Investments p.l.c. on the Official List of the Malta Stock Exchange and to offer up to 40% of its shareholding in the aforementioned company to the general public in Malta through an initial public offering. This proposed transaction by the Guarantor will not adversely impact the Issuer's ability to service annual interest payments on the Bonds and to repay the outstanding Bonds upon maturity. As at the date of the Prospectus, the ordinary shares of 1923 Investments p.l.c. are not listed on the Malta Stock Exchange and no application for such listing has been made.

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

B.10 Not Applicable: the audit reports on the audited financial statements for the years ended 31 December 2015 to 2017 of the Guarantor do not contain any material qualifications.
(B.19)

B.12 As at the date hereof, the Issuer has no financial information to report. Accordingly, it is not in a position to assert whether there has been a material adverse change since the date of publication of its latest financial statements. There has been no material adverse change in the prospects of the Guarantor since the date of its last published audited financial statements.
(B.19)

The historical financial information of the Guarantor is set out in the audited financial statements for the financial years ended 31 December 2015 to 2017. There were no significant changes to the financial or trading position of the Guarantor since the date up to which the latest audited financial statements were prepared.

EXTRACTS OF THE COMBINED FINANCIAL STATEMENTS OF THE GUARANTOR FOR THE YEARS ENDED 31 DECEMBER 2015 TO 2017

Hili Ventures Limited

Consolidated Statement of Comprehensive Income for the year ended 31 December

	2015	2016	2017
	€000	€000	€000
Revenue	252,452	341,239	396,488
Earnings before interest, tax, depreciation & amortisation	18,639	36,687	39,538
Total comprehensive income	<u>3,600</u>	<u>3,537</u>	<u>10,973</u>

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

	2015	2016	2017
	€000	€000	€000
Non-current assets	213,898	283,602	330,497
Current assets	46,113	118,637	77,707
Total assets	260,011	402,239	408,204
Equity and reserves	70,074	72,768	82,870
Non-current liabilities	138,150	204,967	234,377
Current liabilities	51,787	124,504	90,957
Total equity and liabilities	260,011	402,239	408,204

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

	2015	2016	2017
	€000	€000	€000
Net cash from operating activities	7,852	27,835	10,875
Net cash from investing activities	(48,695)	(71,351)	(56,813)
Net cash from financing activities	36,390	105,007	2,582
Net movement in cash and cash equivalents	(4,453)	61,491	(43,356)
Cash and cash equivalents at beginning of year	10,868	6,415	67,544
Effect of movements in exchange	-	(362)	(481)
Cash and cash equivalents at end of year	6,415	67,544	23,707

Revenue generated in FY2017 amounted to €396.5 million, an increase of €55.2 million (+16%) when compared to the prior year. All business activities reported y-o-y increases as follows:

- (i) revenue derived from 'restaurant operations' increased by €33.3 million (+14%) to €263.4 million, principally due to an increase in restaurants from 133 outlets in 2016 to 140 in 2017 and growth in revenue per restaurant;
- (ii) turnover from 'IT retail operations' increased by €7.8 million (+10%) to €84.0 million in FY2017, wherein iSpot relocated 2 stores and opened 1 new store;
- (iii) an increase of 35% or €3.3 million was registered in 'software and payment services', particularly due to significant growth in new APCOPAY clients (payment gateway solutions);
- (iv) income from 'rental operations' increased from €3.2 million in FY2016 to €4.6 million, on account of a newly acquired property in Romania in Q2 2017, which property is fully leased;
- (v) turnover from 'logistics and transport services' increased from €15.5 million in FY2016 to €22.9 million, mainly reflecting a full year's income generated from Allcom Sp. z.o.o. which was acquired in the latter part of FY2016;
- (vi) income generated from 'engineering services' increased by 32% y-o-y to €8.8 million, primarily as a result of the acquisition of Techniplus S.A., a company with operations in Morocco and neighbouring countries involved in maintenance and servicing of port cargo handling equipment.

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

Non-current assets in the statement of financial position as at 31 December 2017 amounted to €330.5 million (2016: €283.6 million). Notable items include: (i) goodwill and other intangibles amounting to €104.5 million (2016: €108.3 million), which principally relate to goodwill on acquisitions of going concerns, support services license, acquired rights, franchise fees for restaurant operations, patents and trademarks for Apple products and computer software licenses; and (ii) property, plant and equipment amounting to €185.8 million (2016: €148.0 million), which comprises improvements to leased properties, equipment and properties owned by Hili Properties p.l.c.

Current assets as at 31 December 2017 amounted to €77.7 million (2016: €118.6 million) and primarily include inventory, trade receivables, other assets and cash balances. Current liabilities amounted to €91.0 million (2016: €124.5 million), made up of borrowings as to €30.0 million (2016: €61.9 million) and other liabilities of €60.9 million (2016: €62.6 million). Hili Ventures' liquidity ratio (which is measured by dividing current assets by current liabilities and indicates a company's ability to pay its current liabilities from its current assets), as at 31 December 2017, stood at 0.85 times (2016: 0.95 times).

Non-current liabilities at year end amounted to €234.3 million (2016: €205.0 million) and mainly comprised borrowings and bonds. The equity value of Hili Ventures as at 31 December 2017 totalled €82.9 million (2016: €72.8 million).

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

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

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

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

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

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

B.16 (B.19) The Issuer is a wholly owned subsidiary of the Guarantor, save for 1 Ordinary Share which is held by APM Holdings Limited (C 30527). The ultimate controlling beneficial owner of the Guarantor is Melo Hili.

B.17 Not Applicable: neither the Issuer nor the Guarantor have sought the credit rating of an independent rating agency, and there has been no assessment by any independent rating agency of the Bonds issued by the Issuer.

B.18 (B.19) For the purposes of the Guarantee, the Guarantor irrevocably and unconditionally guarantees to each Bondholder that if for any reason the Issuer fails to pay any sum payable by it to such Bondholder pursuant to the terms and conditions of the Bonds as and when the same shall become due under any of the foregoing, the Guarantor will pay to such Bondholder on written demand the amount payable by the Issuer to such Bondholder.

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

SECTION C SECURITIES

- C.1 The Issuer shall issue an aggregate of €40,000,000 in Bonds having a face value of €100 per bond, subject to a minimum subscription of €2,000 in Bonds. The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. On admission to trading, the Bonds will have the following ISIN: MT0001891200. The Bonds shall bear interest at the rate of 3.85% per annum.
- C.2 The Bonds are denominated in Euro (€).
- C.5 The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole (that is, in multiples of €100) in accordance with the rules and regulations of the MSE applicable from time to time.
- C.8 A Bondholder shall have such rights as are attached to the Bonds, including:
- i. the repayment of capital;
 - ii. the payment of interest;
 - iii. ranking with respect to other indebtedness of the Issuer and the Guarantor;
 - iv. seeking recourse from the Guarantor pursuant to the Guarantee, in case of failure by the Issuer to pay any sum payable by it to Bondholders pursuant to the Terms and Conditions of the Bonds;
 - v. the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
 - vi. enjoy all such other rights attached to the Bonds emanating from the Prospectus.

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

As at the date of this Summary Note, the Issuer does not have any subordinated indebtedness. As at 31 December 2017, Hili Ventures' indebtedness amounted to €255.9 million and comprised bank facilities, debt securities and other financial liabilities. As such, the indebtedness being created by the Bonds shall rank after the afore-mentioned bank facilities. In addition, the Bonds will also rank after any future debts which may be secured by a cause of preference such as a privilege and/or a hypothec.

- C.9 The Bonds shall bear interest from and including 24 July 2018 at the rate of 3.85% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The nominal value of the Bonds will be repayable in full upon maturity on the redemption date unless the Bonds are previously re-purchased and cancelled. The first interest payment will be effected on 24 July 2019 (covering the period 24 July 2018 to 23 July 2019). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. The gross yield calculated on the basis of the interest, the Bond Issue Price and the Redemption Value of the Bonds is 3.85% per annum. The remaining component of Element C.9 is Not Applicable, given that no representative of debt security holders has been appointed.
- C.10 Not Applicable: there is no derivative component in the interest payments on the Bonds.
- C.11 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 4 July 2018. Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on its Official List. The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 31 July 2018 and trading is expected to commence on 1 August 2018.

SECTION D RISKS

D.2 KEY INFORMATION ON THE KEY RISKS SPECIFIC TO THE ISSUER:

Holding of a Bond involves certain risks. Prospective investors should carefully consider, with their own independent financial and other professional advisors, the following risk factors and other investment considerations as well as all the other information contained in the Prospectus before deciding to acquire Bonds. Prospective Investors are warned that by investing in the Bonds they may be exposing themselves to significant risks that may have the consequence of losing a substantial part or all of their investment.

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

and include statements regarding the intentions, beliefs or current expectations of the Issuer and/or its' Directors. These forward-looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the Issuer's Directors. No assurance is given that the future results or expectations will be achieved.

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

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

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

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

i. Risks relating to the Issuer and its business:

Issuer's dependence on Hili Ventures and its business

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

Issuer's exposure to Hili Ventures

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

Risks inherent in forecasts

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

ii. Risks relating to the business of Hili Ventures:

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

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

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

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

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

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

Litigation risk

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

Hili Ventures' insurance policies

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

Risks relative to changes in laws

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

Hili Ventures' indebtedness could adversely affect its financial position

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

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

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

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

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

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

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

A portion of operating expenses are fixed

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

Risks of integration and operation of acquired businesses

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

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

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

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

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

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

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

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

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

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

Risks relating to property investments and operations

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

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

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

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

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

Growth strategy

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

D.3 Key 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. there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Nor can there be any assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price or at all. A public trading market depends on a number of factors over which the Issuer has no control;
- ii. investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely effect the value of the Bonds;
- iii. a Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different;
- iv. no prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time;
- v. even after the Bonds are admitted to trading on the MSE, the Issuer is required to remain in compliance with certain requirements relating, *inter alia*, to the free transferability, clearance and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the Listing Authority has the authority to suspend trading or listing of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The Listing Authority may discontinue the listing of the Bonds on the MSE. Any such trading suspensions or listing revocations / discontinuations could have a material adverse effect on the liquidity and value of the Bonds;

- vi. **the Terms and Conditions of the Bond Issue are based on the requirements of the Listing Rules of the Listing Authority, the Companies Act and the Commission Regulation EC No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of the Prospectus;**
- vii. **in the event that the Issuer wishes to amend any of the Terms and Conditions of the Bond Issue it shall call a meeting of Bondholders. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority;**
- viii. **the Bonds, as and when issued and allotted, shall constitute the general, direct, unsecured and unconditional obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantor jointly and severally. The Bonds shall at all times rank *pari passu* without any priority or preference among themselves and, in respect of the Guarantor, they shall rank without any priority or preference over its unsecured indebtedness, if any. In view of the fact that the Bonds are being guaranteed by the Guarantor on a joint and several basis, the Bondholders shall be entitled to request the Guarantor to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount, when due in terms of the Prospectus; and**
- ix. **the joint and several Guarantee also entitles the Bondholders to take action against the Guarantor without having to first take action against the Issuer. The strength of this undertaking on the part of the Guarantor and therefore, the level of recoverability by the Bondholders from the Guarantor of any amounts due under any of the Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor.**

SECTION E OFFER

E.2b The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €39,400,000, will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

- i. an amount of *circa* €16,500,000 of the net proceeds from the Bonds will be used to re-finance outstanding banking facilities as follows: (a) Hili Properties p.l.c. will re-finance *circa* €6,000,000 of bank loans which were originally utilised to finance acquisition of investment property; (b) 1923 Investments p.l.c. will apply *circa* €6,500,000 to repay in full a bank loan which was originally used to part-finance the acquisition of the Apple business in Poland; and (c) the remaining balance of €4,000,000 will be used by 1923 Investment p.l.c. to re-finance the outstanding loan initially sanctioned for the acquisition of the logistics operation in Poland;
- ii. the amount of *circa* €13,800,000 will be used to re-finance an outstanding balance with APM Holdings Limited (a major shareholder of Hili Ventures). This balance was initially applied for the purpose of part-financing the acquisition consideration of investments by Premier Capital p.l.c. in Romania (€10,800,000) and Hili Properties p.l.c. in Latvia (€3,000,000);
- iii. an amount of *circa* €9,100,000 will be applied to fund forthcoming capital expenditure of Hili Ventures as follows: (a) *circa* €4,000,000 will be allocated to Hili Properties p.l.c. to part-finance acquisitions and development of investment property in the Baltics and Romania; (b) *circa* €3,400,000 will be utilised by 1923 Investments p.l.c. primarily to fund the expansion of the Apple retail operation in Romania and to implement a stronger enterprise resource planning (ERP) system to enhance the efficiency and effectiveness of its operations; and (c) *circa* €1,700,000 will be used by the Guarantor to fund residual group-wide investment opportunities.

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

E.3 The Issuer has reserved the full amount of the Bond Issue for subscription by Authorised Financial Intermediaries through placement agreements, whereby the Issuer will bind itself to allocate the Bonds to such Authorised Financial Intermediaries in accordance with the terms of such placement agreements. The Authorised Financial Intermediaries will in turn bind themselves to subscribe to a specified amount of Bonds subject to, and conditional upon, the Bonds being admitted to the Official List of the Malta Stock Exchange.

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

1. Form, Denomination and Title

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

2. Interest

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

3. Status of the Bonds

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

4. Payments

Payment of the principal amount of a Bond will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to 24 July 2028 (the "Redemption Date"), by means of direct credit transfer into such bank account as the Bondholder may designate from time to time. Such payment shall be effected within seven (7) days of the Redemption Date. Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time. Such payment shall be effected within seven (7) days of the Interest Payment Date.

5. Redemption

Unless previously re-purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 24 July 2028.

6. Events of Default

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

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

7. Transferability of the Bonds

The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time. All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations. The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Issuer. The Issuer will not register the transfer or transmission of Bonds for a period of 15 days preceding the due date for any payment of interest on the Bonds.

8. Register of Bondholders

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

9. Further Issues

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

10. Meetings of Bondholders

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

11. Governing Law and Jurisdiction

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

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

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

E.7 Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €600,000.

EXPECTED TIME-TABLE OF THE BOND ISSUE

1. Offer Period	10 July 2018 to 17 July 2018
2. Placement date	17 July 2018
3. Commencement of interest on the Bonds	24 July 2018
4. Expected date of announcement of results of the Bond Issue	24 July 2018
5. Expected date of notification of registration	31 July 2018
6. Expected date of admission of the securities to listing	31 July 2018
7. Expected date of commencement of trading in the securities	1 August 2018

REGISTRATION DOCUMENT

dated 4 July 2018

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, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015. This Registration Document is issued pursuant to the requirements of Listing Rule 4.13 of the Listing Rules and contains information about Hili Finance Company p.l.c.

Issue of €40,000,000 3.85% Unsecured Bonds 2028

by

HILI FINANCE COMPANY P.L.C.

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

with the joint and several Guarantee* of Hili Ventures Limited

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

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

Sponsor



Legal Counsel



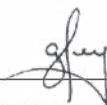
Manager & Registrar



APPROVED BY THE DIRECTORS



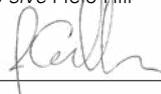
Carmelo sive Melo Hili



Geoffrey Camilleri



Dorian Desira



Jacqueline Camilleri



Mario Vella

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

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

IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ON HILI FINANCE COMPANY P.L.C. IN ITS CAPACITY AS ISSUER AND HILI VENTURES LIMITED AS GUARANTOR IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES OF THE LISTING AUTHORITY, THE COMPANIES ACT (CAP. 386 OF THE LAWS OF MALTA) AND COMMISSION REGULATION (EC) NO. 809/2004 OF 29 APRIL 2004 IMPLEMENTING DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS INFORMATION CONTAINED IN PROSPECTUSES AS WELL AS THE FORMAT, INCORPORATION BY REFERENCE AND PUBLICATION OF SUCH PROSPECTUSES AND DISSEMINATION OF ADVERTISEMENTS AS AMENDED 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, COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014 AND COMMISSION DELEGATED REGULATION (EU) NO. 2016/301 OF 30 NOVEMBER 2015.

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

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

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

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

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

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

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

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 SECURITIES 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.

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

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

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

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

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

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1. DEFINITIONS

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

Act	the Companies Act (Cap. 386 of the Laws of Malta);
Bond Issue	the issue of the Bonds;
Bondholders	a holder of Bonds to be issued by the Issuer in terms of the Prospectus;
Bond(s)	a maximum of €40,000,000 unsecured bonds due 2028 of a face value of €100 per bond bearing interest at the rate of 3.85% per annum and redeemable at their nominal value, as detailed in the Securities Note;
Company or Issuer	Hili Finance Company p.l.c., a company registered under the laws of Malta with company registration number C 85692 and having its registered office at Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta;
Directors or Board	the directors of the Issuer whose names are set out under the heading “Directors” found in section 3.1 of this Registration Document;
EBIT	an abbreviation used for earnings before interest and tax;
EBITDA	an abbreviation used for earnings before interest, tax, depreciation and amortisation;
Euro or €	the lawful currency of the Republic of Malta;
Guarantee	the joint and several guarantee dated 4 July 2018 granted by the Guarantor as security for the punctual performance of all the obligations undertaken by the Issuer under the Bonds and, without prejudice to the generality of the foregoing, undertake to pay all amounts of principal and interest which may become due and payable by the Issuer to Bondholders under the Bonds, within 60 days from the date such amount falls due and remains unpaid by the Issuer. 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 II thereto;
Guarantor	Hili Ventures Limited, a company registered under the laws of Malta with company registration number C 57902 and having its registered office at Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta;
Hili Ventures or Group	the Guarantor (as ultimate parent company) and its direct and indirect Subsidiaries;
Hili Ventures Company	any one of the companies forming part of Hili Ventures. The term “ Hili Ventures Companies ” shall be construed accordingly;
Listing Authority	the Board of Governors of the Malta Financial Services Authority, appointed as the Listing Authority for the purposes of the Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta);
Listing Rules	the listing rules issued by the Listing Authority, as may be amended from time to time;
Malta Stock Exchange or MSE	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the Laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Memorandum and Articles of Association	the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus;
Prospectus	collectively, this Registration Document, the Securities Note and the Summary Note all dated 4 July 2018;
Registration Document	this document in its entirety;

Regulation

Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended 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; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of the prospectus and dissemination of advertisements;

Securities Note

the securities note issued by the Issuer dated 4 July 2018, forming part of the Prospectus;

Subsidiaries

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

Summary Note

the summary note issued by the Issuer dated 4 July 2018, forming part of the Prospectus.

Unless it appears otherwise from the context:

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

2. RISK FACTORS

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

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

THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

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

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

2.1 FORWARD-LOOKING STATEMENTS

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

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

Accordingly, the Issuer and Guarantor caution prospective investors that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied by such statements, that such statements do not bind the Issuer and Guarantor with respect to future results and no assurance is given that the projected future results or expectations covered by such forward-looking statements will be achieved. All forward-looking statements contained in the Prospectus are made only as at the date hereof. The Issuer, Guarantor and their respective directors expressly disclaim any obligations to update or revise any forward-looking statements contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

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

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

2.2 GENERAL

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

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

2.3 RISKS RELATING TO THE ISSUER AND ITS BUSINESS

Issuer's dependence on Hili Ventures and its business

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

Issuer's exposure to Hili Ventures

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

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

Risks inherent in forecasts

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

2.4 RISKS RELATING TO THE BUSINESS OF HILI VENTURES

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

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

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

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

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

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

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

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

Litigation risk

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

Hili Ventures' insurance policies

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

Risks relative to changes in laws

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

Hili Ventures' indebtedness could adversely affect its financial position

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

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

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

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

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

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

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

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

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

A portion of operating expenses are fixed

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

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

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

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

Risks of integration and operation of acquired businesses

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

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

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

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

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

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

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

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

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

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

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

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

Risks relating to property investments and operations

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

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

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

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

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

Growth strategy

Hili Ventures' growth plans envisage the continued optimisation of Hili Ventures' operations, with a business strategy that looks to enhance Hili Ventures' mainstream business locally and overseas. There is a risk that Hili Ventures may not be able to execute its long-term business strategy. There is no assurance that Hili Ventures will be able to drive growth to the extent desired through its focus

of efforts and resources on its sales or to enhance profitability to the extent desired through continuous improvement. Further, Hili Ventures' theoretical growth projections may, in practice, and potentially for reasons over which it has little or no control, be considerably slower or quicker than anticipated, in turn disrupting Hili Ventures' envisioned strategy and consequently the results of its operations.

2.5 RISKS RELATING TO THE GUARANTEE

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

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

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

3.1 DIRECTORS

3.1.1 DIRECTORS OF THE ISSUER

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

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

Karen Coppini (91185M) of 179, Triq il-Kbira, Mosta, Malta, is the company secretary of the Issuer.

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

The 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

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

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

Karen Coppini (91185M) of 179, Triq il-Kbira, Mosta, Malta, is the company secretary of the Guarantor.

3.2 ADVISORS

Legal Counsel

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

Sponsor

Name: Charts Investment Management Service Limited
Address: The Centre, Tigné Point,
Sliema TPO 0001 - MALTA

Manager & Registrar

Name: Bank of Valletta p.l.c.
Address: BOV Centre, Cannon Road,
Santa Venera SVR 9030 - MALTA

Financial Advisors

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

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

3.3 AUDITORS

Name: Deloitte Audit Limited
Address: Deloitte Place, Mriehel Bypass,
Mriehel BKR 3000 - MALTA

No audited financial statements of the Issuer have been prepared since its incorporation to the date of this Registration Document.

The annual statutory financial statements of the Guarantor for the financial years ended 31 December 2015, 2016 and 2017 were audited by Deloitte Audit Limited. Deloitte Audit Limited is a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act, 1979 (Cap. 281 of the laws of Malta).

4. INFORMATION ABOUT THE ISSUER AND GUARANTOR

4.1 THE ISSUER

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

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

4.2 THE GUARANTOR

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

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

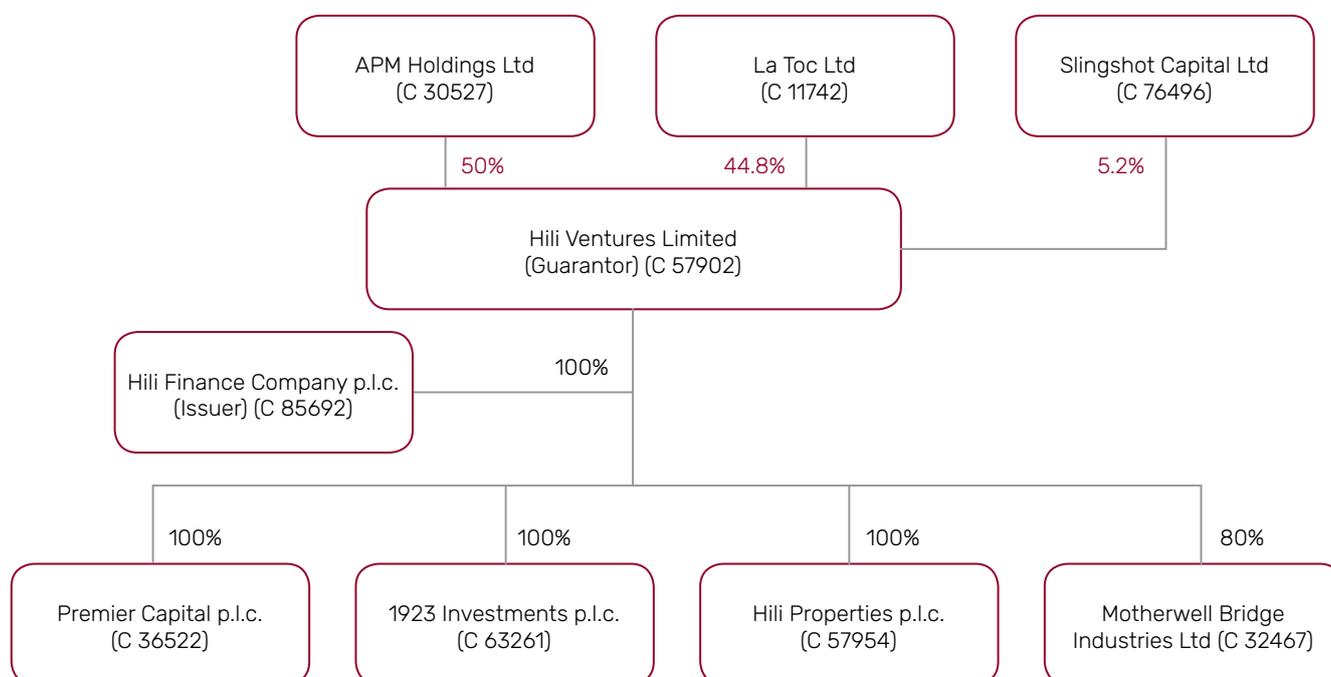
- **Premier Capital p.l.c.** is involved in the operations of McDonald's restaurants in Estonia, Greece, Latvia, Lithuania, Malta and Romania.
- **1923 Investments p.l.c. (formerly PTL Holdings p.l.c.)** is the investment operating division of Hili Ventures, other than the operation of McDonald's restaurants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

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

- **Hili Properties p.l.c.** is the parent company of the property division of Hili Ventures, and owns and manages a property portfolio comprising commercial and retail property in Europe.

- **Motherwell Bridge Industries Limited** (“Motherwell Bridge”) is primarily engaged in providing engineering services related to port equipment and crane assembly. Through the acquisition of Techniplus S.A. in 2016, Motherwell Bridge is now also involved in providing maintenance services of port equipment and crane assembly in Morocco and neighbouring countries.

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



The complete list of Hili Ventures Companies is included in the consolidated audited financial statements of the Guarantor for the year ended 31 December 2017. The said financial statements are available for inspection as indicated in section 16 below.

Subject to market conditions and necessary regulatory approvals, in the near term, the Guarantor intends to list the ordinary shares of 1923 Investments p.l.c. on the Official List of the Malta Stock Exchange and to offer up to 40% of its shareholding in the afore-mentioned company to the general public in Malta through an initial public offering. This proposed transaction by the Guarantor will not adversely impact the Issuer’s ability to service annual interest payments on the Bonds and to repay the outstanding Bonds upon maturity.

As at the date of this Registration Document, the ordinary shares of 1923 Investments p.l.c. are not listed on the Malta Stock Exchange and no application for such listing has been made.

4.3 OVERVIEW OF HILI VENTURES’ REVENUE SEGMENTS

The following information on Hili Ventures is extracted from the audited consolidated financial statements of the Guarantor for the years ended 31 December 2015 to 2017, which are available for inspection as indicated in section 16 below.

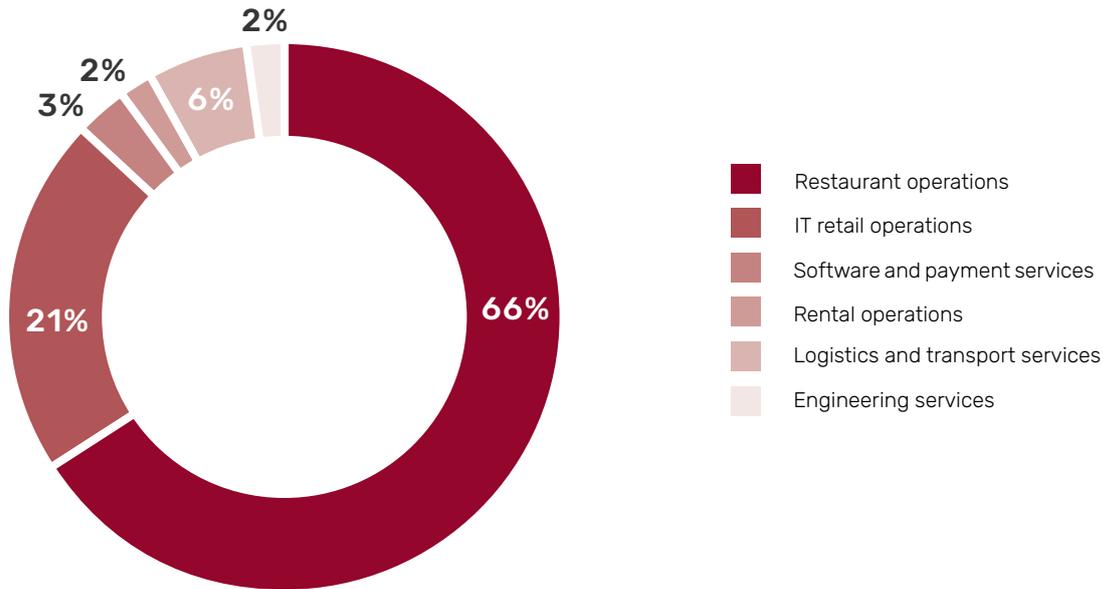
Hili Ventures Limited

Group Revenue by Activity

for the year ended 31 December

	2015	2016	2017
	€000	€000	€000
Restaurant operations	99,938	230,161	263,419
IT retail operations	115,600	76,215	83,974
Software and payment services	12,525	9,473	12,764
Rental operations	2,513	3,152	4,589
Logistics and transport services	17,161	15,522	22,907
Engineering services	4,715	6,716	8,835
Total revenue	252,452	341,239	396,488

HILI VENTURES GROUP REVENUE BY ACTIVITY (FY2017)



'Restaurant operations' revenue is generated by Premier Capital p.l.c. and comprises the operation of McDonald's restaurants in Estonia, Greece, Latvia, Lithuania, Malta and Romania. The McDonald's franchise for Malta was awarded in 1995 and that of the Baltic States in 2007. Four years later, in 2011, Premier Capital p.l.c. was awarded the developmental license for McDonald's in Greece and on 22 January 2016, Premier Capital p.l.c. acquired 90% shareholding in Premier Capital SRL, which indirectly operates the McDonald's restaurants in Romania. During the past 3 financial years, the average number of restaurants increased from 63 restaurants in FY2015 to 133 and 140 restaurants in FY2016 and FY2017 respectively, principally as a result of the acquisition in Romania. In FY2017, 'restaurant operations' revenue represented *circa* 66% of Hili Ventures' total revenue.

Revenue activities entitled 'IT retail operations', 'software and payment services' and 'logistics and transport services' relate to operations undertaken by 1923 Investments p.l.c. 'IT retail operations' primarily refers to the business operations of iSpot Holdings B.V. and its Subsidiaries ("iSpot"), and is principally engaged in retailing Apple products in Poland through 26 stores (2016: 25 stores) under the iSpot brand, together with a well-developed online proposition. As an Apple Premium Reseller and Apple Authorised Service Provider, iSpot outlets carry a full range of Apple products, including software and accessories, and through its trained staff also offer support and repair services to customers regardless of where they originally purchased the Apple product. In addition to Apple solutions, iSpot stores offer an extensive range of third-party products and software. iSpot also operates under the iCentre brand a store in Bucharest, Romania, and 4 stores in Hungary through a joint venture.

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

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

'Logistics and transport services' refers to the business of Hili Logistics Limited and its Subsidiaries in Malta and Poland ("Hili Logistics") and involves air, road, sea and rail freight forwarding, clearances and deliveries, customs brokerage, parcel services, warehousing, ship agency, ship-to-ship operations and project cargo. In the latter part of FY2016, Hili Logistics acquired Allcom Sp. z.o.o., an intermodal freight forwarding company and customs agency in Poland. The main sectors serviced by Allcom Sp. z.o.o. include the food, chemical and construction material industries. This acquisition enabled Hili Logistics to increase revenue by *circa* 48% from €15.5 million in FY2016 to €22.9 million in FY2017.

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

'Rental operations' revenue is generated by Hili Properties p.l.c. and its Subsidiaries ("Hili Properties"), which principally manages a property portfolio comprising commercial and retail property in Europe. The company relies on active asset management to maximise operating efficiency and profitability at the property level. In May 2017, Hili Properties acquired the ART Business Centre 7 situated in Bucharest, Romania (rentable area of *circa* 18,000m²), including the underlying land, for an aggregate consideration of €30,575,000. A number of disposals took place during FY2017, including the APCO Building in B'Kara, Malta, which provided the company with cash inflows of €625,000. As at 31

December 2017, the property portfolio of Hili Properties amounted to €104.0 million (31 December 2016: €98.4 million), of which, *circa* 65% and 35% of such property value is rented to third parties and intra-Group tenants respectively.

'Engineering services' revenue is derived from the operations of Motherwell Bridge Industries Limited and its Subsidiaries ("Motherwell Bridge"). Operating from a *circa* 15,000m² property in Hal Far Industrial Park, Malta, Motherwell Bridge principally provides customised engineering services and maintenance of port handling equipment and crane assembly. In FY2016, Motherwell Bridge acquired Techniplus S.A., a company engaged in the provision of maintenance services of port equipment and crane assembly in Morocco and neighbouring countries.

5. OPERATING AND KEY FINANCIAL REVIEW

5.1 THE ISSUER

The Issuer was registered and incorporated on 6 April 2018 as a special purpose vehicle to act as a finance and investment company for the Guarantor and Hili Ventures. The Issuer has, to date, not conducted any business, and has no trading record. As such, there were no significant changes to the financial or trading position of the Issuer since incorporation to the date of this Registration Document.

5.2 THE GUARANTOR

The financial information included hereinafter is extracted from the audited consolidated financial statements of the Guarantor for the financial years ended 31 December 2015 to 2017.

The tables and discussion included in this section 5.2 contain certain alternative performance measures (as defined by the European Securities and Markets Authority (ESMA)), including EBITDA, that Hili Ventures' management and other competitors in the industry use. These non-IFRS financial measures are presented as supplemental information as (i) they represent measures that the Directors believe may be relevant for certain investors, securities analysts and other parties in assessing Hili Ventures' operating and financial performance and may contribute to a fuller understanding of Hili Ventures' cash generation capacity and the growth of the combined business; and (ii) they may be used by Hili Ventures' management as a basis for strategic planning and forecasting.

Hili Ventures Limited			
Consolidated Statement of Comprehensive Income			
for the year ended 31 December	2015	2016	2017
	€000	€000	€000
Revenue	252,452	341,239	396,488
Cost of sales	(214,901)	(275,404)	(320,344)
Gross profit	37,551	65,835	76,144
Net operating expenses	(18,912)	(29,148)	(36,606)
EBITDA¹	18,639	36,687	39,538
Depreciation and amortisation	(8,589)	(14,120)	(14,148)
Net investment income/(loss)	1,424	1,585	(3,928)
Net finance costs	(6,953)	(11,080)	(12,102)
Profit before tax	4,521	13,072	9,360
Taxation	(738)	(7,984)	(2,461)
Profit for the year (continuing operations)	3,783	5,088	6,899
Loss from discontinued operations	(433)	(233)	(5)
Profit for the year	3,350	4,855	6,894
Other comprehensive income			
Movement on available-for-sale investments	250	39	(361)
Exchange differences - foreign operations	-	(1,402)	1,313
Gain on revaluation of assets	-	45	3,127
Total comprehensive income	3,600	3,537	10,973

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

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

	2015	2016	2017
	€000	€000	€000
ASSETS			
Non-current assets			
Goodwill and other intangibles	90,327	108,265	104,545
Property, plant and equipment	100,035	148,019	185,750
Investments and financial assets	3,694	2,207	2,199
Deposit on acquisition of investments	12,500	12,500	24,500
Loans and receivables	3,408	10,388	10,897
Deferred tax asset and restricted cash	3,934	2,223	2,606
	213,898	283,602	330,497
Current assets			
Inventory	12,184	14,376	17,845
Trade and other receivables	16,713	22,040	22,469
Other assets	8,387	10,370	10,109
Cash and cash equivalents	8,829	71,851	27,284
	46,113	118,637	77,707
Total assets	260,011	402,239	408,204
EQUITY			
Equity and reserves	70,074	72,768	82,870
LIABILITIES			
Non-current liabilities			
Borrowings and bonds	129,588	195,741	225,888
Other non-current liabilities	8,562	9,226	8,489
	138,150	204,967	234,377
Current liabilities			
Bank overdrafts	2,414	4,307	3,577
Borrowings	10,379	57,553	26,465
Other current liabilities	38,994	62,644	60,915
	51,787	124,504	90,957
	189,937	329,471	325,334
Total equity and liabilities	260,011	402,239	408,204

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

	2015	2016	2017
	€000	€000	€000
Net cash from operating activities	7,852	27,835	10,875
Net cash from investing activities	(48,695)	(71,351)	(56,813)
Net cash from financing activities	36,390	105,007	2,582
Net movement in cash and cash equivalents	(4,453)	61,491	(43,356)
Cash and cash equivalents at beginning of year	10,868	6,415	67,544
Effect of movements in exchange	-	(362)	(481)
Cash and cash equivalents at end of year	6,415	67,544	23,707

Revenue generated by Hili Ventures in **2015** amounted to €252.4 million, of which, *circa* 85% represented 'restaurant operations' revenue (being income derived from the operation of McDonald's restaurants through Premier Capital) and 'IT retail operations' revenue (primarily being income from retailing Apple products under the iSpot brand). EBITDA for the year under review amounted to €18.6 million, and as expected, the two principal contributors were Premier Capital and iSpot. After deducting depreciation and amortisation (€8.6 million) and net finance costs (€7.0 million), and adding net investment income amounting to €1.4 million, Hili Ventures registered a profit before tax of €4.5 million. Total comprehensive income for FY2015 amounted to €3.6 million.

Hili Ventures reported a turnover of €341.2 million in **2016** (FY2015: €252.4 million), representing an increase of 35% over the prior year. Further analysis shows that 'restaurant operations' revenue increased by €130.2 million (+130%) from €99.9 million in FY2015 to €230.2 million in FY2016, mainly as a consequence of the acquisition in January 2016 of the business operating 67 McDonald's restaurants in Romania. As at year end, Premier Capital operated a total of 133 restaurants (FY2015: 63 outlets).

In contrast, 'IT retail operations' revenue decreased y-o-y by €39.4 million to €76.2 million (-34%), principally due to the cessation of B2B operations at iSpot. Moreover, 'software and payment services' and 'logistics and transport services' registered an aggregate revenue decline of €4.7 million (-16%), from €29.7 million in 2015 to €25.0 million in 2016.

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

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

- (i) revenue derived from 'restaurant operations' increased by €33.3 million (+14%) to €263.4 million, principally due to an increase in restaurants from 133 outlets in 2016 to 140 in 2017 and growth in revenue per restaurant;
- (ii) turnover from 'IT retail operations' increased by €7.8 million (+10%) to €84.0 million in FY2017, wherein iSpot relocated 2 stores and opened 1 new store;
- (iii) an increase of 35% or €3.3 million was registered in 'software and payment services', particularly due to significant growth in new APCOPAY clients (payment gateway solutions);
- (iv) income from 'rental operations' increased from €3.2 million in FY2016 to €4.6 million, on account of a newly acquired property in Romania in Q2 2017, which property is fully leased;
- (v) turnover from 'logistics and transport services' increased from €15.5 million in FY2016 to €22.9 million, mainly reflecting a full year's income generated from Allcom Sp. z.o.o. which was acquired in the latter part of FY2016;
- (vi) income generated from 'engineering services' increased by 32% y-o-y to €8.8 million, primarily as a result of the acquisition of Techniplus S.A., a company with operations in Morocco and neighbouring countries involved in maintenance and servicing of port cargo handling equipment.

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

Non-current assets in the statement of financial position as at 31 December 2017 amounted to €330.5 million (2016: €283.6 million). Notable items include: (i) goodwill and other intangibles amounting to €104.5 million (2016: €108.3 million), which principally relate to goodwill on acquisitions of going concerns, support services license, acquired rights, franchise fees for restaurant operations, patents and trademarks for Apple products and computer software licenses; and (ii) property, plant and equipment amounting to €185.8 million (2016: €148.0 million), which comprises improvements to leased properties, equipment and properties owned by Hili Properties p.l.c.

Current assets as at 31 December 2017 amounted to €77.7 million (2016: €118.6 million) and primarily include inventory, trade receivables, other assets and cash balances. Current liabilities amounted to €91.0 million (2016: €124.5 million), made up of borrowings as to €30.0 million (2016: €61.9 million) and other liabilities of €60.9 million (2016: €62.6 million). Hili Ventures' liquidity ratio (which is measured by dividing current

assets by current liabilities and indicates a company's ability to pay its current liabilities from its current assets), as at 31 December 2017, stood at 0.85 times (2016: 0.95 times).

Non-current liabilities at year end amounted to €234.3 million (2016: €205.0 million) and mainly comprised borrowings and bonds. The equity value of Hili Ventures as at 31 December 2017 totalled €82.9 million (2016: €72.8 million).

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

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

6. PRINCIPAL INVESTMENTS

In November 2017, Transport Malta issued a call for tenders for the operation and management of the Gzira Gardens Yacht Marina. The 25-year concession will cover 25,000m², including a capitanerie in the garden and stern-to berthing along the quay. The concession envisages a two year period during which the operator will upgrade the area and install pontoons, after which fees can be raised according to a schedule set at the operator's discretion. Out of 14 entities that submitted bids in January 2018, Hili Ventures' bid was the highest at €15.4 million. Should the above-mentioned proposition be awarded to Hili Ventures, project specific funding will be raised to finance both the acquisition of the 25-year concession and capital investment to complete the said project.

Save for the above, Hili Ventures is not party to any principal future investments, and has not entered into or committed for any such investments. However, a budget for capital expenditure has been allocated for the opening of new McDonald's restaurants and remodelling/upgrading of existing restaurants. Such expenditure for FY2018 is projected to amount to *circa* €27.3 million, and will be financed from internally generated funds.

7. BUSINESS DEVELOPMENT STRATEGY AND TREND INFORMATION

The Issuer was registered and incorporated on 6 April 2018 and as such has no financial information to report. Accordingly, it is not in a position to assert whether there has been a material adverse change since the date of publication of its latest audited financial statements.

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

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

7.1 THE GUARANTOR

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

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

- **Management strategy** involves the proactive financial and operational management of the businesses owned by Hili Ventures, so as to achieve positive operational results, distribute dividends to the Guarantor on a regular basis and increase shareholder value. The Guarantor monitors and supports Hili Ventures Companies by, *inter alia*:
 - assisting in the recruitment and retention of talented senior executives to operate the businesses owned by the Guarantor;
 - regularly monitoring financial and operational performance of Hili Ventures Companies to effectively ensure that set goals and organic growth strategies are achieved;

- assisting Hili Ventures Companies in controlling and right-sizing overhead costs; and
 - forming strong subsidiary level boards of directors to support executive management in their development and implementation of strategic goals and objectives.
- **Acquisition strategy** involves the acquisition of businesses that are expected to produce positive earnings and cash flow, and have high growth potential. In this respect, the Guarantor may acquire companies operating in sectors other than those in which Hili Ventures currently operates if the directors believe an acquisition target presents an attractive opportunity.

7.2 PREMIER CAPITAL P.L.C.

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

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

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

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

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

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

7.3 1923 INVESTMENTS P.L.C.

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

7.3.1 THE BUSINESS OF ISPOT

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

iSpot is highly dependent on Apple to continuously introduce new and improved products and services ahead of competitors so as to maintain

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

7.3.2 THE BUSINESS OF HARVEST

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

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

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

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

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

7.3.3 THE BUSINESS OF HILI LOGISTICS

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

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

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

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

7.4 HILI PROPERTIES P.L.C.

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

With respect to the remaining portfolio, Hili Properties' strategy is to create a property portfolio consisting primarily of attractively-located,

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

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

7.5 MOTHERWELL BRIDGE INDUSTRIES LTD

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

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

8. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

8.1 THE ISSUER

8.1.1 EXECUTIVE AND NON-EXECUTIVE DIRECTORS

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

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

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

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

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

None of the Directors have been:

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

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

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

Carmelo sive Melo Hili is Non-Executive Chairman of the Issuer and the Chief Executive Officer of the Guarantor. He joined the family business in 1988 and was appointed managing director of Motherwell Bridge, then a joint venture with Motherwell Bridge Group of Scotland. Mr Hili later also headed the company's Italian operation and was a board member of Motherwell Bridge Bhicam in the Bahamas. He was named developmental licensee for McDonald's in Malta in 2005, for Estonia, Latvia and Lithuania in 2007, for Greece in 2011 and for Romania in 2016. Mr Hili is also chairman of Premier Capital p.l.c., Hili Properties p.l.c. and Motherwell Bridge Industries Ltd.

Geoffrey Camilleri is a certified public accountant. After obtaining an Honours degree in Accountancy from the University of Malta, he joined the Assurance and Business Advisory division of PricewaterhouseCoopers in Malta. He then moved into industry and joined Malta's Middlesea Insurance Group, and later Gasan Group. He joined Hili Ventures Ltd in 2014 and was appointed Chief Financial Officer of the Guarantor in January 2016. Mr Camilleri is also director of Hili Properties p.l.c., 1923 Investments p.l.c. and Motherwell Bridge Industries.

Dorian Desira is a Non-Executive Director of the Issuer. He started out at Hili Ventures in 1997 as an accounts clerk and later was appointed financial controller at Hili Ventures' IT arm and Motherwell Bridge Services. In 2008, Mr Desira graduated as an accountant and a year later, he joined Premier Restaurants Malta as Finance Manager. On takeover of the Greek McDonald's operation in 2011, Mr Desira moved to Greece to support the new addition to Premier Capital p.l.c. He returned to Malta as General Manager overseeing the McDonald's operation of nine restaurants. In May 2014, Mr Desira was appointed Chief Finance Officer of Premier Capital p.l.c. Mr Desira is a director of various entities within Premier Capital p.l.c. and of Carmelo Caruana Company Ltd. He holds a CPA warrant and is a fellow member of the Malta Institute of Accountants and the Association of Chartered Certified Accountants.

Jacqueline Camilleri is a Certified Public Accountant, a graduate of the University of Malta with a B.A (Hons) degree in Accountancy and is a Fellow Member of the Institute of Accountants. She holds a Masters in Business Administration from Heriot-Watt University of Edinburgh Business School. Ms Camilleri has held various positions within the AX Holdings Group of Companies between 1990 and 1998, including those of Financial Controller AX Construction and Finance and Administration Manager of Capua Palace Hospital. In 1998, Ms Camilleri joined the Foundation for Medical Services (FMS) as one of the team members responsible for the opening of Mater Dei Hospital. Ms Camilleri also has work experience in the United Kingdom where she joined the National Health Service and served as Directorate Management Accountant at Stock Mandeville Hospital. Ms Camilleri provided financial consultancy services to the private and national health sector, including her role as Head of Financial Monitoring and Control Unit (FMCU) within the Ministry for Health, Elderly and Community Care. She has also worked on various consulting assignments, privatisation processes, strategic reviews and business evaluations during her time at MIMCOL. In the last quarter of 2010, she re-joined the Ministry for Health, Elderly and Community Care as Director General Finance and Administration. In 2014, Ms Camilleri was appointed Chief Executive Officer at Hilltop Gardens, a subsidiary of AX Holdings Group of Companies, where she took over the management and development of the Retirement Village in its entirety. Ms Camilleri now provides business advisory services with particular focus on start-ups and clients undergoing restructuring. Ms Camilleri served as a Board Member of the Foundation for Medical Services between 2005 and 2010. She also served as Vice Chairman of the Malta International Airport between 2008 and 2013. Ms Camilleri also lectured at the Institute of Healthcare (IHC) of the University of Malta between 2008 and 2011.

Mario Vella joined Barclays Bank in Malta in 1969 and has occupied several positions within the bank concluding his career with HSBC in 2013 in the role of Head of Corporate Banking in which position he was responsible for the major share of the Bank's lending portfolio and its largest corporate customers. He has been involved in driving through major changes in banking strategies especially on Mid-Med Bank's take-over by HSBC. Over the years, Mr Vella has arranged finance for a significant number of high profile projects, including via a mix of bank / syndicated lending and capital markets. In 2013, after 43 years in banking, Mr Vella moved to KPMG as Director, Deal Advisory in which role he has served as consultant to several company boards and assisted in raising finance for new ventures while helping other clients refinance their borrowing facilities. He retired from KPMG in August 2017, but continues to provide consultancy services to various businesses. Moreover, Mr Vella is a Non-Executive Director of Agriholdings plc (C 57008) and AgriBank plc (C 57067).

8.1.2 DIRECTORS' SERVICE CONTRACTS

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

8.1.3 AGGREGATE EMOLUMENTS OF DIRECTORS

Since the date of incorporation of the Issuer in April 2018, no emoluments were paid to its Directors. In terms of the Memorandum and Articles of Association of the Issuer, the aggregate emoluments of all Directors in any one financial year, and any increases thereto, shall be such amount as may from time to time be determined by the Issuer in General Meeting, and any notice convening the General Meeting during which an increase in the maximum limit of such aggregate emoluments shall be proposed, shall contain a reference to such fact. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Issuer or in connection with the business of the Issuer.

8.1.4 LOANS TO DIRECTORS

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

8.1.5 REMOVAL OF DIRECTORS

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

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

8.1.6 POWERS OF DIRECTORS

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

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

8.1.7 EMPLOYEES

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

8.2 THE GUARANTOR

8.2.1 DIRECTORS

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

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

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

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

Richard Abdilla Castillo is a certified public accountant and is a director of the Guarantor and the Chief Executive Officer of 1923 Investments p.l.c. He joined the organisation in 1989 as a financial controller and has since been extensively involved in the growth of Hili Ventures' Companies, also sitting on the board of a number of Hili Ventures Companies. Since 1 January 2016, he has held the post of Director (Transactions & Major Projects) of Hili Ventures, responsible for mergers and acquisitions, major transactions and banking matters. Mr Abdilla Castillo previously occupied senior roles at KPMG Malta, formerly Joe Tabone and Co., within the firm's consultancy division. He was responsible for several companies in diverse industries, based in Malta and abroad.

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

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

8.2.2 DIRECTORS' SERVICE CONTRACTS

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

8.2.3 AGGREGATE EMOLUMENTS OF DIRECTORS

For the financial year ended 31 December 2017, director emoluments amounted to €197,488 (2016: €377,115).

8.2.4 LOANS TO DIRECTORS

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

8.2.5 REMOVAL OF DIRECTORS

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

8.2.6 POWERS OF DIRECTORS

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

8.2.7 EMPLOYEES

As at 31 December 2017, the average number of persons employed with Hili Ventures amounted to 7,003 (2016: 6,727 employees).

8.2.8 BOARDS OF SUBSIDIARY COMPANIES

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

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

8.3 WORKING CAPITAL

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

8.4 CONFLICT OF INTEREST

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

Richard Abdilla Castillo and Victor Tedesco are directors of the Guarantor, besides being directors and officers of other companies forming part of Hili Ventures.

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

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

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

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

9. AUDIT COMMITTEE PRACTICES

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

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

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

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

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

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

10. COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

10.1 THE ISSUER

Prior to the present Bond Issue, the Issuer 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 Bond Issue and in accordance with the terms of the Listing Rules, the Issuer is required to comply with the provisions of the Code. The Issuer declares its full support of the Code and undertakes to fully comply with the Code to the extent that this is considered complementary to the size, nature and operations of the Issuer.

The Issuer supports the Code and is confident that the application thereof shall result in positive effects accruing to the Issuer.

Going forward, in view of the reporting structure adopted by the Code, the Issuer shall, on an annual basis in its annual report, detail the level of the Issuer's compliance with the principles of the Code, explaining the reasons for non-compliance, if any.

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

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

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

(ii) Principle 8 “Committees”

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

10.2 THE GUARANTOR

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

11. HISTORICAL FINANCIAL INFORMATION

As indicated in section 3.4 of this Registration Document, there is no historical financial information pertaining to the Issuer.

The historical financial information relating to the Guarantor for the three financial years ended 31 December 2015 to 2017, as audited by Deloitte Audit Limited, are set out in the consolidated financial statements of the Guarantor, which are available for inspection as set out in section 16 below. There have been no significant changes to the financial or trading position of the Guarantor since the end of the financial period to which the last audited financial statements relate.

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

12. LITIGATION

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

13. ADDITIONAL INFORMATION

13.1 SHARE CAPITAL OF THE ISSUER

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

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

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

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

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

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

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

13.2 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE ISSUER

13.2.1 OBJECTS

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

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

A copy of the Memorandum and Articles of Association of the Issuer may be inspected during the lifetime of this Registration Document at the registered office of the Issuer as set out in section 16 below and at the Registry of Companies.

13.2.2 APPOINTMENT OF DIRECTORS

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

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

13.2.3 POWERS OF DIRECTORS

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

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

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

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

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

13.3 SHARE CAPITAL OF THE GUARANTOR

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

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

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

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

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

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

13.4 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE GUARANTOR

13.4.1 OBJECTS

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

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

A copy of the memorandum and articles of association of the Guarantor may be inspected during the lifetime of this Registration Document at the registered office of the Issuer as set out in section 16 below and at the Registry of Companies.

13.4.2 APPOINTMENT OF DIRECTORS

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

13.4.3 POWERS OF DIRECTORS

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

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

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

14. MATERIAL CONTRACTS

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

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

Save for 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 financial analysis summary dated 4 July 2018 has been included in the form and context in which it appears with the authorisation of Charts Investment Management Service Limited of The Centre, Tigné Point, Sliema TPO 0001, Malta, that has given and has not withdrawn its consent to the inclusion of its report herein. Charts Investment Management Service Limited does not have any beneficial interest in the Issuer or the Guarantor. The Issuer confirms that the financial analysis summary has 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.

16. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) Memorandum and Articles of Association of the Issuer and the Guarantor;
- (b) Audited consolidated financial statements of the Guarantor for the financial years ended 31 December 2015 to 2017;
- (c) Financial analysis summary dated 4 July 2018 and prepared by Charts Investment Management Service Limited;
- (d) Directors' service contracts;
- (e) The Guarantee; and
- (f) The letter of confirmation drawn up by Deloitte Services Limited and dated 4 July 2018.

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

SECURITIES NOTE

dated 4 July 2018

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 the 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, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015. This Securities Note is issued pursuant to the requirements of Listing Rule 4.14 of the Listing Rules and contains information about the Bonds being issued by Hili Finance Company p.l.c. The Listing Authority has approved the admission to listing of the Bonds on the Official List of the Malta Stock Exchange. Application has been made to the Malta Stock Exchange for the admission to listing and trading of the Bonds on its Official List. This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Issuer.

In respect of an issue of:

€40,000,000 3.85% Unsecured Bonds 2028

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

HILI FINANCE COMPANY P.L.C.

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

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

ISIN:- MT0001891200

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

Sponsor	Legal Counsel	Manager & Registrar
 <small>WEALTH MANAGEMENT • CORPORATE BROKING</small>	 <small>ADVOCATES</small>	 <small>Bank of Valletta</small>
APPROVED BY THE DIRECTORS		
		
Carmelo sive Melo Hili	Geoffrey Camilleri	Dorian Desira
		
Jacqueline Camilleri	Mario Vella	

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

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

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

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IMPORTANT INFORMATION

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY HILI FINANCE COMPANY PLC (THE "ISSUER") OF €40,000,000 UNSECURED BONDS 2028 OF A NOMINAL VALUE OF €100 PER BOND ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 3.85% PER ANNUM PAYABLE ANNUALLY ON 24 JULY OF EACH YEAR UNTIL THE REDEMPTION DATE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON THE REDEMPTION DATE UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION (THE "BONDS"). THE BOND ISSUE IS GUARANTEED BY HILI VENTURES LIMITED.

THIS SECURITIES NOTE:

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

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

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

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

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

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

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

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

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

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

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

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

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

1 DEFINITIONS

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

Act	the Companies Act (Cap. 386 of the Laws of Malta);
Applicant/s	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
Application/s	the application/s to subscribe for Bonds made by an Applicant/s by completing an Application Form/s and delivering same to any of the Authorised Financial Intermediaries;
Application Form	the form of application of subscription for Bonds, a specimen of which is contained in Annex I of this Securities Note;
Authorised Financial Intermediaries	the financial intermediaries whose details appear in section 7.4 of this Securities Note;
Bond/s	the €40,000,000 unsecured bonds of a nominal value of €100 per bond payable in full upon subscription and redeemable at their nominal value on the Redemption Date, bearing interest at the rate of 3.85% per annum;
Bond Issue	the issue of the Bonds;
Bond Issue Price	the price of €100 per Bond;
Bondholder	a holder of Bonds;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
Company or Issuer	Hili Finance Company p.l.c., a company registered under the laws of Malta with company registration number C 85692 and having its registered office at Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta;
CSD	the Central Securities Depository of the Malta Stock Exchange having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;
Euro or €	the lawful currency of the Republic of Malta;
Exchange, Malta Stock Exchange or MSE	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the Laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta, and bearing company registration number C 42525;
Guarantee	the joint and several guarantee dated 4 July 2018 granted by the Guarantor as security for the punctual performance of the Issuer's payment obligations under the Bond Issue. A copy of the Guarantee and a description of the nature, scope and terms of the Guarantee are appended to the Securities Note as Annex II thereto;
Guarantor	Hili Ventures Limited, a company registered under the laws of Malta with company registration number C 57902 and having its registered office at Nineteen Twenty Three, Valletta Road, Marsa MRS 3000, Malta;
Hili Ventures or Group	the Guarantor (as ultimate parent company) and its direct and indirect subsidiary companies;
Interest Payment Date	24 July of each year between and including each of the years 2019 and the year 2028, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
Issue Date	expected on 31 July 2018;
Listing Authority	the Board of Governors of the Malta Financial Services Authority, appointed as the Listing Authority for the purposes of the Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta);
Listing Rules	the listing rules issued by the Listing Authority, as may be amended from time to time;
Manager and Registrar	Bank of Valletta p.l.c., a company registered under the Laws of Malta with company registration number C 2833 and having its registered office at 58, Zachary Street, Valletta VLT 1130, Malta;

MiFIR	Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments;
Offer Period	the period between 10 July 2018 to 17 July 2018 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;
Prospectus	collectively the Summary Note, Registration Document and this Securities Note (each as defined in this Securities Note);
Redemption Date	24 July 2028;
Redemption Value	the nominal value of each Bond (€100 per Bond);
Registration Document	the registration document issued by the Issuer dated 4 July 2018, 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; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of the prospectus and dissemination of advertisements;
Securities Note	this document in its entirety;
Sponsor	Charts Investment Management Service Limited, an authorised financial intermediary licensed by the Malta Financial Services Authority and a member of the MSE and a private limited liability company duly registered and validly existing under the Laws of Malta, with company registration number C 7944 and having its registered office at The Centre, Tigné Point, Sliema TPO 0001, Malta;
Summary Note	the summary note issued by the Issuer dated 4 July 2018, forming part of the Prospectus;
Terms and Conditions	the terms and conditions of issue of the Bonds set out in this Securities Note.

All references in the Prospectus to “Malta” are to the “Republic of Malta”.

Unless it appears otherwise from the context:

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

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

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

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

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

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

2.1 FORWARD LOOKING STATEMENTS

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

2.2 SUITABILITY OF INVESTMENT

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

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

2.3 RISKS RELATING TO THE BONDS

Orderly and Liquid Market

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

Interest Rate Risk

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

Currency Risk

Any investor whose currency of reference is not the Euro shall bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder’s currency of reference.

Changes in Circumstances

No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time. If such changes take place they could have an adverse effect on the market price for the Bonds.

Continuing Compliance Obligations

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

Changes in Law

The Terms and Conditions of this Bond Issue are based on the requirements of the Listing Rules of the Listing Authority, the Companies Act and the Commission Regulation EC No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of the Prospectus.

Changes to Terms and Conditions

In the event that the Issuer wishes to amend any of the Terms and Conditions of this Bond Issue it shall call a meeting of Bondholders in accordance with the provisions of section 5.13 of this Securities Note. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

2.4 RISKS RELATING TO RANKING

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

2.5 RISKS RELATING TO THE GUARANTEE

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

3 PERSONS RESPONSIBLE

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

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

4 ESSENTIAL INFORMATION

4.1 REASONS FOR THE ISSUE AND USE OF PROCEEDS

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €39,400,000, will be on-lent to the Guarantor by the Issuer pursuant to a loan agreement between the Issuer and the Guarantor and shall be utilised for the following purposes, in the amounts and order of priority set out below:

- i. an amount of *circa* €16,500,000 of the net proceeds from the Bonds will be used to re-finance outstanding banking facilities as follows: (a) Hili Properties p.l.c. will re-finance *circa* €6,000,000 of bank loans which were originally utilised to finance acquisition of investment property; (b) 1923 Investments p.l.c. will apply *circa* €6,500,000 to repay in full a bank loan which was originally used to part-finance the acquisition of the Apple business in Poland; and (c) the remaining balance of €4,000,000 will be used by 1923 Investment p.l.c. to re-finance the outstanding loan initially sanctioned for the acquisition of the logistics operation in Poland;
- ii. the amount of *circa* €13,800,000 will be used to re-finance an outstanding balance with APM Holdings Limited (a major shareholder of Hili Ventures). This balance was initially applied for the purpose of part-financing the acquisition consideration of investments by Premier Capital p.l.c. in Romania (€10,800,000) and Hili Properties p.l.c. in Latvia (€3,000,000);
- iii. an amount of *circa* €9,100,000 will be applied to fund forthcoming capital expenditure of Hili Ventures as follows: (a) *circa* €4,000,000 will be allocated to Hili Properties p.l.c. to part-finance acquisitions and development of investment property in the Baltics and Romania; (b) *circa* €3,400,000 will be utilised by 1923 Investments p.l.c. primarily to fund the expansion of the Apple retail operation in Romania and to implement a stronger enterprise resource planning (ERP) system to enhance the efficiency and effectiveness of its operations; and (c) *circa* €1,700,000 will be used by the Guarantor to fund residual group-wide investment opportunities.

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

4.2 EXPENSES

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

4.3 ISSUE STATISTICS

Amount:	€40,000,000;
Form:	The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
Denomination:	Euro (€);
ISIN:	MT0001891200;
Minimum amount per subscription:	Minimum of €2,000 and multiples of €100 thereafter;
Redemption Date:	24 July 2028;
Redemption Value:	At par (€100 per Bond);
Plan of Distribution:	The Bonds are open for subscription by all categories of investors including the general public;
Bond Issue Price:	At par (€100 per Bond);
Status of the Bonds:	The Bonds, as and when issued and allotted, shall constitute the general, direct, unsecured and unconditional obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantor jointly and severally. The Bonds shall at all times rank <i>pari passu</i> without any priority or preference among themselves and, in respect of the Guarantor, they shall rank without any priority or preference over all its unsecured indebtedness, if any;
Listing:	The Listing Authority has approved the Bonds for admissibility to listing on the Official List of the Malta Stock Exchange. Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List;

Placement Agreement:	The Issuer has reserved the full amount of the Bond Issue for subscription by Authorised Financial Intermediaries through placement agreements which shall be submitted by Authorised Financial Intermediaries by latest 12:00 hours on 17 July 2018 as further detailed in section 7.4 of this Securities Note;
Placement Date:	17 July 2018
Offer Period:	08:30 hours on 10 July 2018 to 12:00 hours on 17 July 2018;
Interest:	3.85% per annum;
Interest Payment Date/s:	Annually on 24 July as from 24 July 2019 (the first interest payment date);
Governing Law of Bonds:	The Bonds are governed by and shall be construed in accordance with Maltese law;
Jurisdiction:	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Prospectus and/or the Bonds.

4.4 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Jesmond Mizzi, a member of the board of directors of the Guarantor, is also a director of Jesmond Mizzi Financial Advisors Limited, which is included as an Authorised Financial Intermediary in section 7.4 of this Securities Note. In light of his appointment to the board of directors of the Guarantor, Jesmond Mizzi will not personally provide any investment advice on the Bonds to the clients of the aforesaid investment firm.

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

4.5 CONSENT FOR USE OF PROSPECTUS

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

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

- i. in respect of Bonds subscribed for through Authorised Financial Intermediaries 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.

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

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

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

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

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

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

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

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

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

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

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

5.1 GENERAL

5.1.1 Each Bond forms part of a duly authorised issue of 3.85% Unsecured Bonds 2028 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €40,000,000 (except as otherwise provided under section 5.12 "Further Issues"). The Issue Date of the Bonds is expected on 31 July 2018.

5.1.2 The currency of the Bonds is Euro (€).

5.1.3 Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned ISIN MT0001891200.

5.1.4 Unless previously purchased and cancelled, the Bonds shall be redeemable at par on the Redemption Date.

5.1.5 The issue of the Bonds is made in accordance with the requirements of the Listing Rules, the Act, and the Regulation.

5.1.6 The Bond Issue is not underwritten.

5.1.7 There are no special rights attached to the Bonds other than the right of the Bondholders to the payment of capital and interest and in accordance with the ranking specified in section 5.2 hereunder.

5.2 RANKING OF THE BONDS

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

The following table sets out a summary of the Group's indebtedness as at 31 December 2017, and includes bank loan and overdraft facilities, debt securities and other financial liabilities. The bank borrowings listed below are secured by privileges and hypothecs, and therefore the indebtedness being created by the Bonds, together with other unsecured debt, ranks after all these bank borrowings. In addition, the Bonds would also rank after any future debts which may be secured by a cause of preference such as a privilege and/or a hypothec.

**Hili Ventures Limited
Consolidated Group Borrowings
as at 31 December 2017**

	€000
Bank loans	90,760
Bank overdrafts	3,577
Other financial liabilities	25,591
Debt securities	136,002
Total borrowings	<u>255,930</u>

5.3 RIGHTS ATTACHING TO THE BONDS

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

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

5.4 INTEREST

The Bonds shall bear interest from and including 24 July 2018 at the rate of 3.85% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 24 July 2019 (covering the period 24 July 2018 to 23 July 2019). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. In terms of article 2156 of the Civil Code (Cap. 16 of the Laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five years.

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

5.5 YIELD

The gross yield calculated on the basis of the interest, the Bond Issue Price and the Redemption Value of the Bonds is 3.85% per annum.

5.6 REGISTRATION, FORM, DENOMINATION AND TITLE

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

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.

Upon submission of an Application Form, Bondholders who opt to subscribe for the online e-portfolio account with the CSD, by marking the appropriate box on the Application Form, will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-portfolio is found on the afore-mentioned website.

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

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

5.7 NEGATIVE PLEDGE

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

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

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

“Permitted Security Interest” means:

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

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

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

5.8 PAYMENTS

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

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

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

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

No commissions or expenses shall be charged by the Issuer to Bondholders in respect of such payments. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

5.9 REDEMPTION AND PURCHASE

Unless previously re-purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 24 July 2028. In such a case, the Issuer shall be discharged of any and all payment obligations under the Bonds upon payment made net of any withholding or other taxes due or which may be due under Maltese law and which is payable by the Bondholders.

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

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

5.10 EVENTS OF DEFAULT

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

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

5.11 TRANSFERABILITY OF THE BONDS

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

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

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

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

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

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

5.12 FURTHER ISSUES

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

5.13 MEETINGS OF BONDHOLDERS

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

A meeting of Bondholders shall be called by the Directors by giving all Bondholders listed on the register of Bondholders as at a date being not more than 30 days preceding the date scheduled for the meeting, not less than 14 days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this section 5.13 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

The amendment or waiver of any of the 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.

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

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

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

The voting process shall be managed by the company secretary of the Issuer under the supervision and scrutiny of the auditors of the Issuer.

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

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

5.14 AUTHORISATIONS AND APPROVALS

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a Board of Directors' resolution passed on 1 June 2018. The Guarantee being given by the Guarantor in respect of the Bonds has been authorised by a resolution of the board of directors of the Guarantor dated 1 June 2018.

5.15 REPRESENTATIONS AND WARRANTIES

The Issuer represents and warrants to Bondholders, who shall be entitled to rely on such representations and warranties, that:

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

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

5.16 NOTICES

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

5.17 GOVERNING LAW AND JURISDICTION

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

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

6 TAXATION

6.1 GENERAL

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

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

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

6.2 MALTA TAX ON INTEREST

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is instructed by a Bondholder to receive the interest gross of any withholding tax, or if the Bondholder does not fall within the definition of "recipient" in terms of Article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), interest shall be paid to such Bondholder net of a final withholding tax, currently at the rate of 15% (10% in the case of certain types of collective investment schemes) of the gross amount of the interest, pursuant to Article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta). Bondholders who do not fall within the definition of a "recipient" do not qualify for the said rate and should seek advice on the taxation of such income as special rules may apply.

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder is not obliged to declare the interest so received in his income tax return (to the extent that the interest is paid net of tax). No person shall be charged to further tax in respect of such income and the tax deducted shall not be available as a credit against the recipient's tax liability or available as a refund. The Issuer will render an account to the Maltese Commissioner for Revenue of all amounts so deducted but will not specify the identity of the recipient.

In the case of a valid election made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his income tax return and be subject to tax at the standard rates applicable to such Bondholder at that time. Additionally in this latter case the Issuer will advise the Maltese Commissioner for Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients 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)(i) 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 EXCHANGE OF INFORMATION

In terms of applicable Maltese legislation, the Issuer and/or its agent are required to collect and forward certain information (including, but not limited to, information regarding payments made to certain Bondholders) to the Commissioner for Revenue. The Commissioner for Revenue will or may, in turn, automatically or on request, forward the information to other relevant tax authorities subject to certain conditions.

6.4 MALTESE TAXATION ON CAPITAL GAINS ON TRANSFER OF THE BONDS

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

6.5 DUTY ON DOCUMENTS AND TRANSFERS

In terms of the Duty on Documents and Transfers Act (Cap. 364 of the Laws of Malta), duty is chargeable *inter alia* on the transfer or transmission *causa mortis* of marketable securities. A marketable security is defined in the said legislation as “*a holding of share capital in any company and any document representing the same*”. Consequently, the Bonds should not be treated as constituting marketable securities within the meaning of the legislation and therefore, the transfer/transmission thereof should not be chargeable to duty.

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

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

7 TERMS AND CONDITIONS OF THE BOND ISSUE

7.1 EXPECTED TIMETABLE OF THE BOND ISSUE

1. Offer Period	10 July 2018 to 17 July 2018
2. Placement date	17 July 2018
3. Commencement of interest on the Bonds	24 July 2018
4. Expected date of announcement of results of the Bond Issue	24 July 2018
5. Expected date of notification of registration	31 July 2018
6. Expected date of admission of the securities to listing	31 July 2018
7. Expected date of commencement of trading in the securities	1 August 2018

7.2 TERMS AND CONDITIONS OF APPLICATION

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

7.2.1 Applications may be lodged with any Authorised Financial Intermediary by not later than 12:00 hours (Central European Time) on 17 July 2018.

7.2.2 By submitting a signed Application Form, the Applicant is thereby confirming to the Issuer and the Authorised Financial Intermediary through whom the Application is made that: (i) the Applicant’s remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the Authorised Financial Intermediary reserves the right to invalidate the relative Application. Furthermore the Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders, unless the Applicant makes payment in cleared funds and such consideration is accepted by the respective Authorised Financial Intermediary (which acceptance shall be made in the Authorised Financial Intermediary’s absolute discretion and may be on the basis that the Applicant indemnifies the Authorised Financial Intermediary against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant’s remittance to be honoured on first presentation).

7.2.3 The contract created by the Issuer’s acceptance of an Application filed by a prospective bondholder through an Authorised Financial Intermediary shall be subject to all the terms and conditions set out in this Securities Note and the Memorandum and Articles of Association of the Issuer.

7.2.4 If an Application Form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have duly bound his principal, or the relative corporation, corporate entity, or association of persons, and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such representative may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer

or notary public if so required by the Issuer and the Registrar, but it shall not be the duty or responsibility of the Registrar or Issuer to ascertain that such representative is duly authorised to appear on the Application Form.

- 7.2.5 Applications in the name of a corporation or corporate entity or association of persons, need to include a valid Legal Entity Identifier ("LEI") in the space provided on the Application Form. Failure to include a valid LEI code, will result in the Application being cancelled by the Issuer acting through the Registrar and subscription monies will be returned to the Applicant in accordance with section 7.2.15 below.
- 7.2.6 In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each of the joint Applicants, and liability therefor is joint and several. The person whose name shall be inserted in the field entitled "Applicant" on the Application Form, or first-named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders whose names appear in the field entitled "Additional (Joint) Applicants" in the Application Form or joint holders in the register, as the case may be. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.
- 7.2.7 In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed *vis-à-vis* the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bond (which shall be due to the bare owner).
- 7.2.8 Applications in the name and for the benefit of minors shall be allowed provided that 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 (the birth certificate is not required if the minor already holds securities which are listed on the MSE). Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the Application Form until such time as the minor attains the age of 18 years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of 18 years.
- 7.2.9 The Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and accordingly may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.
- 7.2.10 No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any registration or other legal requirements.
- 7.2.11 It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- 7.2.12 Subject to all other terms and conditions set out in the Prospectus, the Issuer acting through the Registrar reserves the right to reject, in whole or in part, or to scale down, any Application, including multiple or suspected multiple Applications, and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Issuer acting through the Registrar is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Only original Application Forms will be accepted and photocopies/facsimile copies will not be accepted.
- 7.2.13 The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by Applicants is €2,000. The completed Application Forms are to be lodged with any of the Authorised Financial Intermediaries. Submission of Application Forms must be accompanied by the full price of the Bonds applied for, in Euro. Payment may be made either in cash or bank transfer or by cheque payable to the respective Authorised Financial Intermediary. In the event that any cheque accompanying an Application Form is not honoured on its first presentation, the respective Authorised Financial Intermediary reserves the right to invalidate the relative Application Form.
- 7.2.14 By not later than 24 July 2018, the Issuer shall announce the results of the Bond Issue through a press release.
- 7.2.15 In the event that an Applicant fails to submit full information and/or documentation required with respect to an Application, the Applicant shall receive a full refund without interest, by credit transfer to such account indicated in the Application Form at any time before the Bonds are admitted to listing on the Official List of the MSE. The Issuer shall not be responsible for any charges, loss or delay arising in connection with such credit transfer.
- 7.2.16 The Issuer has not sought assessment of the Bonds by any independent credit rating agency.
- 7.2.17 For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations 2008 (Legal Notice 180 of 2008, as subsequently amended), all Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about

clients as is mentioned in Articles 1.2(d) and 2.4 of the “Members’ Code of Conduct” appended as Appendix 3.6 of the MSE Bye-Laws, irrespective of whether the Authorised Financial Intermediaries are Exchange Members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the Data Protection Act (Cap. 440 of the Laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679 for the purposes and within the terms of the MSE’s data protection and privacy policy as published from time to time.

7.2.18 It shall be incumbent on the respective Authorised Financial Intermediary to ascertain that all other applicable regulatory requirements relating to subscription of Bonds by an Applicant are complied with, including without limitation the obligation to comply with all applicable MiFIR requirements as well as applicable MFSA Rules for investment services providers.

7.2.19 By completing and delivering an Application Form, the Applicant:

- a agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the Guarantor and the issue of the Bonds contained therein;
- b warrants that the information submitted by the Applicant in the Application Form is true and correct in all respects 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, the Registrar and the MSE to process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679. The Applicant has the right to request access to and rectification of the personal data relating to him/her as processed by the Issuer and/or the MSE. Any such requests must be made in writing and sent to the Issuer at the address indicated in the Prospectus. The requests must further be signed by the Applicant to whom the personal data relates;
- d confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer and the Guarantor or the issue of the Bonds other than what is contained in the Prospectus and accordingly agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
- e agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the Laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
- f agrees to provide the Issuer acting through the Registrar with any information which it/they may request in connection with the Application;
- g warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bonds or his/her Application;
- h warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- i represents that the Applicant is not a U.S. person (as such term is defined in Regulation ‘S’ under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the “United States”) or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- j agrees that unless such Application is made with Charts Investment Management Service Limited as Authorised Financial Intermediary, 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 shall be allocated to Authorised Financial Intermediaries pursuant to placement agreements, details of which are included in section 7.4 below.

The Bonds are open for subscription by all categories of investors including the general public. Subscriptions shall be made through any of the Authorised Financial Intermediaries, subject to a minimum subscription amount of €2,000 in nominal value of Bonds and in multiples of €100 thereafter.

It is expected that an allotment letter will be issued by the Issuer to Applicants by latest 31 July 2018. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the Laws of Malta), and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

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

7.4 PLACEMENT AGREEMENTS

The Issuer has reserved the full amount of the Bond Issue for subscription by Authorised Financial Intermediaries through placement agreements, whereby the Issuer will bind itself to allocate the Bonds to such Authorised Financial Intermediaries in accordance with the terms of such placement agreements. The Authorised Financial Intermediaries will in turn bind themselves to subscribe to a specified amount of Bonds subject to, and conditional upon, the Bonds being admitted to the Official List of the Malta Stock Exchange.

The placement agreements, which are subject to the terms of the Prospectus, will become binding on all parties thereto on the date of signing of the placement agreement and need to be submitted by latest 12:00 hours on 17 July 2018, being the placement date, subject to the Issuer having received all subscription proceeds in cleared funds by the placement date. Such agreements shall become unconditional upon admission of the Bonds to trading on the Official List.

In terms of the placement agreements, Authorised Financial Intermediaries may subscribe for Bonds for their own account or for the account of underlying customers, and shall in addition be entitled to either distribute to the underlying customers any portion of the Bonds subscribed for upon commencement of trading, or submit to the Registrar, Application Forms directly in the name of their underlying customers. In either case, subscription amounts made by Applicants through Authorised Financial Intermediaries, including those made under nominee, shall be in multiples of €100, subject to a minimum subscription amount of €2,000 in Bonds by each individual Bondholder/underlying customer as the case may be.

AUTHORISED FINANCIAL INTERMEDIARIES

Name	Address	Telephone
Bank of Valletta p.l.c.	BOV Centre, Cannon Road, St Venera SVR 9030	22751732
Calamatta Cuschieri Investment Services Ltd	Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034	25688130
Charts Investment Management Service Ltd	The Centre, Tigné Point, Sliema TPO 0001	25574400
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	21347331
Jesmond Mizzi Financial Advisors Ltd	67/3, South Street, Valletta VLT 1105	21224410
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Fourth Floor, High Street, Sliema SLM 1551	22583000

7.5 PRICING

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

7.6 ALLOCATION POLICY

The Issuer shall allocate the Bonds to Authorised Financial Intermediaries pursuant to the placement agreements entered into with the Issuer, details of which can be found in section 7.4 above.

7.7 ADMISSION TO TRADING

- i. The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 4 July 2018.
- ii. Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List of the Malta Stock Exchange.
- iii. The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 31 July 2018 and trading is expected to commence on 1 August 2018.

7.8 ADDITIONAL INFORMATION

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

The financial analysis summary has been included in the form and context in which it appears with the authorisation of Charts Investment Management Service Limited of The Centre, Tigné Point, Sliema TPO 0001, Malta, which has given and has not withdrawn its consent to the inclusion of such report herein.

Charts Investment Management Service Limited does not have any material interest in the Issuer or Guarantor. The Issuer confirms that the financial analysis summary has been accurately reproduced in this Securities Note and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

ANNEX I – SPECIMEN APPLICATION FORM

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 04 July 2018 regulating the Bond Issue

1. This Application is governed by the general Terms and Conditions of Application contained in Section 7.2 of the Securities Note dated 04 July 2018 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS. Applicants who are non-residents of Malta for tax purposes, must indicate their passport number in Panel B and complete Panel G. The relative box in Panel A must also be marked appropriately.
3. Applicants are to insert full personal details in Panel B. In the case of an Application by more than one person (including husband and wife) full details of all individuals must be given in Panels B and C **but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 6 below). Applications by more than two persons are to use the Addendum to the Application Form.**
 Upon submission of an Application Form, Bondholders who opt to have an online e-portfolio facility (by marking the relative box in Panel B), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further details on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.
4. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted (the birth certificate is not required if the minor already holds securities which are listed on the MSE). The relative box in Panel A must also be marked appropriately. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
5. In the case of a body corporate, the name of the entity exactly as registered and the registration number are to be inserted in Panel B. A valid Legal Entity Identifier ("LEI") needs to be inserted in Panel B. **Failure to include a valid LEI code, will result in the Application being cancelled by the Registrar.** Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
6. **APPLICANTS 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 THIS APPLICATION FORM. IF DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MSE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF, A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE AFFECTED.**
7. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker"), such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in the space provided on the Addendum to Application Form.
8. Applications must be for a minimum subscription of €2,000 and thereafter in multiples of €100 and must be accompanied by the relevant subscription amount in Euro.
9. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund (having indicated their status in the appropriate box in Panel A) will have final withholding tax (currently 10%), deducted from interest payments.
 In terms of Section 6.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), interest shall be paid to such person net of final withholding tax (currently 15%) of the gross amount of interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta).
10. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.
The contents of Notes 9 and 10 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisors in case of doubt.
11. Interest and redemption proceeds will be credited to the account indicated in Panel H or as otherwise amended by the Bondholder/s during the term of the Bond.
12. Authorised Financial Intermediaries are to submit completed Application Forms representing the total amount committed in terms of the Placement Agreement as mentioned in Section 7.4 of the Securities Note by latest 12:00 hours on 17 July 2018. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of Application as contained in the Prospectus.
13. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
 - a. the Issuer or its duly appointed agents including the CSD and the Registrar, may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679 as amended from time to time;
 - b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer.

Any such requests must be made in writing and addressed to the Issuer. The request must be signed by yourself as the Applicant to whom the personal data relates.

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



HILI FINANCE COMPANY P.L.C.
€40,000,000 3.85% UNSECURED BONDS 2028
ADDENDUM TO
APPLICATION FORM

DETAILS OF ORIGINAL APPLICATION FORM	
Name of Applicant	
I.D. Card / Passport No.	
Application No.	

ADDITIONAL (JOINT) APPLICANTS <i>(see note 3)</i>			
FULL NAME & SURNAME			I.D. CARD / PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
FULL NAME & SURNAME			I.D. CARD / PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY

DECISION MAKER DETAILS <i>(see note 7)</i>			
FULL NAME & SURNAME (OF DECISION MAKER)			I.D. CARD / PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
NAME OF LEGAL ENTITY (WHERE APPLICABLE)		CO REG NO (WHERE APPLICABLE)	LEI CODE (WHERE APPLICABLE)

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

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

Signature/s
(All parties are to sign in the case of a joint Application)

Date

ANNEX II – THE GUARANTEE

HILI VENTURES LIMITED**C 57902**

To All Bondholders:

Re: GUARANTEE AND INDEMNITY

Reference is made to the issue of up to €40 million Unsecured Bonds 2028 by Hili Finance Company p.l.c., a company registered in Malta bearing company registration number C 85692 (the “**Issuer**”) pursuant to and subject to the terms and conditions contained in the Securities Note forming part of the Prospectus to be dated 4 July 2018 (the “**Bonds**”).

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

This guarantee shall be governed by the laws of Malta.

Signed and executed on this the 4th day of July 2018.



Steve Tarr
Chairman
Hili Ventures Limited



Melo Hili
Chief Executive Officer
Hili Ventures Limited

INTERPRETATION

In this Guarantee, unless the context otherwise requires:

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

NATURE, SCOPE AND TERMS OF THE GUARANTEE

1. NATURE OF THE GUARANTEE

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

2. INFORMATION ABOUT THE GUARANTOR

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

3. TERMS OF THE GUARANTEE

3.1 Covenant to Pay

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

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

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

This Guarantee shall apply to all Bonds issued on or after 31 July 2018 in accordance with the terms of the Securities Note.

3.2 Guarantor as Joint and Several Surety

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

3.3 Maximum Liability

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

3.4 Continuing and Unconditional Liability

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

- a. the bankruptcy, insolvency or winding up of the Issuer; or
- b. the incapacity or disability of the Issuer or any other person liable for any reason whatsoever; or
- c. any change in the name, style, constitution, any amalgamation or reconstruction of either the Issuer or the Guarantor; or

- d. a Bondholder conceding any time or indulgence, or compounding with, discharging, releasing or varying the liability of the Issuer or any other person liable or renewing, determining, reducing, varying or increasing any accommodation or transaction or otherwise dealing with the same in any manner whatsoever or concurring in, accepting or in any way varying any compromise, composition, arrangement or settlement or omitting to claim or enforce or extract payment from the Issuer or any other person liable; or
- e. any event, act or omission that might operate to exonerate the Guarantor without settlement in full of the Indebtedness towards the relevant Bondholder.

3.5 Indemnity

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

3.6 Representations and Warranties

3.6.1 The Guarantor represents and warrants:-

- (i) that it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business;
- (ii) that it has power to grant this Guarantee and that this Guarantee is duly authorised and all corporate action has been taken by the Guarantor in accordance with its deeds of constitution and the laws of its incorporation and regulation;
- (iii) that this Guarantee constitutes and contains valid and legally binding obligations of the Guarantor enforceable in accordance with its terms;
- (iv) that this Guarantee does not and will not constitute default with respect to or run counter to any law, by-law, articles of incorporation, statute, rule, regulation, judgement, decree or permit to which the Guarantor is or may be subject, or any agreement or other instrument to which the Guarantor is a party or is subject or by which it or any of its property is bound;
- (v) that this Guarantee shall not result in or cause the creation or imposition of, or oblige the Guarantor to create, any encumbrance on any of the Guarantor's undertakings, assets, rights or revenues;
- (vi) that it is in no way engaged in any litigation, arbitration or administrative proceeding of a material nature (which for the purposes of this Guarantee shall mean proceedings relative to a claim amounting to at least €5,000,000) and nor is it threatened with any such procedures;
- (vii) that the obligations of the Guarantor under this Guarantee constitute general, direct and unsecured obligations of the Guarantor and rank equally with all its other existing and future unsecured obligations, except for any debts for the time being preferred by law;
- (viii) that it is not in breach of or in default under any agreement relating to indebtedness to which it is a party or by which it may be bound nor has any default occurred in its regard;
- (ix) that all the information, verbal or otherwise tendered in connection with the negotiation and preparation of this Guarantee is accurate and true and there has been no omission of any material facts; and
- (x) that the granting of this Guarantee is in the commercial interest of the Guarantor and that the Guarantor acknowledges that it is deriving commercial benefit therefrom.

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

3.7 Deposit and Production of the Guarantee

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

3.8 Subrogation

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

3.9 Benefit of the Guarantee and No Assignment

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

3.10 Amendments

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

3.11 Notices

Any notice required to be given by any party hereto to the other party shall be deemed to have been validly served if delivered by hand or sent by pre-paid registered letter through the post or by facsimile to such other party at his address given herein or such other address as may from time to time be notified to the other party for this purpose and any notice so served shall be deemed to have been served, if delivered by hand, at the time of delivery, or if by post, seven days after posting and if by facsimile, at the time of transmission of the facsimile, provided that in the case of a change in the details specified below, a company announcement by the Issuer to this effect shall constitute sufficient and proper notice to the Bondholders for the purposes of this clause.

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

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

Tel. No.: +356 25681200

Contact Person: Mr Melo Hili

3.12 Governing Law and Jurisdiction

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

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

ANNEX III – FINANCIAL ANALYSIS SUMMARY

Financial Analysis Summary

4 July 2018

Issuer

Hili Finance Company p.l.c.

Guarantor

Hili Ventures Limited

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

4 July 2018

Dear Sirs

Financial Analysis Summary

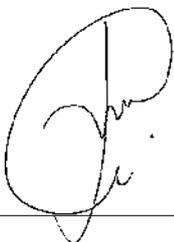
In accordance with your instructions, and in line with the requirements of the Listing Authority Policies, we have compiled the Financial Analysis Summary (the "**Analysis**") set out on the following pages and which is being forwarded to you together with this letter.

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

- (a) Historical financial data for the three years ended 31 December 2015 to 31 December 2017 has been extracted from audited financial statements of the Guarantor for the three years in question.
- (b) The forecast data for the years ending 31 December 2018 and 31 December 2019 has been provided by management.
- (c) Our commentary on the results of the Guarantor and on its financial position is based on the explanations provided by management.
- (d) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 7.
- (e) Relevant financial data in respect of the companies included in Part 6 has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

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

Yours faithfully,



Evan Mohnani

Head – Corporate Finance

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PART 1 – INFORMATION ABOUT THE ISSUER AND GUARANTOR

1. ISSUER'S KEY ACTIVITIES

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

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

2. DIRECTORS OF THE ISSUER

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

Board of Directors

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

3. GUARANTOR'S KEY ACTIVITIES

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

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

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

4. DIRECTORS OF THE GUARANTOR

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

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

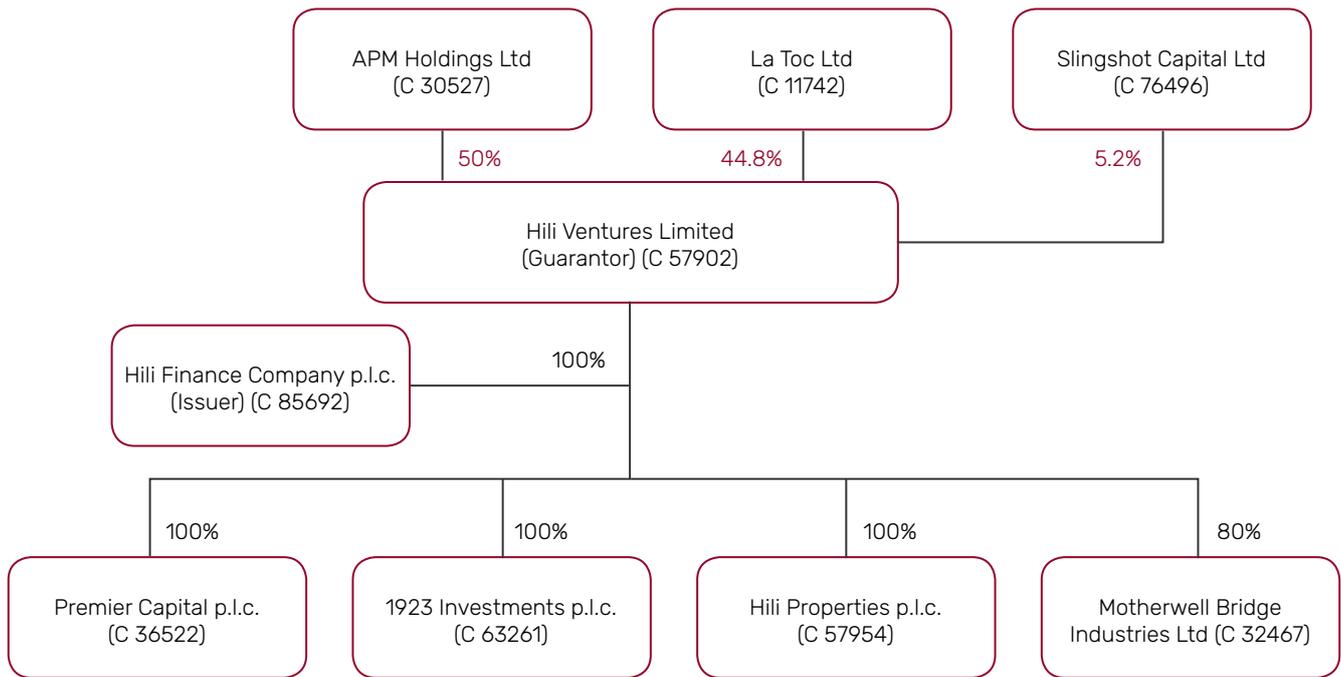
Board of Directors

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

The weekly average number of employees engaged with the companies forming part of the Group during FY2017 amounted to 7,003 persons (FY2016: 6,727).

5. HILI VENTURES ORGANISATIONAL STRUCTURE

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



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

6. OVERVIEW OF HILI VENTURES' REVENUE SEGMENTS

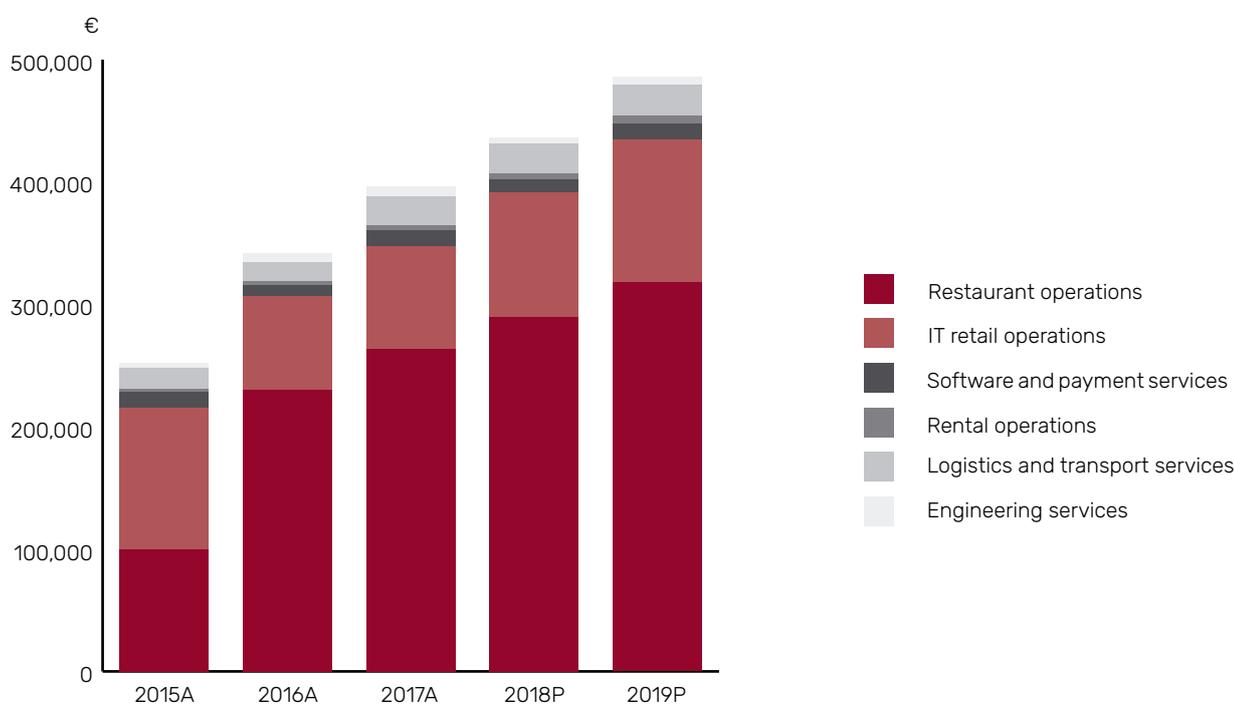
The following historical information on Hili Ventures has been extracted from the audited consolidated financial statements of the Guarantor for the years ended 31 December 2015 to 2017, while the projections relating to FY2018 and FY2019 have been provided by management.

Hili Ventures Limited

Group Revenue by Activity

for the year ended 31 December

	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Projection	Projection
	€000	€000	€000	€000	€000
Restaurant operations	99,938	230,161	263,419	289,580	317,792
IT retail operations	115,600	76,215	83,974	101,662	116,999
Software and payment services	12,525	9,473	12,764	11,025	12,984
Rental operations	2,513	3,152	4,589	4,882	6,506
Logistics and transport services	17,161	15,522	22,907	23,783	25,159
Engineering services	4,715	6,716	8,835	5,081	6,299
Total revenue	252,452	341,239	396,488	436,013	485,739



'Restaurant operations' revenue is generated by Premier Capital p.l.c. and comprises the operation of McDonald's restaurants in Estonia, Greece, Latvia, Lithuania, Malta and Romania. The McDonald's franchise for Malta was awarded in 1995 and that of the Baltic States in 2007. Four years later, in 2011, Premier Capital p.l.c. was awarded the developmental license for McDonald's in Greece and on 22 January 2016, Premier Capital p.l.c. acquired 90% shareholding in Premier Capital SRL, which indirectly operates the McDonald's restaurants in Romania. During the past 3 financial years, the average number of restaurants increased from 63 restaurants in FY2015 to 133 and 140 restaurants in FY2016 and FY2017 respectively, principally as a result of the acquisition in Romania. In FY2017, 'restaurant operations' revenue represented *circa* 66% of Hili Ventures' total revenue. In the projected years FY2018 and FY2019, the number of restaurants is set to increase from 140 to 150 and 161 respectively, and revenue is forecasted to increase y-o-y by 10% in each of FY2018 and FY2019.

Revenue activities entitled 'IT retail operations', 'software and payment services' and 'logistics and transport services' relate to operations undertaken by 1923 Investments p.l.c. 'IT retail operations' primarily refers to the business operations of iSpot Holdings B.V. and its Subsidiaries ("iSpot"), and is principally engaged in retailing Apple products in Poland through 26 stores (2016: 25 stores) under the iSpot brand, together with a well-developed online proposition. As an Apple Premium Reseller and Apple Authorised Service Provider, iSpot outlets carry a full range of Apple products, including software and accessories, and through its trained staff also offer support and repair services to customers regardless of where they originally purchased the Apple product. In addition to Apple solutions, iSpot stores offer an extensive range of third-party products and software. iSpot also operates under the iCentre brand a store in Bucharest, Romania, and 4 stores in Hungary through a joint venture.

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

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

'Logistics and transport services' refers to the business of Hili Logistics Limited and its Subsidiaries in Malta and Poland ("Hili Logistics") and involves air, road, sea and rail freight forwarding, clearances and deliveries, customs brokerage, parcel services, warehousing, ship agency, ship-to-ship operations and project cargo. In the latter part of FY2016, Hili Logistics acquired Allcom Sp. z.o.o., an intermodal freight forwarding company and customs agency in Poland. The main sectors serviced by Allcom Sp. z.o.o. include the food, chemical and construction material industries. This acquisition enabled Hili Logistics to increase revenue by *circa* 48% from €15.5 million in FY2016 to €22.9 million in FY2017.

In FY2017, operations undertaken by 1923 Investments p.l.c. namely 'IT retail operations', 'software and payment services' and 'logistics and transport services' represented *circa* 30% of Hili Ventures' total revenue. In FY2018, revenue is projected to increase by €16.8 million or 14% (y-o-y) to €136.5 million primarily on account of higher sales expected from iSpot. In the subsequent year, revenue is projected to increase by a further €18.7 million or 14% to €155.1 million.

'Rental operations' revenue is generated by Hili Properties p.l.c. and its Subsidiaries ("Hili Properties"), which principally manages a property portfolio comprising commercial and retail property in Europe. The company relies on active asset management to maximise operating efficiency and profitability at the property level. In May 2017, Hili Properties acquired the ART Business Centre 7 situated in Bucharest, Romania (rentable area of *circa* 18,000m²), including the underlying land, for an aggregate consideration of €30,575,000. A number of disposals took place during FY2017, including the APCO Building in B'Kara, Malta, which provided the company with cash inflows of €625,000. As at 31 December 2017, the property portfolio of Hili Properties amounted to €104.0 million (31 December 2016: €98.4 million), of which, *circa* 65% and 35% of such property value is rented to third parties and intra-Group tenants respectively.

In FY2018, income from leases to third parties (external to the Group) is projected to increase by 6% from €4.6 million in FY2017 to €4.9 million. Revenue in FY2019 is projected to increase y-o-y by 33% (or €1.6 million) to €6.5 million, principally due to a property acquisition expected to be concluded in Q4 2018.

'Engineering services' revenue is derived from the operations of Motherwell Bridge Industries Limited and its Subsidiaries ("Motherwell Bridge"). Operating from a *circa* 15,000m² property in Hal Far Industrial Park, Malta, Motherwell Bridge principally provides customised engineering services and maintenance of port handling equipment and crane assembly. In FY2016, Motherwell Bridge acquired Techniplus S.A., a company engaged in the provision of maintenance services of port equipment and crane assembly in Morocco and neighbouring countries. In FY2018, revenue is projected to decrease from €8.8 million in FY2017 to €5.1 million due to the suspension of marine division trading activities and restructuring efforts so as to improve the company's profitability. In the subsequent year, management expects revenue to increase by 24% to €6.3 million.

7. PRINCIPAL INVESTMENTS

In November 2017, Transport Malta issued a call for tenders for the operation and management of the Gzira Gardens Yacht Marina. The 25-year concession will cover 25,000m², including a capitanerie in the garden and stern-to-berthing along the quay. The concession envisages a two year period during which the operator will upgrade the area and install pontoons, after which fees can be raised according to a schedule set at the operator's discretion. Out of 14 entities that submitted bids in January 2018, Hili Ventures' bid was the highest at €15.4 million. Should the above-mentioned proposition be awarded to Hili Ventures, project specific funding will be raised to finance both the acquisition of the 25-year concession and capital investment to complete the said project.

Save for the above, Hili Ventures is not party to any principal future investments, and has not entered into or committed for any such investments. However, a budget for capital expenditure has been allocated for the opening of new McDonald's restaurants and remodelling/upgrading of existing restaurants. Such expenditure for FY2018 is projected to amount to *circa* €27.3 million, and will be financed from internally generated funds.

8. BUSINESS DEVELOPMENT STRATEGY AND TREND INFORMATION

8.1 THE GUARANTOR

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

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

8.2 PREMIER CAPITAL P.L.C.

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

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

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

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

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

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

8.3 1923 INVESTMENTS P.L.C.

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

8.3.1 The business of iSpot

The market in Poland, Hungary and Romania for Apple products and services is highly competitive. As with other developed markets, the market is characterised by frequent product introductions and rapid technological advances that have substantially increased the capabilities and use of mobile communication and media devices, personal computers, and other digital electronic devices. iSpot competes with other resellers of Apple products and services, and therefore competing factors include mainly price of products, as well as location of stores, quality of service provided and share of the business-to-business (B2B) market. iSpot's other competitors, which sell Apple products as well as other mobile devices and

personal computers based on other operating systems, typically undertake aggressive price cuts and lower their product margins to gain or maintain market share. The challenge of the Apple Premium Reseller stores is to differentiate the total service experience beyond the product. Apple is, however, designing new ways to expand the business generated from its retail platforms beyond the current business-to-consumer (B2C) activity, which will definitely create growth opportunities for the company's already strong portfolio in the market.

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

8.3.2 The business of Harvest

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

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

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

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

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

8.3.3 The business of Hili Logistics

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

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

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

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

8.4 HILI PROPERTIES P.L.C.

It is the objective of Hili Properties p.l.c. and its Subsidiaries ("Hili Properties") to continue to act as the property holding vehicle of Hili Ventures. In this regard, Hili Properties aims to continue to manage existing properties, and to acquire and dispose of properties as necessary to meet the

needs of Hili Properties' business operations. The rents chargeable by Hili Properties to Hili Ventures Companies are based on commercial rental rates and respective lease agreements are entered into on an arms-length basis.

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

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

8.5 MOTHERWELL BRIDGE INDUSTRIES LTD

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

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

PART 3 – GROUP PERFORMANCE REVIEW

9. FINANCIAL INFORMATION RELATING TO THE ISSUER

The Issuer was registered and incorporated on 6 April 2018 as a special purpose vehicle to act as a finance and investment company for the Guarantor and Hili Ventures. The Issuer has, to date, not conducted any business and has no trading record. The following financial information refers to the projections of the Issuer for the financial years ending 31 December 2018 and 31 December 2019. **The projected financial statements relate to events in the future and are based on assumptions which the Issuer believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results can be material.**

Hili Finance Company p.l.c.

Statement of Comprehensive Income for the year ended 31 December

	2018 Projection €000	2019 Projection €000
Finance income	849	1,852
Finance costs	(706)	(1,540)
Gross profit	143	312
Administrative expenses	(77)	(135)
Profit before tax	66	177
Taxation	(23)	(62)
Total comprehensive income	43	115

Hili Finance Company p.l.c.

Balance Sheet as at 31 December

	2018 Projection €000	2019 Projection €000
ASSETS		
Non-current assets		
Loans owed by parent company	41,150	41,150
	41,150	41,150
Current assets		
Trade and other receivables	849	926
Cash and cash equivalents	204	417
	1,053	1,343
Total assets	42,203	42,493
EQUITY		
Equity and reserves	2,043	2,158
LIABILITIES		
Non-current liabilities		
Debt securities	39,430	39,490
Current liabilities		
Trade and other payables	730	845
	40,160	40,335
Total equity and liabilities	42,203	42,493

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

	2018 Projection €000	2019 Projection €000
Net cash from operating activities	(46)	213
Net cash from investing activities	(41,150)	-
Net cash from financing activities	41,400	-
Net movement in cash and cash equivalents	204	213
Cash and cash equivalents at beginning of year	-	204
Cash and cash equivalents at end of year	204	417

During the initial half of 2018, the Issuer was incorporated with an issued share capital of €2 million. In July 2018, it is envisaged that the Issuer will successfully raise €40 million through the issuance of 3.85% Unsecured Bonds 2028 and thereafter, the amount of €41,150,000 (being the net proceeds from the bond issue together with accumulated cash balance) will be on-lent to the Guarantor. As such, finance income comprises interest receivable from the Guarantor, whilst finance costs mainly include bond interest payable.

10. FINANCIAL INFORMATION RELATING TO THE GUARANTOR

The financial information provided hereunder is extracted from the audited consolidated financial statements of Hili Ventures Limited for each of the years ended 31 December 2015 to 31 December 2017, while the forecasted financial information for the years ending 31 December 2018 and 31 December 2019 has been provided by management of the Company. **The projected financial statements relate to events in the future and are based on assumptions which the Guarantor believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results can be material.**

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

	2015 Actual €000	2016 Actual €000	2017 Actual €000	2018 Projection €000	2019 Projection €000
Revenue	252,452	341,239	396,488	436,013	485,739
Cost of sales	(214,901)	(275,404)	(320,344)	(339,656)	(375,634)
Gross profit	37,551	65,835	76,144	96,357	110,105
Net operating expenses	(18,912)	(29,148)	(36,606)	(48,646)	(51,852)
EBITDA¹	18,639	36,687	39,538	47,711	58,253
Depreciation and amortisation	(8,589)	(14,120)	(14,148)	(17,058)	(18,930)
Net investment income/(loss)	1,424	1,585	(3,928)	4,028	891
Net finance costs	(6,953)	(11,080)	(12,102)	(11,008)	(10,835)
Profit before tax	4,521	13,072	9,360	23,673	29,379
Taxation	(738)	(7,984)	(2,461)	(4,163)	(7,666)
Profit for the year (continuing operations)	3,783	5,088	6,899	19,510	21,713
Loss from discontinued operations	(433)	(233)	(5)	-	-
Profit for the year	3,350	4,855	6,894	19,510	21,713
Other comprehensive income					
Movement on available-for-sale investments	250	39	(361)	-	-
Exchange differences - foreign operations	-	(1,402)	1,313	-	-
Gain on revaluation of assets	-	45	3,127	-	-
	250	(1,318)	4,079	-	-
Total comprehensive income	3,600	3,537	10,973	19,510	21,713

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

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

	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Projection	Projection
	€000	€000	€000	€000	€000
ASSETS					
Non-current assets					
Goodwill and other intangibles	90,327	108,265	104,545	104,328	104,274
Property, plant and equipment	100,035	148,019	185,750	242,405	249,731
Investments and financial assets	3,694	2,207	2,199	2,200	1,309
Deposit on acquisition of investments	12,500	12,500	24,500	-	-
Loans and receivables	3,408	10,388	10,897	12,391	12,698
Deferred tax asset and restricted cash	3,934	2,223	2,606	3,422	3,449
	213,898	283,602	330,497	364,746	371,461
Current assets					
Inventory	12,184	14,376	17,845	16,341	16,349
Trade and other receivables	16,713	22,040	22,469	25,092	26,806
Other assets	8,387	10,370	10,109	7,295	7,410
Cash and cash equivalents	8,829	71,851	27,284	49,461	50,501
	46,113	118,637	77,707	98,189	101,066
Total assets	260,011	402,239	408,204	462,935	472,527
EQUITY					
Equity and reserves	70,074	72,768	82,870	118,165	134,758
LIABILITIES					
Non-current liabilities					
Borrowings and bonds	129,588	195,741	225,888	256,048	245,735
Other non-current liabilities	8,562	9,226	8,489	8,479	8,536
	138,150	204,967	234,377	264,527	254,271
Current liabilities					
Bank overdrafts	2,414	4,307	3,577	-	-
Borrowings	10,379	57,553	26,465	13,910	14,138
Other current liabilities	38,994	62,644	60,915	66,333	69,360
	51,787	124,504	90,957	80,243	83,498
	189,937	329,471	325,334	344,770	337,769
Total equity and liabilities	260,011	402,239	408,204	462,935	472,527

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

	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Projection	Projection
	€000	€000	€000	€000	€000
Net cash from operating activities	7,852	27,835	10,875	35,667	52,712
Net cash from investing activities	(48,695)	(71,351)	(56,813)	(51,979)	(25,080)
Net cash from financing activities	36,390	105,007	2,582	42,066	(26,592)
Net movement in cash and cash equivalents	(4,453)	61,491	(43,356)	25,754	1,040
Cash and cash equivalents at beginning of year	10,868	6,415	67,544	23,707	49,461
Effect of movements in exchange	-	(362)	(481)	-	-
Cash and cash equivalents at end of year	6,415	67,544	23,707	49,461	50,501

Key Accounting Ratios

	FY2015	FY2016	FY2017	FY2018	FY2019
EBITDA margin (EBITDA/revenue)	7%	11%	10%	11%	12%
Interest cover (times) (EBITDA/net finance cost)	2.68	3.31	3.27	4.33	5.38
Net profit margin (Profit after tax/revenue)	1%	1%	2%	4%	4%
Earnings per share (€) (Profit after tax/number of shares)	3.35	4.86	6.89	19.51	21.71
Return on equity (Profit after tax/shareholders' equity)	5%	7%	8%	17%	16%
Return on capital employed (EBITDA/total assets less current liabilities)	9%	13%	12%	12%	15%
Return on assets (Profit after tax/total assets)	1%	1%	2%	4%	5%

Source: Charts Investment Management Service Limited

Revenue generated by Hili Ventures in **2015** amounted to €252.4 million, of which, circa 85% represented 'restaurant operations' revenue (being income derived from the operation of McDonald's restaurants through Premier Capital) and 'IT retail operations' revenue (primarily being income from retailing Apple products under the iSpot brand). EBITDA for the year under review amounted to €18.6 million, and as expected, the two principal contributors were Premier Capital and iSpot. After deducting depreciation and amortisation (€8.6 million) and net finance costs (€7.0 million), and adding net investment income amounting to €1.4 million, Hili Ventures registered a profit before tax of €4.5 million. Total comprehensive income for FY2015 amounted to €3.6 million.

Hili Ventures reported a turnover of €341.2 million in **2016** (FY2015: €252.4 million), representing an increase of 35% over the prior year. Further analysis shows that 'restaurant operations' revenue increased by €130.2 million (+130%) from €99.9 million in FY2015 to €230.2 million in FY2016, mainly as a consequence of the acquisition in January 2016 of the business operating 67 McDonald's restaurants in Romania. As at year end, Premier Capital operated a total of 133 restaurants (FY2015: 63 outlets).

In contrast, 'IT retail operations' revenue decreased y-o-y by €39.4 million to €76.2 million (-34%), principally due to the cessation of B2B operations at iSpot. Moreover, 'software and payment services' and 'logistics and transport services' registered an aggregate revenue decline of €4.7 million (-16%), from €29.7 million in 2015 to €25.0 million in 2016.

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

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

- revenue derived from 'restaurant operations' increased by €33.3 million (+14%) to €263.4 million, principally due to an increase in restaurants from 133 outlets in 2016 to 140 in 2017 and growth in revenue per restaurant;

- turnover from 'IT retail operations' increased by €7.8 million (+10%) to €84.0 million in FY2017, wherein iSpot relocated 2 stores and opened 1 new store;
- an increase of 35% or €3.3 million was registered in 'software and payment services', particularly due to significant growth in new APCOPAY clients (payment gateway solutions);
- income from 'rental operations' increased from €3.2 million in FY2016 to €4.6 million, on account of a newly acquired property in Romania in Q2 2017, which property is fully leased;
- turnover from 'logistics and transport services' increased from €15.5 million in FY2016 to €22.9 million, mainly reflecting a full year's income generated from Allcom Sp. z.o.o. which was acquired in the latter part of FY2016;
- income generated from 'engineering services' increased by 32% y-o-y to €8.8 million, primarily as a result of the acquisition of Techniplus S.A., a company with operations in Morocco and neighbouring countries involved in maintenance and servicing of port cargo handling equipment.

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

Revenue for **FY2018** is projected to amount to €436.0 million, an increase of €39.5 million (+10%) when compared to the prior year (FY2017: €396.5 million). Such growth in revenue is expected to be generated principally from Premier Capital (y-o-y increase of €26.2 million) and iSpot (y-o-y increase of €17.7 million). In contrast, revenue derived from software and payment services is projected to decrease by €1.7 million (y-o-y), while a decline of €3.8 million (y-o-y) is expected from engineering services due to closure of marine services and corporate restructuring.

At the operating level (EBITDA), Hili Ventures is anticipating an increase of €8.2 million (+21%) in FY2018 to €47.7 million. Net investment income is expected to amount to €4.0 million as compared to a net loss in FY2017 of €3.9 million, and net finance costs should decrease by €1.1 million to €11.0 million. Profit for FY2018 is projected at €19.5 million (FY2017: €6.9 million).

In **FY2019**, Hili Ventures is projected to generate revenue of €485.7 million as compared to €436.0 million a year earlier (an increase of €49.7 million, +11%), primarily on account of increases at Premier Capital (+€28.2 million) and iSpot (+€15.3 million). All other revenue streams are forecasted to register modest y-o-y gains on an individual basis, which should equate to an aggregate increase of €6.2 million. Such growth is expected to account for an increase in EBITDA of €10.5 million (+22%) from €47.7 million in FY2018 to €58.3 million. The Group is projected to register profit after tax of €21.7 million in FY2019, an increase of €2.2 million (+11%) when compared to €19.5 million expected for FY2018.

The estimates for the forward years as presented in this document assume that the carrying values of available-for-sale investments, investment properties and other assets, and currency exchange rates will remain constant in FY2018 and FY2019, and therefore no adjustments have been made as to possible gains or losses in value of assets and exchange differences that may be booked and which may materially affect the consolidated income statement and balance sheet values.

Non-current assets in the statement of financial position as at 31 December 2017 amounted to €330.5 million (2016: €283.6 million). Notable items include: (i) goodwill and other intangibles amounting to €104.5 million (2016: €108.3 million), which principally relate to goodwill on acquisitions of going concerns, support services license, acquired rights, franchise fees for restaurant operations, patents and trademarks for Apple products and computer software licenses; and (ii) property, plant and equipment amounting to €185.8 million (2016: €148.0 million), which comprises improvements to leased properties, equipment and properties owned by Hili Properties p.l.c.

Current assets as at 31 December 2017 amounted to €77.7 million (2016: €118.6 million) and primarily include inventory, trade receivables, other assets and cash balances. Current liabilities amounted to €91.0 million (2016: €124.5 million), made up of borrowings as to €30.0 million (2016: €61.9 million) and other liabilities of €60.9 million (2016: €62.6 million). Hili Ventures' liquidity ratio (which is measured by dividing current assets by current liabilities and indicates a company's ability to pay its current liabilities from its current assets), as at 31 December 2017, stood at 0.85 times (2016: 0.95 times).

In FY2018, total assets are projected to increase by €54.7 million from a year earlier to €462.9 million, principally on account of additions in investment properties, property, plant and equipment and cash balances. Total assets are expected to increase by a further €9.6 million in the subsequent year. Current liabilities in FY2018 are projected to decrease from €91.0 million in FY2017 to €80.2 million as short-term borrowings are re-financed by the bond (which is classified as a non-current liability). Current liabilities are projected to increase by €3.3 million, from €80.2 million in FY2018 to €83.5 million in FY2019.

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

Hili Ventures Limited
Consolidated Net Borrowings
as at 31 December

	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Projection	Projection
	€000	€000	€000	€000	€000
Bank loans	40,709	86,574	90,760	85,392	74,966
Bank overdrafts	2,414	4,307	3,577	-	-
Other financial liabilities	3,341	23,585	25,591	8,909	8,995
Debt securities in issue	95,917	143,135	136,002	175,657	175,912
Cash and cash equivalents	(8,829)	(71,851)	(27,284)	(49,461)	(50,501)
Total borrowings less cash balances	133,552	185,750	228,646	220,497	209,372

Key Accounting Ratios

	31 Dec'15	31 Dec'16	31 Dec'17	31 Dec'18	31 Dec'19
Net assets per share (€) <i>(Net asset value/number of shares)</i>	70.07	72.77	82.87	118.17	134.76
Liquidity ratio (times) <i>(Current assets/current liabilities)</i>	0.89	0.95	0.85	1.22	1.21
Gearing ratio <i>(Net debt/net debt and shareholders' equity)</i>	66%	72%	73%	65%	61%

Source: Charts Investment Management Service Limited

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

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

As to the projected financial years, cash inflows from operating activities is expected to amount to €35.7 million in FY2018 and €52.7 million in FY2019, which is a reflection of the y-o-y projected growth in revenue and profitability. Net cash outflow from investing activities in FY2018 is projected to amount to €52.0 million and represents the net balance of the acquisition of an investment property, the development of a drive-thru restaurant in Daugavpils, Latvia and proceeds from the disposal of a number of properties (in aggregate: €18.3 million) and capital expenditure of €33.7 million primarily relating to new store openings, technology improvements and re-modelling of restaurants at Premier Capital. In FY2019, a net amount of €25.1 million is projected to be spent on capital expenditure.

Net cash inflow from financing activities is estimated at €42.1 million in FY2018, principally comprising the proceeds from the Bond Issue less repayment of bank and other loans, and a cash inflow of €24 million expected from the IPO of 1923 Investments p.l.c. An amount of €11.0 million is expected to be utilised for the payment of bank and bond interest. In FY2019, net cash outflow from financing activities is projected at €26.6 million and mainly relates to repayments of bank loans and interest payments.

Debt Securities issued by Group Companies

Security ISIN	Security Name	Amount Listed	Currency
MT0000841206	5.1% 1923 Investments plc Unsecured Bonds 2024	36,000,000	EUR
MT0000941204	4.5% Hili Properties plc Unsecured Bonds 2025	37,000,000	EUR
MT0000511213	3.75% Premier Capital plc Unsecured Bonds 2026	65,000,000	EUR

PART 4 - COMPARABLES

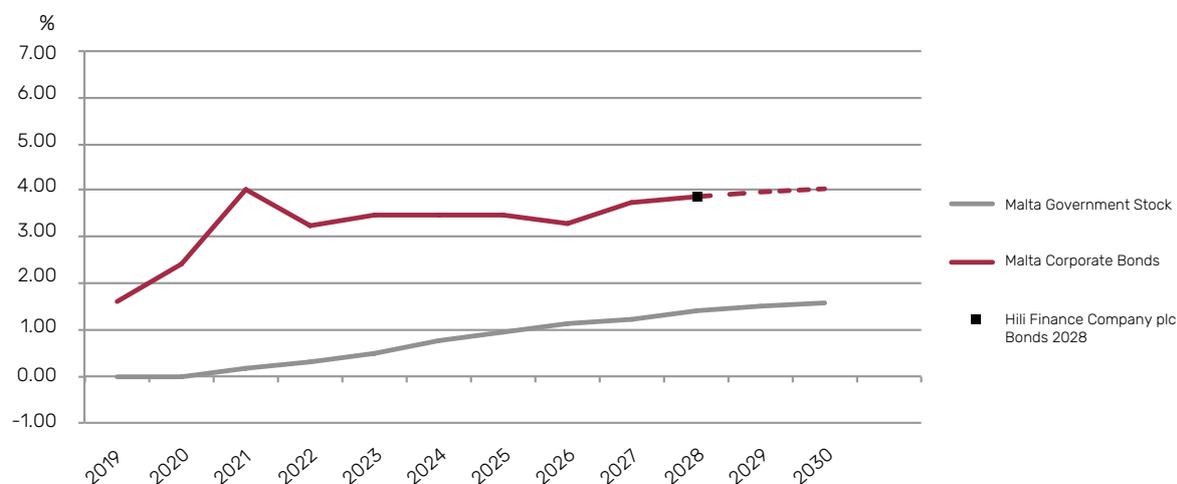
The table below compares Hili Ventures and the bonds issued by Hili Finance Company p.l.c. to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. Although there are significant variances between the activities of the Group and other issuers (including different industries, principal markets, competition, capital requirements etc), and material differences between the risks associated with the Group's business and that of other issuers, the comparative analysis provides an indication of the financial performance and strength of the Group.

Comparative Analysis	Nominal Value (€)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'000)	Net Asset Value (€'000)	Gearing Ratio (%)
5.5% Pendergardens Dev. plc Secured € 2020 Series I	15,000,000	2.44	6.29	68,589	14,418	66.04
6% Pendergardens Dev. plc Secured € 2022 Series II	27,000,000	3.23	6.29	68,589	14,418	66.04
4.25% Gap Group plc Secured € 2023	40,000,000	3.47	2.61	56,906	6,696	85.08
5.3% United Finance Plc Unsecured € Bonds 2023	8,500,000	4.14	1.19	21,625	4,844	69.04
6% AX Investments Plc Unsecured € 2024	40,000,000	3.47	4.44	286,318	173,323	26.09
5.3% Mariner Finance plc Unsecured € 2024	35,000,000	3.45	4.42	77,088	38,701	45.62
5% Hal Mann Vella Group plc Secured Bonds € 2024	30,000,000	3.74	3.05	107,801	39,813	54.01
5.1% 1923 Investments plc Unsecured € 2024	36,000,000	4.38	1.79	118,490	33,711	56.83
4.5% Hili Properties plc Unsecured € 2025	37,000,000	3.47	1.26	135,879	38,358	69.11
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	3.51	2.59	1,765,072	901,595	40.43
4.0% International Hotel Invest. plc Secured € 2026	55,000,000	3.43	3.03	1,602,317	884,632	36.36
4.0% MIDI plc Secured € 2026	50,000,000	3.28	-0.98	235,302	86,621	39.27
3.75% Premier Capital plc € Unsecured Bonds 2026	65,000,000	3.12	7.90	161,128	47,607	57.32
4.35% Hudson Malta plc Unsecured 2026	12,000,000	3.63	39.11	17,088	5,835	30.63
4.35% SD Finance plc € Unsecured Bonds 2027	65,000,000	3.74	5.46	217,599	65,698	47.74
4.0% Eden Finance plc Unsecured 2027	40,000,000	3.46	4.46	169,936	90,162	36.52
4% Stivala Group Finance plc Secured 2027	45,000,000	3.40	6.21	199,560	121,041	31.54
3.85% Hili Finance Company plc Unsecured 2028	40,000,000	3.85	3.27	408,204	82,870	73.40

30 May '18

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, Charts Investment Management Service Limited

Bond Yield to Maturity



30 May 2018

To date, there are no corporate bonds which have a redemption date beyond 2028 and therefore a trend line has been plotted (denoted in the above chart by the dashed line). The Malta Government Stock yield curve has also been included since it is the benchmark risk-free rate for Malta.

PART 5 - EXPLANATORY DEFINITIONS

Income Statement

Revenue	Total revenue generated by the Group from its business activities during the financial year, including restaurant operations, IT retail operations, software and payment services, rental operations, logistics and transport services, and engineering services.
Cost of sales	Direct costs attributable to the production of the goods and supply of services by Hili Ventures.
Gross profit	Gross profit is the difference between revenue and direct costs. It refers to the profit made by the Group before deducting operating costs, depreciation & amortisation, finance costs, fair value provisions and other operating costs.
Operating expenses	Operating costs include all operating expenses other than direct costs and include selling & marketing and general & administration expenses.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.

Profitability Ratios

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

Efficiency Ratios

Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.

Equity Ratios

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

Cash flow from operating activities	Cash generated from the principal revenue-producing activities of the Group.
Cash flow from investing activities	Cash generated from activities dealing with the acquisition and disposal of long-term assets and other investments of the Group.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Group.

Balance Sheet

Non-current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group amortises the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was acquired. Such assets include intangible assets, investment properties, property, plant & equipment, and loans and receivables.
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Current assets	Current assets are all assets of the Group, which are realisable within one year from the balance sheet date. Such amounts include accounts receivable, inventory, cash and bank balances.
Current liabilities	All liabilities payable by the Group within a period of one year from the balance sheet date, and include accounts payable and short-term debt, including current portion of bank loans.
Non-current liabilities	The Group's long-term financial obligations that are not due within the present accounting year. The Group's non-current liabilities include long-term borrowings, bonds and deferred tax liabilities.
Total equity	Total equity includes share capital, reserves & other equity components, retained earnings and minority interest.

Financial Strength Ratios

Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures a company's resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company's operating profit of one period by the company's interest expense of the same period.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity.

