MELITE FINANCE p.l.c.

PROSPECTUS

DATED 12 NOVEMBER 2018

In respect of an Issue of €9,250,000 4.85% Secured Bonds 2028
of a nominal value of €100 per Bond, issued at par

by

MELITE FINANCE PLC

(a public limited liability company registered under the laws of Malta with company registration number C 88405)

ISIN:- MT0002031202

Sponsor & Co-Manager	Legal Counsel	Registrar & Co-Manager
RIZZO FARRUGIA YOUR INVESTMENT CONSULTANTS	CAMILLERI PREZIOSI ADVOCATES	LOMBARD Lombard Bank Malta p.l.c.

SUMMARY
NOTE

This Summary Note is 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. Application has been made for the admission to listing and trading of the Bonds on the Official List of the Malta Stock Exchange. This Summary Note should be read in conjunction with the Registration Document containing information about the Issuer and Securities Note containing information about the Bonds.

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IMPORTANT INFORMATION

THIS SUMMARY NOTE CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION ON MELITE FINANCE P.L.C. IN ITS CAPACITY AS ISSUER. THIS SUMMARY NOTE INCLUDES INFORMATION GIVEN 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.

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A COPY OF THIS DOCUMENT 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 REGISTRY OF COMPANIES, IN ACCORDANCE WITH THE ACT. APPLICATION HAS BEEN MADE TO THE MALTA STOCK EXCHANGE FOR THE BONDS TO BE ADMITTED TO THE OFFICIAL LIST OF THE MALTA STOCK EXCHANGE. **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 ADVISER.**

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

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

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

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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 ADVISERS.

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 security 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 security 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 Summary Note. 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 a consideration of the Prospectus as a whole by the investor;
ii. where a claim relating to the information contained in the 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 the 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 by Authorised Financial Intermediaries either for their own account or for the account of underlying customers;
   b. to any resale or placement of Bonds subscribed for as aforesaid, taking place in Malta; and
   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

B.1 The legal and commercial name of the Issuer is Melite Finance p.l.c.

B.2 The Issuer was registered in Malta in terms of the Act on 27 September 2018 as a public limited liability company. The Issuer is domiciled in Malta.

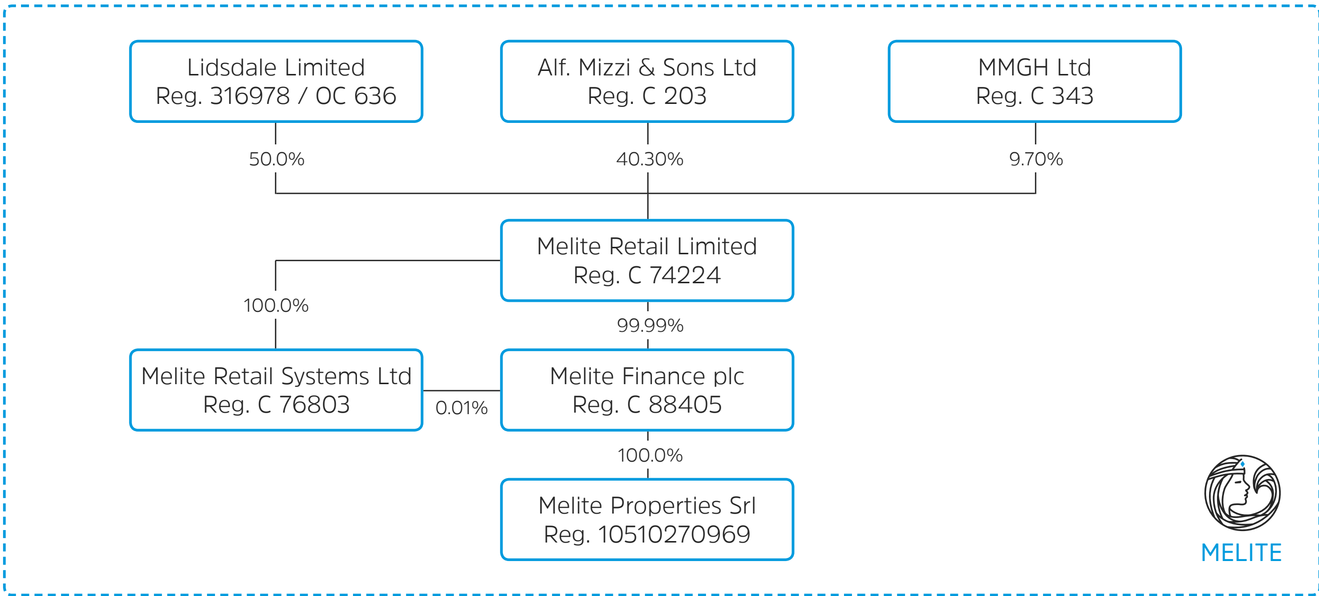
B.4b The Issuer's principal operation includes the leasing and sub-leasing of retail outlets located in Italy. Therefore, the longer-term prospects of the Melite Finance Group are intrinsically linked to the development in the retail real estate market in Italy, especially the market for prime locations on the primary high streets of the Italian peninsula and islands. This market has proven to be resilient to periodic and even cyclical downturn in retail and the overall economy in Italy.

The Melite Finance Group's commercial lease agreements typically relate to retail outlets located in the prime positions in high streets of cities such as Milan or Turin or in the main retail area of towns such as Pavia, Como and Treviso. Retail units held under a *contratto d'affitto di ramo d'azienda* are typically located within shopping centres or other buildings such as train stations. Market data extracted from a report entitled *"Italy, Retail Market Snapshot Q2 2018"* issued by Cushman & Wakefield highlights that the market for high street shops in prime locations such as Milan and Rome appears to have stabilised after a period of significant growth. Prime retail rents for high street shops in Milan have increased at a compound annual growth rate of 12.5% in the last five years.

The rate of growth in rents for shopping centres has accelerated from an average of 2.4% in the last five years. After a record low number of new shopping centre openings in 2015, the last two years marked a reversal in this trend. Completions in 2017 exceeded 330,000 sqm, including new schemes and extensions.

As at the time of the publication of this Prospectus, the Issuer considers that generally it shall be subject to the normal business risks associated with the retail real estate market in Italy 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 the Issuer and its business, at least with respect to the current financial year. However, investors are strongly advised to read carefully the risk factors included within the Prospectus.

B.5 The organisational structure of the Melite Finance Group is illustrated in the diagram below:



B.9 In the absence of any adverse changes in Italy's economic environment, the Melite Finance Group anticipates growth in revenue, which is expected to be translated into additional profits during the financial year ending 31 December 2019, the first year during which the Melite Finance Group's current businesses will have been in operation for a full year.

The financial projections included in this Summary Note include the forecast for the current financial year ending 31 December 2018 (covering the period from October to December 2018) and projections for the financial years ending 31 December 2019 and 2020. The Melite Finance Group's projected income statement is summarised below:

Melite Finance Group **Summary Consolidated Projected Income Statement** **€'000s**	**Year ending Dec '18**	**Year ending Dec '19**	**Year ending Dec '20**
Revenue	888	3,945	4,589
Gross Profit	**287**	**1,305**	**1,451**
Administrative expenses	(136)	(543)	(512)
Operating Profit	**151**	**762**	**939**
Finance income	13	43	26
Finance costs	(85)	(495)	(495)
Profit before tax	**79**	**310**	**470**
Taxation	(52)	(213)	(249)
Profit after tax	**27**	**97**	**221**

The Melite Finance Group's principal operation includes the leasing and sub-leasing of retail outlets located in Italy. The Melite Finance Group's business will initially be based on 25 retail outlets that are currently held by Melite Properties under either a *contratto di locazione* or a *contratto d'affitto di ramo d'azienda*. The majority of these outlets are presently being leased to Melite Italia, a related company to the Melite Finance Group, which uses the outlets to operate stores under the Accessorize and Calvin Klein Underwear franchises. The remaining four outlets are leased to third party retail operators.

Going forward, the Melite Finance Group will be deploying *circa* €2.5 million of the Bond proceeds to acquire property rights for retail outlets in new locations across Italy. The projections are based on the assumption that the Melite Finance Group will invest *circa* €1.0 million of the Bond proceeds in the financial year ending 31 December 2019 with a further investment of *circa* €1.5 million in the financial year ending 31 December 2020.

The principal factors and assumptions underlying the projections consist of:

Revenue from rental income: The Melite Finance Group will generate rental income from the entry into sub-lease agreements with Melite Italia and with third parties. The projections include a provision for annual inflation adjustments that are assumed at 1.5% per annum in 2019 and 2020.

Revenue from property fee charge: A property fee is charged by Melite Properties to Melite Italia for improvements made to the retail outlets operated by the latter.

Gross profit: Gross profit mainly represents the margin generated between the rental income received from the sub-leases and the rent paid to landlords. This margin is projected at €1.5 million in the financial year ending 31 December 2020, equivalent to 32% of total revenue.

Administrative expenses: Administrative expenses are projected at €0.5 million per annum in 2019 and 2020, of which €0.3 million relate to amortisation charges and the remaining €0.2 million per annum relate to administrative expenses. The amortisation charges reflect the write-down of the value attributed to the property rights relating to outlets held on a *contratto d'affitto di ramo d'azienda*. These amounts are amortised over the remaining term of the agreements pertaining to the respective outlets. Administrative expenses include directors' fees, payroll costs, professional fees, listing fees together with other corporate and general expenses.

Finance income: Finance income includes the interest generated on the Melite Finance Group's surplus cash balances and investment portfolio, which is being projected at the rate of 1.5% per annum.

Finance costs: Finance costs mainly reflect the provision for the interest payable under the Bonds, which are assumed at a coupon of 5.0% per annum.

Taxation: Provision for taxation has been made in the main at the rate of 35% in the case of profits arising in the Issuer and 27.9% in the case of profits arising in Melite Properties. The computation includes provision for an additional deferred tax charge arising due to a temporary difference in connection with the amortisation of intangible assets.

B.10 *Not Applicable:* As at the date hereof, the recently incorporated Issuer has no financial information to report.

B.12 The Issuer was registered and incorporated on 27 September 2018. The principal transaction carried out by the Issuer since its incorporation involved the acquisition of the shares in Melite Properties on 31 October 2018. Melite Properties was incorporated on 18 October 2018. Accordingly, there is no historical financial information available for the Melite Finance Group and 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. Nor is it in a position to assert whether there have been any significant changes in the financial or trading position subsequent to the period covered by the historical financial information.

B.13 *Not Applicable:* The Issuer is not aware of any recent events which are to a material extent relevant to the evaluation of its solvency.

B.14 The Issuer does not itself carry on any trading activities apart from the raising of capital and advancing thereof to the Melite Finance Group, as and when the demands of its business so requires. It is the board of Melite Properties, a direct subsidiary of the Issuer, which is responsible for the strategic direction and development of Melite Finance Group, together with setting and achieving its operational objectives. Accordingly, the Issuer is economically dependent on Melite Properties.

B.15 As at the date of the Prospectus, the Issuer, which was set up in September 2018 as a special purpose vehicle to act as the financing arm of the Melite Finance Group, does not itself carry on any trading activities apart from the raising of capital and advancing thereof to members of the Melite Finance Group as and when the demands of their business so require. In terms of its Memorandum and Articles of Association, the principal objects of the Issuer include, but are not limited to, the carrying on the business of a finance company and in particular the financing or re-financing of the funding requirements of the business of the group of companies of which the Issuer forms part.

B.16 The entire issued share capital of the Issuer is subscribed for, allotted and taken up as fully paid up shares by Melite Retail, save for one share which is held by Melite Retail Systems Limited.

B.17 *Not Applicable:* The Issuer has not sought the credit rating of an independent rating agency, and there has been no assessment by any independent rating agency of the Bonds.

| SECTION C | SECURITIES

C.1 The Issuer shall issue an aggregate of €9,250,000 in secured Bonds having a nominal value of €100 per Bond, subject to a minimum application of €50,000 in Bonds per individual Bondholder and a subsequent minimum holding of €50,000 per individual Bondholder maintained throughout his/her/its investment. 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: MT0002031202. The Bonds shall bear interest at the rate of 4.85% 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 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, pursuant to the Securities Note, attached to the Bonds, including:

i. the repayment of capital;
ii. the payment of interest;
iii. the benefit of the Collateral through the Security Trustee, as explained in Element E.3(3) below;
iv. the right to attend, participate in and vote at meetings of Bondholders in accordance with the terms and conditions of the Bond Issue; and
v. the enjoyment of all such other rights attached to the Bonds emanating from the Prospectus.

Following the issue of the Bonds and application of the proceeds, the Security Trustee will, for the benefit of Bondholders, enjoy a first-ranking general hypothec over all the present and future, movable and immovable assets of the Issuer, together with a first ranking pledge over the shares held by the Issuer in Melite Properties, for the full amount of €9,250,000 and interest thereon.

The Bonds constitute the general, direct, unconditional and secured obligations of the Issuer, and shall at all times rank *pari passu*, without any priority or preference among themselves. Third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.

C.9 The issue and allotment of the Bonds is conditional upon: (i) the Bonds being admitted to the Official List; and (ii) the Collateral being constituted in favour of the Security Trustee. Subject to the Bond Issue becoming unconditional, the Bonds shall bear interest from and including 23 November 2018 at the rate of 4.85% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date, provided that if any such day falls on a day other than a Business Day, such Interest Payment Date will be carried over to the next following day that is a Business Day. The nominal value of the Bonds will be repayable in full upon maturity on 23 November 2028 unless the Bonds are previously re-purchased and cancelled. The first interest payment will be effected on 25 November 2019 (being the first Business Day following 23 November 2019, which does not fall on a Business Day). The gross yield calculated on the basis of the Interest, the Bond Issue Price (that is the price of €100 per Bond) and the Redemption Value of the Bonds (that is the nominal value of each Bond, being €100 per Bond) is 4.85% 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 12 November 2018. Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List. The Bonds are expected to be admitted to the Official List on 28 November 2018 and trading may commence thereafter.

| 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 advisers, 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 result in them losing a substantial part of 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 future performance.

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

Issuer's dependence on the Melite Finance Group and its business

The Issuer is a finance company and the holding company of the Melite Finance Group, its main purpose presently being that of financing or re-financing the funding requirements of the Melite Finance Group. In this respect, in so far as the Bonds are concerned, the Issuer is mainly dependent on the business prospects of the Melite Finance Group (particularly Melite Properties, its principal debtor), and consequently the risks intrinsic to the business and operations of the Melite Finance Group shall have a direct effect on the ability of the Issuer to meet its obligations in respect of principal and interest under the Bonds when due.

The ability of Melite Properties to effect loan repayments to the Issuer in terms of present and future borrowing agreements will depend on its respective cash flows and earnings, which may be affected by the risks indicated hereunder. The occurrence of any such factors could in turn negatively affect the ability of the Issuer to meet its obligations in respect of the payment of interest on the Bonds and repayment of principal when due.

Limited operating history

The Issuer was established on 27 September 2018 and has a limited operating history. The risks attendant with a newly incorporated company may have a direct effect on the Issuer's ability to meet its obligations in respect of the repayment of principal and interest under the Bonds.

Funding risk

There can be no guarantee that cash generated by operations or additional debt or equity financing will be available or sufficient to meet the Issuer's funding requirements to pursue its future strategic decisions or that if additional debt or equity financing is available, that it will be on terms acceptable to the Issuer. The Issuer's inability to access sufficient capital for its operations may have a material adverse effect on its financial condition, results of operations and prospects.

Certain financial markets risks

The Issuer may be exposed to a variety of financial risks associated with the unpredictability inherent in financial markets, including market risk, credit risk, currency risk and interest rate risk, all of which could have adverse effects on the financial performance and profitability of the Melite Finance Group.

Enforcement of security over the assets of the Melite Finance Group

Future borrowings may be secured over part of the assets of the Melite Finance Group. In the event that any company forming part of the Melite Finance Group defaults under the terms of any borrowing agreements it may enter into, the lender concerned may seize title to such assets by enforcing its security, where applicable. Any amounts owing under borrowing agreements may rank ahead of Bondholder entitlements. If such circumstances were to arise or subsist at the time that the Collateral is to be enforced by the Security Trustee, it could have a material adverse effect on the recoverability of all the amounts that may be outstanding under the Bonds.

Risks inherent in projected financial information

The projected revenues of the Melite Finance Group described in the Registration Document are dependent on a number of assumptions and future expectations, the non-occurrence of which could have serious and material effects on the financial position and results of the Issuer and/or the Melite Finance Group. Although the Directors believe that the projected financial information included therein has been prepared on a fair and reasonable basis, the Issuer, its Directors, officers and advisers make no representation as to their accuracy or likelihood of occurrence. Projections are inherently subject to the risks of adverse unexpected events which may affect the revenue streams and profitability of the Issuer and / or the Melite Finance Group.

ii. Risks relating to the Melite Finance Group and its business:

Dependence on the Italian market and exposure to general market and economic conditions

The Melite Finance Group's business activities are concentrated in, and aimed at, the Italian market. Accordingly, the Melite Finance Group is highly susceptible to the economic trends that may be felt from time to time in Italy. Negative economic factors and trends in Italy, particularly those having an effect on consumer demand, may have a negative impact on the business of the Melite Finance Group.

The Melite Finance Group's business activities are subject to general market and economic conditions, especially those in Italy. These conditions include financial market volatility, inflation, fluctuation in interest rates, exchange rates, direct and indirect taxation, the health of the local retail markets, property prices, energy and fuel costs, unemployment, wage rates, tightening of credit markets, government spending and budget priorities and other general market and economic conditions. In the event that such conditions were to experience a downturn, this may have an adverse impact on the financial position and operational performance of the Melite Finance Group's business activity, potentially having a serious effect on the Issuer's financial position, cash flows, operational performance and its ability to fulfil its obligations under the Bonds.

Additionally, in relation to the continued and uninterrupted leasing of its properties to third party tenants, the success of the Melite Finance Group's business operations is dependent upon the priority and preference of prospective tenants, and its ability to swiftly anticipate, identify and capitalise upon these priorities and preferences. If the Melite Finance Group were to be unable to do so, it could experience a reduction in its revenue, which could in turn have a material adverse effect on the Issuer's financial condition and ability to fulfil its obligations in terms of the Bonds.

Fixed operating expenses

Most of the Melite Finance Group's costs are fixed and its operating results are vulnerable to short-term changes in its revenues. The Melite Finance Group's inability to react swiftly to changes in its revenue by reducing its operating expenses could have a material adverse effect on its business, financial position and results of operations.

Increases in operating and other expenses

The Melite Finance Group's 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 premia; unforeseen increases in the costs of maintaining properties; unforeseen capital expenditure; reputational risks and strategic and business risks materialising; and unanticipated expenses as a result of acts of nature and their consequences. Such increases could have a material adverse effect on the Melite Finance Group's financial position and operational performance.

The Melite Finance Group's indebtedness and leveraged capital

The Melite Finance Group has a material amount of debt and may incur additional debt in connection with its future growth in terms of acquisitions and developments. Borrowings under bank credit facilities, if taken, may be at variable interest rates, which would expose the Melite Finance Group to increases in interest rates. The agreements regulating the Melite Finance Group's bank debt are likely to impose significant operating restrictions and financial covenants on the Melite Finance Group, which could in turn limit its ability to obtain future financing; incur capital expenditure; withstand a future downturn in business or economic conditions generally or otherwise inhibit the Melite Finance Group's ability to conduct the necessary corporate activities. In the event that the Melite Finance Group's generated cash flows were to be required to make principal and interest payments on any existing or prospective debt, this could give rise to a reduction in cash available for distribution by the Melite Finance Group.

The Issuer may in certain cases also be required to provide guarantees for debts contracted by its subsidiary, Melite Properties. Defaults under financing agreements could lead to the enforcement of security over property, where applicable, and/or cross-defaults under other financing agreements.

Key senior personnel and management
The Melite Finance Group's key senior personnel and management have been and remain material to its growth. The Melite Finance Group believes that its growth is partially attributable to the efforts and abilities of the members of its executive management team and other key personnel, specifically Andrew Ganado. If key personnel were unable or unwilling to continue in their present position, the Melite Finance Group might not be able to replace them within the short term, which could have a material adverse effect on its business and results of operations.

Additionally, the Melite Finance Group's operations and profitability is dependent upon the management services provided by Melite Italia and the Issuer respectively, in terms of two management agreements entered into between Melite Properties and the Issuer and between Melite Italia and the Issuer respectively. Should any party terminate the management agreements prior to the expiry of its term or should any party elect not to renew the respective agreements following the lapse of the terms thereof, the recipients of the respective management services would need to seek new individuals to occupy the executive management roles of the Melite Finance Group. The recipients of the respective management services may be unable to replace the services provided by Melite Italia and the Issuer respectively within the short term. This could have a material adverse effect on the Melite Finance Group's business and results of its operations.

The Melite Finance Group's insurance cover
Historically, in view of the fact that Melite Properties is not the occupier of the immovable properties over which it enjoys certain rights, Melite Properties has not been required to maintain insurance cover for such premises. Such an obligation must be satisfied by the occupier of the premises in question. There remains the risk, therefore, that an occupier of any one premises leased by Melite Properties may default in taking out such insurance cover, with recourse being had by the lessor against Melite Properties.

With respect to losses for which the Melite Finance Group may be covered by its insurance policies in the future, recovery of losses from insurers may be difficult and time-consuming and the Melite Finance Group may be unable to recover the full loss incurred. No assurance can be given that the Melite Finance Group's future insurance coverage will 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 of integration and operation of additional assets
The integration and operation of additional assets may disrupt the Melite Finance Group's business and create additional expenses, and the Melite Finance Group may not achieve the anticipated benefits of its acquisitions and expansion. Additionally, there remains the risk that the Melite Finance Group may not identify and acquire the assets which it requires, and if it does identify and acquire such assets, there is no guarantee that these will be successfully integrated and yield positive results. The success of integration of additional assets 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.

Level of interest rates
The Melite Finance Group may be exposed to the risks associated with the effects of fluctuations in the prevailing levels of the market interest rates on its financing position and cash flows.

Exchange rate risk
The Melite Finance Group may, in the future, be impacted by transaction risk, which is the risk that the currency of the costs and liabilities fluctuates in relation to the Euro, the Melite Finance Group's reporting currency, which fluctuation may adversely affect its operating performance. Unfavourable exchange rates may lead to higher costs or lower sales than expected at the time of entering into any contractual arrangement and may reduce margins.

Corporate social responsibility
Given consumers' growing concerns about responsible trade and the nature and reality of commitments, corporate social responsibility policies and actions, or the limitations or absence thereof, may impact the Melite Finance Group's reputation and standing.

Risk of complaints and litigation
Since the Melite Finance Group operates in an industry which involves the continuous provision of services to customers and consumers and such operation necessarily requires continuous interaction with suppliers, employees and regulatory authorities, the Melite Finance Group is exposed to the risk of litigation claims. All litigation is expensive, time consuming and may divert management's attention away from the operation of the business. In addition, the Melite Finance Group cannot be certain that its insurance coverage will be sufficient to cover one or more substantial claims. Although in so far as its Directors are aware, the Issuer is not involved in any governmental, legal or arbitration proceedings which may have, or have had since its inception, a significant effect on the Issuer's financial condition or operational performance, no assurance can be given that disputes which could have such effect would not arise in the future. Exposure to litigation or fines imposed by regulatory authorities may affect the Issuer's reputation even though the monetary consequences may not be significant.

Risks relating to changes in legislation
The Melite Finance Group is subject to a variety of laws and regulations, both in terms of Maltese and Italian law. As with any business, the Melite Finance Group is at risk in relation to changes in legislation and regulations and the time and effects of changes in the laws and regulations to which it is subject. In particular, there is the risk that the rate of VAT payable in terms of Italian law may increase in the near future. No assurance can be given as to the impact of any potential judicial decision, change in law or administrative practice, both in Malta and in Italy, after the date of the Prospectus, upon the business and operations of the companies forming part of the Melite Finance Group.

iii. Risks relating to the Melite Finance Group: Property Market

General property market conditions
The health of the property market may be affected by a number of factors such as national economy, political developments, introduction of or changes to government regulations, changes in planning or tax laws, interest rate fluctuations, inflation, and the availability of financing and yields of alternative investments. Such factors may be expected to cause property prices to fluctuate and an increase in the supply thereof could impact negatively upon capital values and income streams of the property.

Valuations of and fluctuations in rights over immovable property
The value of immovable property and the rights thereto 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 valuation of the rights over immovable property comprising the Melite Finance Group's portfolio of intangible assets, is itself an inherently riskier exercise than that of the valuation of immovable property per se, and the value thereof may also fluctuate as a result of other factors outside of the control of the Melite Finance Group. These include changes in regulatory requirements and applicable laws; political conditions; the condition of financial markets; potentially adverse tax consequences and interest and inflation rate fluctuations.

The operational performance of the Melite Finance Group could be negatively affected by a downturn in the property market in terms of capital and rental values. The valuation of property, property-related assets and rights attaching to immovable property is inherently subjective. This is due to, *inter alia*, the individual nature of each property and the assumptions on which valuations, including valuations relating to rights over immovable property, are carried out. In providing a market value of the rights over immovable property in question, the independent real estate advisory firm has made certain assumptions which ultimately may cause the actual values to be materially different from any future values that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends, as reality may not match the assumptions. There can be no assurance that such valuations of rights over immovable property and property-related assets will reflect actual market values.

Leases and lease renewal
Melite Properties is party to a number of rental contracts *qua* lessee. Continued use and enjoyment of the properties in question is therefore susceptible to a number of risks typically associated with leases, including: exercise of early termination rights by the lessor; default of obligations under the lease agreement(s); changes in the general economic conditions of the property market; the ability of Melite Properties to maintain its commercial relationship with the existing lessor on existing or more favourable terms, and its ability to enter into new commercial relationships with a new lessor on existing or more favourable terms; and changes in laws, regulations, taxes or government policies relating to leases. No assurance can be given as to the occurrence or non-occurrence of any of these risks, and if any of these risks were to materialise, the Melite Finance Group's business may be adversely affected.

Dependency on sub-tenants fulfilling their obligations
The revenue generated from the Melite Finance Group's property leasing activities is dependent in the main part on sub-tenants, these being Melite Italia, a key sub-tenant of Melite Properties, and other third party sub-tenants, fulfilling their obligations under their lease agreements with Melite Properties. There can be no assurance that the sub-tenants will not fail to perform their obligations, for reasons which are beyond Melite Properties' control, which failure may have a material adverse effect on the financial condition of Melite Properties, and in turn of the Issuer, the results of their operations and their prospects. This risk is further amplified due to the fact that Melite Italia is the sub-tenant of the majority of the leaseholds held by Melite Properties. In addition, Melite Properties is susceptible to the risk that sub-tenants may terminate, or elect not to renew, their respective lease agreements. Failure to maintain a good relationship with existing sub-tenants, or to renew lease agreements, or enter into new lease agreements, on similar or more favourable terms, could have a material adverse effect on Melite Properties' business, the results of its operations and its prospects, and in turn those of the Issuer.

Single sector and client concentration risk
The majority of the Melite Finance Group's property leasing revenue stream is generated through the leasing of units by Melite Properties to Melite Italia or, to a lesser extent, to third party sub-tenants, for the purpose of using such units principally for the retailing of clothes and fashion accessories as specified

in terms of the relevant lease agreements. Consequently, the Melite Finance Group's dynamics of revenue generation are dependent, to some degree, on the continued success of the clothing and fashion accessories industry, thereby exposing the Melite Finance Group to single sector concentration risk. The risk inherent in concentrating substantial investments in a single industry is that a decline in said industry would likely have a greater adverse effect on the financial condition of the Melite Finance Group than if the Melite Finance Group maintained a more diverse array of sub-tenants. A significant downturn in this particular sector and/or reduction in the influx of additional market players could lead to a reduced need for the Melite Finance Group's product, which in turn could have a material adverse effect on its results of operations and prospects.

Additionally, the Melite Finance Group's revenue stream is largely dependent upon the receipt of rental income from its sub-tenants, the key sub-tenant being Melite Italia. Any downturn in the financial stability and profitability of Melite Italia or other sub-tenants may have a negative effect on the financial stability and outlook of the Melite Finance Group.

Refurbishment and re-development

Refurbishment and re-development projects are subject to a number of specific risks inherent in this field, including in particular: the risk of cost overruns; the risk of insufficiency of resources to complete; the risk of rental/sale transactions not being effected at the prices and within the timeframe envisaged; higher interest costs; and the erosion of revenue generation. If these risks were to materialise, they would have an adverse impact on the Issuer's revenue generation, cash flows and financial performance. Furthermore, for the completion of certain projects a degree of reliance is placed on counterparties engaged in the demolition, excavation, construction and finishing of developments. Such parties may fail to perform or default on their obligations to the Issuer due to insolvency, lack of liquidity, market or economic downturns, operational failure or other reasons which are beyond the Melite Finance Group's control. If any of the above-mentioned risks were to materialise, they could have an adverse impact on the Melite Finance Group's financial position, operational performance and the Issuer's ability to fulfil its obligations under the Bonds.

The Melite Finance Group may be exposed to environmental liabilities attached to property

The Melite Finance Group may become liable for the costs of removal, investigation or remediation of any hazardous or toxic substances that may be located on or in, or which may have migrated from, a property owned or occupied by it, which costs may be substantial.

Laws and regulations, which may be amended over time, may also impose liability for the presence of certain materials or substances or the release of certain materials or substances into the air, land or water or the migration of certain materials or substances from a property development, including asbestos. These environmental liabilities, if realised, could have a material adverse effect on its business, financial condition and results of operations.

Governing law and jurisdiction

The lease agreements to which Melite Properties is a party are governed by the laws of Italy and any disputes arising under such agreements are subject to the jurisdiction of the courts or arbitral tribunals in Italy. These factors increase the complexity involved in any dispute or legal proceeding arising on the basis of these agreements, as a foreign legal element is involved.

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 advisers, the following risk factors (not listed in order of priority) and other investment considerations, together with all the other information contained in the Prospectus:

- Due to the absence of any prior market for the Bonds, there can be no assurance that the Bond Issue Price will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue.

- There can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price or at all.

- An investment in the Issuer may not be suitable for all recipients of this Prospectus and investors are urged to consult a licensed stockbroker or investment adviser licensed under the Investment Services Act (Cap. 370 of the laws of Malta) as to the suitability or otherwise of an investment in any of the Bonds before making an investment decision. An informed investment decision can only be made by investors after they have read and fully understood the risk factors associated with an investment in the Bonds and the inherent risks associated with the Issuer's business. In the event that an investor in

the Bonds does not seek professional advice and/or does not read and fully understand the provisions of this Prospectus, there is a risk that such investor may acquire an investment which is not suitable for his or her profile.

- **Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. Investors should also be aware that the price of fixed rate bonds moves adversely to changes in interest rates. When prevailing market interest rates are rising, the price of fixed rate bonds declines. Conversely, if market interest rates are declining, the price of fixed rate bonds rises.**

- **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.**

- **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.**

- **The Issuer may incur further borrowing or indebtedness and may create or permit to subsist other security interests upon the whole or any part of its present or future undertakings, assets, or revenues (including uncalled capital).**

- **The Bonds constitute the general, direct, unconditional and secured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves, but they shall rank with priority or preference over all unsecured indebtedness of the Issuer, if any. Notwithstanding this, there can be no guarantee that privileges or security accorded by law in specific situations will not arise during the course of the Issuer's business which may rank with priority or preference to the Collateral.**

- **The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List and the Collateral being properly constituted in favour of the Security Trustee, and in the event that either of the aforesaid conditions is not satisfied, the Security Trustee shall return the Bond Issue proceeds to Bondholders via the Registrar and the Authorised Financial Intermediaries.**

- **In providing a market value for the rights over immovable property held with respect to each respective property, the independent real estate advisory firm engaged for such purpose, Rustioni & Partners Srl, has made certain assumptions which ultimately may result in the actual values being materially different from any future values that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends, as reality may not match the assumptions. There can be no assurance that such valuations of rights over immovable property and property related assets reflect, now or in the future, actual market values.**

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

- **The terms and conditions of this Bond Issue are based on the requirements of the Listing Rules, the Act and the Regulation in effect as at the date of the Prospectus. No assurance can be given as to the impact on the Bonds of any possible judicial decision or change in law or administrative practice after the date of the Prospectus.**

- **Even after the Bonds are admitted to the Official List, the Issuer is required to remain in compliance with certain requirements relating to, *inter alia*, 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 power 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 or discontinuations described above could have a material adverse effect on the liquidity and value of the Bonds.**

- **The Issuer has not sought, nor does it intend to seek, the credit rating of an independent rating agency and there has been no assessment by any independent rating agency of the Bonds.**

- **The minimum investment amount for the subscription of the Bonds is €50,000 per Applicant. Furthermore, each investor is required to maintain a minimum holding of €50,000 throughout the lifetime of his/her/its investment. This could affect the ability of Bondholders to trade in the Bonds on the secondary market.**

| SECTION E | OFFER

E.2b The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €8.9 million, will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

i. the amount of €3.0 million shall be paid to Melite Retail in part settlement of the *circa* €8.6 million consideration due for the transfer of the entire issued share capital of Melite Properties to the Issuer, following its earlier acquisition by Melite Retail from Melite Italia, the remaining *circa* €5.6 million of the said consideration due by the Issuer in respect of such share transfer having been capitalised by Melite Retail on 5 November 2018;
ii. the amount of *circa* €5.9 million will be lent to Melite Properties for the following purposes:
    a. an amount of €3.0 million will be utilised by Melite Properties for settlement of a debt owed to Melite Retail, which debt was originally due by Melite Italia but, as a result of the restructuring, was assumed by Melite Properties. The debt being refinanced relates to bank financing that had been drawn down to finance, *inter alia*, the acquisition of property rights by Melite Italia;
    b. an amount of *circa* €2.5 million will be utilised by Melite Properties for the purpose of refurbishing and embellishing retail outlets located in leading locations in Italy over which, from time to time, it enjoys the rights attached to the lease of such immovable property, and/or for acquiring such rights over additional retail outlets, for sub-leasing, over the next one to two years; and
    c. the remaining balance of *circa* €0.4 million will be retained by Melite Properties for general corporate funding purposes.

For such time as the proceeds from the Bond Issue outlined for utilisation for the purpose set out in sub-paragraph (ii)(b) above have not been utilised as set out therein, the Security Trustee shall, with the prior approval of the Issuer, be empowered to invest such funds in such securities and/or in such manner as permitted in terms of the Security Trust Deed.

E.3 The Bonds are being made available for subscription to Authorised Financial Intermediaries, either for their own account or for the account of their underlying customers pursuant to placement agreements, which are conditional upon the Perfection of the Collateral and the Bonds being admitted to the Official List.

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:

I. 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 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 €50,000 per individual Bondholder and subject to a subsequent minimum holding of €50,000 per individual Bondholder being maintained throughout his/her/its investment.

Authorised Financial Intermediaries subscribing for Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €50,000 to each underlying client and subject to the minimum holding referred to above. The minimum holding requirement of €50,000 per Bondholder (and per underlying client, in the case of Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients as aforesaid) will also apply during secondary market trading.

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.

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

III. Status of the Bonds and Security
The Bonds constitute the general, direct, unconditional and secured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference, among themselves and, save for such exceptions as may be provided by applicable law, with priority or preference to all present and future unsecured obligations of the Issuer and with first ranking and priority over the Collateral.

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

seven 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 15 Business 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 days of the Interest Payment Date.

V. 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 the Redemption Date.

VI. Events of Default

Pursuant to the Security Trust Deed, the Security Trustee may in its absolute and uncontrolled discretion, and shall upon the request in writing of not less than 75% in value of the Bondholders, declare the Bonds to have become immediately due and repayable at their principal amount together with accrued interest, upon the happening of any of the following events: (a) the Issuer fails to effect the payment of interest or the principal amount when due and such failure continues for a period of 30 days after written notice thereof by the Security Trustee to the Issuer; (b) the Issuer fails duly to perform or shall otherwise be in breach of any other material obligation contained in the Prospectus and such failure shall continue for 60 days after written notice thereof shall have been given to the Issuer by a Bondholder; (c) an order is made or resolution is passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer (or Melite Properties, save in the case of a reorganisation or restructuring of the Melite Finance Group, or the merger, amalgamation or division of Melite Properties); (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; (e) the Issuer or Melite Properties is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; (f) there shall have been entered against the Issuer and/or Melite Properties 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 €2 million or its equivalent and 90 days shall have passed since the date of entry of such judgment without it having been satisfied or stayed, or confirmation received to the effect that such claim shall be covered by existing insurance cover; or (g) any default occurs and continues for 90 days under any contract or document relating to any Financial Indebtedness of the Issuer and/or Melite Properties in excess of €2 million or its equivalent at any time.

VII. 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.

VIII. Register of Bondholders

Certificates will not be delivered to Bondholders in respect of the Bonds by virtue of the fact that the entitlement to the Bonds will be represented in an uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There will be entered in such electronic register the names, addresses, identity card numbers, registration numbers and MSE account numbers 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.

IX. Further Issues

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further debentures, debenture stock, bonds, loan notes, or any other debt securities, either having the same terms and conditions as any outstanding debt securities of any series (including the Bonds), and so that such further issue shall be consolidated and form a single series with the outstanding debt securities of the relevant series (including the Bonds), or upon such terms as the Issuer may determine at the time of their issue, provided that no issue may be made that would rank senior to the Bonds in respect of the Collateral.

X. Meetings of Bondholders

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

XI. 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 arising out of or in connection with the Bonds shall be brought exclusively before the Maltese Courts and the Bondholder shall be deemed to acknowledge that it is submitting to the exclusive jurisdiction of the Maltese Courts as aforesaid.

E.4 Save for the subscription for Bonds by Rizzo, Farrugia & Co. (Stockbrokers) Ltd. and Lombard Bank Malta p.l.c., and any fees payable in connection with the Bond Issue, so far as the Issuer is aware, no person involved in the Bond Issue has an interest material to the Issue.

E.7 *Not applicable.* No expenses shall be charged to Bondholders by the Issuer.

EXPECTED TIME TABLE OF THE BOND ISSUE

1. Placement date	22 November 2018
2. Commencement of interest on the Bonds	23 November 2018
3. Expected date of Perfection of the Collateral	27 November 2018
4. Expected date of admission of the Bonds to listing	28 November 2018
5. Expected date of commencement of trading in the Bonds	29 November 2018

REGISTRATION
DOCUMENT

This Registration Document is issued in accordance with the provisions of Chapter 4 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements as amended by Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015.

Dated 12 November 2018

by

MELITE FINANCE PLC
(a public limited liability company registered under the laws of Malta
with company registration number C 88405)

Sponsor & Co-Manager

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

Legal Counsel

CAMILLERI PREZIOSI
ADVOCATES

Registrar & Co-Manager

LOMBARD
Lombard Bank Malta p.l.c.

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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 ADVISER.

IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ON MELITE FINANCE P.L.C. (IN ITS CAPACITY AS ISSUER) 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 OR ITS DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF SECURITIES OF THE ISSUER OTHER THAN THOSE CONTAINED IN THIS REGISTRATION DOCUMENT AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER, ITS DIRECTORS OR ADVISERS.

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.

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

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

A COPY OF THIS DOCUMENT 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 REGISTRY 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 ADVISERS TO THE ISSUER NAMED IN THE REGISTRATION DOCUMENT UNDER THE HEADING *"ADVISERS TO THE ISSUER"* IN SECTION 3.2 OF THIS REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS PUBLIC OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS AND/OR IN RELATION TO THE COMPLETENESS OR ACCURACY OF THE CONTENTS OF OR INFORMATION CONTAINED IN THE PROSPECTUS.

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

THE 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 ADVISERS.

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| 1 | DEFINITIONS

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

Act	the Companies Act (Cap. 386 of the laws of Malta);
Bond(s)	the €9,250,000 secured bonds of a nominal value of €100 per bond redeemable at their nominal value on 23 November 2028 bearing interest at the rate of 4.85% per annum;
Bondholder	a holder of the Bonds;
Bond Issue	the issue of the Bonds;
Collateral	shall have the meaning set out in section 4.5 of the Securities Note;
Directors or **Board**	the directors of the Issuer whose names are set out in section 3 of this Registration Document under the heading *"Identity of Directors, Senior Management, Advisers and Auditors of the Issuer"*;
EBITDA	an abbreviation used for earnings before interest, tax, depreciation and amortisation;
Euro or **€**	the lawful currency of the Republic of Malta;
Group Company	any one of the companies forming part of the Melite Finance Group. The term 'Group Companies' shall be construed accordingly;
Independent Expert's Report	the independent expert's report commissioned by the Issuer in relation to the rights over immovable property enjoyed by Melite Properties as explained in section 4.3.1, being the investments of the Melite Finance Group, prepared by Rustioni & Partners Srl dated 18 September 2018;
Issuer or **Company**	Melite Finance p.l.c., a public limited liability company registered in Malta with company registration number C 88405 and having its registered office at Level 3, Valletta Buildings, South Street, Valletta VLT 1103, Malta;
Listing Authority	the Board of Governors of the MFSA, appointed as Listing Authority for the purposes of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta) and the Financial Markets Act (Cap. 345 of the laws of Malta) by virtue of Legal Notice 1 of 2003;
Listing Rules	the listing rules of the Listing Authority;
Malta Stock Exchange or **MSE**	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Melite Italia	Melite Italia Srl, a private limited liability company registered in Italy with company fiscal and VAT number 03712090962 and having its registered office at Via Vittor Pisani 16, 20124, Milano (MI), Italia;
Melite Finance Group or **Group**	the group of companies consisting of the Issuer as the parent and Melite Properties as the subsidiary;
Melite Group	the group of companies of which Melite Retail is the parent and the Melite Retail Subsidiaries are the subsidiaries;
Melite Properties	Melite Properties Srl, a private limited liability company registered in Italy with company fiscal and VAT number 10510270969 and having its registered office at via Vittor Pisani 20, 20124, Milano (MI), Italia;
Melite Retail	Melite Retail Limited, a private limited liability company registered in Malta with company registration number C 74224 and having its registered office at Flat 2, Arclight, 62, Triq l-Gharbiel, Swieqi SWQ 3251, Malta;

Melite Retail Subsidiaries	an entity over which Melite Retail has control. In terms of the International Financial Reporting Standards adopted by the European Union, a group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to effect those returns through its power to direct the activities of the entity. The term **"Subsidiaries"** shall collectively refer to the said entities, which as at the date of this document consist of the following: i. the Issuer; ii. Melite Italia; and iii. the other companies mentioned in section 4.1.1. of this Registration Document;
Memorandum and Articles of Association	the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus. The terms **"Memorandum"**, **"Articles"** and **"Articles of Association"** shall be construed accordingly;
MFSA	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta);
Prospectus	collectively, the Registration Document, the Securities Note and the Summary Note;
Registration Document	this document in its entirety, forming part of the Prospectus;
Regulation	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; 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;
Security Trust Deed	the security trust deed entered into between the Security Trustee, the Issuer and Melite Properties, dated 7 November 2018;
Security Trustee	Alter Domus Trustee Services (Malta) Limited, a private limited liability company registered in Malta with company registration number C 63887 and having its registered office at Vision Exchange Building, Territorials Street, Mriehel, Birkirkara BKR 3000, Malta, duly authorised to act as a trustee or co-trustee in terms of Article 43(3) of the Trusts and Trustees Act (Cap. 331 of the laws of Malta);
Securities Note	the securities note issued by the Issuer dated 12 November 2018, forming part of the Prospectus; and
Summary Note	the summary note issued by the Issuer dated 12 November 2018, forming part of the Prospectus.

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*; and
c. the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative.

| 2 | RISK FACTORS

PROSPECTIVE INVESTORS SHOULD, WITH THEIR OWN INDEPENDENT AND OTHER PROFESSIONAL ADVISERS, MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER AND 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.

SOME OF THE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS A VIEW ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

IF ANY OF THE RISKS DESCRIBED HEREUNDER WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER'S FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE AND ON THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE BONDS. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS OF THE ISSUER, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER FACES. CONSEQUENTLY, ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY HAVE A SERIOUS EFFECT ON THE ISSUER'S FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE AND ON THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE BONDS. IN ADDITION, PROSPECTIVE INVESTORS OUGHT TO BE AWARE THAT RISK MAY BE AMPLIFIED DUE TO A COMBINATION OF RISK FACTORS.

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

SECTION 2.2 BELOW SETS OUT RISKS SPECIFIC TO THE ISSUER WHICH ARE CONSIDERED INTRINSIC IN FORWARD-LOOKING STATEMENTS SUCH AS THOSE CONTAINED IN VARIOUS PARTS OF THE PROSPECTUS. SECTIONS 2.3 AND 2.4 BELOW ARE CONSIDERED TO BE RISKS ASSOCIATED WITH THE MELITE FINANCE GROUP, ITS BUSINESS IN GENERAL AND THE PROPERTY MARKET, AND ACCORDINGLY SUCH RISKS ARE ALL ULTIMATELY RISKS PERTAINING TO THE ISSUER.

2.1 FORWARD-LOOKING STATEMENTS

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

As indicated above, if any of the risks described were to materialise, they could have a serious effect on the Issuer's financial condition, operational performance and on the ability of the Issuer to fulfil its obligations under the Bonds to be issued. Accordingly, the Issuer cautions the reader that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ from those expressed or implied by such statements and no assurance is given that the future results or expectations will be achieved.

All forward-looking statements contained in this Registration Document are made only as at the date hereof. The Issuer and its Directors expressly disclaim any obligations to update or revise any forward-looking statement 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.

2.2 RISKS RELATING TO THE ISSUER

2.2.1 ISSUER'S DEPENDENCE ON THE MELITE FINANCE GROUP AND ITS BUSINESS

The Issuer is a finance company and the holding company of the property business of the Melite Group, with its main purpose presently being that of financing or re-financing the funding requirements of the Melite Finance Group, including funding requirements relating to the acquisition of assets. In this respect, in so far as the Bonds are concerned, the Issuer is mainly dependent on the business prospects of the Melite Finance Group (particularly Melite Properties, its principal debtor), and consequently, the operating results of the Melite Finance Group have a direct effect on the Issuer's financial position and performance, and as such the risks intrinsic to the business and

operations of the Melite Finance Group shall have a direct effect on the ability of the Issuer to meet its obligations in respect of principal and interest under the Bonds when due.

As the majority of its assets consist of a loan issued to Melite Properties, its wholly owned subsidiary, the Issuer is largely dependent, including for the purpose of servicing interest payments, on the Bonds described in the Securities Note and the repayment of the principal on maturity date, on the receipt of interest and loan repayments from Melite Properties.

The interest payments and loan repayments to be effected by Melite Properties are subject to certain risks. More specifically, the ability of Melite Properties to effect loan repayments to the Issuer in terms of present and future borrowing agreements will depend on its respective cash flows and earnings, which may be affected by the risks indicated in section 2.3 *et sequitur* of the Registration Document. The occurrence of any such factors could in turn negatively affect the ability of the Issuer to meet its obligations in respect of the payment of interest on the Bonds and repayment of principal when due.

2.2.2 LIMITED OPERATING HISTORY

The Issuer was established on 27 September 2018 and therefore has a limited operating history that can be evaluated as a basis for the Issuer's potential performance. The risks attendant with a newly incorporated company (such as that of the Issuer) may have a direct effect on the ability of the Issuer to meet its obligations in respect of the repayment of principal and interest under the Bonds.

2.2.3 FUNDING RISK

There can be no guarantee that cash generated by operations or additional debt or equity financing will be available or will be sufficient to meet the Issuer's funding requirements to pursue its future strategic decisions or that if additional debt or equity financing is available, that it will be on terms acceptable to the Issuer. The Issuer's inability to access sufficient capital for its operations may have a material adverse effect on its financial condition, results of operations and prospects.

2.2.4 CERTAIN FINANCIAL MARKETS RISKS

The Issuer may be exposed to a variety of financial risks associated with the unpredictability inherent in financial markets, including market risk (such as the risk associated with fluctuations in interest rates and fair values of investments), credit risk (the risk of loss by the Issuer due to its debtors not respecting their commitments), currency risk and interest rate risk (such as the risk of potential changes in the value of financial assets and liabilities in response to change in the level of market interest rates and their impact on cash flows). Were any of these risks to materialise, these could have adverse effects on the financial performance and profitability of the Melite Finance Group.

2.2.5 ENFORCEMENT OF SECURITY OVER THE ASSETS OF THE MELITE FINANCE GROUP

Future borrowings may be secured over part of the assets of the Melite Finance Group. In the event that any company forming part of the Melite Finance Group defaults under the terms of any borrowing agreements it may enter into, the lender concerned may seize title to such assets by enforcing its security, where applicable. In addition, any amounts owing under borrowing agreements may rank ahead of Bondholder entitlements. If such circumstances were to arise or subsist at the time that the Collateral is to be enforced by the Security Trustee, it could have a material adverse effect on the recoverability of all the amounts that may be outstanding under the Bonds.

2.2.6 RISKS INHERENT IN PROJECTED FINANCIAL INFORMATION

The projected revenues of the Melite Finance Group are described under the heading *"Projected Financial Information"* in section 5.2.1 of this Registration Document and are dependent on a number of assumptions and future expectations that may or may not occur. The non-occurrence of such future expectations could have serious and material effects on the financial position and results of the Issuer and/or the Melite Finance Group. The said projected financial information is therefore merely an illustration of a possible future outcome which may or may not occur. Although the Directors believe that the projected financial information included herein has been prepared on a fair and reasonable basis, the Issuer, its Directors, officers and advisers make no representation as to their accuracy or likelihood of occurrence. Projections are inherently subject to the risks of adverse unexpected events which may affect the revenue streams and profitability of the Issuer and/or the Melite Finance Group.

2.3 RISKS RELATING TO THE MELITE FINANCE GROUP: THE MELITE FINANCE GROUP AND ITS BUSINESS

2.3.1 DEPENDENCE ON THE ITALIAN MARKET AND EXPOSURE TO GENERAL MARKET AND ECONOMIC CONDITIONS

The Melite Finance Group's business activities (as described in section 4.2.3) are concentrated in and aimed at the Italian market. Accordingly, the Melite Finance Group is highly susceptible to the economic trends that may be felt from time to time in Italy. Negative economic factors and trends in Italy, particularly those having an effect on consumer demand, may have a negative impact on the business of the Melite Finance Group.

The Melite Finance Group's business activities are also subject to general market and economic conditions, especially those overseas in Italy. These conditions include, *inter alia*, financial market volatility, inflation, fluctuation in interest rates, exchange rates, direct and indirect taxation, the health of the local retail markets, and real estate property prices, energy and fuel costs, unemployment, wage rates, tightening of credit markets, government spending and budget priorities and other general market and economic conditions.

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 the Melite Finance Group's business activity, potentially having a serious effect on the Issuer's financial position, cash flows, operational performance and its ability to fulfil its obligations under the Bonds.

Additionally, in relation to the continued and uninterrupted leasing of its properties to third party tenants, the success of the Melite Finance Group's business operations is dependent upon the priority and preference of prospective tenants, whether Italian or from third countries, and its ability to swiftly anticipate, identify and capitalise upon these priorities and preferences. If the Melite Finance Group were to be unable to do so, it could experience a reduction in its revenue, which reduction could in turn have a material adverse effect on the Issuer's financial condition and ability to fulfil its obligations in terms of the Bonds. A similar adverse impact could arise in cases in which, contrary to the Melite Finance Group's projections, Melite Properties were to be unable to secure leasing of outlets geared towards maximising real estate margins, that is outlets which are available for rent at prices lower than market rents but which Melite Properties would be able to sub-lease at above market rents and, accordingly, at a higher margin than that typically achievable in respect of outlets selected specifically for their retail potential. The failure to achieve the higher and more expedient return on key money invested which such a change in strategy is expected to yield, could have a detrimental effect on the performance of the Melite Finance Group and in turn on the Issuer's financial position, cash flows, operational performance and its ability to fulfil its obligations under the Bonds.

2.3.2 FIXED OPERATING EXPENSES

A significant portion of the Melite Finance Group's costs are fixed and its operating results are vulnerable to short-term changes in its revenues. The Melite Finance Group's inability to react swiftly to changes in its revenue by reducing its operating expenses could have a material adverse effect on its business, financial position and results of operations.

2.3.3 INCREASES IN OPERATING AND OTHER EXPENSES

The Melite Finance Group's 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:

a. increases in the rate of inflation, in particular where the income stream of the Melite Finance Group does not increase correspondingly;
b. increases in payroll expenses;
c. increases in property taxes and other statutory charges;
d. changes in laws, regulations or government policies;
e. increases in insurance premia;
f. unforeseen increases in the costs of maintaining properties;
g. unforeseen capital expenditure;
h. reputational risks and strategic and business risks materialising; and
i. unanticipated expenses as a result of acts of nature and their consequences.

Such increases could have a material adverse effect on the Melite Finance Group's financial position and operational performance.

2.3.4 THE MELITE FINANCE GROUP'S INDEBTEDNESS AND LEVERAGED CAPITAL

The Melite Finance Group has a material amount of debt and may incur additional debt in connection with its future growth in terms of acquisitions and developments.

Borrowings under bank credit facilities, if taken, may be at variable interest rates, which would expose the Melite Finance Group to increases in interest rates. The agreements regulating the Melite Finance Group's bank debt are likely to impose significant operating restrictions and financial covenants on the Melite Finance Group. These restrictions and covenants could limit the Melite Finance Group's ability to obtain future financing; incur capital expenditure; withstand a future downturn in business or economic conditions generally or otherwise inhibit the Melite Finance Group's ability to conduct the necessary corporate activities.

In the event that the Melite Finance Group's generated cash flows were to be required to make principal and interest payments on any existing or prospective debt, this could give rise to a reduction in the amount of cash available for distribution by the Melite Finance Group, which would otherwise be available for funding of the Melite Finance Group's working capital, capital expenditure, development costs, and other general corporate costs, or for the distribution of dividends.

The Issuer as parent company of the Melite Finance Group may in certain cases also be required to provide guarantees for debts contracted by its subsidiary, Melite Properties. Defaults under financing agreements could lead to the enforcement of security over property, where applicable, and/or cross-defaults under other financing agreements.

2.3.5 KEY SENIOR PERSONNEL AND MANAGEMENT

The Melite Finance Group's key senior personnel and management have been and remain material to its growth. The Melite Finance Group believes that its growth is partially attributable to the efforts and abilities of the members of its executive management team and other key personnel, specifically Andrew Ganado. If one or more of the members of the team were unable or unwilling to continue in their present position, the Melite Finance Group might not be able to replace them within the short term, which could have a material adverse effect on the Melite Finance Group's business, financial condition and results of operations. Although no single person is instrumental in fulfilling the Melite Finance Group's business objectives, there is no guarantee that these objectives will be achieved to the degree expected following the loss of key personnel.

Additionally, the Melite Finance Group's operations and profitability is dependent upon the management services provided by Melite Italia and the Issuer respectively, in terms of two management agreements entered into between Melite Properties and the Issuer and between Melite Italia and the Issuer respectively. Should any party terminate the management agreements prior to the expiry of its term or should any party elect not to renew the respective agreements following the lapse of the terms thereof, the recipients of the respective management services would need to seek new individuals to occupy the executive management roles of the Melite Finance Group. The recipients of the respective management services may be unable to replace the services provided by Melite Italia and the Issuer respectively within the short term. This could have a material adverse effect on the Melite Finance Group's business and results of its operations.

2.3.6 THE MELITE FINANCE GROUP'S INSURANCE COVER

Historically, in view of the fact that Melite Properties is not the occupier of the immovable properties over which it enjoys certain rights, Melite Properties has not been required to maintain insurance cover for such premises. Such an obligation must be satisfied by the occupier of the premises in question. There remains the risk, therefore, that an occupier of any one premises leased by Melite Properties may default in taking out such insurance cover, with recourse being had by the lessor against Melite Properties.

With respect to losses for which the Melite Finance Group may be covered by its insurance policies in the future, it may be difficult and may take time to recover such losses from insurers. In addition, the Melite Finance Group may not be able to recover the full loss incurred from the insurer. No assurance can be given that the Melite Finance Group's future insurance coverage will 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.

2.3.7 RISKS OF INTEGRATION AND OPERATION OF ADDITIONAL ASSETS

The integration and operation of additional assets may disrupt the Melite Finance Group's business and create additional expenses, and the Melite Finance Group may not achieve the anticipated benefits of its acquisitions and expansion. Additionally, there remains the risk that the Melite Finance Group may not identify and acquire the assets which it requires, and if it does identify and acquire such assets, there is no guarantee that these will be successfully integrated and yield positive results.

The success of integration of additional assets 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.

2.3.8 LEVEL OF INTEREST RATES

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 profitability and cash flows. The Melite Finance Group may be exposed to the risks associated with the effects of fluctuations in the prevailing levels of the market interest rates on its financing position and cash flows.

2.3.9 EXCHANGE RATE RISK

The Melite Finance Group may, in the future, be impacted by transaction risk, which is the risk that the currency of the costs and liabilities fluctuates in relation to the Euro, as the Melite Finance Group's reporting currency, which fluctuation may adversely affect its operating performance. Unfavourable exchange rates may lead to higher costs or lower sales than those expected at the time of entering into any contractual arrangement and may reduce margins.

2.3.10 CORPORATE SOCIAL RESPONSIBILITY

Given consumers' growing concerns about responsible trade and the nature and reality of commitments, corporate social responsibility policies and actions, or the limitations or absence thereof, may impact the Melite Finance Group's reputation and standing.

2.3.11 RISK OF COMPLAINTS AND LITIGATION

Since the Melite Finance Group operates in an industry which involves the continuous provision of services to customers and consumers and such operation necessarily requires continuous interaction with suppliers, employees and regulatory authorities, the Melite Finance Group is exposed to the risk of litigation from its customers, actual and potential partners, suppliers, employees and/or regulatory authorities. All litigation is expensive, time consuming and may divert management's attention away from the operation of the business. In addition, the Melite Finance Group cannot be certain that its insurance coverage will be sufficient to cover one or more substantial claims.

Although as stated in section 11 under the heading *"Litigation"*, so far as its Directors are aware, the Issuer is not involved in any governmental, legal or arbitration proceedings which may have, or have had since its inception, a significant effect on the Issuer's financial condition or operational performance, no assurance can be given that disputes which could have such effect would not arise in the future. Exposure to litigation or fines imposed by regulatory authorities may affect the Issuer's reputation even though the monetary consequences may not be significant.

2.3.12 RISKS RELATING TO CHANGES IN LEGISLATION

The Melite Finance Group is subject to a variety of laws and regulations, both in terms of Maltese as well as Italian law. As with any business, the Melite Finance Group is at risk in relation to changes in Maltese and Italian legislation and regulations and the time and effects of changes in the laws and regulations to which it is subject, including changes in the interpretation thereof, which cannot be predicted. In particular, there is the risk that the rate of VAT payable in terms of Italian law may increase in the near future. No assurance can be given as to the impact of any potential judicial decision, change in law or administrative practice, both in Malta and in Italy, after the date of the Prospectus, upon the business and operations of the companies forming part of the Melite Finance Group.

2.4 RISKS RELATING TO THE MELITE FINANCE GROUP: PROPERTY MARKET

2.4.1 GENERAL PROPERTY MARKET CONDITIONS

The health of the property market may be affected by a number of factors such as national economy, political developments, introduction of or changes to government regulations, changes in planning or tax laws, interest rate fluctuations, inflation, and the availability of financing and yields of alternative investments. Such factors may be expected to cause property prices to fluctuate and an increase in the supply thereof could impact negatively upon capital values and income streams of the property.

2.4.2 VALUATIONS OF AND FLUCTUATIONS IN RIGHTS OVER IMMOVABLE PROPERTY

The value of immovable property and the rights thereto 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 valuation of the rights over immovable property comprising the Melite Finance Group's portfolio of assets, being intangible assets, is itself an inherently riskier exercise than that of the valuation of immovable property per se, and the value thereof may also fluctuate as a result of other factors outside the control of the Melite Finance Group. These include 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 and interest and inflation rate fluctuations.

The operational performance of the Melite Finance Group could be negatively affected by a downturn in the property market in terms of capital and rental values. The valuation of property, property-related assets and rights attaching to immovable property is inherently subjective. This is due to, *inter alia*, the individual nature of each property and the assumptions on which valuations, including valuations relating to rights over immovable property, are carried out. The valuation referred to in the Registration Document has been prepared by an independent real estate advisory firm which is experienced in the real estate industry and market in Italy, Rustioni & Partners Srl. In providing a market value of the rights over immovable property in question, the independent real estate advisory firm has made certain assumptions which ultimately may cause the actual values to be materially different from any future values that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends, as reality may not match the assumptions. There can be no assurance that such valuations of rights over immovable property and property-related assets will reflect actual market values.

2.4.3 LEASES AND LEASE RENEWAL

Melite Properties is party to a number of rental contracts *qua* lessee. Continued use and enjoyment of the properties in question is therefore susceptible to a number of risks typically associated with leases, including:

i. exercise of early termination rights by the lessor;
ii. default of obligations under the lease agreement(s), whether on the part of Melite Properties or the lessor, including the default, or late payment of, any amounts due by Melite Properties under the lease agreement;
iii. changes in the general economic conditions of the property market, including the cyclical nature of the property market;
iv. the ability of Melite Properties to maintain its commercial relationship with the current lessor on existing or more favourable terms, and its ability to enter into new commercial relationships with a new lessor on existing or more favourable terms; and
v. changes in laws, regulations, taxes or government policies relating to leases.

No assurance can be given as to the occurrence or non-occurrence of any of these risks, and if any of these risks were to materialise, the Melite Finance Group's business may be adversely affected.

2.4.4 DEPENDENCY ON SUB-TENANTS FULFILLING THEIR OBLIGATIONS

The revenue generated from the Melite Finance Group's property leasing activities is dependent in the main part on sub-tenants, these being Melite Italia, a key sub-tenant of Melite Properties, and other third party sub-tenants, fulfilling their obligations under their lease agreements with Melite Properties. There can be no assurance that the sub-tenants will not fail to perform their obligations, whether due to insolvency, lack of liquidity, market or economic downturns, operational failure or other reasons which are beyond Melite Properties' control, which failure may have a material adverse effect on the financial condition of Melite Properties, and in turn of the Issuer, the results of their operations and their prospects. This risk is further amplified due to the fact that there is a concentration of sub-tenants of Melite Properties in Melite Italia, the latter being a sub-tenant of the majority of the leaseholds held by Melite Properties.

In addition, Melite Properties is susceptible to the risk that sub-tenants may terminate, or elect not to renew, their respective lease agreements. Failure to maintain a good relationship with existing sub-tenants, or to renew lease agreements, or enter into new lease agreements, on similar or more favourable terms, could have a material adverse effect on Melite Properties' business, the results of its operations and its prospects, and in turn those of the Issuer.

2.4.5 SINGLE SECTOR AND CLIENT CONCENTRATION RISK

The majority of the Melite Finance Group's property leasing revenue stream is generated through the leasing of units by Melite Properties to Melite Italia or, to a lesser extent, to third party sub-tenants, for the purpose of using such units principally for the retailing of clothes and fashion accessories as specified in terms of the relevant lease agreements.

Consequently, the Melite Finance Group's dynamics of revenue generation are dependent, to some degree, on the continued success of the clothing and fashion accessories industry, thereby exposing the Melite Finance Group to single sector concentration risk. The risk inherent in concentrating substantial investments in a single industry is that a decline in said industry, whether triggered by economic conditions in general, changes in consumer trends and preferences and/or other factors over which Melite Properties and the sub-tenants have no control, including heightened competition with e-commerce and online retailers, would likely have a greater adverse effect on the financial condition of the Melite Finance Group than if the Melite Finance Group maintained a more diverse array of sub-tenants. A significant downturn in this particular sector and/or a reduction in the influx of additional market players could lead to a reduced need for the Melite Finance Group's product, which in turn could have a material adverse effect on its results of operations and prospects.

Additionally, the Melite Finance Group's revenue stream is largely dependent upon the receipt of rental income from its sub-tenants, the key sub-tenant being Melite Italia. Any downturn in the financial stability and profitability of Melite Italia or other sub-tenants may have a negative effect on the financial stability and outlook of the Melite Finance Group.

2.4.6 REFURBISHMENT AND RE-DEVELOPMENT

Refurbishment and re-development projects are subject to a number of specific risks inherent in this field, including in particular: the risk of cost overruns; the risk of insufficiency of resources to complete; the risk of rental/sale transactions not being effected at the prices and within the timeframe envisaged; higher interest costs; and the erosion of revenue generation. If these risks were to materialise, they would have an adverse impact on the Issuer's revenue generation, cash flows and financial performance.

Furthermore, for the completion of certain projects the Melite Finance Group places a degree of reliance on counterparties such as contractors and sub-contractors engaged in the demolition, excavation, construction and finishing of developments. Such parties (which may include both third parties as well as related parties) may fail to perform or default on their obligations to the Issuer due to insolvency, lack of liquidity, market or economic downturns, operational failure or other reasons which are beyond the Melite Finance Group's control.

If any of the above-mentioned risks, many of which are common to the construction industry, were to materialise, they could have an adverse impact on the Melite Finance Group's financial position, operational performance and the Issuer's ability to fulfil its obligations under the Bonds.

2.4.7 THE MELITE FINANCE GROUP MAY BE EXPOSED TO ENVIRONMENTAL LIABILITIES ATTACHED TO PROPERTY

The Melite Finance Group may become liable for the costs of removal, investigation or remediation of any hazardous or toxic substances that may be located on or in, or which may have migrated from, a property owned or occupied by it, which costs may be substantial. The Melite Finance Group may also be required to remove or remediate any hazardous substances that it causes or knowingly permits at any property that it owns or may in future own.

Laws and regulations, which may be amended over time, may also impose liability for the presence of certain materials or substances or the release of certain materials or substances into the air, land or water or the migration of certain materials or substances from a property development, including asbestos, and such presence, release or migration could form the basis for liability to third parties for personal injury or other damages. These environmental liabilities, if realised, could have a material adverse effect on the Melite Finance Group's business, financial condition and results of operations.

2.4.8 GOVERNING LAW AND JURISDICTION

The lease agreements to which Melite Properties is a party are governed by the laws of Italy and any disputes arising under such agreements are subject to the jurisdiction of the courts or arbitral tribunals in Italy. These factors increase the complexity involved in any dispute or legal proceeding arising on the basis of these agreements, as a foreign legal element is involved.

| 3 | IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, ADVISERS AND AUDITORS OF THE ISSUER

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

3.1 DIRECTORS

Directors of the Issuer

Paul Mercieca 235352M	20, Casa Tidapah Caf Caf Lane Madliena Swieqi SWQ 1113 Malta	**Independent Non-Executive Director and Chairman**
Stanley Portelli 163472M	Dar il-Barbagann Triq Strejnu Zejtun ZTN 4900 Malta	**Independent Non-Executive Director**
Andrew Ganado 460066M	Block 26, Flat 2662 Vjal Portomaso St. Julians STJ 4016 Malta	**Executive Director**
Christian Ganado 136275M	119, Townsquare Ix-Xatt ta' Qui-Si-Sana Sliema SLM 3112 Malta	**Non-Executive Director**
Jacqueline Briffa 252865M	Apt. 1071, Madliena Village Triq il-Fortizza, Madliena Swieqi SWQ 1600 Malta	**Non-Executive Director**
Alan Frendo Jones 18179M	54, T'Akela Triq Michelangelo Cagiano St. Julians STJ 1861 Malta	**Non-Executive Director**

Dr Malcolm Falzon, holder of identity card number 129280M and residing at 278, Villino Franca, Triq San Giljan, Birkirkara BKR 2803, Malta, is the company secretary of the Issuer.

THE DIRECTORS OF THE ISSUER LISTED ABOVE 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 *"Advisers to the Issuer"* below have advised and assisted the Directors in the drafting and compilation of the Prospectus.

3.2 ADVISERS TO THE ISSUER

Legal Counsel

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

Sponsor & Co-Manager

Name:	Rizzo, Farrugia & Co. (Stockbrokers) Ltd.
Address:	Airways House, Fourth Floor, High Street Sliema SLM 1551 Malta

Registrar & Co-Manager

Name:	Lombard Bank Malta plc
Address:	67, Republic Street Valletta VLT 1117 Malta

3.3 AUDITORS OF THE ISSUER

Name:	PricewaterhouseCoopers
Address:	78, Mill Street Qormi QRM 3101 Malta

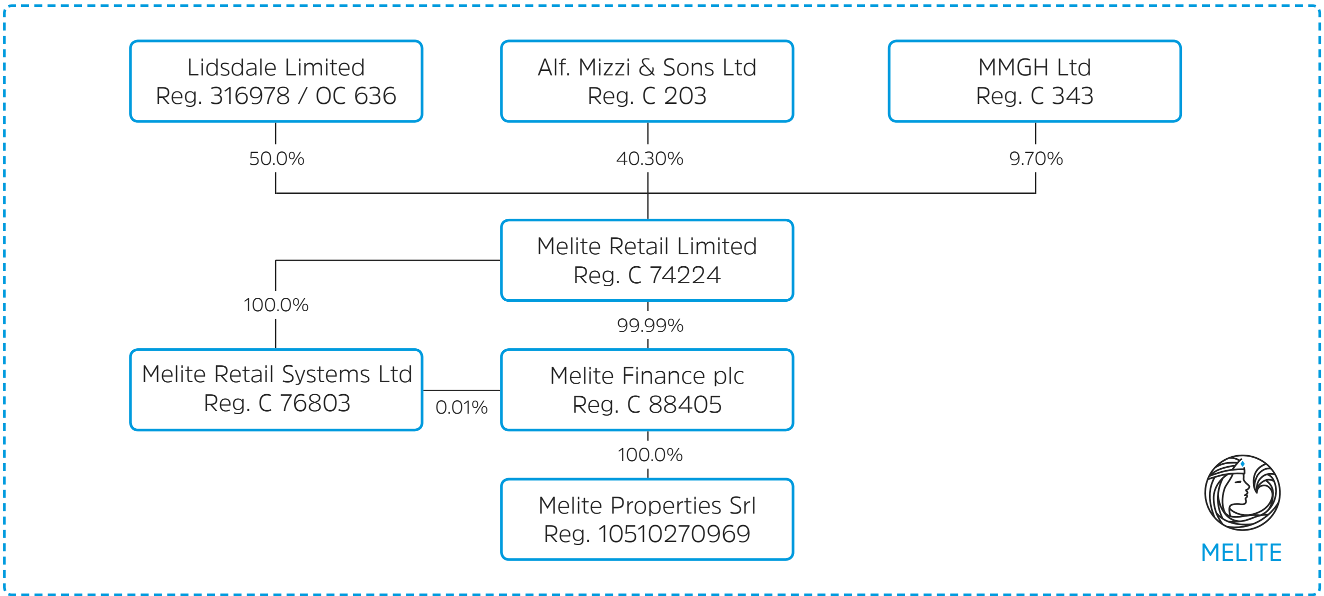
PricewaterhouseCoopers is a firm of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act (Cap. 281 of the laws of Malta).

As explained in section 5 below, there is no historical financial information about the Issuer, which was registered and incorporated in September 2018.

| 4 | INFORMATION ABOUT THE ISSUER

4.1 ORGANISATIONAL STRUCTURE OF THE MELITE FINANCE GROUP

The diagram hereunder illustrates the organisational structure of the Melite Finance Group:



As indicated above, the Issuer is a subsidiary of Melite Retail, which holds the entire issued share capital in the Issuer save for one share held by Melite Retail Systems Limited, a private limited liability company registered in Malta with company registration number C 76803 and having its registered office at Flat 2, Arclight, 62, Triq l-Gharbiel, Swieqi SWQ 3251, Malta.

The issued share capital of Melite Retail is divided into 1,547 Ordinary 'A' shares of a nominal value of €1.00 each share; 1,247 Ordinary 'B' shares of a nominal value of €1.00 each share and 300 Ordinary 'C' shares of a nominal value of €1.00 each share. Lidsdale Limited, a company registered under the laws of Ireland which has a branch registered under the laws of Malta bearing number OC 636 owns 1,547 Ordinary 'A' shares (equivalent to 50.00%); Alf. Mizzi & Sons Ltd (C 203) owns 1,247 Ordinary 'B' shares (equivalent to 40.30%); and MMGH Ltd (C 343) owns 300 Ordinary 'C' shares (equivalent to 9.70%).

Lidsdale Limited was set up in 2002 as the holding vehicle under which the Ganado and Gasan families invested in retail operations outside Malta, in the process being awarded the exclusive franchise rights for the Accessorize and Monsoon brands in the north of Italy. Over the years, Lidsdale Limited, via its Italian and Austrian subsidiaries, developed a network of over 75 stores in Italy and Austria for its internationally-renowned brands: Accessorize Monsoon, ALDO®, Calvin Klein Underwear **("CKU")** and 3INA Cosmetics. Together with other leading Maltese operators, Lidsdale is also active in start-up digital companies. In 2015, Lidsdale Limited sold the ALDO® network it had developed to ALDO® Group International, so as to focus its efforts on its core brands.

Alf Mizzi & Sons Ltd was incorporated in 1966, but the business actually started in 1915 and is still family-owned. Its core activity is the importation and distribution of fast-moving consumer goods. It has however diversified into retailing, real estate, hotels and restaurants, and electronics, and has expanded significantly both in Malta and overseas, primarily in Romania, Libya, Italy and Cyprus.

MMGH Ltd, previously known as Marina Milling & Grain Handling Co Ltd, is a family company which was incorporated in 1966. The business was primarily set up to run a flour mill in the inner part of the Grand Harbour, Malta. Eventually the company pioneered the bulk handling of grain commodities in Malta through the operation of a grain silo in the same location. Today, MMGH Ltd operates Marina Milling Complex at the Marsa Industrial Estate. This complex is composed of several stores of varying sizes, used for general merchandise.

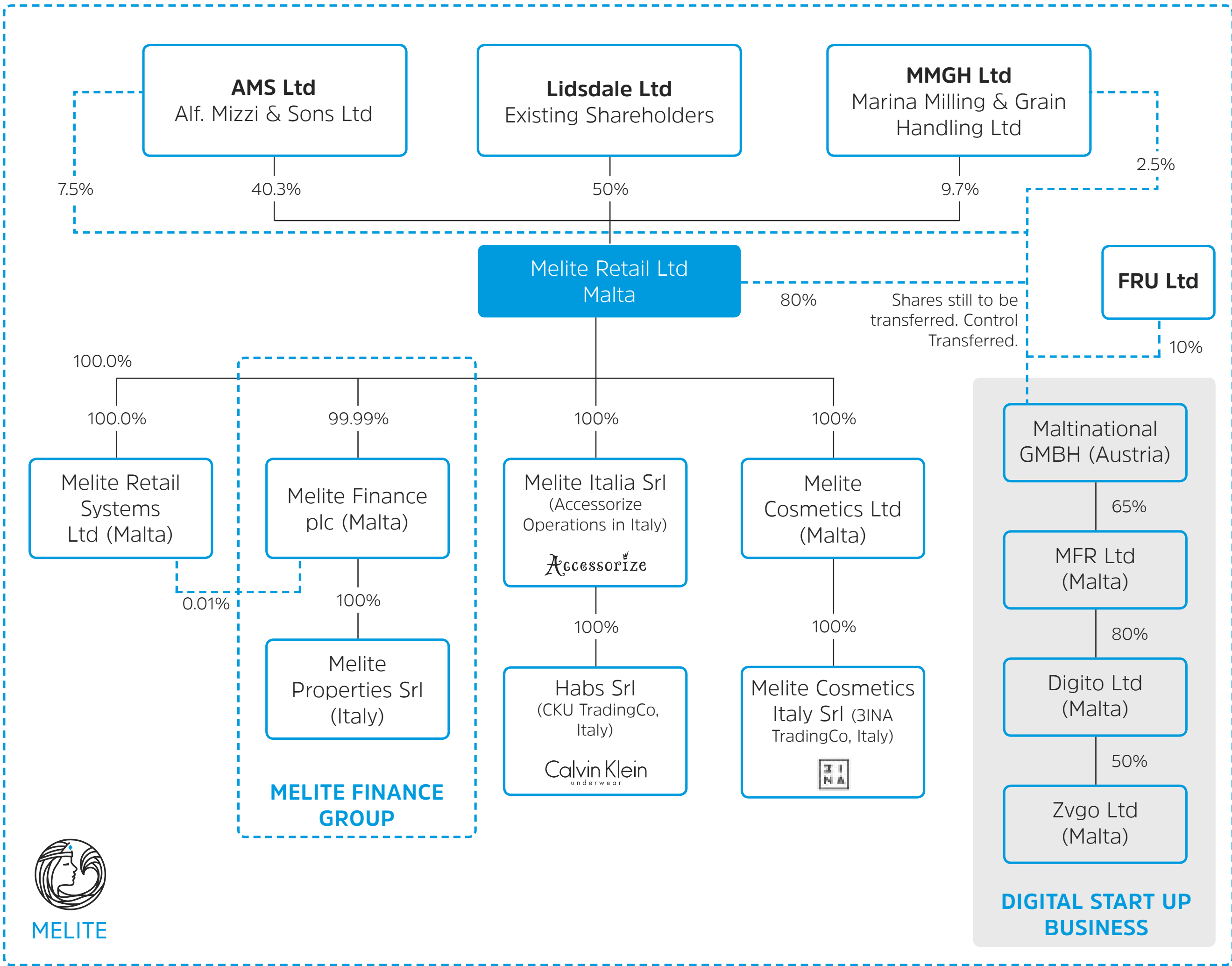
In 2015, Lidsdale Limited, Alf Mizzi & Sons Ltd and MMGH Ltd joined forces with a view to growing the Italian operations undertaken by the Melite Group. The vision of this joint venture is to continue to develop the Accessorize, Monsoon and CKU brands in Italy, whilst expanding the Melite Finance Group's portfolio of intangible assets consisting of immovable property rights attaching to lease contracts relating to retail outlets in leading retail locations in Italy.

Melite Properties is a direct subsidiary of the Issuer which holds the entire issued share capital therein. The board of Melite Properties, being the operational company of the Melite Finance Group, is responsible for the strategic direction and development of the Melite Finance Group, together with setting and achieving its operational objectives. The Melite Finance Group's main operations through Melite Properties are described in section 4.3 of this Registration Document.

Melite Properties was incorporated on 18 October 2018 under the laws of Italy, as a fully owned subsidiary of Melite Italia. The capitalisation of Melite Properties on incorporation was effected through a contribution in kind under Italian law, by means of the contribution of assets and liabilities from Melite Italia. The assets contributed by Melite Italia to Melite Properties consisted of, *inter alia*, the rights enjoyed by Melite Italia under the lease agreements to which it was a party, both *qua* lessee and *qua* sub-lessor. Where required in terms of Italian law, depending on the type of lease agreement in question, the consent of the respective lessors was obtained prior to the contribution in kind. Further information on the two types of lease agreements which are relevant to the Melite Finance Group is provided in section 4.3 of this Registration Document. On 31 October 2018, the entire issued shareholding in Melite Properties was transferred from Melite Italia to Melite Retail, and subsequently transferred from Melite Retail to the Issuer on 31 October 2018 as further described in section 4.1.2 below. The aforementioned incorporation of Melite Properties and the resulting share transfers were effected as part of the restructuring carried out in preparation of the Bond Issue. The share transfers (both that from Melite Italia to Melite Retail, and that from Melite Retail to the Issuer) are subject to a resolutive condition and share pledge agreement, details of which may be found in section 4.5 of the Securities Note.

4.1.1 THE MELITE GROUP

The below chart shows the structure of the Melite Group as it currently stands following completion of the restructuring carried out in preparation of the Bond Issue, which group the Melite Finance Group forms part of:



The roots of the Melite Group, of which the Melite Finance Group forms part, were established in 1995 when India Limited (C 19025), a company which has a common shareholder to Lidsdale Limited, opened one of the first Accessorize franchise stores outside of the United Kingdom, in Malta. The business of the Melite Group has since expanded to other industries through the setting up of over 10 subsidiaries in Malta, Italy and Austria. Below is a brief summary of the operations and businesses of the Melite Retail Subsidiaries, save for that of the Issuer which is described in section 4.2.3 of this Registration Document:

Melite Italia

Melite Italia previously operated under the name of Accessorize Nord Italia. Its business is that of operating stores under the Accessorize franchise in Italy, either directly through a franchise agreement or indirectly as a sub-franchisor. Melite Italia is a wholly owned subsidiary of Melite Retail, and it owns the entire issued share capital in Habs Srl, a company incorporated under the laws of Italy. Habs Srl has the responsibility of operating stores under the CKU brand in Italy.

It is expected that shortly after the issuance of this Prospectus, Melite Italia will acquire the franchise rights for the Accessorize and Monsoon brands in the south of Italy.

Melite Cosmetics Limited

Melite Cosmetics Limited, a private limited liability company registered in Malta with company registration number C 74225 and having its registered office at Flat 2, Arclight, 62, Triq l-Gharbiel, Swieqi SWQ 3251, Malta, owns the entire issued share capital in Melite Cosmetics Italy Srl, the latter being a company incorporated under the laws of Italy. Melite Cosmetics Italy Srl previously operated the “3INA” franchise in Italy.

__Melite Retail Systems Limited__

Melite Retail Systems Limited (the details of which are set out in section 4.1 above) has a minority stake in the Issuer. It is the management company of the Melite Group, providing consultancy services thereto, including business development, financial and general management.

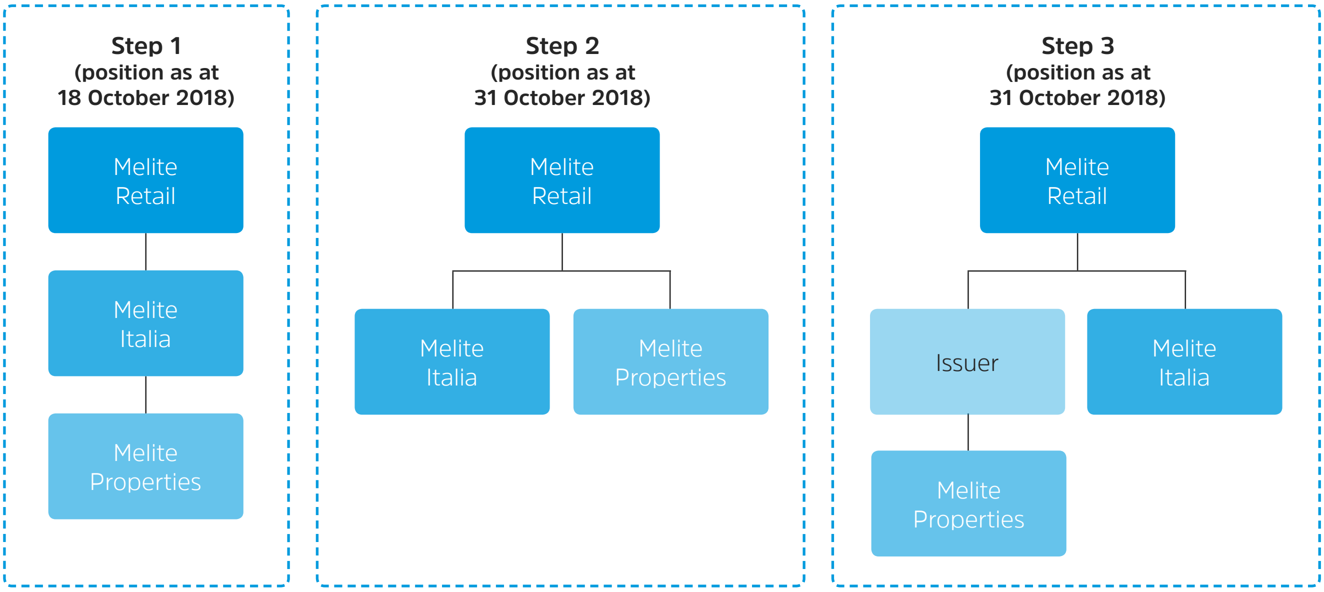
__Maltinational GmbH__

Maltinational GmbH, a company registered in Austria with tax office number 03/540/3823 and having its registered office at Bräunerstraße 2/3/25, 1010 Vienna, Austria, is the parent company of a number of direct and indirect subsidiaries, which were set up for the purpose of investing in start-up digital companies.

4.1.2 RESTRUCTURING PROCESS

The Melite Finance Group was established further to a restructuring process through which the Group's operating company, Melite Properties, acquired certain assets and liabilities previously held by Melite Italia.

As illustrated below, the restructuring was implemented, broadly, through three steps carried out earlier in 2018:



The initial step of the restructuring process involved the incorporation of Melite Properties, on 18 October 2018, as a wholly owned subsidiary of Melite Italia. On the same date, Melite Italia transferred the following assets and liabilities to Melite Properties by way of a contribution in kind:

a. Intangible assets, with a current valuation of €10.3 million in the form of property rights attaching to the lease contracts relating to a number of retail outlets in Italy (the **"Existing Outlets"**), as described in section 4.3.1 of this Registration Document;
b. Investments in liquid assets and cash balances for a value of €0.6 million held by Melite Italia as security deposits in connection with the lease contracts pertaining to the Existing Outlets;
c. Fixed assets having a value of €0.6 million in the form of the improvement works that had been carried out by Melite Italia in the Existing Outlets. The improvements transferred were limited to works of an immovable nature and hence affixed to the Exiting Outlets. The value of works relating to the brand fit-out of the individual Existing Outlets was retained by Melite Italia;
d. Trade and other receivables amounting to €0.2 million, comprising of rental prepayments to landlords;
e. A liability amounting to €3.0 million due by Melite Italia to Melite Retail, its parent company; and
f. Trade and other payables amounting to €0.04 million, mainly made up of €0.03 million in security deposits provided by third party lessees and €0.01 million in deferred rental income.

On 31 October 2018, Melite Italia transferred its entire shareholding in Melite Properties to its parent company, Melite Retail.

On 27 September 2018, the Issuer was incorporated and on 31 October 2018, Melite Retail transferred its shareholding in Melite Properties to the Issuer. Both share transfers were made subject to the resolutive condition referred to in section 4.1 above and further explained in section 4.5 of the Securities Note. The second of the said share transfers concluded the restructuring process and gave rise to the current corporate structure of the Melite Finance Group as depicted in section 4.1. A summary of the financial position of the Melite Finance Group upon the completion of the restructuring is set out in section 5.1 of this Registration Document.

4.2 HISTORICAL DEVELOPMENT OF THE ISSUER

4.2.1 INTRODUCTION

Full Legal and Commercial Name of the Issuer:	Melite Finance p.l.c.
Registered Address:	Level 3, Valletta Buildings, South Street, Valletta VLT 1103, Malta
Place of Registration and Domicile:	Malta
Registration Number:	C 88405
Date of Registration:	27 September 2018
Legal Form:	The Issuer was formed as a public limited liability company. The Issuer is lawfully existing and registered as a public limited liability company in terms of the Act.
Telephone Number:	+356 2720 0083
Email:	corporate@meliteproperties.com
Website:	www.meliteproperties.com

4.2.2 PRINCIPAL OBJECTS OF THE ISSUER

The principal objects of the Issuer are set out in clause 3 of its Memorandum and include, but are not limited to, carrying on the business of a finance company and in particular but without prejudice to the generality of the rest of clause 3 of the Memorandum, the financing or re-financing of the funding requirements of the business of the group of companies of which the Issuer forms part.

In pursuance of the said principal object, in addition to the Bond Issue the Issuer may enter into loan agreements with companies forming part of the Melite Group and the Melite Finance Group from time to time, including as set out in section 4.1 of the Securities Note, entitled *"Reasons for the Bond Issue and Use of Proceeds"*.

4.2.3 PRINCIPAL ACTIVITIES AND MARKETS OF THE ISSUER

The Issuer was registered as Melite Finance p.l.c. on 27 September 2018, as a public limited liability company in terms of the Act. The Issuer itself does not itself carry on any trading activities apart from the raising of capital and advancing thereof to the Melite Finance Group, as and when the demands of their business so require. Accordingly, the Issuer is economically dependent on the Melite Finance Group.

4.3 OVERVIEW OF THE BUSINESS OF THE MELITE FINANCE GROUP

4.3.1 PRINCIPAL ACTIVITIES AND ASSETS OF THE MELITE FINANCE GROUP

The Melite Finance Group's principal activity is the acquisition and sub-leasing of property rights attached to retail outlets located in Italy.

As at the date of the Prospectus, the Melite Finance Group is the lessee and corresponding sub-lessor of a total of 25 retail outlets located in the northern regions of Italy. The rights to these outlets were previously held by Melite Italia, a related company to the Melite Finance Group, and were transferred to the Melite Finance Group through the restructuring process described in section 4.1.2 above.

At present, a total of 21 of the outlets are sub-leased to Melite Italia, with the remaining four outlets being sub-leased to third party retail operators that are unrelated to the Melite Finance Group. The principal provisions of these sub-lease agreements are set out in section 4.3.2.

The agreements regulating the leasing of the aforementioned stores to Melite Properties *qua* lessee are governed by Italian law. Italian law contemplates the following two types of lease agreements: *contratto di locazione* (commercial lease) and *contratto d'affitto di ramo d'azienda* (lease of business units as a going concern). Of the 25 stores leased by the Melite Finance Group, 16 of these qualify as commercial leases and nine of these qualify as leases of business units as a going concern.

The principal characteristics of these two types of lease agreements are as follows:

Contratto di locazione

The Italian commercial lease regime is governed by the Italian *Codice Civile* (Book IV, Title III, Part VI) and Law no. 392 of 1978. In this type of lease agreement, the lessee is granted a set of rights over the immovable property in question, the main right being the right of use. The salient features of this regime, specifically in relation to leases of commercial properties, are the following:

i. **Duration of the contract:** The general rule stipulated in article 27 of Italian law no. 392/1978, is that leases of commercial properties are to have a minimum duration of six years. In the event that the contract in question provides for a shorter term, or does not provide for a term, the default term shall be that of six years. From the 16 commercial lease agreements which are currently in effect, six of these feature terms which are longer than six years. In terms of article 1573 of the Italian *Codice Civile*, the maximum term which a commercial lease agreement may provide for is that of 30 years;

ii. **Termination of the contract:** Article 27 of Italian law no. 392/1978 provides that regardless of the respective contractual provisions, the lessee may, for grave reasons (which in terms of Italian jurisprudence are considered to include adverse economic and, or market conditions, or other material events not within the lessee's control, which go beyond typical business risk and which, if they were to materialise, would render the contract in question manifestly imbalanced in favour of the lessor), terminate the contract of lease by giving at least six months' notice to the lessor. From the 16 commercial lease agreements which are currently in effect, at least four of these feature notice periods of 12 months. Furthermore, pursuant to article 34 of Italian law no. 392/1978, in the event of the termination of the contract for a reason not attributable to any fault of the lessee, the lessor is obliged, in order to enforce such termination, to pay the lessee an indemnity for the loss of goodwill (*"indennità per la perdita dell'avviamento"*) equivalent to 18 months' rent. An additional indemnity equivalent to 18 months' rent will be payable by the lessor to the lessee in the event that the property in question is subsequently let (within 12 months from such termination) to a third-party lessee carrying out the same activity as the previous lessee;

iii. **Automatic renewal of the contract:** Article 28 of Italian law no. 392/1978 provides that commercial lease contracts are to be automatically renewed for a further six-year period. Such automatic renewal may be disapplied in the event that one party communicates such intention to the other party via registered mail at least 12 months prior to the expiration of the contractual term. At the end of the contractual term, the lessor may terminate the contract and not proceed with the automatic renewal of the contract limitedly for the specific reasons set out in article 29 of Italian law no. 392/1978 and in accordance with the procedure set out therein. The grounds referred to in article 29 relate to when the lessor desires:
    a. To assign the property in question to his/her spouse or relative in the direct line up to the second degree for the use of the property in question by the latter as a habitual residence;
    b. To assign the property in question to his/her spouse or relative in the direct line up to the second degree for the use of the property in question by the latter for any industrial, commercial, artisanal activities, and those used for any self-employment activity, or in the case of public entities, for the exercise of activities aimed at achieving their institutional goals;
    c. To demolish, rebuild, restore the property in question; or
    d. To restructure the property whereby the works carried out therein would render it impossible for the lessee to remain in the property.

    This right of termination of the lessor will be forfeited (and the contract deemed to be renewed) if the lessor does not make a declaration by registered letter (stating under which ground of article 29 the termination is being requested) at least 12 months before the expiry of the lease contract. While all of the Melite Finance Group's commercial lease agreements which are currently in effect feature an automatic renewal clause, they also all feature *la rinuncia del diritto di diniego*, which precludes the landlord from terminating the lease contract before the expiration of the contractual term. The interplay of articles 28 and 38 (see point (vi) below) of Italian law no. 392/1978 essentially results in the possibility of the lessee renewing the contract in question on an ongoing basis, provided that the lessee offers better lease terms than those offered by third parties;

iv. **Assignment of contractual rights:** Article 36 of Italian law no. 392/1978 allows for the lessee to sub-lease or transfer the contract in question, without the consent of the lessor, in the event that the transfer results from the sale or lease of the lessee's business as a going concern or the sale or lease of a unit of the business of a going concern. In such a case, the lessee is simply obliged to notify the lessor via registered mail, who may only oppose such a transfer for grave reasons (which, as mentioned in point (ii) above, in terms of Italian jurisprudence are considered to include adverse economic and, or market conditions, or other material events not within the lessee's control, which go beyond typical business risk and which, if they were to materialise, would render the contract in question manifestly imbalanced in favour of the lessor) within 30 days from the receipt of such notice. Six of the lease agreements expressly reflect the provisions of the said article 36 of Italian law no. 392/1978, however it is pertinent to note that where no specific provisions to this effect are included in the lease agreements, the default position in article 36 of Italian law no. 392/1978 would apply nonetheless;

v. **Change of use of the property:** Italian law provides for specific and varying provisions with respect to the leases of residential properties, commercial properties, and properties for use as hotels. For this reason, all of the lease contracts currently in effect within the Melite Finance Group contain specific prohibitions against the change of use of the property, requiring that the property in question remains designated as a commercial property unless otherwise approved by the lessor. Whilst there can be no guarantee that this will remain the practice going forward, from the Issuer's experience, typically in such cases lessor consent is forthcoming provided that all necessary authorisations and licences for the operation of the new business are in place. In the case of two contracts currently in effect, such prohibitions also provide that the lessee must restrict the use of such property to that of selling fashion clothing and accessories of the 'Accessorize' brand;

vi. **Right of first refusal (*"diritto di prelazione"*):** Article 38 of Italian law no. 392/1978 provides that in the event that the lessor wishes to transfer the immovable property in question under onerous title, he must notify the lessee in advance by means of an official judicial notification. Such notification must include details regarding the third party offer in relation to the immovable property. The lessee may exercise the right of first refusal within 60 days from receipt of the official judicial notification, by communicating his intention to the lessor through an official judicial notification, offering conditions which are at least equal to those being offered by the third-party offeror. All of the lease agreements currently in effect provide for the right of first refusal in relation to the lessee;

vii. **Maintenance:** Article 1576 of the Italian *Codice Civile* provides that all necessary repairs are to be carried out by the lessor during the rental period, whilst the duty of minor maintenance falls upon the lessee. When the leased property requires repairs that are not the responsibility of the lessee, he is obliged to inform the lessor. While the majority of the 16 lease agreements held by the Melite Finance Group are drafted along the lines of the general provision at law, three are drafted to the effect that the responsibility for both ordinary and extraordinary maintenance is to be borne by the lessee, while an additional two agreements provide that certain extraordinary expenses are to be paid for by the lessee;

viii. **Additions to the property:** Additions to the rented property may be removed by the lessee (provided that no damage is caused to the property), unless the lessor opts to keep the additions. If so, the lessor would have to pay the lessee an indemnity pursuant to article 1593 of the Italian *Codice Civile*;

ix. **Improvements to the property:** The lessee is not entitled to compensation for improvements made to the rented property. However, where the lessor has consented to the improvement, the lessor would be obliged to pay an allowance corresponding to the lower sum between the amount of the expenditure incurred in effecting such improvement and the value of the improvement at the time of delivery (article 1592 of the Italian *Codice Civile*). Out of the 16 lease agreements held by Melite Finance Group, 15 are drafted to the effect that the lessee is not entitled to compensation for improvements made to the property, even where the consent of the lessor has been forthcoming. The remaining agreement is silent on this point; therefore the default position at law applies.

The provisions of this type of agreement therefore provide substantial rights to the holders of the commercial lease, given that they are in a strong position to extend their rights to use the property upon the expiry of the current term of the lease.

Contratto d'affitto di ramo d'azienda

This form of lease agreement relates to the lease of an already existing economic entity or business unit which, in the event of a transfer (typically a sale or lease) of such going concern, is able to maintain its identity on a stand-alone basis (a *"ramo d'azienda"*). In the case of a lease of a going concern, it is the business unit as a going concern which is leased, with the property forming part of the assets of the going concern also being transferred as a consequence of the lease of the business unit as a going concern. This entails that effectively the immovable property would follow the going concern from the transferor to the transferee.

The main difference between a *contratto di locazione* and a *contratto d'affitto di ramo d'azienda* is that the latter is regulated primarily on a contractual basis, with the terms of the contract in question resulting from negotiations between the parties, whereas in the case of the former, this is expressly regulated by the Italian *Codice Civile* and Italian law no. 392/1978. There is no body of law regulating *contratto d'affitto di ramo d'azienda* specifically, as is the case with *contratto di locazione.* In order for a contract to qualify as a valid *contratto d'affitto di ramo d'azienda* (and not be deemed to be a *contratto di locazione* in substance), the contract should contemplate, apart from the lease of the property, at least one other factor or component which would enable the economic entity or business unit to maintain its identity on a stand-alone basis. Such factor or component may include the transfer of employees, service contracts or any licence or authorisation which may be required to operate the business.

The salient features of the nine *contratti d'affitto di ramo d'azienda* to which Melite Properties is currently a party may be summarised as follows:

i. **Duration of the contract:** Eight of the nine *contratti d'affitto di ramo d'azienda* which are currently in effect feature terms which are longer than six years;

ii. **Termination of the contract:** The right to terminate the *contratti d'affitto di ramo d'azienda* varies. At least two of these allow the lessee to withdraw from the contract with a 12 month notice period. Furthermore, two of the agreements allow the lessor to terminate the agreement by sending a registered letter to the lessee giving at least six months' notice, and another requires a notice to be sent by registered post having immediate effect from its receipt;

iii. **Automatic renewal of the contract:** None of the *contratti d'affitto di ramo d'azienda* currently in effect feature an automatic renewal clause. However, one of the agreements provides the option to extend ('redefine') the lease should this be agreed upon at least six months before the expiration date;

iv. **Assignment of contractual rights:** All of the nine *contratti d'affitto di ramo d'azienda* provide that lessor consent is required in the event of the sub-lease of the contract;

v. **Change of use of the property:** The majority of the *contratti d'affitto di ramo d'azienda* require lessor approval where there is a change in activity;

vi. **Right of first refusal (*"diritto di prelazione"*):** The general principle under Italian law (unless otherwise agreed between the parties) is that the lessee of a business unit as a going concern does not benefit from the right of first refusal. However, one of the *contratti d'affitto di ramo d'azienda* currently in effect does provide for the right of first refusal in favour of the lessee;

vii. **Maintenance:** While two of the nine *contratti d'affitto di ramo d'azienda* are silent on the matter, two are drafted to the effect that the responsibility for necessary repairs falls on the lessee, while one is drafted to the effect that ordinary maintenance is to be borne by the lessee. Four agreements provide that both ordinary and extraordinary expenses are to be paid for by the lessee;

viii. **Additions and improvements to the property:** Out of the nine *contratti d'affitto di ramo d'azienda* held by the Melite Finance Group, three are silent on this point, while six are drafted to the effect that the lessee is not entitled to compensation for improvements made to the property, even where the consent of the lessor has been forthcoming.

Market for the transfer of property rights

There is an active market for the transfer of property rights attached to leases of retail outlets located in Italy, whereby the current holders transfer their residual rights to the retail outlet to other parties for a consideration (the "**Key Money**" as referred to in the table below). The consideration paid typically reflects the differential between the current market rental rate for an outlet and the rental rate stipulated in the lease agreement with the lessor. Therefore, for example, if a company holds a commercial lease for an outlet at a rate of €1,000/sqm and the current market rate for the leasing of outlets in that location is of €1,500/sqm, it effectively holds value in the form of the €500/sqm differential that could hypothetically be realised through the sub-leasing of the outlet. Given the substantial additional property rights conferred to the lessee through commercial leases, the value attached to this type of lease agreement is typically higher than that attached to a lease in the form of a *contratto d'affitto di ramo d'azienda.*

The Melite Finance Group has obtained an assessment of the current market value of the property rights attaching to its existing lease agreements, which assessment is set out in the Independent Expert's Report prepared by Rustioni & Partners Srl, a firm based in Italy specialising in the valuation of retail property (and property rights relating to the rental thereof) in Italy. The Independent Expert's Report applies the market value of the property rights as a basis for establishing the consideration for the initial transfer of the property rights from Melite Italia to Melite Properties referred to in section 4.1.2 above.

Rustioni & Partners Srl valued the 25 lease agreements held by the Melite Finance Group at an aggregate amount of €10.3 million, as at 30 June 2018. The valuations were carried out by reference to the current average rental value per sqm (*valore locativo mq /anno*) for each outlet, which reflects external market factors including the supply and demand for retail outlets in a particular location. In this respect, Rustioni & Partners Srl have made reference to data derived from recent market transactions which have taken place involving properties that are deemed to be comparable to the outlet being valued and typically in the same street where each property is located.

The Melite Finance Group's commercial lease agreements typically relate to retail outlets located in prime positions in high streets of cities such as Milan or Turin or in the main retail area of towns such as Pavia, Como and Treviso. Retail units held under a *contratto d'affitto di ramo d'azienda* are typically located within shopping centres or other buildings such as train stations. The table below sets out a summary of the key details relating to the lease agreements currently held by the Melite Finance Group including the type of agreement, the location of the retail outlet, the date of inception of the original lease agreement, the date of expiry of the existing term of the agreement and the value of Key Money as assessed by Rustioni & Partners Srl.

No.	Store	Location	Contracted Party	Original Effective Date of Contract	Expiry Date of Contract	Key Money Value (€'000s)
Contratto di locazione						
1	Milano, V. Torino	Milano	Melite Italia	Jan '13	Dec '27	2,547
2	Milano, Galleria Passarella	Milano	Melite Italia	Jun '14	Aug '29	1,123
3	Bolzano, V. dei Portici	Bolzano	Melite Italia	Sep '14	Aug '26	817
4	Pavia, C. so Cavour 18	Pavia	Melite Italia	Jan '12	Aug '35	792
5	Como, V. V. Emanuele	Como	Melite Italia	Mar '09	Oct '35	711
6	Milano, C. so Vercelli	Milano	Melite Italia	Sep '06	Aug '27	456
7	Pavia, C. so Cavour	Pavia	Melita Italia	Oct '17	Sep '35	322
8	Torino, V. Garibaldi	Torino	Rebecca S.r.l	Oct '13	Sep '25	326
9	Genova, V. XX Settembre	Genova	Bialetti S.r.l	Feb '07	Jan '26	303
10	Treviso, C. so Del Popolo	Treviso	Melite Italia	Aug '11	Jul '23	328
11	Como, V. Luini	Como	Melite Italia	Mar '18	Feb '30	247
12	Pavia, C. so Cavour ang Via XX Settembre	Pavia	12Oz Coffee Joint	Oct '17	Sep '35	220
13	Milano, C. so Buenos Aires	Milano	Wake up S.r.l	Jul '14	Jun '26	201
14	Orio, Orio Center CC	Orio al Serio	Melite Italia	Nov '04	Jan '28	195
15	Milano, Stazione P. Garibaldi	Milano	Melite Italia	Sep '14	Aug '26	114
16	Padova, Padova Stazione	Padova	Melite Italia	Mar '08	Mar '20	99
Total - Contratto di Locazione						**8,800**
Contratto d'affitto di ramo d'azienda						
17	Milano, Il Portello CC	Milano	Melite Italia	Oct '07	Sep '24	300
18	Milano, Stazione Centrale	Milano	Melite Italia	Apr '17	Mar '22	269
19	Curno, Curno CC	Curno	Melite Italia	Jan '13	Jan '20	49
20	Carugate, Il Carosello CC	Carugate	Melite Italia	Jan '07	May '21	245
21	Torino, Porta Nuova	Torino	Melite Italia	Jun '17	Jun '24	200
22	Milano, Citylife CC	Milano	Melite Italia	Nov '17	Oct '24	150
23	Busnago, Il Globo CC	Busnago	Melite Italia	May '17	Apr '24	144
24	Auchan Rescaldina CC	Rescaldina	Melite Italia	Dec '17	Dec '24	100
25	Auchan Mestre CC	Mestre	Melite Italia	Dec '17	Dec '24	50
Total - Contratto d'affitto di ramo d'azienda						**1,507**
Grand Total						**10,307**

Source: Independent Expert's Report

Process for renewing the term of lease agreements

The above analysis indicates that the remaining term for the majority of the property rights held through a *contratto di locazione* is in excess of six years. The only agreement with a remaining term of less than six years relates to the outlet located in Padova Stazione. The Melite Finance Group's management is currently in discussions with the lessor to extend the term of this agreement.

The practice adopted by the Melite Finance Group is that around three to four years prior to the expiry of the current term, the lessor is approached to commence discussions for the extension of the term of the agreement. To date, the wider Melite Group's experience has been that in the vast majority of cases it has managed to negotiate terms for extending the term of its agreements. The high incidence of renewal reflects the strong rights conferred to the lessee in these types of agreements, particularly the obligation of the lessor to pay a penalty to the lessee in the event that an agreement is not renewed. The table below sets out details of the individual agreements where the existing term of the agreement has been extended by Melite Italia (the analysis only includes those extensions negotiated since 2014):

	Location	Renewal Date
Contratto di locazione		
Pavia, C. so Cavour 18	Pavia	Sep '17
Como, V. V. Emanuele	Como	Nov '17
Milano, C. so Vercelli	Milano	Sep '15
Genova, V. XX Settembre	Genova	Feb '14
Orio, Orio Center CC	Orio al Serio	Feb '16
Contratto d'affitto di ramo d'azienda		
Milano, Il Portello CC	Milano	Oct '17
Carugate, Il Carosello CC	Carugate	May '14

Source: Management Information

The majority of the property rights held through a *contratto d'affitto di ramo d'azienda* have a remaining term of less than five years. As opposed to the approach adopted for outlets held through a *contratto di locazione*, the lessors for *a contratto d'affitto di ramo d'azienda* are typically only approached around one to two years prior to the expiry of the current term. In these types of contracts, the lessee typically has no residual rights to the property and therefore the incidence of renewal is usually not as high as that of a *contratto di locazione.*

Past transactions involving the transfer of property rights

A number of companies forming part of the wider Melite Group have a track record of transacting in property rights attached to retail outlets in Italy. Prior to the restructuring process set out in section 4.1.2 above, the rights over immovable property enjoyed by the Melite Finance Group were held through other Melite Group companies including Melite Italia (in the case of outlets operating under the Accessorize brand) and Habs Srl (in the case of outlets operating under the ALDO® brand). The table below sets out a summary of all the transactions carried out by Melite Italia and Habs Srl since 2009, which involved the transfer of their residual property rights to third parties:

Store	Brand	Original Date of Contract	Key Money paid on contract (€'000s)	Date when lease was sold	Key Money charged on the sales of lease (€'000s)	Gain on sale of lease (€'000s)	% gain on Key Money
Roma, V. del Corso	Aldo	Feb '11	-	Sep '15			
Milano, C. so Buenos Aires	Aldo	Oct '11	1,240	Sep '15			
Lonato	Aldo	Oct '11	93	Sep '15			
Bolzano, V. dei Portici	Aldo	Sep '11	850	Sep '15			
Roma, CC Roma est	Aldo	Feb '12	333	Sep '15			
Milano, V. Dante	Aldo	Sep '14	-	Sep '15	3,500	984	39%
Milano, Galleria Passarella	Aldo	Oct '14	-	Sep '15			
Palermo, Corner La Rinascente	Aldo	Oct '14	-	Sep '15			
Catania, Corner La Rinascente	Aldo	Mar '15	-	Sep '15			
Cagliari, Corner La Rinascente	Aldo	Mar '15	-	Sep '15			
Sub-Total	**Aldo**		**2,516**		**3,500**	**984**	**39%**
Como, V. Indipendenza 21	Accessorize	Jan '03	412	Mar '09	422	10	
Torino, V. Garibaldi 8/I	Accessorize	Mar '04	-	Jan '14	740	740	
Venezia, Sestiere S.Marco	Accessorize	Apr '05	600	May '13	655	55	127%
Padova, V. Cavour	Accessorize	May '07	-	Jun '17	600	600	
Monza, V. Italia	Accessorize	Apr '08	100	Jan '16	105	5	
Sub-Total	**Accessorize**		**1,112**		**2,522**	**1,410**	**127%**
Total			**3,628**		**6,022**	**2,394**	**66%**

Source: Management information

The above analysis illustrates that since 2009, companies forming part of the Melite Group raised total proceeds of €6.0 million from the transfer of residual rights to lease agreements. Such companies had originally paid a total of €3.6 million to acquire the rights attached to these properties, which resulted in the recognition of an overall gain of €2.4 million on the transfer of these rights.

The principal transaction in relation to such lease agreements carried out by the Melite Group related to the September 2015 transfer of the residual rights that it held over a total of 10 outlets which at the time were being operated by Habs Srl as ALDO® stores. This was part of the overall disposal process through which Habs Srl divested itself of its ALDO® operations in Italy. The buyer had allocated an aggregate value of €3.5 million to property rights attached to the 10 retail outlets, which resulted in a gain of €1.0 million on the total amount that had originally been paid by Habs Srl to take over these outlets.

Members of the Melite Group have also carried out transactions on an individual store basis, with the most recent transaction concluded in May 2017. In this case, Melite Italia transferred the property rights which it held over an outlet in Padova, which it had taken over in May 2007 for no initial consideration, for a total consideration of €0.6 million.

4.3.2 SUB-LEASE AGREEMENTS

The Melite Finance Group's revenue is generated entirely from rental income received for the sub-leasing of the 25 retail outlets on which it holds property rights (either by way of *contratto di locazione* or by way of *contratto d'affitto di ramo d'azienda*) as outlined in section 4.3.1 above. The sub-leasing of all 25 retail outlets takes the form of *contratti d'affitto di ramo d'azienda*, in order to benefit from the added contractual flexibility afforded by this particular form of lease to the parties thereto and in order to ensure that any indemnity which would be due to the lessee in terms of article 34 of Italian law no. 392/1978 upon termination of the lease due to no fault of the lessee (the above mentioned *indennità per la perdita dell'avviamento*), would be payable to Melite Properties *qua* lessee, rather than to any sub-lessee which, in the case of a *contratto di locazione*, would be the party entitled to such *indennità.*

Sub-lease agreements with Melite Italia

A total of 21 of Melite Properties' retail outlets are currently sub-leased to Melite Italia in the form of *contratti d'affitto di ramo d'azienda*. The sub-lease of these outlets is projected to generate rental income of €2.9 million in 2019, which equates to 75% of the Melite Finance Group's projected total rental income for this particular year.

As part of the restructuring process described in section 4.1.2, sub-lease agreements between Melite Properties and Melite Italia have been entered into relating to the outlets currently operated by Melite Italia. The agreements are on an arm's length basis and regulate terms typical of lease agreements such as term, rent payable, use of premises, responsibility for improvements and alterations and responsibility for insurance.

In the case of outlets which are leased by third parties to Melite Properties by means of a *contratto di locazione*, the rent charged by Melite Properties in terms of the sub-lease agreements with Melite Italia has been set to reflect current market rental rates for the specific locations where each retail outlet is located. The current market rental rate was established by reference to the rate applied by Rustioni & Partners Srl in its valuation assessments. As explained in section 4.3.1, this rate was established by reference to recent comparable market transactions that have occurred in the same street where each outlet is located. The agreements also provide for rental adjustments of +1.5% per annum.

In the case of outlets held through a *contratto d'affitto di ramo d'azienda*, the rent charged by Melite Properties in terms of the sub-lease agreements has been set by reference to the rent payable to the lessor for each outlet and a margin to allow for the recovery of the cost at which Melite Properties acquired the related property rights.

An additional property fee charged by Melite Properties is intended to recover the cost of improvements made to the stores. The total property fee receivable for the stores currently operated by Melite Italia amounts to €0.1 million in 2019.

The term of the sub-lease agreements has been set back-to-back with the term of the respective underlying lease agreement to which Melite Properties is a party *qua* lessee. The agreements provide that the rent is invoiced by Melite Properties on a monthly basis and is due for settlement within 90 days from the date of the invoice. Furthermore, Melite Italia has retained responsibility for the insurance and ordinary repairs and maintenance of the outlets.

Sub-lease agreements with third party lessees

The remaining four retail outlets held by Melite Properties are sub-let to third party lessees which are unrelated to the Melite Finance Group. These sub-leases are all *contratti d'affitto di ramo d'azienda* and feature clauses and provisions which are largely along the same lines as those in the nine *contratti d'affitto di ramo d'azienda* described in section 4.3.1 above.

The table below summarises the principal details relating to these sub-lease agreements:

No.	Store	Expiry Date of contract with landlord	Rent paid to landlord (€'000s)	Date of commencement of sub-lease	Expiry Date of contract with sub-lessee	Rent received from sub-lessee (€'000s)
1	Torino, V. Garibaldi	Sep '25	72	Oct '13	Sep '19	73
2	Genova, V. XX Settembre	Jan '26	72	Mar '14	Feb '24	111
3	Pavia, C. so Cavour ang Via XX Settembre	Sep '35	40	Apr '18	Mar '28	80
4	Milano, C. so Buenos Aires	Jun '26	150	Apr '18	Mar '28	190
	Total		**334**			**454**

Source: Management Information

The above analysis indicates that the sub-lease agreements in place with third party tenants currently generate annual rental income of €0.5 million which allows for a net margin of €0.1 million on the rent paid to the lessors.

The sub-lease agreement for the outlet in Torino expires in 2019 and the directors of Melite Properties are confident that the lease for this outlet will be renewed at terms which at least match those of the existing agreement.

4.4 PRINCIPAL INVESTMENTS OF THE MELITE FINANCE GROUP

Both the Issuer and Melite Properties were incorporated in mid-2018. Accordingly, there have been no principal investments by either company since their respective dates of incorporation, save for their investment in the rights over immovable properties which were transferred from Melite Italia to Melite Properties as part of the restructuring effected in preparation for the Bond Issue, as explained in section 4.1.2 of this Registration Document.

The Issuer commissioned Rustioni & Partners Srl to issue the Independent Expert's Report. The business address of Rustioni & Partners Srl is 10, Piazza Borromeo, Milano 20123, Italy.

A condensed version of the Independent Expert's Report is annexed to this Registration Document as Annex III. The full report is available for inspection as set out in section 16 of this Registration Document.

| 5 | TREND INFORMATION AND PROFIT FORECASTS

5.1 PRESENTATION OF FINANCIAL INFORMATION

The Issuer was registered and incorporated on 27 September 2018. The principal transaction carried out by the Issuer since its incorporation involved the acquisition of the shares in Melite Properties, which was concluded on 31 October 2018. Melite Properties was incorporated on 18 October 2018 in line with the restructuring process outlined in section 4.1.2 above. Accordingly, there is no historical financial information available for the Melite Finance Group.

The shares in Melite Properties were acquired for a total consideration of €8.6 million, which represents the fair value of the assets and liabilities held by Melite Properties as at the date of the share acquisition. On 5 November 2018, the Issuer increased its issued share capital by capitalising an amount of *circa* €5.6 million, which was due to Melite Retail in connection with this restructuring. Further to this capitalisation, the consolidated financial position of the Melite Finance Group is as follows:

Melite Finance Group **Unaudited Consolidated Statement of Financial Position as at 5 November 2018**	**€'000s**
Intangible Assets	10,307
Property, plant and equipment	560
Available-for-sale financial assets	587
Total non-current assets	**11,454**
Trade and other receivables	213
Cash	250
Total current assets	**463**
Total assets	**11,917**
Equity and Liabilities	
Share capital	5,874
Total equity	**5,874**
Trade and other payables	6,043
Total liabilities	**6,043**
Total equity and liabilities	**11,917**
Gearing (net debt/total funding)	*49.5%*

The Melite Finance Group's unaudited consolidated statement of financial position indicates a net equity position of €5.9 million as at 5 November 2018, which is based on total assets of €11.9 million less total liabilities of €6.0 million. There has not been any significant change in the financial or trading position of the Melite Finance Group since the date of the above consolidated statement of financial position.

The Melite Finance Group's principal asset relates to the property rights attached to the leases of retail outlets in Italy held under *contratto di locazione* and *contratto d'affitto di ramo d'azienda* as outlined in section 4.3. These property rights are carried in the Melite Finance Group's financial statements as "intangible assets" at their current valuation of €10.3 million, which reflects the assessment prepared by Rustioni & Partners Srl on 18 September 2018. The directors of Melite Properties are of the opinion that there has been no material deterioration in the value of the intangible assets since the date of this assessment.

The current assessment includes a value of €8.8 million relating to the rights attaching to a total of 16 retail outlets held under a *contratto di locazione* and €1.5 million relating to the rights attaching to a total of nine outlets held under a *contratto d'affitto di ramo d'azienda*. The carrying amount of the rights relating to the outlets held under a *contratto di locazione* will be reviewed for impairment by the directors of Melite Properties at the end of each financial year. The annual impairment review will make reference to updated valuations of the property rights that will be prepared by specialised independent experts such as Rustioni & Partners Srl. The value relating to rights held under a *contratto d'affitto di ramo d'azienda* is being amortised over the remaining term of the related agreement.

Apart from the intangible assets, the Melite Finance Group's other principal assets and liabilities include tangible fixed assets, available for sale investments, trade and other receivables, cash and cash equivalents and trade and other payables.

The tangible fixed assets, with a carrying amount of €0.6 million, include improvements made to the 25 retail outlets that are of an immovable nature and therefore affixed to the outlets. These improvements were transferred to Melite Properties from Melite Italia at their net book value as at the date of the transfer. The directors of Melite Properties are of the opinion that this is a reasonable approximation of the value attributable to these works. The carrying amount of the tangible fixed assets is being depreciated over the expected remaining useful life of the different components of the works.

The available for sale investments, with a carrying amount of €0.6 million, include investments held by the Melite Finance Group as deposits securing the lease agreements in place with the various landlords of the Melite Finance Group. These investments include €0.5 million held in investments in liquid assets and €54,000 in bank deposits.

Trade and other receivables, amounting to €0.2 million, comprise of rental prepayments to landlords.

The cash and cash equivalents balance of €0.3 million represents the initial issued share capital injected upon the incorporation of the Issuer.

The Melite Finance Group's liability as at 5 November 2018 relates to an amount of €6.0 million, which is due to Melite Retail. This liability is expected to be repaid through the proceeds of the Bond Issue.

5.2 TREND INFORMATION, INCLUDING THE MELITE FINANCE GROUP'S PROJECTIONS

5.2.1 PROJECTED FINANCIAL INFORMATION

The Directors prepared consolidated financial statements to present the projected results, financial position and cash flows of the Melite Finance Group for the current financial year ending 31 December 2018 and the subsequent financial years ending 31 December 2019 and 2020.

This section of the Registration Document sets out a summary of the projected consolidated income statement, projected consolidated statement of cash flows and projected consolidated statement of financial position for these financial years. This summary financial information was extracted from the prospective financial information set out in Annex I of this Registration Document, which must be read in conjunction with the Accountant's Report thereon set out in Annex II.

The Melite Finance Group's principal operation is expected to include the leasing and sub-leasing of retail outlets located in Italy. Initially, the Melite Finance Group's business will be based on 25 retail outlets that are currently held by Melite Properties under either a *contratto di locazione* or a *contratto d'affitto di ramo d'azienda*. 21 of these retail outlets are presently being leased to Melite Italia, a related company to the Melite Finance Group, which uses the outlets to operate Accessorize and CKU stores. The remaining four outlets are leased to third party retail operators.

Going forward, the Melite Finance Group will be deploying €2.5 million of the proceeds of the Bond Issue primarily to acquire property rights for retail outlets in new locations across Italy. The proceeds could also be applied in part towards the cost of capital works of an immovable nature, which may be required upon the acquisition of the rights to a new outlet.

The acquisition of new units is expected to be carried out gradually over the next one to two years and the timing thereof will depend primarily on the opportunities that may arise. As at the date of the Prospectus, the directors of Melite Properties have not yet firmed up any specific acquisitions of the new locations. However, the financial projections set out in the Prospectus contemplate a hypothetical set of acquisitions intended to illustrate the impact of the new acquisitions on the Melite Finance Group's projected results, cash generation and financial position.

The projections assume that the Melite Finance Group will invest €1.0 million of the proceeds of the Bond Issue in the financial year ending 31 December 2019 with a further investment of €1.5 million in the financial year ending 31 December

2020. It also assumed that the investment of €2.5 million will be entirely in the form of an upfront premium paid to acquire rights in terms of a *contratto di locazione* and that the Melite Finance Group will generate a net rental income margin equivalent to 15% of the premium paid to acquire the new locations. The projected rate of return equates to a payback period of *circa* seven years on the initial investment and reflects current market benchmarks as well as the wider Melite Group's experience on previous acquisitions of property rights.

Whereas previously the Group's primary objective was that of seeking store locations which would maximise its retail performance, under this new structure, Melite Properties will be targeting new outlets which would maximise its retail real estate margin. This will be achieved by seeking stores that are available for rents which are lower than market rents. By doing so, Melite Properties would be able to sub-lease the stores at a higher margin, thereby generating a quicker return on the invested key money.

The assumed acquisitions primarily reflect new retail locations that have been identified by the directors of Melite Italia in connection with their plans to expand the retail presence of the Accessorize and CKU stores across Italy. The assumed acquisitions are solely intended for illustrative purposes and consequently the form and timing of the investment as well as the related net rental income generation may well differ.

The expectation is that, going forward, the Melite Finance Group will continue to trade in property rights. As a result, depending on market conditions and investment opportunities, the Group may during the term of the Bond resolve to dispose of some of the property rights attached to its outlets. The proceeds from these disposals will be reinvested in property rights for new retail locations and/or used to part finance the repayment of the Bond at its Redemption Date as set out in the Securities Note.

As at the date of the Registration Document, there is no intention to dispose of any of the Group's existing property rights. Accordingly, the projections do not assume any disposals of property rights in 2019 and 2020.

Projected Consolidated Income Statements

The Melite Finance Group's projected consolidated income statements are summarised below:

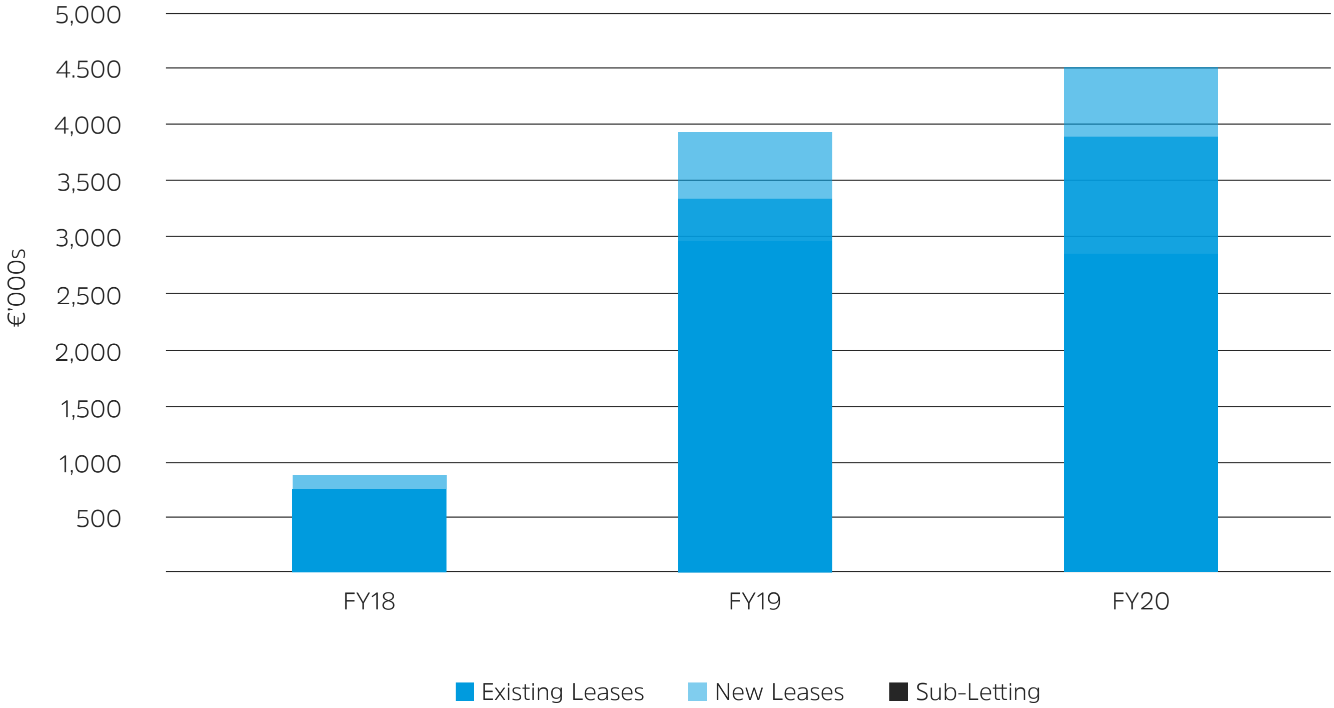
Melite Finance Group **Projected Consolidated Income Statement** **Amounts in €'000s**	**Year ending Dec '18**	**Year ending Dec '19**	**Year ending Dec '20**
Revenue	888	3,945	4,589
Cost of sales	(569)	(2,533)	(3,050)
Direct costs	(32)	(107)	(88)
Gross Profit	**287**	**1,305**	**1,451**
Administrative expenses	(136)	(543)	(512)
Operating Profit	**151**	**762**	**939**
Finance income	13	43	26
Finance costs	(85)	(495)	(495)
Profit before tax	**79**	**310**	**470**
Taxation	(52)	(213)	(249)
Profit after tax	**27**	**97**	**221**
Gross profit margin	*32%*	*33%*	*32%*
Operating profit margin	*17%*	*19%*	*20%*
Profit before tax margin	*9%*	*8%*	*10%*

The Melite Finance Group was set up on 31 October 2018, being the date when the Issuer acquired the entire issued share capital of Melite Properties, and therefore the results for the current financial year ending 31 December 2018 reflect three months of trading with a forecast pre-tax profit of €0.08 million in this period.

The projections indicate that the Melite Finance Group's pre-tax profits are expected to increase to €0.31 million in the financial year ending 31 December 2019 (which will be the Melite Finance Group's first full year of trading) and to €0.47 million in the financial year ending 31 December 2020. The projected growth in profits in this period primarily reflects the additional net rental income generated by the new retail outlets, which are assumed to be acquired by the Melite Finance Group in 2019 and 2020.

Revenue, which is principally made up of rental income, is projected at €3.9 million in 2019, increasing to €4.6 million in 2020. The graph below sets out an analysis of the composition of projected rental income between rental income generated from existing sub-lease agreements with Melite Italia, rental income generated from existing sub-lease agreements with third party retail operators and the income assumed to be generated from newly acquired retail locations. The analysis illustrates the expected impact of income generated from new retail locations, which are assumed to account for 23% of the projected rental income in the financial year ended 31 December 2020.

Rental income by source



Revenue also includes a property fee charged by Melite Properties to Melite Italia for the improvements made to the retail outlets operated by the latter. The property fee to be received by the Melite Finance Group in 2019 and 2020 is expected to amount to €0.1 million per annum. This additional property fee charge is incorporated within the rental charge as set out in the sub-lease agreements between Melite Properties and Melite Italia.

Cost of sales, which is made up of projected rental costs, reflect the annual payments contemplated in the existing lease agreements with landlords. These agreements typically provide for annual rental adjustments in line with a published inflation index in Italy. For the purposes of the projections, the annual rental adjustment is assumed at 1.5% for all of the Melite Finance Group's retail outlets.

Direct costs comprise of depreciation charges, which amount to an aggregate of €0.2 million in 2019 and 2020, reflecting the write-down of the value attributed to the works that have been carried out on the outlets.

Gross profit mainly represents the margin generated between the rental income received from sub-leases and the rent paid to landlords. This margin is projected at €1.5 million in the financial year ending 31 December 2020, equivalent to 32% of total rental income.

Administrative expenses are projected at €0.5 million per annum in 2019 and 2020, of which €0.3 million relate to amortisation charges. These charges reflect the write-down of the value attributed to the property rights relating to outlets held on the basis of a *contratto d'affitto di ramo d'azienda*. These amounts are amortised over the remaining term of the agreements pertaining to the respective outlets. The remaining €0.2 million relate to directors' fees, salary cost of one full-time employee, professional fees, listing fees together with corporate and general expenses. They also include a management fee of €50,000 per annum charged to the Melite Finance Group for services rendered thereto including the provision of management, accounting and other support services in terms of the management agreement entered into between Melite Italia and the Issuer dated 31 October 2018.

Finance costs reflect the provision for the interest payable for the Bonds, and also include €32,000 per annum relating to the amortisation of Bond Issue costs.

Finance income includes the interest generated on the Melite Finance Group's surplus cash balances and investment portfolio, which is being projected at the rate of 1.5% per annum.

The projections allow for corporate tax, which is payable at the rate of 35% in the case of profits arising in the Issuer and 27.9% in the case of profits arising in Melite Properties. The computation also includes provision for an additional deferred tax charge arising due to temporary difference in connection with the amortisation of intangible assets.

Projected Consolidated Cash Flow Statements

The Melite Finance Group's projected consolidated statements of cash flow are summarised below:

Melite Finance Group Projected Consolidated Statement of Cash Flows Amounts in €'000s	Year ending Dec '18	Year ending Dec '19	Year ending Dec '20	Total
Net cash generated from operating activities	162	104	985	1,251
Net cash used in investing activities	-	(1,000)	(1,500)	(2,500)
Net cash generated from / (used in) financing activities	3,180	(463)	(463)	2,254
Net movement in cash and cash equivalents	**3,342**	**(1,359)**	**(978)**	**1,005**
Cash and cash equivalents at beginning of period	-	3,342	1,983	-
Cash and cash equivalents at end of period	**3,342**	**1,983**	**1,005**	**1,005**

The Melite Finance Group is projected to generate aggregate cash from operations of €1.3 million in the period from 1 October 2018 to 31 December 2020. This reflects the projected operating profits generated by the Melite Finance Group in this period (net inflows of €2.9 million) net of projected working capital movements (net outflows of €1.5 million) and projected tax payments (net outflows of €0.2 million) as summarised in the table below:

Amounts in €'000s	Year ending Dec '18	Year ending Dec '19	Year ending Dec '20	Total
Operating profit	151	762	939	1,852
Add back:				
Amortisation	93	367	333	793
Depreciation	32	107	88	227
Operating cash flows	**276**	**1,236**	**1,360**	**2,872**
Changes in working capital	(111)	(1,102)	(259)	(1,472)
Finance income	-	13	43	56
Tax paid	(3)	(43)	(159)	(205)
Net cash from operating activities	**162**	**104**	**985**	**1,251**

The projected cash flows provide for an aggregate outflow of €2.5 million on investing activities in the period from 1 October 2018 to 31 December 2020. This outflow reflects the assumed acquisition of new retail locations on the lines explained later on in this section.

Projected cash flows related to financing activities (amounting to an aggregate of €2.3 million between 1 October 2018 and 31 December 2020) include the drawdown of the net proceeds of the Bond Issue in 2018, the payment of €6.0 million due to Melite Retail and the payment of Bond interest that is due annually as from November 2019.

For the purpose of the projections, Bond interest is assumed at the rate of 5% per annum.

Projected Consolidated Statements of Financial Position

The Melite Finance Group's projected consolidated statements of financial position are summarised below:

Melite Finance Group Projected Consolidated Statement of Financial Position Amounts in €'000s	as at 5 Nov 2018	as at 31 Dec 2018	as at 31 Dec 2019	as at 31 Dec 2020
Intangible Assets	10,307	10,214	10,847	12,014
Property, plant and equipment	560	528	420	332
Available-for-sale financial assets	587	587	587	587
Total non-current assets	**11,454**	**11,329**	**11,854**	**12,933**
Trade and other receivables	213	337	1,471	1,714
Cash	250	3,342	1,983	1,005
Total current assets	**463**	**3,679**	**3,454**	**2,719**
Total assets	**11,917**	**15,008**	**15,308**	**15,652**
Equity and liabilities				
Share Capital	5,874	5,874	5,874	5,874
Retained earnings	-	28	126	348
Total equity	**5,874**	**5,902**	**6,000**	**6,222**
Trade & other payables	6,043	-	-	-
Borrowings	-	8,938	8,970	9,002
Total non-current liabilities	**6,043**	**8,938**	**8,970**	**9,002**
Trade & other payables	-	119	119	119
Current tax liability	-	25	141	163
Deferred tax liability	-	24	78	146
Total current liabilities	**-**	**168**	**338**	**428**
Total liabilities	**6,043**	**9,106**	**9,308**	**9,430**
Total equity and liabilities	**11,917**	**15,008**	**15,308**	**15,652**
Gearing (net debt/total funding)	*49.5%*	*48.7%*	*53.8%*	*56.2%*

The Melite Finance Group's total assets are projected to increase from €11.9 million as at 5 November 2018 to €15.7 million by 31 December 2020.

The carrying amount of intangible assets is projected to increase to €12.0 million as at 31 December 2020. The principal movements in this period include the assumed investment in new retail locations (total investment of €2.5 million) net of the amortisation charges recognised on the valuation attributed to the property rights relating to outlets held on a *contratto d'affitto di ramo d'azienda*. The table below summarises the movements in the projected carrying amount of intangible assets between 31 December 2018 and 31 December 2020:

Intangible Assets Amounts in €'000s	Dec '18	Dec '19	Dec '20
Opening Balance	10,307	10,214	10,847
Additions	-	1,000	1,500
Amortisation	(93)	(367)	(333)
Closing Balance	**10,214**	**10,847**	**12,014**

Other major movements in total assets include:

- an increase in the balance of trade and other receivables, which reflects the increase in trade receivables from Melite Italia for the settlement of rent in terms of the sub-lease agreement as well as advance payments made on rent payable to landlords;
- a reduction in the carrying amount of property, plant and equipment due to the provision for depreciation on the value attributed to the works that have been carried out on the retail outlets; and
- a reduction in the balance of cash and cash equivalents as the proceeds of the Bond Issue are gradually applied towards the acquisition of new locations.

The Bond being issued in connection with this Prospectus is projected to be the Melite Finance Group's principal liability for the period 1 October 2018 to 31 December 2020. The Bond is carried in the financial statements at the principal amount of €9.25 million net of Bond Issue costs, which costs are being amortised over the term of the Bond Issue.

The Melite Finance Group's gearing ratio as at 5 November 2018 stood at 49.5% (net debt on total funding). The Melite Finance Group's gearing ratio is projected to increase to 56.2% in 2020 further to the Bond issue and the application of part of the Bond Issue proceeds towards the acquisition of additional property rights in 2019 and 2020.

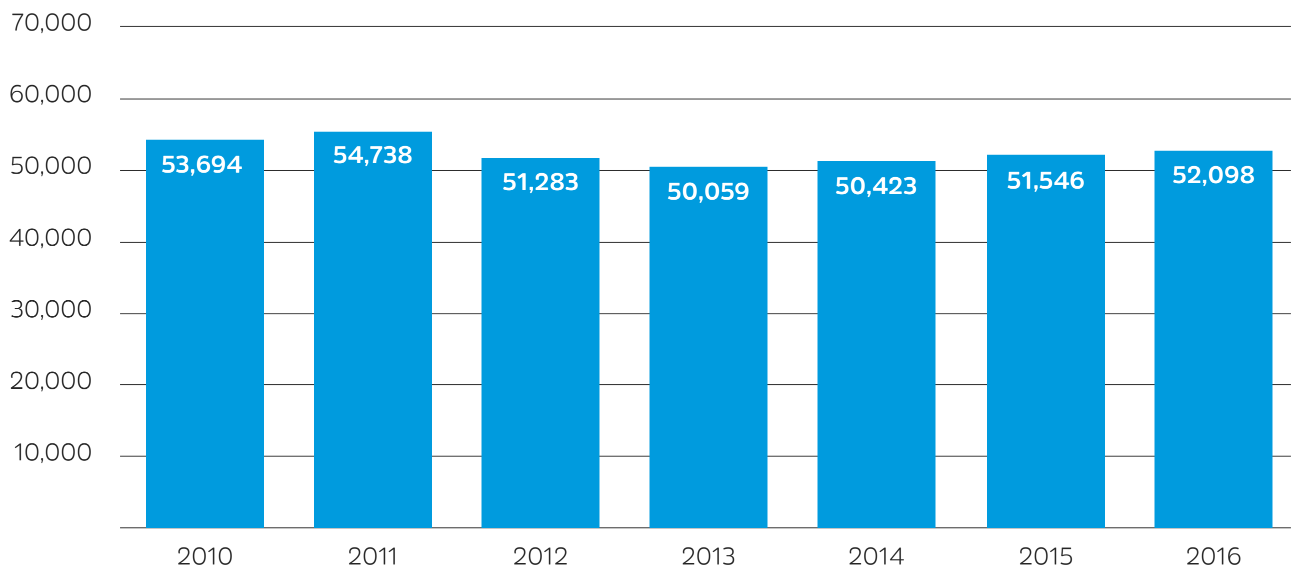
5.2.2 LONGER-TERM TRENDS AND GROWTH POTENTIAL

The longer-term prospects of the Melite Finance Group are intrinsically linked to developments in the retail real estate market in Italy, especially the market for prime locations on the primary high-streets of the Italian peninsula and islands. This market has proven to be resilient to periodic and even cyclical downturns in retail and the overall economy in Italy.

General outlook of the retail market in Italy

The below graph shows the final consumption expenditure of households in Italy on clothing and apparel during the period 2010 to 2016. Between 2013 to 2016, spending on clothing and apparel increased from €50.1 billion to €52.1 billion, equivalent to a compound annual growth rate of 1.3%.

Household consumption expenditure on clothing and apparel in Italy (€'millions)



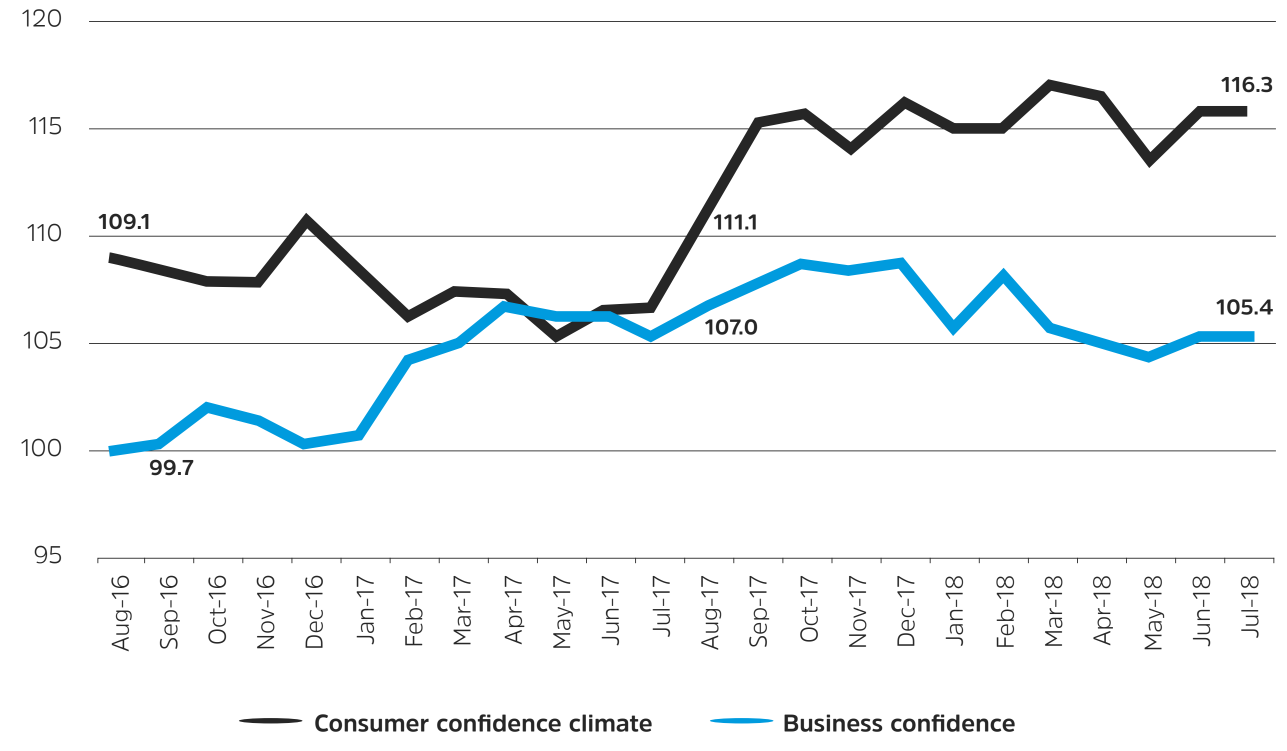
Source: Statista.com, January 2018

As reported by Cushman & Wakefield in their retail market snapshot for the Italy covering the second quarter of 2018:

"[t]he recovery of Italy's economy is ongoing, but fragmented. Although consumers' expectations for the general economic context are tainted by uncertainty, consumer confidence has increased, with more positive prospects for household economies, boosted by an improvement in the occupation levels."

The graph below sets out the recent trends in the *"Consumer Confidence and Business Confidence"* indices as published by ISTAT and indicates that both indices have registered a marked increase since August 2016. The Consumer Confidence Index increased from 109.1 in August 2016 to 116.3 in July 2018, whereas the Business Confidence Index increased from 99.7 in August 2016 to 105.4 in July 2018.

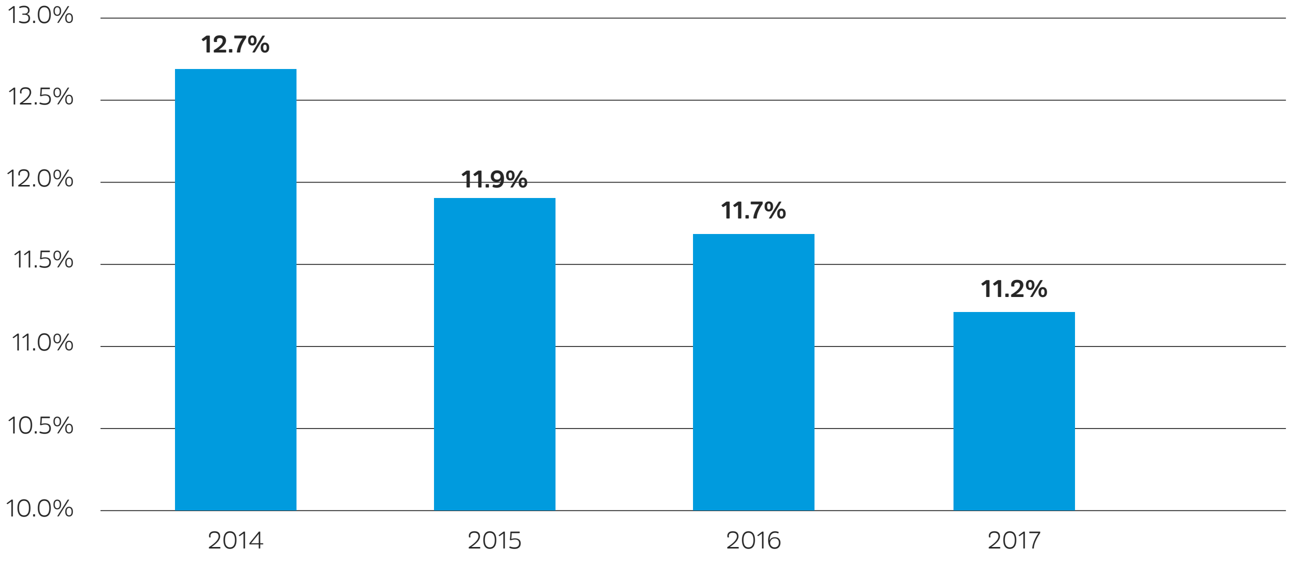
Consumer and Business Confidence Index (Aug '16 to Jun '18)



Source: Consumer and business confidence, ISTAT

The labour market has also continued to improve, with the unemployment rate averaging around 11.2% in 2017 compared to 12.7% in 2014.

Unemployment in Italy (%)



Source: Unemployment rate, ISTAT

Similar to the trends in the international market, the retail market in Italy may be affected by the evolution of e-commerce over the next few years. According to Statista, female e-commerce customers, who represent 50% of Italian online clothing shoppers, seem to purchase mostly cosmetics, health and wellness products, jewellery, footwear and clothing.

Market data for prime retail rents in Italy

Real estate forecasts show that the commercial real estate market continues on a positive trend, with turnover increasing by 4.2% in 2017 and 5.2% in 2018. The commercial real estate market in Italy ended 2017 with a turnover of €8.65 billion.

In 2018, the 5.2% increase referred to above is due to a further rise in rental charges per square metre and by new operations already announced.

The growth of the commercial real estate market arose mainly from the increase in prices across the market. This increase is much sharper in the key high-street locations.

The Melite Finance Group's commercial lease agreements typically relate to retail outlets located in prime positions in high streets of cities such as Milan or Turin or in the main retail area of towns such as Pavia, Como and Treviso. Retail units held under a *contratto d'affitto di ramo d'azienda* are typically located within shopping centres or other buildings such as train stations. The table below sets out market data on the overall trends in retail rental rates as published by Cushman & Wakefield for the second quarter of 2018:

Prime Retail Rents in Italy - Quarter 2, 2018

	€ SQ.M YR	Growth % 1 YR	5 YR CAGR
High Street Shops			
Milan	13,500	0.0%	12.5%
Rome	11,500	0.0%	10.4%
Venice	6,000	0.0%	n/a
Florence	5,800	0.0%	n/a
Turin	2,000	0.0%	3.3%
Shopping Centres			
Closing Balance	900	5.9%	1.1%

Source: Italy, Retail Market Snapshot Q2 2018, Cushman & Wakefield

The market data highlights that the market for high street shops in prime locations such as Milan and Rome appears to have somewhat stabilised after a period of significant growth. Prime retail rents for high street shops in Milan have increased at a compound annual growth rate of 12.5% in the last five years. Rome is also recognised as a prime international retail location with an average rent of €11,500/sqm and recent trends in retail rents have been somewhat similar to those evidenced in Milan.

The rate of growth in rents for shopping centres has accelerated from an average of 1.1% in last five years. After a record low number of new shopping centre openings in 2015, the last two years marked a reversal in this trend. Completions in 2017 exceeded 330,000 sqm, including new schemes and extensions. Recent opening included the 32,000 sqm *"Citylife Shopping District"* in Milan, the 42,000 sqm *"I Viali Shopping Park"* near Turin and the 17,000 sqm Aura shopping centre in Rome that is part of a larger urban redevelopment project close to the Vatican City.

5.3 SELECTED FINANCIAL INFORMATION

The Issuer was registered and incorporated on 27 September 2018. The Issuer has, to date, not conducted any business and has no trading record.

There has not been any significant change in the financial or trading position of the Issuer which has occurred since the date of its incorporation.

| 6 | MANAGEMENT

6.1 THE BOARD OF DIRECTORS OF THE ISSUER

In terms of its Memorandum, the Board of Directors of the Issuer is to consist of a minimum of six and a maximum of ten Directors. Presently there are six Directors. The Board meets regularly to establish and review the policies and strategies of the Issuer; to monitor the implementation thereof and the overall performance of the Issuer.

6.1.1 EXECUTIVE DIRECTOR

The executive Director of the Issuer is Andrew Ganado.

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 the Melite Finance Group. The executive Director is supported in this role by several consultants and benefit from the know-how gained by members and officers of the Melite Finance Group.

6.1.2 NON-EXECUTIVE DIRECTORS

The non-executive Directors are Christian Ganado, Jacqueline Briffa, Alan Frendo Jones, Paul Mercieca and Stanley Portelli, the latter two non-executive Directors being independent non-executive Directors.

The non-executive Directors constitute a majority on the Board of the Issuer and their main functions 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 their capacity as members of the Audit Committee (refer to section 8 below), the non-executive Directors sitting on the Audit Committee also have a crucial role in monitoring the activities and financial performance of Melite Properties, upon which the Issuer is dependent for the purpose of fulfilling its repayment obligations in terms of the Bond Issue.

6.1.3 CURRICULUM VITAE OF DIRECTORS OF THE ISSUER

Andrew Ganado

Andrew Ganado graduated with honours, from the London School of Economics, in Economics and Finance in 1989. Immediately thereafter, he joined the Gasan Group of Companies, working in various parts of the family group of companies, but primarily focusing on the business development, commercial centres and retail sectors of the group. Andrew was involved in the setting up and operation of two international brands in Malta, these being Standa and Coin.

In 1994, he negotiated the establishment of the Monsoon and Accessorize brands in Malta, as one of the first international franchise partners for these brands, retaining a minority stake in this operation. With a solid background in retail and business development, and his working relationship with Monsoon Accessorize, in 2002 Andrew Ganado was offered the franchisee rights for these brands in the north of Italy and subsequently, in 2005 for Austria.

The ALDO® franchise for Italy and Austria was obtained in 2010; the ALDO® store network was developed before being sold to the ALDO® Group. Over the years, Andrew Ganado as co-owner and chief executive officer, together with Christian Ganado, has successfully managed a number of global leading brands including ALDO® Shoes, Accessorize, Monsoon, 3INA Cosmetics and CKU in a number of territories, securing the opening of over 75 stores in various territories. Over this period Andrew has managed to profit both out of the retail side of the business as well as the real estate; he has been involved in each of the 75 property transactions referred to above, building up substantial hands-on experience in the process. Andrew Ganado also has a number of other directorships on the boards of leading Maltese companies involved in the retail and property businesses.

Christian Ganado

Christian Ganado has been an active retailer in the Italian, Maltese and Austrian markets for over 15 years. After graduating from the University of Pavia, Christian Ganado together with Andrew Ganado successfully oversaw the expansion of a retail business group in Italy and Austria, successfully acquiring the franchise rights of a number of international brands including ALDO®, Accessorize, Monsoon, 3INA and CKU.

Christian and his brother Andrew, opened over 75 stores in the north of Italy and in Austria, having a strong focus on the real estate aspect of the business. With over 20 years of experience, Christian Ganado has managed to establish himself in international markets as a successful retail operator who strives for excellence.

Since 2016 Christian Ganado has refocused his energies on a number of digital projects including social and metropolitan Wi-Fi. Christian also sits on the boards of directors of a number of Maltese companies involved in the retail, property and telecommunications sectors. Christian Ganado is also an angel investor and co-founder of a number of start-up digital companies.

Jacqueline Briffa

Jacqueline (also known as Jackie) Briffa graduated with a Bachelor of Accountancy (Honours) degree from the University of Malta in 1989 and joined Manduca, Mercieca & Co (later, Deloitte Malta), working on various high-profile audit assignments, including those relating to Bank of Valletta plc and Merrill Lynch Bank London. She obtained a warrant to practice as a Certified Public Accountant (CPA) in 1990 and an Auditing Practising Certificate in 1992. During her time at Deloitte Malta, Jacqueline occupied other roles including in indirect tax advisory, corporate and financial advisory services. She also led Deloitte Malta's regulatory and compliance function and served as the firm's compliance director and money laundering reporting officer between 2003 and 2005.

Jacqueline was admitted as an associate member of the Malta Institute of Taxation in 1995, as an associate member of the Malta Institute of Financial Services Practitioners and as a fellow member of the Malta Institute of Accountants in 2000. During 2004 and 2005, she served as a member of the Anti-Money Laundering ad hoc Committee of the Malta Institute of Accountants.

Jacqueline joined the Alf. Mizzi & Sons Group in March 2005 and occupies the post of Chief Administrative Officer. She served as company secretary of a number of companies forming part of the group until 2014 and was a member of the Expenditure Monitoring Board of Alf. Mizzi & Sons (Marketing) Ltd until 2009. She is currently a member of the Internal Audit Committee and of the Finance and Treasury Committee of Alf. Mizzi & Sons Group and secretary of the Senior

Management Committee of Alf. Mizzi & Sons (Marketing) Ltd. She also serves as a non-executive director on the boards of a number of companies forming part of the Alf. Mizzi & Sons Group and associated companies thereof, including Intercomp Limited, Intercomp Marketing Ltd, Sloane Ltd, Aplan Ltd, Inspirations Ltd, Kitchen Concepts Ltd and V & A Investments Ltd. She also sits on the boards of Alf. Mizzi & Sons Overseas Investments Ltd, CY Mizzi Investments Ltd, AMS Realty Ltd, Alf. Properties Ltd, Dunbar Properties Ltd and Dunbar Realty Ltd.

Alan Frendo Jones

Alan Frendo Jones has been practising as a warranted Certified Public Accountant (CPA) and Auditor since 2004, following his attainment of a Bachelor of Accountancy (Honours) degree from the University of Malta in 2001. He has since been a member of the Malta Institute of Accountants ("**MIA**"), currently also serving as a member of the PAIB advisory group at the MIA. He also qualified in 2007 as a Certified Information Systems Auditor (CISA) and became a member of the global network of Information Systems Audit and Control Association (ISACA).

Alan began his career at Ernst & Young, in the firm's audit and assurance department, working on various local and international assignments, including Dublin and the UK. In 2005, Alan joined Simonds Farsons Cisk plc and held the role of Finance Manager for a subsidiary company, Farsons Sales and Marketing Ltd. His role focused on management accounting, budgeting and forecasting and was also involved in centralising of the group's logistics, including its new multimillion logistics centre and bottling plant.

In 2008, Alan joined the Retail Holdings Group, occupying the position of Group Financial Controller, a position which he still occupies at present. Since 2015 he has been serving as a director on the boards of a number of entities within the group. The group focuses on two core lines of business in the field of retail clothing, namely the Malta-based operation and the international retail operation. The former operation has been managing international retail clothing brands, including the Marks & Spencer (M&S) franchise, for the past 60 years. The international operation is a joint venture between HB Group, a Libyan conglomerate and other Maltese interests, managed via Retail International Group (RIG). RIG holds retail clothing franchise rights for reputable international brands such as M&S, Debenhams, Next, ALDO®, Benetton and Mango for the Maghreb North African region, operating over 30 international stores.

Alan also has a financial consultative role in MMGH Ltd and Joseph Arrigo & Sons Ltd. The group is involved in grain handling, animal feed, warehousing and investments in other retail ventures namely RIG and the Melite Group.

Paul Mercieca

Paul Mercieca is a certified public accountant and was the Chief Executive Officer of Deloitte Malta for 23 years up to 31 December 2013. He was also Deloitte Malta's first Risk and Reputation Leader.

Whilst at Deloitte Malta, Paul was responsible for a number of clients operating in various sectors of the economy including one of Malta's largest banks and companies listed on the Malta Stock Exchange. He served as a member of the Malta Accountancy Board for eight years between 1988 and 1996 and is a former member of Council of MIA. Paul was also the Chairman of the Institute's Risk Management Committee and served on its Independence, Ethics and Regulatory Committee. Paul has also served on the board of directors of various companies and is currently a director of five insurance companies and a SICAV all regulated by the Malta Financial Services Authority, and also of two locally listed companies being Malita Investments plc and Eden Finance plc, and Merill Sicav plc, a licensed collective investment scheme, besides other companies, where in some instances, he also chairs the board.

Paul has experience of serving on audit committees and currently chairs the audit committees of five Maltese companies.

Paul was recently appointed as liquidator of an insurance company registered in Malta which wrote business exclusively in Ireland and is responsible for the proper and orderly winding down of the company.

Stanley Portelli

Dr Stanley Portelli is a lawyer by profession and is a partner at a Maltese law firm. He obtained his doctorate in law from the University of Malta in 1995. In 1993 he was elected by popular vote in his district to serve as a local councillor for a period of four years.

From 1994 to 2001, Stanley was employed with the Financial Services Unit at Coopers & Lybrand and eventually PricewaterhouseCoopers. He was a director of Malta Investment Management Co Ltd (MIMCOL) and Malta Government Investments Ltd between 2004 and 2008. In 2007 he was appointed member of the Port Workers Board representing Malta Freeport Terminals, and in 2008 was appointed member of the Board of the Lotteries and Gaming Authority, a post he held until April 2013.

Between 2001 and 2009 he also held the position of executive director for Human Resources, Legal and Corporate Affairs as well as Company Secretary at Malta Freeport Terminals Ltd. and Freeport Terminal (Malta) plc, where he was also on the Board of Directors from 1999 to 2004.

Until March 2013 he was the Chief Executive Officer of the Authority for Transport in Malta (Transport Malta), having overseen the amalgamation in 2010 of what were previously three distinct transport regulatory entities.

Stanley currently also serves as a non-executive director on a number of Maltese companies involved in various cross-border and overseas activities, as well as listed and regulated entities. He is also a consultant to a number of family-owned businesses.

He is a member of the Chamber of Advocates and the Institute of Financial Services Practitioners.

6.1.4 DIRECTORS' SERVICE CONTRACTS

The respective functions of each of the Issuer's Directors are regulated by service contracts between each Director and the Issuer. A copy of each of these service contracts is available for inspection by any person entitled to receive notice of general meetings of the Issuer at the registered office of the Issuer in accordance with the requirements of the Listing Rules.

6.1.5 AGGREGATE EMOLUMENTS OF DIRECTORS

In terms of the 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.

6.1.6 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.

6.1.7 REMOVAL OF DIRECTORS

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

6.1.8 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 Memorandum or Articles of Association of the Issuer required to be exercised by the general meeting of the shareholders of the Company.

In accordance with the Issuer's Articles of Association, the Board of Directors 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 equity securities and debt securities on such terms, in such manner and for such consideration as they think fit, whether outright or as security for any debt, liability or obligation of the Issuer or of any third party.

6.2 EMPLOYEES OF THE ISSUER

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

6.3 EMPLOYEES OF THE MELITE FINANCE GROUP

As at the date of the Prospectus the Melite Finance Group has one employee, who is employed on a full-time basis.

| 7 | MANAGEMENT STRUCTURE

7.1 GENERAL

The Issuer is a finance company which does not require an elaborate management structure. Paul Mercieca has been appointed to be the Independent Non-Executive Chairman of the Company. The Directors believe that the current organisational structures are adequate for the current activities of the Company and the Melite Finance Group. The Directors will maintain these structures under continuous review to ensure that they meet the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

Andrew Ganado, being the only executive Director of the Issuer, and Christian Ganado, Jacqueline Briffa and Alan Frendo Jones being non-executive Directors, also sit on the board of directors of other companies forming part of the Melite Group and the Melite Finance Group, as applicable, enhancing continuity and coherence between the management of companies forming part of the Melite Group and sub-groups therein, including the Melite Finance Group.

7.2 MANAGEMENT TEAM

Melite Properties is the main operational company of the Melite Finance Group. Pursuant to two management agreements, each dated 31 October 2018, the Melite Finance Group shall receive management services from the Issuer and Melite Italia respectively, for a fee as set out in each of the two management agreements.

As indicated in section 6.3 of this Registration Document, the Melite Finance Group has one employee of its own. Andrew Ganado, being the sole executive director sitting on the board of directors of Melite Properties, leads the management team of the Melite Finance Group. The team is composed of Nicola Mangini, the general manager of the Melite Finance Group, and Gordon Schembri, the financial controller of the Melite Finance Group.

The Directors and the directors of Melite Properties are of the view that the conclusion of the respective management agreements is in the best interests of each of the two companies, as applicable, and that of the Melite Finance Group. The management services to be provided to the Melite Finance Group include but are not limited to:

i. Preparation of periodic reporting, including but not limited for the purposes of the preparation of the accounts, reports and financial statements;
ii. Preparation of projections, budgets and feasibility studies;
iii. Internal financial control services and liaison with auditors;
iv. Allocation of office space at the manager's premises to enable the administration of services being provided under the Agreement;
v. Upkeep of records, contracts and documentation;
vi. Negotiation of all *contratti d'affitto di ramo d'azienda* and *contratti di locazione commerciale*, relating but not limited to the properties as applicable (such agreements hereinafter together referred to as the "**Lease Agreements**");
vii. Dealing with counterparties of the Lease Agreements, whether these be the landlords of or sub-tenants of Melite Properties on behalf of Melite Properties;
viii. Co-ordination of all maintenance, repair, upgrading, refurbishing or other works required by the properties from time to time; and
ix. Management and supervision of the properties, as may be applicable.

The total fee payable by the Melite Finance Group for the above services amounts to €50,000 per year. The management agreements have been entered into for a term of 10 years each, each subject to termination on the provision of six months' written notice.

7.2.1 CURRICULUM VITAE OF MEMBERS OF THE MANAGEMENT TEAM OF THE MELITE FINANCE GROUP

The curriculum vita of Andrew Ganado is set out in section 6.1.3. entitled *"Curriculum Vitae of Directors of the Issuer"*.

Nicola Mangini

With over 22 years of working in the Italian retail industry in a variety of roles, Nicola Mangini is the general manager of the Melite Finance Group. Nicola Mangini graduated with an honours degree in Business Economics from the Università Cattolica del Sacro Cuore, Milan in 2003. Whilst undergoing his studies, Nicola was initially employed as a junior manager in Decathlon Italia. During his five years at Decathlon Italia, Nicola was promoted and given different roles in the company, ending his time there as Department Manager - Sportswear. Thereafter, Nicola joined the following companies, occupying various managerial roles in the retail sector: Benetton Retail, Co. Import (a home furniture company) and Pam Group (a food supermarket).

In 2007, Nicola commenced his employment with Melite Italia as operations manager, with a focus on running the Accessorize brand in Milan. Nicola was shortly thereafter promoted to general manager of the wider Melite Group. During the following 11 years, Nicola, as part of senior management of the Melite Group and as a member of the board of directors of Melite Italia, was instrumental in the development of the Accessorize-Monsoon, ALDO®, 3INA and CKU brands in Italy. Within the same period, Nicola was also responsible for the roll-out and operations of Accessorize-Monsoon and ALDO® in the Austrian market. Nicola not only brings with him the retail experience but also the commercial know-how and real estate intricacies of the Italian marketplace. Nicola has also extensive experience in brand management, growth, people management skills, sales and marketing.

Gordon Schembri

Gordon Schembri graduated with a Bachelor of Accountancy (Honours) degree from the University of Malta in 2004 and subsequently joined the assurance department of the Malta office of Ernst & Young. During his time at Ernst & Young, Gordon was seconded for numerous terms to other Ernst & Young offices including Luxembourg, Berlin, Bucharest and Athens, where he gained additional exposure working on a number of international assurance assignments covering the commercial, real estate, manufacturing and financial services industries, with both private and public listed companies.

Prior to joining Melite Retail in 2016, Gordon was employed, from 2010 until 2015, by Retail International Group, a joint venture focussing on the retail clothing industry predominantly in under-developed, high-risk North African markets. Gordon joined Retail International Ltd as finance manager, subsequently in charge of Retail International Group's financial reporting, budgeting and reporting and forecasting function as it grew exponentially covering over 30 stores and 15 brands in three countries. In the period between his employment at Retail International Group and Melite Retail, Gordon was the chief financial officer for a gaming company.

During his time at Melite Retail, Gordon, together with the rest of Melite Retail's senior management, started a restructuring process for the Melite Group, identifying core cash generating units and divesting non-core business. This renewed focus on the business strategy identified a part of the retail operations as a core business unit; being the identification, acquisition, use and disposal of leasehold properties. As part of the restructuring process, the Melite Group is also currently in the midst of updating its integrated IT systems, migrating to cloud-based services and working on reintroducing an e-commerce platform for its retail operations.

7.3 CONFLICT OF INTEREST

As at the date of this Prospectus, Andrew Ganado and Christian Ganado are officers of a number of companies forming part of the Melite Finance Group and the Melite Group, while Jacqueline Briffa and Alan Frendo Jones are directors of Melite Properties. For this reason, these directors are susceptible to conflicts between the potentially diverging interests of the different members of the Melite Finance Group and the Melite Group, respectively. Furthermore, Nicola Mangini and Gordon Schembri are members of the management teams of both the Melite Finance Group and of the Melite Group, which may give rise to possible conflicts of interests between the interests of the two groups. Additionally, another company of the wider Melite Group, being Melite Italia, leases a substantial number of immovable properties over which Melite Properties enjoys certain rights. This commercial relationship may therefore give rise to potential conflicts of interests should the interests of the two companies in relation to such lease agreements not be aligned. Furthermore, both Jacqueline Briffa and Alan Frendo Jones are key employees of Alf Mizzi & Sons Ltd and MMGH Ltd respectively, both companies being shareholders of Melite Retail, the parent company of the Melite Group. Potential conflicts may therefore arise between the interests of the Issuer and the Melite Finance Group on the one hand, and those of Alf Mizzi & Sons Ltd and/or MMGH Ltd as shareholders of Melite Retail on the other.

No private interests or duties unrelated to the Issuer have been disclosed by the management of the Melite Group and the Melite Finance Group, which may or are likely to place any of them in conflict with any interests in, or duties towards, the Issuer.

In addition, in view of the lender-borrower relationship which is to arise between the Issuer and Melite Properties, there may be situations that could give rise to conflicts between the potentially diverging interests of both companies. In these situations, the Directors shall act in accordance with the majority decision of those directors who would not have a conflict in the situation and in line with the advice of outside legal counsel.

The Audit Committee of the Issuer has the task of ensuring that any such potential conflicts of interest relating to the Directors are handled in the best interests of the Issuer. Further information in this respect may be found in section 8 below.

In terms of the Act, any director who, in any way, whether directly or indirectly has an interest in a contract or a proposed contract or in any transaction or arrangement (whether or not constituting a contract) with the company whose board such director sits on, is required to declare the nature of his/her interest at a meeting of such company's board of directors. To the extent known or potentially known to the Issuer as at the date of this Prospectus, there are no other potential conflicts of interest between any duties of the Directors and of executive offices of the Issuer and their respective private interests and/or their other duties, which require disclosure in terms of the Regulation.

| 8 | AUDIT COMMITTEE PRACTICES

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

Briefly, the Audit 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; and
c. preserving the Issuer's assets by assessing the Issuer's risk environment and determining how to deal with those risks.

In addition, the Audit Committee has the role and function of evaluating any proposed transaction to be entered into by the Issuer and a related party, including Melite Properties, 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 of the Issuer and their respective private interests or duties unrelated to the Issuer.

As indicated in section 7.3 above, the Audit Committee of the Issuer has a crucial role in monitoring the activities and conduct of the business of Melite Properties, in so far as these may affect the ability of the Issuer to fulfil its obligations in terms of the Bonds. Such role is specified in the Audit Committee's Terms of Reference and also forms the subject of a contractual undertaking by the Issuer in favour of Melite Properties (in the loan agreement regulating the transfer of part of the Bond Issue proceeds by the Issuer to Melite Properties), pursuant to which Melite Properties has vested the Audit Committee of the Issuer with certain monitoring functions in light of the Issuer's dependence on Melite Properties.

The Audit Committee is made up entirely of non-executive Directors, the majority of whom are independent. Audit Committee members are appointed for a period of three years, unless terminated earlier by the Board. The Audit Committee is composed of Paul Mercieca (independent non-executive Director), Stanley Portelli (independent non-executive Director) and Jacqueline Briffa (non-executive Director). The Chairman of the Audit Committee, appointed by the Board, is entrusted with reporting to the Board on the workings and findings of the Committee. Paul Mercieca occupies the post of Chairman of the Audit Committee and, together with Jacqueline Briffa, is considered by the Board to be the member of the Audit Committee to be competent in accounting and/or auditing in terms of the Listing Rules.

| 9 | COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

Prior to the present Bond Issue, the Company was not regulated by the Listing Rules and accordingly was not required to comply with the Code of Principles of Good Corporate Governance forming part of the Listing Rules (the **"Code"**). As a consequence of the Bond Issue, 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, explain the level of the Issuer's compliance with the principles of the Code, in line with the comply or explain philosophy 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:

- 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.

- Principle 8 *"Committees"*: under the present circumstances, the Board does not consider it necessary for the Issuer to have a Remuneration Committee and a Nomination Committee, both as recommended in Principle 8.

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 members of the Board provide the level of skill, knowledge and experience expected in terms of the Code.

| 10 | HISTORICAL FINANCIAL INFORMATION

As indicated in section 5.1 of this Registration Document, there is no historical financial information pertaining to the Issuer covering the period between its date of incorporation and the date of the Prospectus.

| 11 | LITIGATION

The Directors are not aware of any current litigation against or otherwise involving the Issuer, including actual, pending or threatened governmental, legal or arbitration proceedings, which the Directors consider could have significant effects on the Issuer's financial position or profitability.

| 12 | OTHER DISPUTES/INVESTIGATIONS

The Directors are not aware of any other disputes or investigations against or otherwise involving the Issuer, which the Directors consider could have significant effects on the Issuer's financial position or profitability.

| 13 | ADDITIONAL INFORMATION

13.1 MAJOR SHAREHOLDERS

13.1.1 SHAREHOLDING OF THE ISSUER

The authorised share capital of the Issuer is €10.0 million divided into 10 million ordinary shares of a nominal value of €1.00 per share. The issued share capital of the Issuer is *circa* €5.87 million divided into *circa* 5.87 million ordinary shares of a nominal value of €1.00 per share. The issued share capital of the Issuer is subscribed for, allotted and taken up as follows:

- Melite Retail, being the holder of 5,874,405 ordinary shares and
- Melite Retail Systems Limited, being the holder of one ordinary share.

The issued share capital of the Issuer may be increased by the Directors. In terms of the Memorandum and Articles of Association, the Directors have the authority to increase the issued share capital of the Issuer up to a maximum amount of 10 million ordinary shares having a nominal value of €1.00 per share, without the necessity of obtaining approval by ordinary resolution or extraordinary resolution in general meeting. Such permission shall be valid for a maximum period of five years, renewable by ordinary resolution for further maximum periods of five years each.

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, during the next financial year, any shares, 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 the Melite Finance Group and the Melite Group is retained at arm's length, including 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. With particular reference to the relationship between the Issuer and the Directors who sit on the board of directors of other companies forming part of the Melite Group and the Melite Finance Group, the Memorandum and Articles of Association 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 at a meeting of the Board. 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 Memorandum and Articles of Association of the Issuer are registered with the Registry of Companies. The main objects of the Issuer's activities are set out in clause 3 of its Memorandum of Association as described in section 4.2.2 of this Registration Document.

A copy of the Memorandum and Articles of Association of the Issuer may be inspected during the lifetime of this Registration Document at the registered office of the Issuer and at the Registry of Companies.

13.2.2 APPOINTMENT OF DIRECTORS

At present, in terms of the Memorandum and Articles of Association of the Issuer, the Board shall consist of not less than six and not more than 10 directors. Directors shall be appointed by means of an ordinary resolution of the shareholders of the Company in general meeting, which ordinary resolution shall be determined and decided firstly by means of a show of hands and if a poll is validly called in accordance with the provisions of the Articles of Association, a poll shall be conducted. The procedures for the election of Directors may be established by the Issuer in general meeting from time to time.

13.2.3 POWERS OF DIRECTORS

The business of the Issuer shall be managed by the Directors who may exercise all such powers of the Issuer as are not by the law or by the Memorandum and Articles of Association of the Issuer required to be exercised by the Issuer in general meeting.

The Board 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 equity securities or debt securities on such terms, in such manner and for such consideration as they think fit, whether outright or as security for any debt, liability or obligation of the Issuer or of any third party.

| 14 | MATERIAL CONTRACTS

None of the Issuer or Melite Properties have entered into any material contracts which are not in the ordinary course of their business which could result in either member of the Melite Finance Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to security holders in respect of the securities being issued pursuant to, and described in, the Securities Note forming part of the Prospectus.

| 15 | INTEREST OF EXPERTS AND ADVISERS, AND THIRD-PARTY INFORMATION

Save for the Accountants' Report on the projected financial information of the Melite Finance Group included in Annex II of the Registration Document and the Independent Expert's Report, the Prospectus does not contain any statement or report attributed to any person as an expert.

Furthermore, the information in section 5.2.2 of this Registration Document has been sourced from Statista.com, Cushman & Wakefield and ISTAT (**"Third-Party Information"**).

The Accountants' Report and the Independent Expert's Report have been included in the form and context in which they appear with the authorisation PricewaterhouseCoopers of 78 Mill Street, Qormi QRM 3101, Malta, and Rustioni & Partners Srl of 10, Piazza Borromeo, Milano 20123, Italia respectively, who have given and have not withdrawn their consent to the inclusion of their respective reports herein. PricewaterhouseCoopers and Rustioni & Partners Srl do not have any beneficial interest in the Issuer or Melite Properties. The Issuer confirms that the Accountant's Report, the Independent Expert's Report and the Third-Party Information have been accurately reproduced in the Prospectus and that so far as it is aware and has been able to ascertain from such parties, including through a confirmation to this effect provided by the author of the Independent Expert's Report, 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. The Memorandum and Articles of Association of the Issuer;
b. The Security Trust Deed;
c. The Independent Expert's Report dated 18 September 2018 prepared at the Issuer's request in respect of the Melite Finance Group's portfolio of intangible assets consisting of property rights attaching to lease contracts relating to retail outlets in leading retail locations in Italy rights;
d. The projected financial results of the Melite Finance Group for the financial years ending 31 December 2018, 2019 and 2020 and the Accountant's Report thereon;
e. The significant accounting policies of the Melite Finance Group that were approved by the Board of Directors on 30 October 2018; and
f. The letter of confirmation drawn up by PricewaterhouseCoopers dated 12 November 2018.

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

ANNEXES

| ANNEX I | PROSPECTIVE FINANCIAL INFORMATION AND SUMMARY OF SIGNIFICANT ASSUMPTIONS AND ACCOUNTING POLICIES

| 1 | INTRODUCTION

Melite Finance p.l.c. was registered and incorporated on 27 September 2018. The principal transaction carried out by Melite Finance p.l.c. since its incorporation involved the acquisition of the shares in Melite Properties Srl, which was concluded on 31 October 2018. Melite Properties Srl was incorporated on 18 October 2018 in line with the restructuring process outlined in section 4.1.2 of the registration document. The Melite Finance Group therefore includes Melite Finance p.l.c. and Melite Properties Srl.

The directors of Melite Finance p.l.c. (the **"Directors"**) prepared projected financial information for the Melite Finance Group for the purpose of inclusion in the Prospectus of Melite Finance p.l.c., dated 12 November 2018. This includes the projected consolidated statement of financial position, the projected consolidated income statement and the projected consolidated statement of cash flows of Melite Finance Group for the period from 1 October 2018 to 31 December 2020 (the **"Prospective Financial Information"**). The Prospective Financial Information set out in section 5 of this Annex and the assumptions below are the sole responsibility of the Directors.

The Prospective Financial Information is intended to show a possible outcome based on a mixture of best-estimate assumptions as to future events, which the directors expect to take place and actions the directors expect to take, and hypothetical assumptions about future events and management actions which are not necessarily expected to take place. Events and circumstances frequently do not occur as expected and therefore actual results may differ materially from those included in the prospective financial information. Attention is drawn, in particular, to the risk factors set out in the Prospectus, which describe the primary risks associated with the business and operations to which the prospective financial information relates.

The Prospective Financial Information is not intended to, and does not, provide all the information and disclosures necessary to give a true and fair view of the financial results, financial position and cash flows of the Group in accordance with International Financial Reporting Standards as adopted by the European Union.

The Directors have exercised due care and diligence in adopting the assumptions below. The Prospective Financial Information was formally approved on 30 October 2018 by the Directors and the stated assumptions reflect the judgments made by the Directors at that date. The assumptions that the Directors believe are significant to the prospective financial information are set out in section 3 below and in section 5 of the Registration Document.

| 2 | SIGNIFICANT ACCOUNTING POLICIES

A copy of the significant accounting policies of Melite Finance p.l.c. will be available for inspection as set out in section 16 of the Registration Document. Where applicable, these accounting policies, in so far as they relate to recognition and measurement criteria, have been consistently applied in the preparation of the Prospective Financial Information.

| 3 | BASIS OF PREPARATION AND PRINCIPAL ASSUMPTIONS

The Melite Finance Group's principal operation includes the leasing and sub-leasing of retail outlets located in Italy. The Group's business will initially be based on 25 retail outlets that are currently held by Melite Properties Srl under either a *contratto di locazione* or a *contratto d'affitto di ramo d'azienda*. The majority of these outlets are presently being leased to Melite Italia Srl, a related company to the Melite Finance Group, which uses the outlets to operate Accessorize and CKU stores. The remaining four outlets are leased to third-party retail operators.

Going forward, the Melite Finance Group will be deploying €2.5 million of the proceeds of the Bond Issue to acquire property rights for retail outlets in new locations across Italy. The acquisition of new units is expected to be carried out gradually over the next one to two years and the timing thereof will depend primarily on the opportunities that may arise. As at the date of the Prospectus, the directors of Melite Properties have not yet firmed up any specific acquisitions of the new locations. However, the projections are based on the assumption that the Group will invest €1 million of the proceeds of the Bond Issue in the financial year ending 31 December 2019 with a further investment of €1.5 million in the financial year ending 31 December 2020.

The principal assumptions relating to the environment in which Melite Finance Group operates and the factors which are exclusively outside the influence of the Directors and which underlie the projected financial information are the following:

- there will be no material adverse events originating from retail market in Italy and macro-economic conditions in Italy;
- the basis and rates of taxation will not change materially throughout the period covered by the prospective financial information; and
- the rate of inflation in Italy will not exceed that experienced in the last few years.

The principal assumptions relating to the environment in which Melite Finance Group operates, and the factors that the Directors can influence and which underlie the Prospective Financial Information are outlined below:

3.1 REVENUE AND COST OF SALES

Revenue is principally made up of rental income derived from the subleasing of retail outlets to Melite Italia and third-party lessees. It also includes a property fee charge as described below.

Rental income has been projected by taking into consideration the sub-lease agreements that are currently in place with Melite Italia and with third parties. The projections include a provision for annual inflation adjustments that are assumed at 1.5% per annum in 2019 and 2020.

Revenue also includes a property fee charged by Melite Properties to Melite Italia for the improvements made to the retail outlets operated by the latter. The property fee to be received by the Melite Finance Group in 2019 and 2020 is expected to amount to *circa* €0.1 million per annum. This additional property fee charge is incorporated within the rental charge set out in the sub-lease agreements between Melite Properties and Melite Italia.

Cost of sales, which is made of rental costs, has been projected by taking into consideration the terms of the underlying *contratto di locazione* or *contratto d'affitto di ramo d'azienda* in place with third party landlords. The projections include a provision for annual inflation adjustments that are assumed at 1.5% per annum in 2019 and 2020.

As outlined above, the projections assume that the Melite Finance Group will invest €2.5 million of the bond proceeds to acquire new retail locations. It is also assumed that the investment will be entirely in the form of an upfront premium paid to acquire rights in terms of a *contratto di locazione* and that the Group will generate a net rental income margin equivalent to 15% of the premium paid to acquire the new locations. Based on these assumptions, the projections include a net rental income margin of €0.2 million in 2019 and €0.3 million in 2020 generated from the acquisition of property rights.

The term of the Group's property rights for the following outlets (both of which are operated by Melite Italia) expire in 2020:

Store	Location	Type of Contract	Expiry Date of Contract
Curno, Curno CC	Curno	Contratto d'affitto di ramo d'azienda	Jan '20
Padova, Padova Stazione	Padova	Contratto di locazione	Mar '20

The projections assume that the agreements for each of these outlets are renewed and provide for a 5% uplift in both the rentals paid by Melite Properties to the landlords and the rental rate charged to Melite Italia.

The term of the sub-lease agreement in place with a third-party retail operator for the outlet in Via Garibaldi, Torino expires in September 2019. The projections assume that the sub-lease agreement is renewed at terms, which at least match those of the existing agreement, after adjusting for inflation.

3.2 DIRECT COSTS

Direct costs comprise of depreciation which is calculated on the straight-line method to allocate the cost of all items comprised within plant and equipment to their residual value over their estimated useful life. The estimated useful life is assumed to match the remaining term of the lease agreement of the outlet in which the items of plant and equipment are installed.

3.3 ADMINISTRATIVE EXPENSES

Administrative expenses are projected at €0.5 million per annum in 2019 and 2020, of which €0.3 million relate to amortisation charges and the remaining €0.2 million per annum relate to administrative fees.

3.3.1 AMORTISATION

The carrying amount of the property rights relating to outlets held on a *contratto d'affitto di ramo d'azienda* are amortised over the remaining term of the agreements pertaining to the respective outlets.

The carrying amount of the property rights relating to outlets held on a *contratto di locazione* will be reviewed for impairment at the end of each financial year. The annual impairment review will make reference to updated valuations of the property rights that will be prepared by specialised independent experts such as Rustioni & Partners Srl. The projections assume that these reviews will not give rise to any impairment charges in 2019 and 2020.

3.3.2 ADMINISTRATIVE COSTS

Administrative expenses include Directors' fees, salary cost of an employee, professional fees, listing fees together with corporate and general expenses. These expenses are projected at €43,000 in 2018, increasing to €0.2 million in 2019 and increasing by 2% per annum thereafter. The projected costs include a management fee of €50,000 per annum charged by Melite Italia for services rendered to the Melite Finance Group including the provision of management, accounting and other support services.

3.4 FINANCE INCOME

Finance income includes the interest generated through the reinvestment of the Group's surplus cash balances. Interest income is being assumed at the rate of 1.5% per annum.

3.5 FINANCE COSTS

Finance costs include the interest payable on the Bond, which for the purposes of the projections is being assumed at 5.0% per annum. It also includes the amortisation of the bond issue costs which are being amortised on a straight-line basis over the term of the Bond.

3.6 TAXATION

Current taxation is provided at the rate of 35% in the case of profits arising in Melite Finance p.l.c. and 27.9% in the case of profits arising in Melite Properties Srl.

Deferred taxation is provided for using liability method for all temporary differences arising between the tax base of assets and liabilities and their carrying value for financial reporting purposes. The deferred tax charge included in the projections is arising due to temporary differences in connection with the amortisation of the property rights relating to *contratto di locazione*.

3.7 CAPITAL EXPENDITURE

Capital expenditure in the period relates to the assumed acquisition of property rights for new retail outlets in Italy. The projections assume an investment of €1 million to acquire property rights in the financial year ending 31 December 2019 with a further investment of €1.5 million in the financial year ending 31 December 2020.

3.8 WORKING CAPITAL

The Melite Finance Group's working capital mainly comprises the net impact of trade and other receivables together with trade and other payables.

Trade receivables include amounts relating to the rental obligations of Melite Italia, which are assumed to be settled within a credit periods of 90 days.

Trade and other creditors include advance payments on rent due to landlords, which is assumed to be settled 90 days in advance.

The Directors, having made due and careful enquiry, are of the opinion that in the absence of unforeseen circumstances outside their control, the working capital available to the Melite Finance p.l.c. and the Melite Finance Group will be sufficient for the carrying out of the respective business.

| 4 | CONCLUSION

The Directors believe that the assumptions on which the Prospective Financial Information is based are reasonable. Approved by the Board of Directors on 30 October 2018 and signed on their behalf by:

Andrew Ganado
Executive Director

Paul Mercieca
Non-Executive Director

PROJECTED STATEMENTS OF FINANCIAL POSITION

Melite Finance Group Projected Consolidated Statement of Financial Position Amounts in €'000s	as at 31 Dec 2018	as at 31 Dec 2019	as at 31 Dec 2020
Intangible Assets	10,214	10,847	12,014
Property, plant and equipment	528	420	332
Available-for-sale financial assets	587	587	587
Total non-current assets	**11,329**	**11,854**	**12,933**
Trade and other receivables	337	1,471	1,714
Cash	3,342	1,983	1,005
Total current assets	**3,679**	**3,454**	**2,719**
Total assets	**15,008**	**15,308**	**15,652**
Equity and liabilities			
Share Capital	5,874	5,874	5,874
Retained earnings	28	126	348
Total equity	**5,902**	**6,000**	**6,222**
Borrowings	8,938	8,970	9,002
Total non-current liabilities	**8,938**	**8,970**	**9,002**
Trade & other payables	119	119	119
Current tax liability	25	141	163
Deferred tax liability	24	78	146
Total current liabilities	**168**	**338**	**428**
Total liabilities	**9,106**	**9,308**	**9,430**
Total equity and liabilities	**15,008**	**15,308**	**15,652**

PROJECTED INCOME STATEMENTS

Melite Finance Group Projected Consolidated Income Statement Amounts in €'000s	Year ending Dec '18	Year ending Dec '19	Year ending Dec '20
Revenue	888	3,945	4,589
Cost of sales	(569)	(2,533)	(3,050)
Direct costs	(32)	(107)	(88)
Gross Profit	**287**	**1,305**	**1,451**
Administrative expenses	(136)	(543)	(512)
Operating Profit	**151**	**762**	**939**
Finance income	13	43	26
Finance costs	(85)	(495)	(495)
Profit before tax	**79**	**310**	**470**
Taxation	(52)	(213)	(249)
Profit after tax	**27**	**97**	**221**

PROJECTED STATEMENTS OF CASH FLOWS

Melite Finance Group Projected Consolidated Statements of Cash Flows Amounts in €'000s	Year ending Dec '18	Year ending Dec '19	Year ending Dec '20
Cash flow from operating activities			
Cash generated from operating activities	**165**	**134**	**1101**
Interest received	-	13	43
Tax Paid	(3)	(43)	(159)
Net cash generated from operating activities	**162**	**104**	**985**
Cash flow from investing activities			
Purchase of intangible assets	-	(1,000)	(1,500)
Net cash used in investing activities	**-**	**(1,000)**	**(1,500)**
Cash flow from financing activities			
Investment in share capital	250	-	-
Issue of €9,250,000 of 5% bonds	9,250	-	-
Issue costs	(320)	-	-
Interest paid	-	(463)	(463)
Payment to Melite Retail	(6,000)	-	-
Net cash generated from/ (used in) financing activities	**3,180**	**(463)**	**(463)**
Net movement in cash and cash equivalents	**3,342**	**(1,359)**	**(978)**
Cash and cash equivalents at beginning of year	-	3,342	1,983
Cash and cash equivalents at end of year	**3,342**	**1,983**	**1,005**

The Directors
Melite Finance p.l.c.
Level 3, Valletta Buildings,
South Street,
Valletta VLT1103
Malta

12 November 2018

Independent Accountant's Report on the Projected Financial Information of Melite Finance p.l.c.

To the board of directors of Melite Finance p.l.c.

We report on the projected statements of financial position as at 31 December 2018, 31 December 2019 and as at 31 December 2020, and the projected income and cash flow statements for the three-year period ending 31 December 2020 (the "Projected Financial Information") of Melite Finance p.l.c. and its subsidiary Melite Properties Srl (collectively referred to as the "Melite Finance Group"). The Projected Financial Information, the basis of preparation and the material assumptions upon which the Projected Financial Information is based, are set out in Annex 1 – Prospective Financial Information and Summary of Significant Assumptions and Accounting Policies of the Registration Document dated 12 November 2018.

This report is required in terms of rule 5.40 of the Listing Rules issued by the Listing Authority of the Malta Financial Services Authority and is given for the purpose of complying with that regulation and for no other purpose.

Directors' responsibilities for the Projected Financial Information

It is the responsibility of the Directors of the Melite Finance Group to prepare the Projected Financial Information and the assumptions upon which it is based, as set out in Annex 1 – Prospective Financial Information and Summary of Significant Assumptions and Accounting Policies of Melite Finance Group's Registration Document dated 12 November 2018, in accordance with the requirements of the Listing Rules issued by the Listing Authority of the Malta Financial Services Authority and EU Regulation EC 809/2004.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PricewaterhouseCoopers,
78 Mill Street, Qormi, QRM3101. Malta
T: +(356) 2124 7000, F: +(356) 2124 4768, www.pwc.com/mt

Independent Accountant's Report on the Projected Financial Information of Melite Finance p.l.c.

To the board of directors of Melite Finance p.l.c.

Accountant's responsibility

It is our responsibility to form an opinion as required by Listing Rule 5.40 as issued by the Listing Authority of the Malta Financial Services Authority and Annex I item 13.2 of EU Regulation EC 809/2004 as to the proper compilation of the Projected Financial Information on the basis stated in Annex 1 – Prospective Financial Information and Summary of Significant Assumptions and Accounting Policies of Melite Finance p.l.c.'s Registration Document dated 12 November 2018, in so far as the application of the underlying accounting policies and accuracy of calculations are concerned, and to report that opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed, to the fullest extent permitted by law, we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with the Listing Rules, consenting to its inclusion in the Registration Document.

Basis of preparation of the Projected Financial Information

The Projected Financial Information has been prepared on the basis stated in Annex 1 – Prospective Financial Information and Summary of Significant Assumptions and Accounting Policies of Melite Finance Group's Registration Document dated 12 November 2018 and is based on projections covering the three-year period ending 31 December 2020. The Projected Financial Information is required to be presented on a basis consistent with the accounting policies of Melite Finance p.l.c.

Basis of opinion

We have examined the basis of compilation and the accounting policies of the accompanying Projected Financial Information of Melite Finance Group for the three-year period ending 31 December 2020 in accordance with ISAE 3000, 'Assurance Engagements Other than Audits and Reviews of Historical Financial Information'. Our work included evaluating the basis on which the Projected Financial Information has been prepared and considering whether the Projected Financial Information has been accurately computed based upon the disclosed assumptions and accounting policies of Melite Finance p.l.c.

The assumptions upon which the Projected Financial Information is based are solely the responsibility of the Directors of Melite Finance Group and accordingly, we express no opinion on the validity of the assumptions.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Projected Financial Information has been properly compiled on the basis stated, in so far as the accuracy of calculations are concerned.

The Projected Financial Information is not intended to, and does not provide all the information and disclosures necessary to give a true and fair view of the results of the operations and the financial position of the company in accordance with International Financial Reporting Standards as adopted by the EU ("IFRSs"). Accordingly, we do not give an opinion as to whether the Projected Financial Information has been properly prepared in accordance with IFRSs.

Independent Accountant's Report on the Projected Financial Information of Melite Finance p.l.c.

To the board of directors of Melite Finance p.l.c.

Since the Projected Financial Information and the assumptions on which they are based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the Projected Financial Information and differences may be material.

Opinion

In our opinion, the Projected Financial Information has been properly compiled on the basis stated in Annex 1 – Prospective Financial Information and Summary of Significant Assumptions and Accounting Policies of Melite Finance Group's Registration Document dated 12 November 2018 and the basis of accounting used is consistent with the accounting policies of Melite Finance Group.

Yours faithfully,

David Valenzia
Partner

PricewaterhouseCoopers
78 Mill Street
Qormi
QRM 3101
Malta

MELITE ITALIA S.R.L.
COMMERCIAL KEY-MONEY VALUATION

OUR COMPANY

Rustioni & Partners S.r.l. ("R&P") is a company specializing in the real-estate/commercial sector with 20 years of experience in the national and international markets.

Rustioni & Partners is not tied to any financial institution or group. It aims to find the best solutions for its clients' commercial positioning in city centers and shopping centers, and it also deals with real-estate investments on behalf of third parties.

To carry out such activities more effectively and give the best service, Rustioni & Partners offers all the necessary support services and, as a rule, a strategic analysis of the project on the basis of the criteria agreed with the client. This strategic analysis identifies the companies and the properties that could be purchased and/or managed.

It provides the necessary support for the valuation and commercial real-estate estimates, evaluating the congruity of the rental payments according to the market value, estimating the property value appropriate to the case in question and providing all the necessary assistance in the negotiation stages, coordinating the activity of the consultants involved (legal, fiscal, due diligence, etc.).

PURPOSE OF VALUATION

Melite Retail Group is restructuring its business and reorganizing its business model; the purely commercial side will be separated from the franchising of the Accessorize brand. The aim is to bring the commercial retail companies, with their associated licenses and commercial permits, under a newly established entity (Melite Properties S.r.l.), while the transferor remains responsible for the commercial exploitation of the brand.

In this reorganization, a company (Melite Properties S.r.l.) will be set up to identify interesting retail outlets, negotiate the fee for taking over the associated lease contracts and pay the associated cost, handle all the administrative paperwork involved in obtaining the permits needed to operate the stores, and restructure the premises where necessary, before leasing the business units that are concerned with those stores as start-ups to companies (within the Group and third parties) interested in running them.

In consideration of the above and, in particular, of how the transfer will concern the commercial companies "deprived" of the right to use the Accessorize brand, the expert appointed to carry out the valuation under article 2465 of the Civil Code will value those businesses as going concerns (without any reservations regarding their continuity of operation), regardless of the profitability specifically attributable to the Accessorize products.

In this context, given the need to value "depersonalized" commercial companies (operating continuously, nonetheless, as going concerns), the expert has adopted the empirical method of valuing a retail business by taking into account the appreciation of its retail premises. The expert has therefore asked R&P to assess the value (or, strictly speaking, the price) that a retail business owner would be prepared to accept for the immediate release of its retail premises (along with the loss of goodwill for its commercial business). This value/price is commonly known as Key Money.

Key Money is commonly defined as the value attributable to the retail site, with regard to the interconnection between the commercial license and the right (deriving, in most cases, from lease contracts) to use the retail premises.

Rustioni & Partners S.r.l.
Headquarters:
Milano 20123 - Piazza Borromeo, 10 - Tel. 02.58303994 - Fax 02.58315588
e-mail : rustioni@rustioni-partners.com - CF/P.IVA 06508790968

A copy of the full Independent Expert's Report dated 18 September 2018 is available for inspection at the registered address of the Issuer.

VALUATION DATE

We have been asked to assess the Key Money as at 30 June 2018.

VALUATION CRITERION

The main method that we have used to determine the commercial value of the retail outlets in question is commonly known as the Average Rental Value per sqm method.

LOCATION

R&P's valuation reflects standard practice throughout the property and commercial market. We have taken into account the commercial ventures' positioning, the impact of rental payments on turnover net of sales VAT, the rental value per square meter of retail area, the positive or negative weightings for the store's positioning, and the positive or negative weightings according to how soon the leases expire (the last two based both on our considerable experience and on the views and typical approaches of the International Valuation Standards Committee).

RENTS

Our analyses are based on a dual comparison between, on one hand, the market values for transactions involving properties of similar sizes and locations and, on the other, the property investment's profitability per unit area (5–8%).

Furthermore, in Italy (unlike France and Belgium), there is no procedure for recourse to the courts or public authorities to establish the extent to which rents reflect market rates. Rents in Italy are determined entirely by the free market, and supply and demand may be strongly at variance, even with the calculation method above.

For example, if the property is the only one of its size on that street, then the asking rent may be well above the market rate, and no public authority can force the lessor down to acceptable levels.

GOODWILL

According to settled case law and established economic, legal and business practice, goodwill is that surplus that makes it possible to achieve greater profit from the resources used, because of various subjective/objective elements, such as those listed above, in particular: the company's reputation and business acumen, the business's situation, when it is transferred, the company / business unit size and location, whether or not there are employees. None of these factors can be divorced from the potential earnings in relation to the actual earnings in previous years.

POTENTIAL

The stores' potential based on their net sales area stated has not been explicitly considered. That potential is expressed in the calculation of the potential average turnover for different types of good in the contexts under valuation.

That calculation has not enabled R&P to determine the potential value of the business (based on the cost of the products analyzed in the various sectors).

The demand from the industrial and commercial groups and companies interested in leasing premises of similar sizes and settings must also be taken into account.

Based on the above criteria, the economic value at 30 June 2018 of retail outlets held by Melite Italia s.r.l. is assessed as €10,307,020.00, as summarized in the following table.

Melite Retail Limited Group Actual Stores June 2018

ACCESSORIZE STORES

Store	Type of Contract	Sales Area / sqm	Stock Room Area / sqm	Annual Rent paid to Landlord €	Key Money Value €	Expiry date	Years	Sub-Lease to	Value Of Sub-Lease
2353 - Milano V. Torino	Lease	Ground F. / 72sqm	Basement / 25sqm	117,433	2,546,703	dec-27	9	n/a	n/a
2358 - Orio, Orio Center CC	Lease	Ground F. / 53sqm	Ground Floor / 9sqm	65,014	195,000	jan-28	10		
2365 - Pavia Cso. Cavour 18	Lease	Ground F. / 87sqm	First Flloor / 90sqm	29,721	791,802	aug-35	18		
2372 - Bolzano, V. dei Portici	Lease	Ground F. / 102sqm	Basement / 80sqm	80,360	816,520	aug-26	8		
2373 - Milano, Stazione P. Garibaldi	Lease	Ground F. / 44sqm	Basement / 5sqm	60,000	114,000	aug-26	8		
2375 - Milano, C. so Vercelli	Lease	Ground F. 70 sqm + Mezzanine 7 sqm	Basement / 70sqm	175,000	456,120	aug-27	9		
2525 - Padova, Padova Stazione	Lease	Ground F. / 38sqm	Ground Floor / 11 sqm	58,658	99,420	mar-20	2		
2526 - Milano, Galleria Passarella	Lease	Ground F. 110 sqm + Mezzanine 37 sqm	Basement / 70sqm	388,411	1,122,979	aug-29	11		
2528 - Como V. V. Emanuele	Lease	Ground F. / 73sqm	Ground Floor / 18sqm	80,000	710,694	oct-35	18		
7909 - Treviso, Cso. Del Popolo	Lease	Ground F. 83 sqm +1st floor 22	Basement / 70sqm	72,000	328,320	jul-23	5		
2377 - Carugate, Il Carosello CC	Rent	Ground F. / 57sqm	Ground Floor / 18sqm	73,000	245,000	may-21	3		
3900 - Milano, Il Portello CC	Rent	Ground F. / 53sqm	Ground Floor / 8sqm	36,000	300,000	sep-24	6		
7904 - Curno, Curno CC	Rent	Ground F. / 60sqm	Ground Floor / 11sqm	50,150	48,800	jan-20	2		
7914 - Milano, Stazione Centrale	Rent	Ground F. / 56sqm	Basement / 10sqm	111,000	268,800	mar-22	4		
7915 - Busnago, Il Globo CC	Rent	Ground F. / 70sqm	Ground Floor / 22sqm	80,000	144,000	apr-24	6		
7916 - Torino Porta Nuova	Rent	Ground F. / 50sqm	Ground Floor / 19sqm	79,918	200,184	jun-24	6		
7917 - Milano, Citylife CC	Rent	Ground F. / 57sqm	Ground Floor / 10sqm	85,000	150,000	ott-24	6		
7919 - Rescaldina, Auchan Rescaldina CC	Rent	Ground F. / 50sqm	Ground Floor / 7sqm	66,000	100,000	dec-24	7		
7920 - Mestre, Auchan Mestre CC	Rent	Ground F. / 50sqm	Ground Floor / 8sqm	48,000	50,000	dec-24	7		
CKU Stores									
Pavia, C.so Cavour	Lease	Ground F. / 56sqm	Ground Floor / 35sqm	46,000	321,876	sep-35	18	n/a	n/a
Como, Via Luini	Lease	Ground F. / 67sqm	Ground Floor / 55sqm	140,000	246,624	feb-30	12		
Sub-let to 3rd-parties									
Torino, Via Garibaldi	Lease	Ground F. / 55sqm	Ground Floor / 55sqm	72,162	326,028	sep-25	7	Rebecca S.r.l.	72,811
Genova, Via XX Settembre	Lease	Ground F. / 61sqm	Ground Floor / 19sqm	72,000	303,360	jan-26	8	Bialetti S.r.l.	111,000
Pavia, C.so Cavour ang Via XX Settembre	Lease	Ground F. / 58sqm	Basement / 82sqm	40,000	220,118	sep-35	18	12 Oz Coffee Joint	80,000
Milano, C.so Buenos Aires	Lease	Ground F. / 45sqm	Basement / 35sqm	150,000	200,672	jun-26	8	Wake up s.r.l.	190,000
				2,275,828	**10,307,020**				

SECURITIES
NOTE

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

Dated 12 November 2018

In respect of an Issue of €9,250,000 4.85% Secured Bonds 2028
of a nominal value of €100 per bond issued at par
by

MELITE FINANCE PLC

(a public limited liability company registered under the laws of Malta
with company registration number C 88405)

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

ISIN:- MT0002031202

Sponsor & Co-Manager: RIZZO FARRUGIA — YOUR INVESTMENT CONSULTANTS

Legal Counsel: CAMILLERI PREZIOSI — ADVOCATES

Registrar & Co-Manager: LOMBARD — Lombard Bank Malta p.l.c.

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

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IMPORTANT INFORMATION

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY MELITE FINANCE P.L.C. (THE **"ISSUER"**) OF €9,250,000 SECURED BONDS 2028 OF A NOMINAL VALUE OF €100 PER BOND, ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 4.85% PER ANNUM, PAYABLE ANNUALLY ON 23 NOVEMBER OF EACH YEAR (OR THE NEXT BUSINESS DAY WHERE THE 23 NOVEMBER FALLS ON A DAY WHICH IS NOT A BUSINESS DAY IN MALTA). THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 23 NOVEMBER 2028. THE ISSUER SHALL REDEEM THE BONDS ON SUCH DATE UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION.

THIS SECURITIES NOTE CONTAINS INFORMATION ABOUT THE ISSUER AND THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES, THE ACT AND THE REGULATION, AND SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER.

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

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 THE PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR THE BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION.

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

SAVE FOR THE ISSUE IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE BONDS OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, NO BONDS MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS OR ANY BONDS MAY COME MUST INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING AND SALE OF THE BONDS.

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

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

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

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

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

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

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| 1 | DEFINITIONS

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

Act	the Companies Act (Cap. 386 of the laws of Malta);
Applicant/s	an Authorised Financial Intermediary or any person or persons, natural or legal, who subscribes for the Bonds;
Authorised Financial Intermediaries	the licensed stockbrokers and financial intermediaries listed in Annex I of this Securities Note;
Bond/s	the €9,250,000 secured bonds of a nominal value of €100 per bond redeemable at their nominal value on 23 November 2028 bearing interest at the rate of 4.85% per annum, being issued pursuant to the Prospectus;
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;
Collateral	shall have the meaning set out in section 4.5 of this Securities Note;
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) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
GDPR	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC;
Group Company	any one of the companies forming part of the Melite Finance Group. The term 'Group Companies' shall be construed accordingly;
Independent Expert's Report	the independent expert's report commissioned by the Issuer in relation to the rights over immovable properties which are enjoyed by Melite Properties as explained in section 4.3.1 of the Registration Document, being the investments of the Melite Finance Group, prepared by Rustioni & Partners Srl dated 18 September 2018;
Interest Payment Date	23 November 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 23 November 2018;
Issuer or **Company**	Melite Finance p.l.c., a public limited liability company registered in Malta with company registration number C 88405 and having its registered office at Level 3, Valletta Buildings, South Street, Valletta VLT 1103, Malta;

Listing Authority	the Board of Governors of the MFSA, appointed as Listing Authority for the purposes of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta) and the Financial Markets Act (Cap. 345 of the laws of Malta) by virtue of Legal Notice 1 of 2003;
Listing Rules	the listing rules of the Listing Authority;
Melite Finance Group or **Group**	the group of companies consisting of the Issuer as the parent and Melite Properties as the subsidiary;
Melite Properties	Melite Properties Srl, a private limited liability company registered in Italy with company fiscal and VAT number 10510270969 and having its registered office at Via Vittor Pisani 20, 20124, Milano (MI), Italia;
Memorandum and Articles of Association	the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus. The terms "Memorandum", "Articles" and "Articles of Association" shall be construed accordingly;
Official List	the list prepared and published by the MSE as its official list in accordance with the MSE Bye-Laws;
Perfection of the Collateral	shall have the meaning set out in section 4.5 of this Securities Note;
Prospectus	collectively the Registration Document, Summary Note and this Securities Note (each as defined in this Securities Note);
Redemption Date	23 November 2028;
Redemption Value	the nominal value of each Bond (€100 per Bond);
Registrar and Co-Manager	Lombard Bank Malta plc, a public limited liability company registered in Malta with company registration number C 1607 and having its registered office at 67, Republic Street, Valletta VLT 1117, Malta;
Registration Document	the registration document issued by the Issuer dated 12 November 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 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 the 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 the regulatory technical standards for publication of the prospectus and dissemination of advertisements;
Securities Note	this document in its entirety, forming part of the Prospectus;
Security Trust Deed	the security trust deed entered into between the Security Trustee, the Issuer and Melite Properties, dated 7 November 2018;

Security Trustee	Alter Domus Trustee Services (Malta) Limited, a private limited liability company registered in Malta with company registration number C 63887 and having its registered office at Vision Exchange Building, Territorials Street, Mriehel, Birkirkara BKR 3000, Malta, duly authorised to act as a trustee or co-trustee in terms of Article 43(3) of the Trusts and Trustees Act (Cap. 331 of the laws of Malta);
Sponsor and Co-Manager	Rizzo, Farrugia & Co. (Stockbrokers) Ltd., a private limited liability company registered in Malta with company registration number C 13102 and having its registered office at Airways House, Fourth Floor, High Street, Sliema SLM 1551, Malta. Rizzo, Farrugia & Co. (Stockbrokers) Ltd. is an authorised financial intermediary licensed by the Malta Financial Services Authority and a member of the Malta Stock Exchange;
Summary Note	the summary note issued by the Issuer dated 12 November 2018, forming part of the Prospectus; and
Terms and Conditions	the terms and conditions of the Bond Issue specified in sections 4.3, 5 and 7 of this Securities Note.

All references in the Prospectus to **"Malta"** are to the **"Republic of Malta"**:

Unless it appears otherwise from the context:

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

| 2 | RISK FACTORS

2.1 GENERAL

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY ON THE REDEMPTION DATE UNLESS THE BONDS ARE PREVIOUSLY RE-PURCHASED AND CANCELLED.

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

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

2.2 FORWARD-LOOKING STATEMENTS

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

2.3 SUITABILITY OF INVESTMENT

An investment in the Bonds may not be suitable for all recipients of the Prospectus. In so far as prospective investors seek advice from Authorised Financial Intermediaries concerning an investment in the Bonds, Authorised Financial Intermediaries are to determine the suitability or otherwise of prospective investors' investment in the Bonds before making an investment decision. In particular, Authorised Financial Intermediaries should determine whether 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 (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

2.4 RISKS RELATING TO THE BONDS

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

- Prior to the Bond Issue, there has been no public market or trading record for the Bonds within or outside Malta. Due to the absence of any prior market for the Bonds, there can be no assurance that the Bond Issue Price will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue.

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

- An investment in the Issuer may not be suitable for all recipients of this Prospectus and investors are urged to consult a licensed stockbroker or investment adviser licensed under the Investment Services Act (Cap. 370 of the laws of Malta) as to the suitability or otherwise of an investment in any of the Bonds before making an investment decision. An informed investment decision can only be made by investors after they have read and fully understood the risk factors associated with an investment in the Bonds and the inherent risks associated with the Issuer's business. In the event that an investor in the Bonds does not seek professional advice and/or does not read and fully understand the provisions of this Prospectus, there is a risk that such investor may acquire an investment which is not suitable for his or her profile.

- The Bonds bear a fixed rate of interest. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. Investors should also be aware that the price of fixed rate bonds moves adversely to changes in interest rates. When prevailing market interest rates are rising, the price of fixed rate bonds declines. Conversely, if market interest rates are declining, the price of fixed rate bonds rises. This is referred to as market risk and would be relevant to a Bondholder electing to sell the Bonds before maturity on the secondary market.

- A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different.

- 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.

- The Issuer may incur further borrowing or indebtedness and may create or permit to subsist other security interests upon the whole or any part of its present or future undertakings, assets, or revenues (including uncalled capital).

- The Bonds constitute the general, direct, unconditional and secured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves, but they shall rank with priority or preference over all unsecured indebtedness of the Issuer, if any. Notwithstanding this, there can be no guarantee that privileges or security accorded by law in specific situations will not arise during the course of the Issuer's business which may rank with priority or preference to the Collateral.

- The attention of prospective investors in the Bonds is drawn to the concluding paragraph of section 4.5 of this Securities Note, which provides that the issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List and the Collateral being properly constituted in favour of the Security Trustee, and that in the event that either of the aforesaid conditions is not satisfied, the Security Trustee shall return the Bond Issue proceeds to Bondholders via the Registrar and the Authorised Financial Intermediaries.

- The valuations of the rights over immovable property enjoyed by Melite Properties referred to in the Prospectus have been prepared by an indepedent real estate advisory firm which is experienced in the real estate industry and market in Italy, Rustioni & Partners Srl. In providing a market value for the rights over immovable property held with respect to each respective property, the independent real estate advisory firm has made certain assumptions which ultimately may cause the actual value to be materially different from any future values that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends as reality may not match the assumptions. There can be no assurance that such valuations of rights over immovable property and property-related assets will reflect actual market values.

- In the event that the Issuer wishes to amend any of the Terms and Conditions of Issue of the Bonds it shall call a meeting of Bondholders in accordance with the provisions of section 5.12 of this Securities Note. These provisions permit defined majorities to bind all Bondholders including Bondholders who do not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority.

- The terms and conditions of this Bond Issue are based on the requirements of the Listing Rules, the Act and the Regulation in effect as at the date of the Prospectus. No assurance can be given as to the impact on the Bonds of any possible judicial decision or change in law or administrative practice after the date of the Prospectus.

- Even after the Bonds are admitted to the Official List, the Issuer is required to remain in compliance with certain requirements relating to, *inter alia*, 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 power 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 or discontinuations described above could have a material adverse effect on the liquidity and value of the Bonds.

- The Issuer has not sought, nor does it intend to seek, the credit rating of an independent rating agency and there has been no assessment by any independent rating agency of the Bonds.

- **The minimum investment amount for the subscription of the Bonds is €50,000 per Applicant. Furthermore, each investor is required to maintain a minimum holding of €50,000 throughout the lifetime of his/her/its investment. This could affect the ability of Bondholders to sell the Bonds on the secondary market.**

| 3 | PERSONS RESPONSIBLE AND CONSENT FOR USE OF PROSPECTUS

3.1 PERSONS RESPONSIBLE

This document includes information given in compliance with the Listing Rules for the purpose of providing prospective investors with information with regard to the Issuer. All of the Directors, whose names appear under the sub-heading *"Directors"* under the heading *"Identity of Directors, Senior Management, Advisers and Auditors of the Issuer"* in section 3 of the Registration Document, accept responsibility for the information contained in this Securities Note. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

All representations and other statements made in the Prospectus are made by the Issuer, and the Directors take sole responsibility for all such representations and statements. The Sponsor, Co-Managers and Registrar, and the Issuer's advisers have advised and assisted the Issuer in the preparation of this document, but none make any representation or statement, unless otherwise expressly stated in the Prospectus, and each of them disclaims any responsibility for any representations and other statements made in the Prospectus.

3.2 CONSENT FOR USE OF THE PROSPECTUS

For the purposes of any subscription for Bonds through any of the Authorised Financial Intermediaries in terms of this Securities Note and any subsequent resale, placement or other offering of Bonds by such Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Directive (Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC), 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:

i. in respect of Bonds subscribed for through the Authorised Financial Intermediaries listed in Annex I of this Securities Note: pursuant to the placement agreements as detailed in section 7.4 of this Securities Note;
ii. to any resale or placement of Bonds subscribed for as aforesaid, taking place in Malta;
iii. 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.

Neither the Issuer nor the Sponsor has any responsibility for any of the actions of any Authorised Financial Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale or placement of the 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 circumstance. 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 he/she/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 the Bonds by an authorised financial intermediary, the authorised financial intermediary shall be responsible to provide information to investors on the terms and conditions of the resale, placement or other offering at the time such is made.

Any resale, placement or other offering of the 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 the 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 the approval of this Securities Note will be made available through a company announcement which will also be made available on the Issuer's website: www.meliteproperties.com.

| 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 €8.9 million, will be used by the Issuer for the following purposes:

i. the amount of €3.0 million shall be paid to Melite Retail in part settlement of the *circa* €8.6 million consideration due for the transfer of the entire issued share capital of Melite Properties to the Issuer following its earlier acquisition by Melite Retail from Melite Italia, the remaining *circa* €5.6 million of the said consideration due by the Issuer in respect of such share transfer having been capitalised by Melite Retail on 5 November 2018;
ii. the amount of *circa* €5.9 million will be lent to Melite Properties, pursuant to the terms of a loan agreement entered into between the Issuer and Melite Properties on 31 October 2018 (the **"Loan Agreement"**), for the following purposes:
    a. an amount of €3.0 million will be utilised by Melite Properties for settlement of a debt owed to Melite Retail, which debt was originally due by Melite Italia but, as a result of the restructuring set out in section 4.1.2 of the Registration Document, was assumed by Melite Properties. The debt being refinanced relates to bank financing that had been drawn down to finance, *inter alia*, the acquisition of property rights by Melite Italia;
    b. an amount of *circa* €2.5 million will be utilised by Melite Properties for the purpose of re-furbishing and embellishing retail outlets located in leading locations in Italy over which, from time to time, it enjoys the rights attached to the lease of such immovable property described in section 4.3 of the Registration Document, and, or for acquiring such rights over additional retail outlets, for sub-leasing, over the next one to two years; and
    c. the remaining balance of *circa* €0.4 million will be retained by Melite Properties for general corporate funding purposes.

For such time as the proceeds from the Bond Issue outlined for utilisation for the purpose set out in section 4.1(ii)(b) above have not been utilised as set out therein, the Security Trustee shall, with the prior approval of the Issuer, be empowered to invest such funds in such securities and, or in such manner as permitted in terms of the Security Trust Deed.

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 €320,000. There is no particular order of priority with respect to such expenses.

4.3 ISSUE STATISTICS

Amount:	€9,250,000;
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:	MT0002031202;
Minimum amount per subscription and holding:	Minimum of €50,000 per individual Bondholder and a subsequent minimum holding of €50,000 per individual Bondholder maintained throughout his/her/its investment;
Redemption Date:	23 November 2028;

Plan of Distribution:	The Bonds are being made available for subscription to Authorised Financial Intermediaries, either for their own account or for the account of underlying customers.
Bond Issue Price:	At par (€100 per Bond);
Status of the Bonds:	The Bonds constitute the general, direct, unconditional and secured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference, among themselves and, save for such exceptions as may be provided by applicable law, with priority or preference to all present and future unsecured obligations of the Issuer and with first ranking and priority over the Collateral;
Listing:	Application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the MSE for the Bonds to be listed and traded on its Official List;
Placement Agreements:	The Issuer has entered into conditional placement agreements whereby a maximum amount of €9,250,000 in value of Bonds has been made available for subscription by Authorised Financial Intermediaries, details of which placement agreements can be found in section 7.4 of this Securities Note;
Placement Date:	22 November 2018;
Interest:	4.85% per annum;
Interest Payment Date(s):	Annually on 23 November as from 25 November 2019 (the first interest payment date, being the first Business Day following 23 November 2019, which does not fall on a Business Day);
Governing Law of Bonds:	The Bonds are governed by and shall be construed in accordance with Maltese law;
Jurisdiction:	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds; and
Legal Entity Identifier (LEI):	4851008I23RYV6SIM845.

4.4 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any subscription for Bonds by Rizzo, Farrugia & Co. (Stockbrokers) Ltd. and Lombard Bank Malta p.l.c, and any fees payable in connection with the Bond Issue, so far as the Issuer is aware no person involved in the Issue has an interest material to the Issue.

4.5 COLLATERAL

Security for the fulfilment of the Issuer's obligations under the Bonds is to be granted in favour of the Security Trustee for the benefit of Bondholders, in the form of the following security, together the **"Collateral"**:

a. A first ranking general hypothec over all of the Issuer's immovable and movable assets, both present and future; and
b. A pledge over the shares held by the Issuer in Melite Properties.

The value of the Collateral is susceptible to variation during the term of the Bonds. As at 30 September 2018, the Collateral may be considered to amount to €8.6 million, which reflects the fair value of the assets and liabilities held by Melite Properties, as follows:

a. intangible assets, with a current valuation of €10.3 million, in the form of property rights attaching to the lease contracts relating to a number of retail outlets in Italy (the **"Existing Outlets"**), as described in section 4.3.1 of the Registration Document;
b. investments in liquid assets and cash balances for a value of €0.7 million held by Melite Italia as security deposits in connection with the lease contracts pertaining to the Existing Outlets;
c. fixed assets having a value of €0.6 million in the form of the improvement works that had been carried out by Melite Italia on the Existing Outlets. The improvements transferred by Melite Italia to Melite Properties were limited to works of an immovable nature and hence affixed to the Exiting Outlets. The value of works relating to the brand fit-out of the individual Existing Outlets was retained by Melite Italia; and
d. a liability amounting to €3.0 million due by Melite Italia to Melite Retail, its parent company.

The Collateral will secure the claim of the Security Trustee, for the benefit and in the interest of Bondholders, for the repayment of the principal and interest under the Bonds. Following the Bond Issue and application of the Bond Issue proceeds in accordance with the terms of this Securities Note, the Security Trustee will have the benefit of a first ranking general hypothec over all the present and future, movable and immovable assets of the Issuer, together with a first ranking pledge over the shares held by the Issuer in Melite Properties, for the full amount of €9,250,000 and interest thereon.

The salient features of the first ranking general hypothec and share pledge may be summarised as:

i. *General Hypothec:* the general hypothec shall grant the Security Trustee, acting for the benefit of Bondholders, with a first ranking security over all present and future, movable and immovable assets of the Issuer. As at the date of the Prospectus, while the Issuer does not own any immovable assets, its movable assets consist of the shares it owns in the issued share capital of Melite Properties, being the entire issued share capital thereof, and the receivable of €6.0 million which it shall be due from Melite Properties pursuant to the loan agreement to be entered into between the Issuer and Melite Properties in relation to the lending of part of the Bond Issue proceeds. The general hypothec will be subject to Maltese law;

ii. *Share pledge:* the share pledge agreement was entered into by the Issuer and the Security Trustee, acting for the benefit of Bondholders, on the 7 November 2018, with respect to the shares held by the Issuer in Melite Properties. The share pledge vests the Security Trustee with the right, in the case of a breach by the Issuer of the conditions of the pledge (which conditions are, in turn linked *inter alia* to the Events of Default set out in section 5.9 of this Securities Note), to assume all rights associated with the shares in Melite Properties, including the right to exercise voting rights at the level of Melite Properties and the right to obtain payment out of the pledged shares (whether through a sale, disposal or appropriation thereof or otherwise) with preference over other creditors. The share pledge agreement is governed by Italian law.

   While the transfers of the shares in Melite Properties from Melite Italia to Melite Retail, and immediately thereafter from Melite Retail to the Issuer, were both completed on 31 October 2018, both share transfers were effected subject to the resolutive condition that, in the event that payment of the consideration due for the transfer of shares in Melite Properties from Melite Italia to Melite Retail is not effected within three months from the date of the share transfer agreement entered into between Melite Italia and Melite Retail, the share transfers (both that from Melite Italia to Melite Retail, and that from Melite Retail to the Issuer) will be reversed, and Melite Italia shall be re-instated as the sole shareholder of Melite Properties. Such resolutive condition would no longer apply upon payment of the cash component of the consideration due and the granting of security sufficient to cover the outstanding balance. The consideration payable for the transfer of the shares in Melite Properties from Melite Italia to Melite Retail is to be settled, in part, through the Bond Issue proceeds, upon payment by the Issuer to Melite Retail of €3.0 million as set out in section 4.1(i) of this Securities Note. The balance of the payment due shall be secured by a first demand bank guarantee to be issued by Lombard Bank Malta p.l.c. in favour of Melite Retail upon the date of approval by the Listing Authority of the admission to listing of the Bonds.

   Upon the said guarantee being issued and the said payment of €3.0 million referred to in section 4.1(i) of this Securities Note being effected, the abovementioned resolutive condition shall be waived unconditionally and irrevocably, and accordingly the shares forming the subject of the share pledge agreement constituting part of the Collateral as set out in this section 4.5 of the Securities Note shall no longer be susceptible to reverting to Melite Italia - for the purposes of this Prospectus, the effects explained in this paragraph shall be referred to as the **"Perfection of the Collateral"**.

The Security Trust Deed entered into between the Issuer, Melite Properties and the Security Trustee sets out the covenants of the Issuer to pay the principal amount under the Bonds on the Redemption Date and interest thereon, the hypothecary rights under the deed of hypothec, the rights under the share pledge agreement and all the rights and benefits under the Security Trust Deed, and provides for covenants on the part of Melite Properties with respect to the acquisition, release and/or liquidation of property rights during the term of the Bonds. In terms of the Security Trust Deed, Melite Properties has undertaken towards the Issuer and Security Trustee not to dispose of any rights over immovable property which are held by it from time to time during the term of the Bonds without the prior written consent of the Issuer and the Security Trustee, subject to a materiality threshold of €2.0 million.

Pursuant to the provisions of the Security Trust Deed, save for the amount of €3 million required for the payment by the Issuer to Melite Retail referred to in section 4.1(i) of this Securities Note, the Security Trustee shall retain all proceeds from the Bonds until such time as the share pledge referred to in (ii) above is no longer subject to the resolutive condition in terms of which the transfer of shares in Melite Properties from Melite Italia to Melite Retail (and in turn the transfer of shares from Melite Retail to the Issuer) is susceptible to being reversed. No Bonds shall be issued and allotted until the Perfection of the Collateral and the admission of the Bonds to the Official List.

The rights under the Collateral will be vested in the Security Trustee for the benefit of the Bondholders in proportion to their respective holding of the Bonds. The Security Trustee's role includes holding the rights under the Collateral for the benefit of the Bondholders and the enforcement of those rights upon the happening of certain events. The Security Trustee shall have no payment obligations to Bondholders under the Bonds, which remain exclusively the obligations of the Issuer.

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

5.1 GENERAL

5.1.1 Each Bond forms part of a duly authorised issue of 4.85% secured Bonds 2028 of a nominal value of €100 per Bond issued by the Issuer at par for the principal amount of €9,250,000. The expected Issue Date of the Bonds is 28 November 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, the Bonds are expected to be assigned ISIN MT0002031202.

5.1.4 All outstanding Bonds not previously purchased and cancelled shall be redeemed by the Issuer 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.

5.2 RANKING OF THE BONDS

The Bonds constitute the general, direct, unconditional and secured obligations of the Issuer, and shall at all times rank *pari passu*, without any priority or preference among themselves. The Bonds shall rank with first priority and preference over all present and future unsecured obligations of the Issuer. The payment of the principal under the Bonds and interest thereon shall be secured through the Collateral.

Pursuant to the Security Trust Deed, the Issuer has agreed to constitute the Collateral in favour of the Security Trustee for the benefit of Bondholders as beneficiaries thereunder. The Collateral will secure the claim of the Security Trustee, for the benefit and in the interest of Bondholders, for the repayment of the principal and interest under the Bonds by a preferred claim over the Melite Properties shares over which the Collateral has been constituted. In addition, the general hypothec forming part of the Collateral will also grant to the Security Trustee, as additional and further security for the repayment of the Bonds, a preferred and prior ranking claim over all the assets present and future of the Issuer.

The Melite Finance Group's indebtedness following the restructuring explained in section 4.1.2 of the Registration Document amounts to €3.0 million, as the outstanding amount due to Melite Retail as part of the consideration thereto for the transfer of the entire issued share capital of Melite Properties to the Issuer following its earlier acquisition by Melite Retail from Melite Italia. Following deployment of the Bond proceeds, such indebtedness of the Melite Finance Group to Melite Retail will be settled in full, and the Melite Finance Group's remaining indebtedness shall be equivalent to the principal amount of the Bonds together with any interest accruing thereon, due to Bondholders.

5.3 RIGHTS ATTACHED TO THE BONDS

There are no special rights attached to the Bonds other than the right of the Bondholders to:

i. the repayment of capital;
ii. the payment of interest;
iii. the benefit of the Collateral through the Security Trustee;
iv. attend, participate in and vote at meetings of the Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
v. enjoy all such other rights attached to the Bonds emanating from this Prospectus.

5.4 INTEREST

5.4.1 The Bonds shall bear interest from and including 23 November 2018 at the rate of 4.85% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 25 November 2019 (covering the period from 23 November 2018 to 24 November 2019). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the 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 the Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five years.

5.4.2 When interest is required to be calculated for any period of less than a full year, it shall be calculated on the basis of a 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 at Redemption Date, is 4.85%.

5.6 REGISTRATION, FORM, DENOMINATION AND TITLE

5.6.1 Certificates will not be delivered to Bondholders in respect of the Bonds by virtue of the fact that the entitlement to the 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 (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers of the Bondholders and particulars of the Bonds held by them respectively, and the Bondholders shall have, at all reasonable times during business hours, access to the register of bondholders held at the CSD for the purpose of inspecting information held on their respective account.

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

5.6.3 The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription, the Bonds will be issued for a minimum of €50,000 per individual Bondholder and subject to a subsequent minimum holding of €50,000 per individual Bondholder maintained throughout his/her/its investment. Accordingly, each transfer of Bonds which would result in a Bondholder holding less than such minimum amounts is not permitted unless as a result of the said transfer, the Bondholder shall have disposed of all of his/her/its holding in the Bonds.

5.6.4 Authorised Financial Intermediaries subscribing for Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €50,000 to each underlying client and subject to the minimum holding referred to in section 5.6.3. The minimum holding requirement of €50,000 per Bondholder (and per underlying client, in the case of Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients as aforesaid) will also apply during secondary market trading.

5.6.5 Any person in whose name a Bond is registered may (to the fullest extent permitted by any applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading *"Transferability of the Bonds"* in section 5.10 of this Securities Note.

5.6.6 Applicants may opt to subscribe for the online e-portfolio of the MSE. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on https://eportfolio.borzamalta.com.mt/. Further details on the e-portfolio may be found on https://eportfolio.borzamalta.com.mt/Help.

5.7 PAYMENTS

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

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

5.7.2 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. Such payment shall be effected within seven days of the Interest Payment Date. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith.

5.7.3 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 compelled by law to deduct or withhold for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Malta or any authority thereof or therein having power to tax.

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

5.8 REDEMPTION AND PURCHASE

5.8.1 Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 23 November 2028.

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

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

5.9 EVENTS OF DEFAULT

Without prejudice to the provisions of the Security Trust Deed, the Bonds shall be considered immediately due and repayable at their principal amount together with any accrued interest, if any of the following events (**"Events of Default"**) were to occur:

5.9.1 the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for 30 days after written notice thereof shall have been given to the Issuer by any Bondholder; or

5.9.2 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 60 days after written notice thereof shall have been given to the Issuer by any Bondholder; or

5.9.3 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 (or Melite Properties, save in the case of a reorganisation or restructuring of the Melite Finance Group, or the merger, amalgamation or division of Melite Properties); or

5.9.4 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

5.9.5 the Issuer or Melite Properties is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or

5.9.6 there shall have been entered against the Issuer and/or Melite Properties 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 €2.0 million or its equivalent and 90 days shall have passed since the date of entry of such judgment without it having been satisfied or stayed, or confirmation received to the effect that such claim shall be covered by existing insurance cover; or

5.9.7 the Issuer or Melite Properties commits a breach of any of the covenants or provisions contained in the Security Trust Deed as may be applicable, and on its part to be observed and the said breach still subsists for 30 days after having been notified by the Security Trustee (other than any covenant for the payment of interest or principal monies owing with respect to the Bonds).

5.10 TRANSFERABILITY OF THE BONDS

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

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

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

5.10.4 The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, 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 transferee and/or transferor, as applicable.

5.10.5 The Issuer will not register the transfer or transmission of the Bonds for a period of 15 days preceding an Interest Payment Date.

5.11 FURTHER ISSUES

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further debentures, debenture stock, bonds, loan notes, or any other debt securities, either having the same terms and conditions as any outstanding debt securities of any series (including the Bonds), and so that such further issue shall be consolidated and form a single series with the outstanding debt securities of the relevant series (including the Bonds), or upon such terms as the Issuer may determine at the time of their issue, provided that no issue may be made that would rank senior to the Bonds in respect of the Collateral.

5.12 MEETINGS OF BONDHOLDERS

5.12.1 The Issuer may, through the Security Trustee, from time to time call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of the Prospectus require the approval of a Bondholders' meeting and to effect any change to the Terms and Conditions of the Bonds. A meeting of Bondholders shall be called by the Directors by giving the Security Trustee not less than 21 days' notice in writing. Upon receiving due notice from the Directors, the Security Trustee shall call such meeting by giving all Bondholders listed on the register of Bondholders as at a date being not more than 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 of the Bondholders in accordance with the provisions of this section 5.12 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

5.12.2 The amendment or waiver of any of the Terms and Conditions of the Bond Issue contained in this Securities Note may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof, subject to section 5.12.8 below.

5.12.3 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 51% 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.

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

5.12.5 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 the Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.

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

5.12.7 The proposal placed before a meeting of Bondholders shall only be considered approved if at least 75% in nominal value of the Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.

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

5.13 AUTHORISATIONS AND APPROVALS

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a Board of Directors' resolution passed on 30 October 2018.

5.14 REPRESENTATIONS AND WARRANTIES

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

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

The Prospectus contains all relevant material information with respect to the Issuer 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, its business 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.

5.15 NOTICES

Notices to Bondholders will be mailed to them 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.

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

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

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

In terms of article 12(1)(c) of the Income Tax Act, Bondholders who are not resident in Malta satisfying the applicable conditions set out in the Income Tax Act 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 A TRANSFER OF THE BONDS

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

6.5 DUTY ON DOCUMENTS AND TRANSFERS

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

Consequently, 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. Placement date	22 November 2018
2. Commencement of interest on the Bonds	23 November 2018
3. Expected date of Perfection of the Collateral	27 November 2018
4. Expected date of admission of the Bonds to listing	28 November 2018
5. Expected date of commencement of trading in the Bonds	29 November 2018

7.2 GENERAL TERMS AND CONDITIONS

The following are the general terms and conditions applicable to any subscription for the Bonds by any person, legal or natural, through any of the Authorised Financial Intermediaries:

7.2.1 The contract created by the acceptance of a subscription for the Bonds shall be subject to the terms and conditions set out in this Securities Note and the Memorandum and Articles of Association of the Issuer. It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.

7.2.2 If the subscription is made on behalf of another person, legal or natural, the person making such subscription will be deemed to have bound that person and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such Applicant 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 Registrar or the Authorised Financial Intermediary.

7.2.3 In the case of joint Applicants, reference to the Bondholder in these Terms and Conditions is a reference to each Bondholder, and liability therefor is joint and several. 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 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.

7.2.4 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.

7.2.5 No person receiving a copy of the Prospectus in any territory other than Malta may treat the same as constituting an invitation or offer to such person, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person without contravention of any registration or other legal requirements.

7.2.6 It is the responsibility of any person outside Malta wishing to subscribe for the Bonds 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.

7.2.7 The Bonds will be issued in Euro (€). The aggregate principal amount of the Bond Issue is of €9,250,000.

7.2.8 Any Bonds held by minors shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s 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. This is provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of 18 years. In the case of joint Bondholders, the joint holders shall nominate one of their number as their representative and his/her name will be entered in the register with such designation. The first named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all the joint Applicants. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.

7.2.9 The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by Applicants is €50,000.

7.2.10 The issue and allotment of the Bonds is conditional upon: (i) the Bonds being admitted to the Official List and (ii) the Perfection of the Collateral. In the event that either of the aforesaid conditions is not satisfied within 15 Business Days of the close of the Offer Period, any application monies received by the Issuer will be returned without interest to the Applicants via the Authorised Financial Intermediaries through which the Applicant would have subscribed for the Bonds.

7.2.11 For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations (Subsidiary Legislation 373.01 of the laws of Malta), as amended from time to time, all appointed Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the "Members' Code of Conduct" appended as Appendix 3.6 to Chapter 3 of the MSE Bye-Laws. Furthermore, such information shall be held and controlled by the MSE in terms of the Data Protection Act (Cap. 586 of the laws of Malta) and/or the GDPR, as amended from time to time (as applicable), for the purposes, and within the terms of the MSE's Data Protection Policy as published from time to time.

7.2.12 Any Applicant applying for the Bonds:

a. agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;
b. acknowledges the processing of any personal data for the purposes specified in the privacy notice published by the Issuer, which is available on the Issuer's website at www.meliteproperties.com. The Applicant hereby acknowledges that the processing of personal data may validly take place, even

without the Applicant's consent, in the circumstances set out in the GDPR and the Data Protection Act (Cap. 586 of the laws of Malta) and any applicable subsidiary legislation, as may be amended from time to time. The Applicant hereby confirms that he/she/it has been provided with and read the privacy notice;

c. warrants that the information submitted by the Applicant when subscribing for the Bonds is true and correct in all respects. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) provided by the Applicant and those held by the MSE in relation to the MSE account number indicated by the Applicant, the details held by the MSE shall be deemed to be the correct details of the Applicant;

d. authorises the Issuer (or its service providers, including the CSD and/or the Registrar) and/or the relevant Authorised Financial Intermediary, as applicable, to process the personal data provided by the Applicant, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the GDPR. The Applicant has the right to request access to and rectification of the personal data relating to him/her in relation to the Bond Issue. Any such requests must be made in writing and addressed to the Issuer and sent to the CSD at the Malta Stock Exchange. The requests must be signed by the Applicant to whom the personal data relates;

e. confirms that in making such application, no reliance was placed on any information or representation in relation to the Issuer or the Bond Issue 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;

f. 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;

g. agrees to provide the Authorised Financial Intermediary, Registrar and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;

h. 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 for the Bonds in any territory, and that the Applicant has not taken any action which will or may result in the Issuer, Authorised Financial Intermediary or the Registrar, as applicable, acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bond and/or his/her Application;

i. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;

j. represents that s/he 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 or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;

k. agrees that the advisers to the Bond Issue (listed in section 3.2 of the Registration Document) will owe the Applicant no duties or responsibilities concerning the Bonds or their suitability for the Applicant;

l. agrees that all documents in connection with the issue of the Bonds will be sent at the Applicant's own risk to the address indicated by the Applicant on the Application Form; and

m. 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 Bond Issue, which has a total value of €9,250,000, will be distributed via the Authorised Financial Intermediaries pursuant to the conditional placement agreements entered into with Issuer, pursuant to which the Issuer bound itself to allocate, in favour of these Authorised Financial Intermediaries, the total amount of €9,250,000 as aforesaid in accordance with the terms of such placement agreements. Further information on the said placement agreements may be found in section 7.4 below. Accordingly, the Bond Issue has been fully placed with the Authorised Financial Intermediaries. Applications not made through the Authorised Financial Intermediaries will not be entertained.

In terms of the placement agreements, the Authorised Financial Intermediaries party thereto may subscribe for Bonds for their own account or for the account of underlying customers, including retail customers, and shall in addition be entitled to either distribute to the underlying customers any portion of the Bonds subscribed for upon commencement of trading, or instruct the Issuer and the Registrar to issue a portion of the Bonds subscribed by them directly to their underlying customers. In each case, subscription amounts made by Applicants through Authorised Financial Intermediaries, including those made under nominee holdings, shall be in multiples of €100 Bonds, subject to a minimum subscription amount of €50,000 in Bonds by each individual Bondholder/underlying customer and a subsequent minimum holding of €50,000 per individual Bondholder/underlying customer is maintained throughout his/her investment, unless disposed of in its entirety.

It is expected that an allotment advice will be made available to Applicants by the CSD shortly after listing of the Bonds. The registration advice and other documents may be retained pending clearance of the remittance and any verification of identity as required in terms of 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.

7.4 PLACEMENT AGREEMENTS

As indicated in section 7.3 above, the Issuer has entered into conditional placement agreements with the Authorised Financial Intermediaries, whereby the Issuer bound itself to allocate the Bonds to such Authorised Financial Intermediaries in accordance with the terms of such agreements. The Authorised Financial Intermediaries in turn bound themselves to subscribe to a specified amount of Bonds subject to, and conditional upon, the Perfection of the Collateral and the Bonds being admitted to the Official List.

In terms of each conditional placement agreement entered into with an Authorised Financial Intermediary, which agreement is subject to the terms of the Prospectus, the Issuer is conditionally bound to allocate, and each Authorised Financial Intermediary is conditionally bound to subscribe for, the number of Bonds as indicated therein, subject to the Bonds being admitted to the Official List. The conditional placement agreements will become binding on each of the Issuer and the respective Authorised Financial Intermediaries on the respective placement agreement date, provided that these intermediaries would have paid to the Issuer all subscription proceeds in cleared funds on the Placement Date. Such agreements shall become unconditional upon the Perfection of the Collateral and the admission of the Bonds to trading on the Official List.

The placement date is 22 November 2018, by which date the Authorised Financial Intermediary has to forward to the Registrar the value of the Bonds so allocated to them pursuant to the respective placement agreement.

7.5 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.

Subsequently, the Authorised Financial Intermediaries shall be responsible for the allocation of their respective share of the Bonds amongst their respective Applicants. Such allocation shall at all times be subject to the minimum investment amount for the subscription of the Bonds, set at €50,000 per underlying Applicant and may be subject to scaling down of the subscription for Bonds by Applicants up to €50,000 per individual Bondholder/underlying customer. The scaling down of applications may also be complemented or substituted, as the case may be, by a ballot should the Authorised Financial Intermediary determine it to be necessary.

7.6 PRICING

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

7.7 ADMISSION TO TRADING

7.7.1 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 12 November 2018.

7.7.2 Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List.

7.7.3 The Bonds are expected to be admitted to the Official List with effect from 28 November 2018 and trading is expected to commence thereafter.

7.8 ADDITIONAL INFORMATION

The Securities Note does not contain any statement or report attributed to any person as an expert.

ANNEXES

| ANNEX I | AUTHORISED FINANCIAL INTERMEDIARIES

Name	Address	Telephone
Lombard Bank Malta p.l.c.	67 Republic Street Valletta VLT 1117, Malta	25581112
Rizzo, Farrugia & Co (Stockbrokers) Ltd.	Airways House, Fourth Floor High Street Sliema SLM 1551, Malta	22583000