PROSPECTUS

20 December 2022

QAWRA PALACE PLC

a public limited liability company registered under the laws of Malta with company registration number C 27835 and with its registered office at Qawra Palace plc, Qawra Palace Hotel, Coast Road. St. Paul's Bay, Malta

an issue of €25,000,000 5.25% Secured* Bonds due 2033

with a nominal value of €100 per Bond to be issued at par

** The Bonds will be secured by a second ranking Special Hypothec granting the Security Trustee (for the benefit of Bondholders) a right of preference and priority for repayment over the Hypothecated Property. Prospective investors should refer to Section 1.4.1 of this Prospectus entitled "Risks Relating to the Bonds" for a full description of the relevant risks that should be considered by prospective investors in this regard.*

ISIN: MT0002711209

THIS PROSPECTUS HAS BEEN APPROVED BY THE MFSA AS THE COMPETENT AUTHORITY IN MALTA FOR THE PURPOSES OF THE PROSPECTUS REGULATION. THE MFSA HAS ONLY APPROVED THIS PROSPECTUS AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION AND SUCH APPROVAL SHOULD NOT BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER OR OF THE QUALITY OF THE BONDS.

THE MFSA 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 INCLUDING ANY LOSSES INCURRED BY INVESTING IN THE BONDS.

PROSPECTIVE INVESTORS SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE INVESTING IN ANY FINANCIAL INSTRUMENTS. PROSPECTIVE INVESTORS SHOULD ENSURE THAT THEY ARE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE BONDS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH THEIR OWN INDEPENDENT FINANCIAL ADVISORS.

Sponsor, Manager & Registrar
Calamatta Cuschieri

Legal Counsel
ganado advocates

Approved by the Directors:

Mr Edward Vella
in his capacity as Director of the Issuer and on behalf of each of Robert Ancilleri, Stephen Muscat, Paul Muscat, Esther Vella and Victor Vella

IMPORTANT INFORMATION

THIS PROSPECTUS CONTAINS INFORMATION ON THE ISSUER AND THE BOND ISSUE IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES, THE COMPANIES ACT AND THE PROSPECTUS REGULATION.

THIS PROSPECTUS HAS BEEN FILED WITH THE MFSA IN SATISFACTION OF THE CAPITAL MARKETS RULES, WITH THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND WITH THE MALTA BUSINESS REGISTRY IN ACCORDANCE WITH THE COMPANIES ACT. THIS PROSPECTUS IS PUBLISHED IN ELECTRONIC FORM ON THE WEBSITE OF THE SPONSOR, THE ISSUER AND THE MFSA AND IS ALSO AVAILABLE, IN PRINTED FORM, FREE OF CHARGE, FROM THE REGISTERED OFFICE OF THE ISSUER AND THE AUTHORISED INTERMEDIARIES.

THE MFSA HAS AUTHORISED THE ADMISSIBILITY OF THE BONDS TO LISTING ON THE OFFICIAL LIST OF THE MALTA STOCK EXCHANGE, WHICH MEANS THAT THE BONDS ARE IN COMPLIANCE WITH THE CAPITAL MARKETS RULES. IN PROVIDING THIS AUTHORISATION, THE MFSA DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS OF INVESTING IN THE BONDS AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN THE BONDS.

INVESTING IN THE BONDS INVOLVES CERTAIN RISKS AND SPECIAL CONSIDERATIONS. A NUMBER OF RISK FACTORS RELATING TO THE ISSUER AND THE BONDS ARE SET OUT IN SECTION 1 BELOW, AND PROSPECTIVE INVESTORS ARE ENCOURAGED TO READ THEM CAREFULLY. PROSPECTIVE INVESTORS ARE ENCOURAGED TO SEEK ADVICE FROM A LICENSED STOCKBROKER OR AN INVESTMENT ADVISOR LICENSED UNDER THE INVESTMENT SERVICES ACT.

THE ISSUER CONFIRMS THAT (I) THIS PROSPECTUS CONTAINS ALL MATERIAL INFORMATION WITH RESPECT TO THE ISSUER AND THE BONDS; (II) THE INFORMATION CONTAINED HEREIN IN RESPECT OF THE ISSUER AND THE BONDS IS ACCURATE IN ALL MATERIAL RESPECTS AND IS NOT MISLEADING; (III) ANY OPINIONS AND INTENTIONS EXPRESSED HEREIN ARE HONESTLY HELD AND BASED ON REASONABLE ASSUMPTIONS; (IV) THERE ARE NO OTHER FACTS, THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT, WHETHER FACT OR OPINION, IN THIS PROSPECTUS MISLEADING IN ANY MATERIAL RESPECT; AND (V) ALL REASONABLE ENQUIRIES HAVE BEEN MADE TO ASCERTAIN ALL FACTS AND TO VERIFY THE ACCURACY OF ALL STATEMENTS CONTAINED HEREIN.

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

NO PERSON HAS BEEN AUTHORISED TO GIVE ANY INFORMATION, ISSUE ANY ADVERTISEMENT OR MAKE ANY REPRESENTATION WHICH IS NOT CONTAINED OR CONSISTENT WITH THIS PROSPECTUS OR ANY OTHER DOCUMENT PRODUCED IN RELATION TO THE ISSUER AND/OR THE BONDS AND, IF GIVEN OR MADE, SUCH INFORMATION, ADVERTISEMENT OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER.

UNLESS OTHERWISE STATED, THE CONTENTS OF THE ISSUER'S WEBSITE (OR ANY OTHER WEBSITE REFERRED TO HEREIN) OR ANY OTHER 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 WEBSITE AS A BASIS FOR A DECISION TO ACQUIRE THE BONDS.

ALL THE ADVISORS TO THE ISSUER HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE CONTENTS OF AND ANY INFORMATION CONTAINED IN THE PROSPECTUS, ITS COMPLETENESS OR ACCURACY OR ANY OTHER STATEMENT MADE IN CONNECTION THEREWITH. ACCORDINGLY, NONE OF THE ADVISORS OR ANY PERSON MENTIONED IN THIS PROSPECTUS, OTHER THAN THE ISSUER AND ITS DIRECTORS, SHALL BE RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS, IN ANY SUPPLEMENT, AND IN ANY DOCUMENTS INCORPORATED BY REFERENCE, AND ACCORDINGLY, TO THE EXTENT PERMITTED BY THE LAWS OF ANY RELEVANT JURISDICTION, NONE OF THESE PERSONS ACCEPTS ANY RESPONSIBILITY AS TO THE ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED IN ANY OF THESE DOCUMENTS.

EACH PERSON RECEIVING THIS PROSPECTUS ACKNOWLEDGES THAT SUCH PERSON HAS NOT RELIED ON ANY OF THE ADVISORS IN CONNECTION WITH ITS INVESTIGATION OF THE ACCURACY OF SUCH INFORMATION OR ITS INVESTMENT DECISION AND EACH PERSON MUST RELY ON (A) ITS OWN EVALUATION OF THE ISSUER AND THE BONDS AND THE MERITS AND RISKS INVOLVED IN INVESTING IN THE BONDS AND (B) THEIR OWN PROFESSIONAL ADVISORS, AS TO LEGAL, TAX, INVESTMENT OR ANY OTHER RELATED MATTERS CONCERNING THE ISSUER AND WHETHER TO ACQUIRE THE BONDS.

PROSPECTIVE INVESTORS SHOULD NOT TREAT THE CONTENTS OF THE PROSPECTUS AS ADVICE RELATING TO LEGAL, TAXATION, INVESTMENT OR ANY OTHER MATTERS AND SHOULD INFORM THEMSELVES, IN CONSULTATION WITH THEIR INDEPENDENT PROFESSIONAL ADVISORS ON: (A) THE LEGAL, TAX, FINANCIAL AND OTHER REQUIREMENTS FOR THE PURCHASE, HOLDING, TRANSFER OR OTHER DISPOSAL OF BONDS IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE; (B) ANY FOREIGN EXCHANGE RESTRICTIONS APPLICABLE TO THE PURCHASE, HOLDING, TRANSFER OR OTHER DISPOSAL OF BONDS WHICH THEY MIGHT ENCOUNTER; AND (C) THE INCOME AND OTHER TAX CONSEQUENCES WHICH MAY APPLY IN THEIR OWN COUNTRIES AS A RESULT OF THE PURCHASE, HOLDING, TRANSFER OR OTHER DISPOSAL OF BONDS.

THE PROSPECTUS AND/OR ANY OTHER DOCUMENT PRODUCED IN RELATION TO THE ISSUER AND/OR THE BONDS AND/OR THE DELIVERY OF ANY BONDS MAY NOT BE TAKEN AS AN IMPLICATION THAT: (I) THE INFORMATION CONTAINED IN SUCH DOCUMENTS IS ACCURATE AND COMPLETE SUBSEQUENT TO THEIR RESPECTIVE DATES OF ISSUE; (II) THERE HAS BEEN NO ADVERSE CHANGE IN THE FINANCIAL CONDITION OF THE ISSUER SINCE SUCH DATES; OR (III) ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE MATTERS CONTAINED IN THIS PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

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

THE BONDS, ALL THE RIGHTS AND OBLIGATIONS OF THE BONDHOLDERS, AND THE ISSUER, AND ANY NON-CONTRACTUAL OBLIGATIONS ARISING OUT OF OR IN CONNECTION WITH THE BONDS, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH MALTESE LAW. THE COURTS OF MALTA SHALL HAVE EXCLUSIVE JURISDICTION TO SETTLE ANY DISPUTES THAT MAY ARISE OUT OF OR IN CONNECTION WITH THE BONDS, ALL THE RIGHTS AND OBLIGATIONS OF THE BONDHOLDERS AND THE ISSUER, AND ANY NON-CONTRACTUAL OBLIGATIONS ARISING OUT OF OR IN CONNECTION WITH THE BONDS.

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

THIS PROSPECTUS IS TO BE READ IN ITS ENTIRETY AND CONSTRUED IN CONJUNCTION WITH ANY SUPPLEMENT HERETO AND ANY DOCUMENTS THAT ARE INCORPORATED HEREIN BY REFERENCE.

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

THIS PROSPECTUS IS VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE HEREOF. THE OBLIGATION TO SUPPLEMENT THE PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES WILL NO LONGER APPLY WHEN THE PROSPECTUS IS NO LONGER VALID.

TABLE OF CONTENTS

DEFINITIONS

The following words and expressions shall bear the following meanings, except where the context otherwise requires:

AHL	Angelo Holdings Limited, a private limited liability company registered under the laws of Malta with company registration number C 9162 and having its registered office situated at Qawra Palace Hotel, Qawra, St. Paul's Bay, Malta;
Applicant/s	an applicant for the Bonds, being an Authorised Intermediary (applying for its own account and/or for its underlying clients) and/or underlying clients of an Authorised Intermediary that are applying through the Authorised Intermediary;
Application/s	the subscription agreement/s and/or application/s to subscribe to Bonds made by an Applicant/s;
Authorised Intermediary/ies	each of the licensed stockbrokers and financial intermediaries listed in Annex A to this Prospectus;
BOV	Bank of Valletta p.l.c., a public limited liability company registered under the laws of Malta with company registration number C 2833 and having its registered office situated at 58, Zachary Street, Valletta VLT 1130, Malta;
Board	the Board of Directors of the Issuer;
Bond/s	the 5.25% secured bonds (ISIN: MT0002711209) to be issued by the Issuer in terms of this Prospectus;
Bond Issue	the issue of the Bonds pursuant to this Prospectus;
Bondholder/s	any holder/s of the Bonds from time to time, as evidenced by an electronic entry in the CSD Register;
Business Day	any day from Monday to Friday, on which commercial banks in Malta settle payments and are open for normal banking business;
Capital Markets Rules	the capital markets rules issued by the MFSA in respect of the Official List, as amended from time to time;
CCL	Charella Company Limited, a private limited liability company registered under the laws of Malta with company registration number C 4035 and having its registered office situated at "Charella's", 36, Triq l-Isturjun, Qawra, St. Paul's Bay SPB 1601, Malta;
Companies Act	the Companies Act, Chapter 386 of the laws of Malta;
Corporate Governance Code	the Code of Principles of Good Corporate Governance set out as Appendix 5.1 to Chapter 5 of the Capital Markets Rules;
CSD	the central registration system for dematerialised financial instruments in Malta operated by the MSE and authorised in terms of the Financial Markets Act;
CSD Register	the register of Bonds held and maintained by the CSD on behalf of the Issuer;
Data Protection Act	the Data Protection Act, Chapter 586 of the laws of Malta;

Deed of Cancellation	a public deed to be entered into by and between the Issuer and BOV on or around the Issue Date in the acts of Notary Dr. Philip Lanfranco, pursuant to which the Issuer BOV Loan, and the existing security including *inter alia* any special hypothecs, special privileges and security interests previously granted to BOV in connection with the Issuer BOV Loan, shall be extinguished in accordance with its terms;
Deed of Hypothec	a public deed to be entered into by and between the Issuer and the Security Trustee on or around the Issue Date in the acts of Notary Dr. Philip Lanfranco whereby the Issuer will constitute the second ranking Special Hypothec in favour of the Security Trustee (for the benefit of the Bondholders);
Directors	the directors of the Issuer;
Duty on Documents and Transfers Act	the Duty on Documents and Transfers Act, Chapter 364 of the laws of Malta;
ECL	Edoardo Company Limited, a private limited liability company registered under the laws of Malta with company registration number C 5062 and having its registered office situated at Josette, Triq l-Isturjun, St. Paul's Bay, Malta;
Euro or **€**	the lawful currency of the Eurozone, being the region comprised of Member States of the European Union that have and continue to adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union and by the Treaty of Amsterdam;
Event of Default	each event specified as an event of default in Section 9.15;
Financial Analysis Summary	the financial analysis summary dated 20 December 2022 prepared by the Sponsor and which is intended to summarise the key financial data set out in the Prospectus appertaining to the Issuer, a copy of which is set out as Annex B to this Prospectus;
Financial Markets Act	the Financial Markets Act, Chapter 345 of the laws of Malta;
First Deed of Hypothec	a public deed to be entered into by and between the Issuer and BOV on or around the Issue Date in the acts of Notary Dr. Philip Lanfranco pursuant to which the Issuer will constitute a first-ranking special hypothec over the Hypothecated Property in favour of BOV to secure the Operating Company's obligations to BOV under the Operating Company BOV Loan;
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;

Hypothecated Property	the unnumbered hotel complex known as 'Qawra Palace Hotel' with all its immovable amenities, everything included and nothing excluded (such as tennis courts, gardens and lido) as well as with all its singular rights and appurtenances, and which hotel complex has its main entrance on Qawra Coast Road, at Qawra in the limits of Saint Paul's Bay, including the facilities underlying that stretch of Qawra Coast Road adjacent to the main building of the hotel and which link the main complex of the hotel to those on the foreshore, bounded on the east by the sea, on the south by Triq l-Arzell, on the west by Triq it-Tamar and on the north in part by property of Francis Mamo and others and in part by property of Tarcisio Galea Construction Company Limited (C 8905), or their successors in title or more accurate boundaries with those parts of the hotel which are constructed on the land acquired from Francis Mamo and others as described in Section 4.3;
Income Tax Act	the Income Tax Act, Chapter 123 of the laws of Malta;
Indebtedness	any and all monies, obligations and liabilities now or hereafter due, owing or incurred by the Issuer under the Bonds to the Bondholders (whether alone and/or with others) pursuant to the Terms and Conditions and in any and all cases whether for principal, interest, capitalised interest, charges, disbursements or otherwise and whether for actual or contingent liability, as well as any fees and/or expenses which the Bondholders may incur in the protection, preservation, collection or enforcement of the their rights against the Issuer;
Interest Commencement Date	27 February 2024;
Interest Payment Date	27 February of each year (including 27 February 2024, being the first interest payment date) and the Maturity Date (or if any such date is not a Business Day, the next following day that is a Business Day);
Intermediaries' Offer	the offer of Bonds, pursuant to this Prospectus, by the Issuer to the Authorised Intermediaries, for their own account and/or for the purposes of allocating the Bonds to their own clients;
Investment Services Act	the Investment Services Act, Chapter 370 of the laws of Malta;
Issuer	Qawra Palace p.l.c., a public limited liability company registered under the laws of Malta with company registration number C 27835 and having its registered office situated at Qawra Palace p.l.c., Qawra Palace Hotel, Coast Road, St. Paul's Bay, Malta;
Issuer BOV Loan	the existing loan facilities between the Issuer (as borrower) and BOV described in Section 4.4 below;
Issue Date	27 February 2023 (or such earlier date as may be determined by the Issuer in the event that the Bonds are fully subscribed and the offer of Bonds is closed prior to the end of the Offer Period as set out in Section 8.1);
Issue Price	€100 per Bond;
Maturity Date	27 February 2033;
Memorandum and Articles of Association	the memorandum and articles of association of the Issuer in force at the time of publication of this Prospectus, and the terms 'Memorandum of Association' and 'Articles of Association' shall be construed accordingly;

MFSA	the Malta Financial Services Authority as established under the MFSA Act, in its capacity as the competent authority in terms of the Financial Markets Act authorised to approve prospectuses and admissibility to listing and to monitor and supervise local regulated markets and participants thereof falling within the regulatory and supervisory remit of the MFSA;
MFSA Act	the Malta Financial Services Authority Act, Chapter 330 of the laws of Malta;
MSE	Malta Stock Exchange p.l.c., as originally constituted by the Financial Markets Act, bearing company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
MSE Bye-Laws	the bye-laws of and issued by the MSE;
Nominal Value	€100 (in respect of each Bond);
Offer Period	the period between 09:00 hours CET on 9 January 2023 and 17:00 hours CET on 3 February 2023 during which the Bonds are available for subscription;
Official List	the list prepared and published by the MSE as its official list in accordance with the MSE Bye-Laws;
Operating Company	Mallard Co Limited, a private limited liability company registered under the laws of Malta with company registration number C 4758 and having its registered office situated at Qawra Palace Hotel, Coast Road, St. Paul's Bay, Malta;
Operating Company Loan	the loan agreement entered into between the Operating Company (as borrower) and the Issuer, as described in Section 4.4 below;
Operating Company BOV Loan	the loan facility between the Operating Company (as borrower) and BOV, as described in Section 4.4 and 4.7.3 below;
PMLA	Prevention of Money Laundering Act (Chapter 373 of the laws of Malta) and all regulations issued thereunder;
Prospectus	this Prospectus in its entirety together with any Supplements;
Prospectus Regulation	Regulation (EU) No 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended;
Qawra Palace	the hotel operating as the "Qawra Palace Hotel", which is managed and operated by the Operating Company in terms of the QP Lease & Operating Agreement;
QP Lease & Operating Agreement	the lease agreement dated 14 October 2019, as amended and restated on 7 November 2022 entered into between the Issuer and the Operating Company, as fully described in Section 4.7.1 of this Prospectus;
Security	the Special Hypothec;
Security Trust Deed	the trust deed dated 16 November 2022 between the Issuer and the Security Trustee, as the same may be amended, replaced or updated from time to time;

Security Trustee	Equity Wealth Solutions Limited (operating under the trading name EWS Trustees), an MFSA authorised trustee (in terms of the Trusts and Trustees Act) registered under the laws of Malta with company registration number C 31987 and having its registered office at 176, Old Bakery Street, Valletta, VLT 1455, Malta;
Special Hypothec	a second ranking special hypothec to be granted by the Issuer in favour of the Security Trustee (for the benefit of Bondholders), pursuant to the Deed of Hypothec, over the Hypothecated Property for the full amount of principal and interest due by the Issuer to the Bondholders in respect of the Bonds;
Sponsor	Calamatta Cuschieri Investment Services Limited, an MFSA authorised investment services firm (in terms of the Investment Services Act) registered under the laws of Malta with company registration number C 13729 and having its registered office at Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta, in its capacity as the Issuer's sponsor, manager and registrar in respect of the Bond Issue;
Supplement/s	any supplement to this Prospectus that may be issued from time to time by the Issuer;
Terms and Conditions	the terms and conditions of the Bonds set out in Section 9 of this Prospectus; and
Valuation Report	the Valuation Report drawn up in relation to the Hypothecated Property by architect Charles Buhagiar and dated 24 November 2022, a copy of which is available for inspection as set out in Section 12 of this Prospectus and which shall be deemed to be incorporated by reference in, and form part of, this Prospectus.

Any reference in the Prospectus to "Malta" is to the "Republic of Malta".

Unless it otherwise required by the context:

a) words in this Prospectus importing the singular shall include the plural and *vice versa*;
b) words in this Prospectus importing the masculine gender shall include the feminine gender and *vice versa*;
c) the word "may" in this Prospectus shall be construed as permissive and the word "shall" in this Prospectus shall be construed as imperative; and
d) the word "person" shall refer to both natural and legal persons.

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

SUMMARY

This Summary is issued in accordance with the provisions of the Prospectus Regulation. Capitalised terms used but not otherwise defined in this Summary shall have the meanings assigned to them in the 'Definitions' section of the Prospectus.

INTRODUCTION AND WARNINGS

Prospective investors are hereby warned that:

- this summary should be read as an introduction to the Prospectus;
- any decision to invest in the Bonds should be based on consideration of the Prospectus as a whole by the prospective investor;
- a prospective investor may lose all or part of the capital invested in subscribing for Bonds;
- where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under Maltese law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and
- 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 the Bonds.

International Securities Identification Number (ISIN) of the Bonds: MT0002711209

Identity and Contact Details of the Issuer:

Legal & Commercial Name:	Qawra Palace p.l.c.
Company Registration Number:	C 27835
Registered Office Address:	Qawra Palace p.l.c., Qawra Palace Hotel, Coast Road, St. Paul's Bay, Malta
LEI:	391200SNNWDJ65NMUQ05
Telephone Number:	+35621580660/+35621580661
E-mail Address:	info@qawrapalaceplc.com
Website:	www.qawrapalaceplc.com

This Prospectus has been approved by the MFSA, which is the competent authority in Malta for the purposes of the Prospectus Regulation, on 20 December 2022. The MFSA has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Issuer or of the quality of the Bonds.

Identity and Contact Details of the Competent Authority:

Address:	Malta Financial Services Authority, Triq l-Imdina, Zone 1, Central Business District, Birkirkara CBD 1010, Malta.
Telephone Number:	+356 2144 1155
Website:	https://www.mfsa.mt/

KEY INFORMATION ON THE ISSUER

Who is the issuer of the securities?

Identity of the Issuer
The Issuer of the Bonds is Qawra Palace p.l.c., a public limited liability company registered in Malta in terms of the Companies Act. The Issuer's Legal Entity Identifier (LEI) number is 391200SNNWDJ65NMUQ05.

Principal Activities of the Issuer
The Issuer is a property holding company whose principal objects are as set in its Memorandum of Association – i.e. namely, to carry on the business of a property holding company and to construct, maintain, alter, equip or convert any buildings or amenities as may be required in connection with the establishment of a hotel and/or tourist or leisure centre.

Major Shareholders
As at the date of this Prospectus, the Issuer's issued share capital is €2,329,373, divided into 1,000,000 ordinary shares of €2.329373 each. The Issuer's largest shareholders are CCL, which holds 430,000 ordinary shares (equivalent to 43% of the issued share capital of the Issuer) and AHL, which holds 450,000 ordinary shares (equivalent to 45% of the issued share capital of the Issuer).

Directors of the Issuer
As at the date of this Prospectus, the Board is composed of the following six (6) Directors:

Mr Robert Ancilleri	Independent Non-Executive Director and Chairman
Mr Stephen Muscat	Independent Non-Executive Director
Mr Paul Muscat	Independent Non-Executive Director
Mr Edward Vella	Executive Director
Ms Esther Vella	Executive Director
Mr Victor Vella	Executive Director

Statutory Auditors of the Issuer
FACT Group Limited of Cornerline, Dun Karm Street, Birkirkara BKR 9039 Malta, have been appointed as the Issuer's statutory auditors until the end of the next annual general meeting of the Issuer. FACT Group Limited is a registered audit firm and principal with the Accountancy Board of Malta in terms of the Accountancy Profession Act (Chapter 281 of the laws of Malta) with registration number AB/2/15/15.

What is the key financial information regarding the issuer?

Qawra Palace p.l.c.	**2022**	**2021**	**2020**
	€'000	€'000	€'000
Statement of Comprehensive Income			
Profit for the year	1,906	25,574	996
Statement of Financial Position			
Total assets	50,936	44,817	12,259
Statement of Cash Flows			
Net cash flows from / (used in) operating activities	(31)	(3)	1,536
Net cash flows from / (used in) investing activities	(3,948)	(2,771)	-
Net cash flows from / (used in) financing activities	3,979	2,775	(1,536)

What are the key risks that are specific to the issuer?

The most material risk factors specific to the Issuer are the following:

Risks related to the Issuer's dependence on the Operating Company
The Issuer's only revenue generating asset is the Qawra Palace; which asset has been leased to, and is operated by, the Operating Company in accordance with the QP Lease & Operating Agreement. As a result, the Issuer is principally dependent on the income derived from the rental payments which are owed to it by the Operating Company pursuant to the terms of the QP Lease & Operating Agreement, as well as any and all receivables owed under *inter alia* the Operating Company Loan. Consequently, the Issuer is dependent on the business prospects, operating results and cashflows of the Operating Company, which in turn have a direct effect on the Issuer's financial position and performance and any risks affecting the business and operations of the Operating Company may have a direct effect on the Issuer's ability to meet its interest payments on the Bonds, as well as its ability to repay the principal on the Maturity Date.

The Issuer is subject to risks which are common to the hospitality and tourism industry
Due to the Issuer's dependence on the operations and corresponding revenues of the Qawra Palace and the Operating Company, the Issuer is indirectly subject to a number of internal and external factors (which are common to the hospitality and tourism sector, and are beyond the Issuer's control) which could adversely affect its business and revenue generation.

KEY INFORMATION ON THE BONDS

What are the main features of the Bonds?

Securities:	Secured bonds
Amount:	Up to €25,000,000
Nominal Value:	€100 per Bond
Denomination:	Euro (€)
ISIN:	MT0002711209
Issue Price:	At Nominal Value (€100 per Bond)
Interest:	5.25% per annum
Issue Date:	27 February 2033
Interest Payment Dates:	27 February (including 27 February 2024, being the first interest payment date) and the Maturity Date
Maturity Date:	27 February 2033
Security:	The obligations of the Issuer to the Bondholders under the Bonds will be secured by a second ranking special hypothec granting the Security Trustee (for the benefit of Bondholders) a right of preference and priority for repayment over the Hypothecated Property
Rights:	The only rights attached to the Bonds are the right to: (i) attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions; (ii) receive payment of capital and interest in accordance with the ranking as provided in the Terms and Conditions; (iii) enjoy such other rights attached to the Bonds emanating from this Prospectus; and (iv) benefit from the enforcement of the Special Hypothec
Status:	The Bonds (their repayment and the payment of interest thereon) shall constitute the general, direct, and unconditional obligations of the Issuer to the Bondholders, and shall at all times rank *pari passu*, without any priority or preference among themselves. The Bonds shall rank subsequent to any other prior ranking indebtedness of the Issuer
Transferability:	The Bonds shall be freely transferable

Where will be Bonds be traded?

Application has been made to the MSE for the Bonds to be listed and traded on the Official List.

What are the key risks that are specific to the Bonds?

The most material risk factors specific to the Bonds are the following:

Ranking
The Issuer shall secure its obligations under the Bond Issue by virtue of a second-ranking special hypothec over the Qawra Palace granted in favour of the Security Trustee for the benefit of the Bondholders (the Special Hypothec), with a first-ranking special hypothec over the Qawra Palace, as well as a general hypothec over all of the present and future assets of the Issuer and MCL, being granted to BOV. This notwithstanding, there can be no guarantee that any other prior ranking privileges or security in specific situations will not arise by operation of law during the course of the Issuer's business which may rank with priority or preference to the Special Hypothec. Moreover, it is possible that additional third-party security interests may be registered that will rank in priority to the Bonds.

As a result, in the event of the insolvency of the Issuer, or of a default under the Terms and Conditions, the Bondholders may not be able to recover their investment under the Bonds (in whole or in part) until such time as the claim/s of higher-ranking creditors are duly satisfied.

Interest Rate Risk of the Bonds and the Possible Impact of Inflation
The Bonds are fixed rate debt securities. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the market value of the Bonds. Investors should be aware that because of the way yield is typically calculated by market participants, the price of fixed income securities tends to move in a way that is inversely proportional to changes in interest rates. Moreover, investors should

further acknowledge that an investment in the Bonds involves the risk that current, and any future, rising inflation on real rates of return in relation to coupon payments as well as secondary market prices may have an adverse impact on the value of the Bonds. Any increase in inflation may result in a decrease in the secondary market traded price of the Bonds.

No Assurance of Active Secondary Market for the Bonds
The existence of an orderly and liquid market for the Bonds will depend on several factors, including the presence of willing buyers and sellers of the Bonds at any given time. Illiquidity can have a severe adverse effect on the market value of the Bonds and the price quoted by Bondholders for Bonds already admitted to trading on the Official List may be at a significant discount to the original purchase price of those Bonds.

No Restriction on the Issuer Incurring Additional Indebtedness
The Bonds do not restrict the Issuer's ability to incur additional debt (including through the issuance of bonds or other debt securities) or securing that indebtedness in the future, which actions may negatively affect the Issuer's financial position and its ability to make payments on the Bonds when due.

KEY INFORMATION ON THE OFFER OF BONDS TO THE PUBLIC AND THE ADMISSION TO TRADING ON A REGULATED MARKET

Under which conditions and timetable can I invest in the Bonds?

Expected Timetable of the Bond Issue:

1.	Offer Period (Intermediaries' Offer)	9 January 2023 – 3 February 2023 at 17:00 CET
2.	Announcement of Intermediaries' Offer results	13 February 2023
3.	Commencement of interest on the Bonds	13 February 2023
4.	Refund of unallocated monies (if any)	20 February 2023
5.	Issue Date	27 February 2023
6.	Expected date of admission of the Bonds to listing	27 February 2023
7.	Expected date of commencement of trading of the Bonds	28 February 2023
8.	Expected date for the constitution of the Special Hypothec	Not later than 27 March 2023

Plan of Distribution
The Bond Issue is open for subscription by all categories of investors including the general public and will be distributed by the Authorised Intermediaries participating in the Intermediaries' Offer. Accordingly, the Issuer has reserved the full amount of the Bond Issue for subscription by Authorised Intermediaries for their own account or for the account of their underlying clients.

General Terms and Conditions
Applications may be made through the Authorised Intermediaries (including the Sponsor) during the Offer Period. The Offer Period shall close immediately upon attaining full subscription or at the end of the Offer Period, whichever is the earliest.

The Bonds are being issued at their Nominal Value (€100 per Bond) subject to a maximum aggregate principal amount of the Bonds that may be issued not exceeding €25,000,000. Applications shall be subject to a minimum subscription amount of €2,000 in Nominal Value of Bonds (and in multiples of €100 thereafter) in relation to each underlying client to which an Application relates. Application has been made to the MSE for the Bonds to be listed and traded on the Official List. Dealings in the Bonds shall not commence prior to the Bonds being admitted to the Official List of the MSE.

The issue and allotment of the Bonds is conditional upon: (a) a minimum aggregate subscription amount of €20,000,000 and (b) the approval by the Malta Stock Exchange of the Issuer's application for the Bonds to be admitted to the Official List. In the event that any of these conditions is not satisfied by the close of the Offer Period, the Bond Issue will be withdrawn or revoked unilaterally by the Issuer.

Estimated Expenses of the Bond Issue
The Bond Issue will involve expenses, including professional fees and costs related to publicity, advertising, printing, listing, registration, Sponsor, management, selling commission and other miscellaneous costs incurred in connection with this Bond Issue. Such expenses are estimated not to exceed €400,000 and shall be borne by the Issuer and deducted from the proceeds of the Bond Issue.

Why is this Prospectus being produced?

The net proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €24,600,000, will be utilised for the following purposes, in the order of priority set out below:

(1) €16,400,000 will be used for the purpose of repaying the outstanding amounts under the Issuer BOV Loan;
(2) €6,700,000 will be utilised to partly finance the extension and refurbishment of the Qawra Palace as described in Section 4.3, and will for this purpose be on-lent to the Operating Company to further compliment the amount borrowed by it under the Operating Company BOV Loan; and
(3) €1,500,000 will be utilised for general corporate funding purposes.

If the net proceeds of the Bond Issue are less than €24,600,000, the Issuer will, subject to a minimum aggregate subscription amount of €20,000,000, proceed with the issuance of the number of Bonds subscribed for and the net proceeds shall be applied in the manner and order of priority set out above.

The Bond Issue is not underwritten.

Other than the possible subscription for Bonds by Authorised Intermediaries (which include the Sponsor) and any fees payable to the various professional advisors and service providers in connection with the Bond Issue, the Issuer is not aware of any person involved in the Bond Issue that has a material interest in the Bond Issue.

1. RISK FACTORS

1.1 General

AN INVESTMENT IN THE BONDS ISSUED BY THE ISSUER INVOLVES CERTAIN RISKS, INCLUDING BUT NOT LIMITED TO THOSE RISKS DESCRIBED IN THIS SECTION. THE FOLLOWING RISKS ARE THOSE IDENTIFIED BY THE ISSUER AS AT THE DATE OF THIS PROSPECTUS. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, TOGETHER WITH THEIR INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE ISSUER AND THE BONDS.

THE RISK FACTORS BELOW HAVE BEEN CATEGORISED UNDER THREE (3) MAIN CATEGORIES, ACCORDING TO WHETHER THE RISKS UNDER REVIEW RELATE TO THE: (I) THE ISSUER'S BUSINESS AND ITS OPERATIONS; (II) THE BONDS; AND (III) THE HYPOTHECATED PROPERTY.

THE RISK FACTOR APPEARING FIRST UNDER EACH SUB-CATEGORY CONSTITUTES THAT RISK FACTOR THAT THE BOARD HAS ASSESSED TO BE THE MOST MATERIAL RISK FACTOR UNDER SUCH CATEGORY AS AT THE DATE OF THIS PROSPECTUS. IN MAKING THEIR ASSESSMENT OF MATERIALITY, THE BOARD HAS EVALUATED THE COMBINATION OF: (I) THE PROBABILITY THAT THE RISK FACTOR OCCURS AND (II) THE EXPECTED MAGNITUDE OF THE ADVERSE EFFECT ON THE FINANCIAL CONDITION AND PERFORMANCE OF THE ISSUER, IF THE RISK FACTOR WERE TO MATERIALISE.

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

SHOULD ANY OF THE RISKS DESCRIBED BELOW MATERIALISE, THEY COULD HAVE A SERIOUS ADVERSE EFFECT ON THE ISSUER'S FINANCIAL RESULTS AND TRADING PROSPECTS AND THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE BONDS.

THE RISKS AND UNCERTAINTIES DISCUSSED BELOW MAY NOT BE THE ONLY ONES THAT THE ISSUER FACES. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE THE DIRECTORS OF THE ISSUER MAY NOT CURRENTLY BE AWARE OF, COULD WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE OF THE ISSUER. ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS, AND SHOULD CAREFULLY READ, CONSIDER AND UNDERSTAND THE PROSPECTUS AS A WHOLE BEFORE INVESTING IN THE BONDS. IN ADDITION, PROSPECTIVE INVESTORS OUGHT TO BE AWARE THAT RISK MAY BE AMPLIFIED DUE TO A COMBINATION OF RISK FACTORS.

1.2 Forward-Looking Statements

This document includes statements that are or may be deemed to be "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including but not limited to the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements are based purely on the intentions, beliefs or current expectations of the Issuer and/or the Directors of the Issuer. There can be no assurance that the results and events contemplated by the forward-looking statements contained in this Prospectus will occur.

Forward-looking statements, by their very nature, involve substantial uncertainties because they relate to events and depend on circumstances that may or may not occur in the future, many of which are beyond the Issuer's control. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Issuer's actual results of operations and financial condition may, as a result of many different factors, differ materially from the impression created by the forward-looking statements contained in this document. In addition, even if the results of operations and financial condition of the Issuer are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

Subject to its legal and regulatory obligations (including those under the Capital Markets Rules), 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.

1.3 Risks Relating to the Issuer's Business and Operations

1.3.1 Risks Relating to the Issuer's Business and Operations

The Issuer's only revenue generating asset is the Qawra Palace; which asset has been leased to, and is operated by, the Operating Company in accordance with the QP Lease & Operating Agreement described in further detail in Section 4.7.1 of this Prospectus. As a result, the Issuer is principally dependent on the income derived from the rental payments which are owed to it by the Operating Company pursuant to the terms of the QP Lease & Operating Agreement, as well as any and all receivables owed under: (i) the Operating Company Loan described in further detail in Section 4.7.3, and (ii) as otherwise described in Section 7.2. As a result, the Issuer is very much dependent on the business prospects, operating results and cashflows of the Operating Company, which in turn have a direct effect on the Issuer's financial position and performance. Therefore, any risks affecting the business and operations of the Operating Company may have a direct effect on the Issuer's ability to meet its interest payments on the Bonds, as well as its ability to repay the principal on the Maturity Date.

1.3.2 Risks related to the Qawra Palace's management and operations

The Issuer entered into the QP Lease & Operating Agreement (as described in further detail in Section 4.7.1 of this Prospectus) for an initial fifteen (15) year *di fermo* period commencing as at the date of the QP Lease & Operating Agreement; which period shall be automatically renewable for further ten (10) year periods upon expiration of the original *di fermo* period, unless either party to the QP Lease & Operating Agreement shall opt against such renewal by giving at least three (3) months' written notice prior to the expiration of the relevant ten (10) year period.

The non-renewal or termination of the QP Lease & Operating Agreement pursuant to its terms, or the entry into of any similar agreements in the future on less favourable terms, could have a negative impact on the Issuer's business operations and financial results, as well as its future prospects and those of the Qawra Palace.

1.3.3 Risks relating to the ongoing refurbishment of the Qawra Palace

As at the date of this Prospectus, the Qawra Palace is undergoing a major refurbishment and extension project being carried out by the Operating Company, as described in further detail in Section 4.3. The completion of this project is dependent on various external factors and third-party contractors who are tasked with completing the project within the anticipated timeframes and in line with the projected costs. Refurbishment and extension projects of this nature are subject to a number of specific risks, including delays, cost-overruns, the inability to source adequate resources to complete the project, sales transactions not materialising at the prices and the timing envisaged (resulting in a liquidity strain), higher interest costs, the erosion of revenue generation, market disruption or oversupply (which may result in below-par room rates which could in turn require changes to the Qawra Palace's pricing strategy – thereby potentially resulting in significant losses or charges), lender financial defaults, "acts of God" such as earthquakes, hurricanes, floods or fires which could increase the overall project costs or in the worst case scenario, result in project cancellation, and other counterparty risks, including the risk of contractors and/or sub-contractors engaged to carry out the refurbishment and extension works defaulting on their obligations to the Operating Company due to insolvency, market or economic downturns, operational failure, or other reasons which are beyond the Operating Company's control. The materialisation of any of these risks may have an adverse impact on the Qawra Palace and the Operating Company's revenue generation, cash flows, and ultimately, the financial performance of the Issuer.

In addition to the above, the expected positive impact of the refurbishment and extension project on the profitability of the Qawra Palace remains dependent on a number of factors on which the Operating Company has no control, including the prevailing market and economic conditions, which may in turn result in fluctuations in the occupancy rates and average daily rates at the Qawra Palace. As indicated above, any adverse effect on the revenue generation, cash flows, and financial performance of the Operating Company would in turn also have an adverse effect on the Issuer.

1.3.4 The Issuer is subject to risks which are common to the hospitality and tourism industry

Due to the Issuer's dependence on the operations and corresponding revenues of the Qawra Palace and the Operating Company, the Issuer is indirectly subject to a number of internal and external factors (which are common to the hospitality and tourism sector, and are beyond the Issuer's control) which could adversely affect its business and revenue generation. These factors include the following:

(i) a downturn in international and/or regional market conditions or in the political, economic and, or market conditions in Malta and/or in the countries from which the Qawra Palace's guests mainly originate, may negatively affect the demand for leisure and/or business travel;

(ii) changes in travel patterns or seasonal variations, as well as consumer preferences concerning price, quality, location, and type of hospitality packages, any increase in or the imposition of new taxes or surcharges or other expenses relating to air travel and fuel, and cutbacks or stoppages on Malta-bound airlines or sea travel routes, as well as the imposition of travel restrictions, bans or other measures by the relevant authorities which could have a bearing on the number of visitors arriving in Malta;

(iii) changes in laws and regulations on employment, the preparation and sale of food and beverages, health and safety, alcohol licensing, environmental concerns, fiscal policies, zoning and development, and the related costs of compliance;

(iv) increases in operation costs due to inflation, higher payroll expenses, workers' compensation and healthcare related costs, utility costs, increased taxes and insurance costs which could impact profit margins, and therefore, the viability (or otherwise) of the operations of the Issuer;

(v) socio-demographic changes (e.g. ageing markets and family life-cycles), and economic changes (e.g. recessions and changes in exchange rates);

(vi) changes to the terms and conditions of the Qawra Palace's principal sales channels, the respective fees and commissions payable to online travel agents, the termination, non-renewal and, or the renewal on less favourable terms of agreements entered into with local or international intermediaries, or other material agreements such as management or operation agreements, services agreements, travel agent or platform booking agreements, and other distribution channel agreements;

(vii) increased reliance on the continuous and proper functioning of its computer and non-proprietary software systems, uninterrupted connectivity to telecommunications networks and other technologies used by it in order to carry out its day-to-day business; as well the availability, integrity and confidentiality of information, including, but not limited to, guest and employee personal data (including financial information);

(viii) instances of industry overcapacity and weak demand due to the cyclical nature of the hotel industry or other differences between management assumptions and forecasts and the actual operating conditions and results recorded; and

(ix) unforeseen increases in the costs of maintaining property and other unforeseen capital expenditures.

The impact of any of these factors (or of a combination of them) may adversely impact room rates and occupancy levels at the Qawra Palace, and consequently cause a reduction in the Operating Company's and the Issuer's revenue or profitability, thereby leading to a possible material adverse effect on the Issuer's business, financial condition and results of operations.

1.3.5 Risks relating to natural disasters, contagious disease, war and terrorist activity

Natural disasters, the spread of contagious disease (not only limited solely to the current COVID-19 pandemic), industrial action, travel-related accidents, terrorist activity and war, and the targeting of hotels and popular tourist destinations in particular, have had a significant negative impact on the hotel industry globally, and such events could have a similarly negative impact in the future. In fact, in the aftermath of the relaxation of global measures intended to curb the proliferation of the COVID-19 pandemic, many have returned to the travel industry with renewed enthusiasm – only to be frustrated by repeated cancellations, delays and employee strikes which have thrown the post-pandemic travel boom into disarray.

The uncertainty generated as a result of these events (compounded by the possibility of new variant outbreaks which could lead to the re-establishment of travel restrictions) has threatened the industry's recovery from the COVID-19 pandemic, and may in turn lead to a substantial decrease in the overall amount of air travel. If this were to occur, it could have an adverse impact on the occupancy of the Qawra Palace and in turn, its financial performance, which could directly impact the revenue generation of the Operating Company and, in turn, the Issuer's ability to repay both interest and principal due under the Bonds.

1.3.6 Competition Risk

The business of the Qawra Palace (and therefore, of the Operating Company) is susceptible to strong and increasing local and global competition, influenced by a variety of determining factors including price, variety and quality of services, availability, reliability, after-sales service and logistical arrangements, and the fluctuations in demand and supply in respect of both competing or substitute goods and services. A decline in the relative competitive strength of the Operating Company could adversely affect the results of its operations, financial condition, and its prospects within the industry and would consequently affect the revenue generation of the Operating Company, and by extension, the Issuer.

The Operating Company also faces a more specific form of territorial competition, given the large number of hotels and hospitality establishments which have been (and are being) developed and/or which have undergone substantial refurbishment works in the vicinity of the Qawra Palace. This may, in turn, lead to an oversaturated market for services similar to those offered by the Qawra Palace in the Qawra area, and may compel the Qawra Palace to reduce its prices in order to effectively compete with the strength of those competitors that are able to supply goods and services at lower prices. If this scenario were to materialise, the Qawra Palace's ability to maintain or increase its profitability would be dependent on its ability to offset such decreases in the prices and margins of its goods and services.

1.3.7 Risks relating to the Issuer's indebtedness

The Issuer is currently funding and will continue to fund the refurbishment and extension of the Qawra Palace via bank financing, as set out in further detail in Section 4.4. As a result, the Issuer has a material amount of debt and may possibly incur additional debt in connection with its future growth. The agreements regulating the Issuer's external financing impose and are likely to impose significant operating restrictions and financial covenants on the Issuer which could limit its ability to obtain future financing, make capital expenditure, withstand a future downturn in business or economic conditions generally or otherwise inhibit the ability to conduct necessary corporate activities.

A portion of the cash flow generated from the Qawra Palace is utilised to repay the Issuer's debt obligations pursuant to the financial covenants to which the Issuer is subject. This gives rise to a reduction in the amount of cash available for capital expenditure, development costs, and other general corporate purposes.

The use of borrowings presents the risk that the Issuer may be unable to service interest payments and principal repayments or comply with other requirements of its facility agreements in the event of a substantial deterioration in operating cash flows and profitability. Borrowings may not be able to be refinanced and, in any case, the terms of any refinancing may be less favourable than the existing terms of borrowing. Any failure to satisfy debt obligations could result in a default under the terms of current and future financing arrangements, leading to the enforcement of security over property and/or cross-defaults under other financing agreements – thereby having a materially adverse effect on the Issuer's financial condition.

1.3.8 Reputational Risk

Reputational risk is the risk that any negative publicity regarding the Operating Company's business practices, whether true or not, will cause a decline in the Qawra Palace's accommodation rates, or lead to costly litigation or reductions in revenue, which could in turn have a material adverse effect on the Issuer's operations, earnings and financial position. The industry in which the Operating Company operates exposes it to a variety of risks associated with safety, security and crisis management, including but not limited to exceptional events such as adverse weather conditions, civil or political unrest, violence and terrorism, serious and/or organised crime, fraud, employee dishonesty, cyber-crime, pandemics, fire and day-to-day accidents, incidents, and petty crimes which impact the guest or employee experience, could cause loss of life, sickness or injury and may result in compensation claims, fines from regulatory bodies, litigation and a severe impact on the Operating Company's reputation and operations. Were any of these risks to occur this would in turn have a negative effect on the Issuer's financial condition and cash flows.

1.3.9 Insurance Risk

The Operating Company maintains insurance at levels determined by it to be appropriate in light of the cost of cover and the risk profile of the business in which it operates. With respect to losses for which the Operating Company is covered by its policies, it may be difficult and may take time to recover such losses from insurers. In addition, the Operating Company may not be able to recover the full amount from the insurer. No assurance can be given that the Operating Company's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that appropriate coverage would always be available at acceptable commercial rates. Any delay in the recovery of losses from the insurers and/or insufficiency of coverage may have a materially adverse impact on the financial condition of the Operating Company, and in turn, that of the Issuer.

1.4 Risks Relating to the Bonds

1.4.1 Ranking

The Bonds (their repayment and the payment of interest thereon) shall constitute the general, direct and unconditional obligations of the Issuer to the Bondholders, secured in the manner described in Section 9.4 of this Prospectus, and shall at all times rank *pari passu*, without any priority or preference among themselves. The Bonds shall rank subsequent to any other prior ranking indebtedness of the Issuer. In terms of Maltese law, hypothecary debts are paid according to the order of their registration in the Public Registry of Malta. The Issuer shall secure its obligations under the Bond Issue by virtue of a second-ranking special hypothec over the Qawra Palace (the Special Hypothec) granted in favour of the Security Trustee for the benefit of the Bondholders, with a first-ranking special hypothec over the Qawra Palace, as well as a general hypothec over all of the present and future assets of the Issuer and the Operating Company, being granted to BOV as described in further detail in Section 4.4.

Further to the above, there can be no guarantee that any other prior ranking privileges or security in specific situations will not arise by operation of law during the course of the Issuer's business which may rank with priority or preference to the Special Hypothec. Moreover, it is also possible that additional third-party security interests may be registered that will rank in priority to the Bonds against the unencumbered assets of the Issuer for so long as such security interests remain in effect.

As a result, in the event of the insolvency of the Issuer, or of a default under the Terms and Conditions, the Bondholders may not be able to recover their investment under the Bonds (in whole or in part) until such time as the claim/s of higher-ranking creditors are duly satisfied.

1.4.2 Interest Rate Risk of the Bonds and the Possible Impact of Inflation

The Bonds are fixed rate debt securities. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the market value of the Bonds. Investors should be aware that because of the way yield is typically calculated by market participants, the price of fixed income securities tends to move in a way that is inversely proportional to changes in interest rates. Accordingly, when prevailing market interest rates are rising, the prices that market participants will generally be willing to pay for the Bonds can be expected to decline. Conversely, if market interest rates are declining, secondary market prices for the Bonds will tend to rise. Moreover, fixed rate debt securities with a longer period to maturity will tend to reflect a greater degree of secondary market price volatility relative to movements in market interest rates when compared to fixed rate debt securities with a shorter remaining life.

The coupon payable on the Bonds is a nominal interest rate. Investment in the Bonds involves the risk that current, and any future, rising inflation on real rates of return in relation to coupon payments as well as secondary market prices may have an adverse impact on the value of the Bonds, such that increasing rates of inflation could have an adverse effect on the return on the Bonds in real terms. Moreover, any increase in inflation may result in a decrease in the secondary market traded price of the Bonds.

1.4.3 No Assurance of Active Secondary Market for the Bonds

The existence of an orderly and liquid market for the Bonds will depend on a number of factors, including the presence of willing buyers and sellers of the Bonds at any given time and over whom the Issuer has no control. Accordingly, it is impossible to guarantee a liquid or any secondary market for the Bonds after their admission to trading or that such a market, should it develop, will subsist. The global stock markets experienced significant volatility during 2020 as a result of the COVID-19 pandemic. Any such volatility and/or market downturn caused by COVID-19 or possible similar outbreaks in the future could lead to increased illiquidity of the stock markets generally and of any secondary market for the Bonds. Illiquidity can have a severe adverse effect on the market value of the Bonds and the price quoted by Bondholders for Bonds already admitted to trading on the Official List may be at a significant discount to the original purchase price of those Bonds. There can be no assurance that Bondholders will be able to sell the Bonds at or above the price at which the Issuer issued the Bonds or at all.

1.4.4 No Restriction on the Issuer Incurring Additional Indebtedness

The Bonds do not restrict the Issuer's ability to incur additional debt (including through the issuance of bonds or other debt securities) or securing that indebtedness in the future, which actions may negatively affect the Issuer's financial position and its ability to make payments on the Bonds when due. Moreover, such indebtedness may have a prior ranking than the Bonds, in which case it could rank ahead of the Bonds in the event of a dissolution and winding up of the Issuer.

1.4.5 Suspension of Trading or Discontinuation of Listing

Even after the Bonds are admitted to trading on the Official List, the Issuer is required to remain in compliance with certain requirements relating, *inter alia*, to the free transferability, clearance and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the MFSA has the authority to suspend trading or listing of the Bonds if, among other things, it determines that such action is required for the protection of investors or of the integrity or reputation of the market. The MFSA may also discontinue the listing of the Bonds on the Official List. Any trading suspension or listing discontinuation described above could have a material adverse effect on the liquidity and value of the Bonds.

1.4.6 Changes to the Terms and Conditions

In the event that the Issuer wishes to amend any of the Terms and Conditions it shall call a meeting of Bondholders in accordance with the provisions of Section 9.13.3 below. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

1.5 Risks Relating to the Hypothecated Property

1.5.1 Enforcement Rights

The Security is granted to the Security Trustee (for the benefit of the Bondholders) pursuant to the terms of the Security Trust Deed and the Deed of Hypothec. By acquiring Bonds, each Bondholder is considered to be bound by the terms of the Security Trust Deed as if such Bondholder had been a party to it. The protection and exercise of the Bondholders' rights against the Issuer and the enforcement of the Security or other claims under the Bonds must be exercised exclusively through the Security Trustee as specified in the Security Trust Deed, which therefore limits the Bondholders from enforcing their rights against the Issuer directly, whether through individual or collective action, without the involvement of the Security Trustee. The Security Trust Deed contains a number of provisions that prospective investors should be aware of prior to acquiring any Bonds (a copy of which is available for inspection as set out in Section 12 of this Prospectus).

1.5.2 Value of the Hypothecated Property

Given that the Issuer is a property holding company, it is exposed to fluctuations in the property and real estate markets. Property investments are subject to varying degrees of risks. Property and real estate values are affected (amongst other things) by 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 capital value of the Hypothecated Property may also be adversely affected as a result of other factors outside the Issuer's control, such as changes in regulatory requirements and applicable laws (including in relation to taxation, planning and the property market in general), political conditions, the conditions of the financial markets, interest and inflation rate fluctuations and higher accounting and control expenses. The value of the Hypothecated Property may also fluctuate as a result of the operating and financial performance of the Qawra Palace.

The Valuation Report prepared by an independent qualified architect in respect of the Hypothecated Property contains certain assumptions. The actual value of the Hypothecated Property may be materially different from any future values that may be expressed or implied in any forward-looking statements or anticipated on the basis of historical trends, as the eventual reality might not match the assumptions. There can no assurance that the Valuation Report reflects what the actual market value of the Hypothecated Property will be at the time of enforcement of the Special Hypothec, and a lower market value at the time of enforcement will therefore have an adverse effect on the level of recoverability of amounts than might have otherwise been expected as of the date of this Prospectus.

1.5.3 Risk of termination of the Emphyteutical Concession

The Hypothecated Property is held by the Issuer under the title of temporary emphyteusis as described in further detail in Section 4.3. The breach of emphyteutical conditions may have significant consequences at law, including the termination of the emphyteutical concession and, as a result, loss of the Issuer's title over the Hypothecated Property. This would in turn have a material impact on the Issuer's operations and financial position.

THE FOREGOING RISK FACTORS ARE NOT EXHAUSTIVE AND DO NOT PURPORT TO BE A COMPLETE LIST OF ALL OF THE RISKS AND CONSIDERATIONS INVOLVED IN INVESTING IN THE BONDS. IN PARTICULAR, THE ISSUER'S PERFORMANCE MAY BE AFFECTED BY CHANGES IN MARKET OR ECONOMIC CONDITIONS AS WELL AS LEGAL, REGULATORY AND TAX REQUIREMENTS APPLICABLE TO THE ISSUER AND/OR THE BONDS.

2. PERSONS RESPONSIBLE, CONSENT FOR USE AND AUTHORISATION OF PROSPECTUS

2.1 Persons Responsible

All of the Directors whose names appear under Section 5.1 of this Prospectus are the persons responsible for all of the information contained in this Prospectus. To the best of the knowledge and belief of the Directors, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect its import, and the Directors have taken all reasonable care to ensure that this is the case. The Directors accept responsibility accordingly.

2.2 Consent for Use of Prospectus

For the purposes of any subscription for Bonds through any of the Authorised Intermediaries during the Offer Period in terms of this Prospectus and any subsequent resale, placement or other offering of Bonds by such Authorised Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Regulation, the Issuer consents for a period of 60 days from the date of this Prospectus, to the use of this Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale, placement or other offering of Bonds, provided this is limited only:

(a) in respect of Bonds subscribed through Authorised Intermediaries during the Offer Period; and
(b) to any resale or placement of Bonds subscribed for as aforesaid, taking place in Malta within the period of 60 days from the date of the Prospectus.

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

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

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

Investors should enquire whether an intermediary is considered to be an Authorised Intermediary in terms of the Prospectus. If the investor is in doubt as to whether it can rely on the Prospectus and/or who is responsible for its contents, it should obtain legal advice. No person has been authorised to give any information or to make any representation not contained in or inconsistent with this Prospectus. If given or made, it must not be relied upon as having been authorised by the Issuer or Sponsor. The Issuer does not accept responsibility for any information not contained in this Prospectus.

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

Any resale, placement or other offering of Bonds to an investor by an Authorised Intermediary will be made in accordance with any terms and other arrangements in place between such Authorised 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 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, or shall have, any responsibility or liability for such information.

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

Any new information with respect to any Authorised Intermediary unknown at the time of approval of this Prospectus will be made available through a company announcement, which will be made available on the Issuer's website www.qawrapalaceplc.com.

2.3 Authorisation Statement

This Prospectus has been approved by the MFSA as the competent authority in Malta for the purposes of the Prospectus Regulation. The MFSA has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Issuer or the quality of the Bonds (that are the subject of this Prospectus). Investors should make their own assessment as to the suitability of investing in the Bonds.

3. ADVISORS AND STATUTORY AUDITORS

3.1 Advisors

Sponsor, Manager & Registrar	**Calamatta Cuschieri Investment Services Limited** Ewropa Business Centre Triq Dun Karm, Birkirkara BKR 9034 Malta
Legal Counsel	**Ganado Advocates** 171, Old Bakery Street Valletta, VLT 1455 Malta
Auditor	**FACT Group Limited** Cornerline, Dun Karm Street, Birkirkara BKR 9039 Malta
Financial Advisor	**Deloitte Advisory and Technology Limited** Deloitte Place, Triq L-Intornjatur, Central Business District, CBD, 3050 Malta

The services of the Issuer's legal counsel and other advisors in respect of this Prospectus are limited to the specific matters upon which they have been consulted. There may be other matters that would have a bearing on the Issuer or an investment in the Bonds upon which the Issuer's legal counsel and other advisors have not been consulted. The Issuer's legal counsel and the other advisors do not undertake to monitor the compliance by the Issuer with their obligations as described in this Prospectus, nor do they monitor the Issuer's activities for compliance with applicable laws. Additionally, the Issuer's legal counsel and other advisors have relied and continue to rely upon information furnished to them by the Issuer and its Directors, and have not investigated or verified, nor will they investigate or verify the accuracy and completeness of information set out herein concerning the Issuer, the Issuer's service providers or any other parties involved in the Bond Issue (including all of their respective affiliates, directors, officers, employees and agents). Moreover, the Issuer's legal counsel and the other advisors accept no responsibility for any description of matters in this Prospectus that relate to (and any issues arising from) any applicable law that is not Maltese law.

3.2 Statutory Auditors

FACT Group Limited of Cornerline, Dun Karm Street, Birkirkara BKR 9039 Malta, have been appointed as the Issuer's statutory auditors until the end of the next annual general meeting of the Issuer. FACT Group Limited is a registered audit firm and principal with the Accountancy Board of Malta in terms of the Accountancy Profession Act (Chapter 281 of the laws of Malta) with registration number AB/2/15/15.

4. INFORMATION ON THE ISSUER

4.1 General Information of the Issuer

Legal & Commercial Name:	Qawra Palace p.l.c. Company Registration Number: C 27835
Legal Form:	Public limited liability company in terms of the Companies Act
Place of Registration & Domicile:	Malta
Date of Registration:	9 March 2001
Registered Office Address:	Qawra Palace p.l.c., Qawra Palace Hotel, Coast Road, St. Paul's Bay, Malta
Legal Entity Identifier (LEI):	391200SNNWDJ65NMUQ05
Telephone Number:	+35621580660/+35621580661
E-mail Address:	info@qawrapalaceplc.com
Website:	www.qawrapalaceplc.com

Unless it is specifically stated herein that particular information is incorporated by reference into this Prospectus, the contents of the Issuer's website, any other website directly or indirectly linked to the Issuer's website, or any other website referred to herein, 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 website as a basis for a decision to invest in the Bonds.

4.2 Business Overview of the Issuer and the Operating Company

4.2.1 Principal Activities of the Issuer

The Issuer is a property holding company whose principal objects are as set out in clause 4 of its Memorandum of Association – i.e. namely, to carry on the business of a property holding company and to construct, maintain, alter, equip or convert any buildings or amenities as may be required in connection with the establishment of a hotel and/or tourist or leisure centre. A copy of the Memorandum of Association of the Issuer is available for inspection as set out in Section 12 of this Prospectus.

The Issuer enjoys ownership title to the Qawra Palace as further described in Section 4.3. Given that the Issuer is not a trading company, it is economically dependent on the income it derives from the Operating Company under the QP Lease & Operating Agreement, as well as the amounts outstanding under the Operating Company Loan (as described in Section 4.7.3) and, separately, the monies on-lent to the Operating Company from the proceeds of the Bond Issue (as described in Section 7.2). These strands of income are in turn contingent on the operating and financial performance of the Operating Company, which operates the Qawra Palace.

4.2.2 The Qawra Palace and the Operating Company's Operations

The Qawra Palace is a four-star hotel established in 1985 located on the Qawra promenade, which is managed and operated by the Operating Company pursuant to the QP Lease & Operating Agreement. The Qawra Palace's existing facilities include 394 rooms, indoor and outdoor pools, a games room, mini-golf facilities and six food and beverage outlets. The General Manager of the Qawra Palace is Mr Jonathan Pisani, who took over the role in March 2022. Having obtained a Diploma in Hotel Accommodation Operations and Service Principles from the Institute of Tourism Studies (Malta), Mr Pisani has held numerous managerial positions in four and five-star hotels, including that of Front Office and Guest Relations Manager of a prominent four-star hotel in London, and has extensive experience in the management and organisation of all-inclusive resorts.

The majority of incoming residents at the Qawra Palace hail from the United Kingdom (71.83%), with Italy (7.49%), France (5.01%) and Germany (2.15%) also constituting popular target markets for the Qawra Palace. Its primary source of income is derived from its occupancy rates; accounting for approximately 62% of the total revenue generated. Business is predominantly derived from three sources, namely: (i) tour operators, (ii) third-party online reservation systems, and (iii) bookings made directly via the Qawra Palace's website. The Qawra Palace's management enjoys a good relationship with a wide network of tour operators, and this source of business accounts for over 50% of the Qawra Palace's total sales. Conversely, the revenue generated from third-party online reservation systems accounts to 35% of the Qawra Palace's sales, while the remaining 15% are the result of direct bookings.

For the financial year ending 31 March 2020, the Qawra Palace generated an average revenue per room per night of €87 and recorded a strong occupancy rate of 80% which drove its total revenues in excess of €9.8 million. On this basis, at an average Gross Operating Profit (GOP) margin of 34%, the Qawra Palace achieved a Gross Operating Profit Per Available Room (GOPPAR) of €8,600; resulting in a total GOP of €3.3 million.

For the financial year ending 31 March 2021, the Qawra Palace's operations were severely curtailed due to the COVID-19 pandemic, which caused the Qawra Palace to close its doors until June 2021. Consequently, revenue for the year amounted to approximately €440,000 generated from the Qawra Palace's food and beverage facilities. Subsequent to its re-opening, and as at the financial year ending 31 March 2022, improved occupancy rates (36.8%) accounted for 78% of the Qawra Palace's total revenue. Over this period, the Qawra Palace generated an average revenue per room per night of € 81.49, leading to total revenues of €3.6 million, and a total GOP of €922,000 – based on a GOPPAR of €2,339. Meanwhile, the Qawra Palace's food and beverage facilities accounted for approximately 16% of the total revenue generated.

The Qawra Palace is currently undergoing a major extension and refurbishment project as described in further detail in Section 4.3 below, pursuant to which it intends to shift its business strategy going forward to cater for the luxury all-inclusive sector, by focusing less on the delivery of a cost-effective, all-inclusive experience to its guests, and more on providing the type of luxurious experience which would attract a new niche of travellers as well as forge brand-loyal clientele.

4.3 Historical Development and Recent Events

The Issuer was established in 2001 as a private limited liability company by its three founding shareholders: AHL, CCL and ECL. The latter three entities are in turn beneficially owned by various members of the Vella family, who (collectively) have been involved in the local hospitality industry for over 20 years. The Issuer's principal revenue generating asset is the Qawra Palace (see Section 4.2.2 – *The Qawra Palace and the Operating Company's Operations*).

The distinct portions of land on which the Qawra Palace is built were originally acquired by the Operating Company from Angelo Vella, Charles Vella, Edward Vella, Francis Mamo, John Vella, Josephine Vella and Agnes Vella by virtue of a public deed enrolled in the records of Notary Public Dr. Maurice Gambin dated 1 May 1980 (the "**Original Acquisition Deed**"). The portions of land marked as "A", "B" and "D" on the Original Acquisition Deed were transferred to the Operating Company subject to a temporary, 150-year emphyteutical concession up to 2128, which started to run on 5 July 1978 upon the prior acquisition of the said portions of land by Francis Mamo, John Vella, Josephine Vella and Agnes Vella from Carlo Burlo, by virtue of a public deed enrolled in the records of Notary Public Dr. Francis Micallef. Conversely, the portion of land marked as "C" on the Original Acquisition Deed was transferred to the Operating Company unencumbered.

The Issuer acquired the Hypothecated Property from the Operating Company pursuant to a public deed enrolled in the records of Notary Public Dr. Michel Dingli dated 21 January 2002, for a consideration of €13,976,240.39 and subject to an annual and temporary ground rent and sub-ground rent of approximately €681.11 payable yearly and in arrears for the remaining 127 years of the emphyteutical concession referred to in the Original Acquisition Deed. By virtue of a public deed enrolled in the records of Notary Public Dr. Philip Lanfranco dated 12 December 2012, the Issuer redeemed the sub-ground rent payable to Francis Mamo, John Vella, Josephine Vella and Agnes Vella in connection with the aforementioned temporary sub-emphyteutical concession.

The Qawra Palace was built in 1982 and opened its doors to guests three years later in 1985. The Operating Company was then entrusted with the operation of the Qawra Palace in that same year. In 2002, this arrangement was formalised by way of the QP Lease & Operating Agreement – the contents of which are set out in further detail in Section 4.7.1.

In order to strengthen the Qawra Palace's competitive position in the local hospitality market, in 2019 the Issuer embarked on a major extension and refurbishment project geared towards upgrading the Qawra Palace's existing facilities and occupancy. This project involves:

- an increase in the Qawra Palace's current occupancy by 177 new rooms (45 of which have already been completed, while 132 are still in shell form);
- the construction of a new façade and change of all existing apertures;
- a general upgrade of all existing rooms, as well as the Qawra Palace's foyer;
- the redevelopment of existing areas on the first and fourth floors of the Qawra Palace into gym and spa facilities;
- the redevelopment of the Qawra Palace's existing Level -1 into parking facilities;
- the total renovation of the Qawra Palace's existing pool areas; and
- additional restaurants and conference and banquet facilities.

Following the completion of the aforementioned extension and refurbishment project (which, as at the date of this Prospectus, is expected to occur by May 2023), the Issuer expects to be able to reposition the Qawra Palace as one of the top performing four-star hotels in the northern region of Malta – leading to a material improvement in the Qawra Palace's average daily rate of guests and general profitability.

4.4 Funding Structure and Expected Financing of the Issuer's Activities

As at the 30 June 2022, the Issuer has three outstanding loan facilities with BOV totalling €12,650,000 (the "**Issuer BOV Loan**"), as set out in further detail in Section 4.7.2. The Issuer BOV Loan was granted to the Issuer for the purposes of: (i) the partial financing of the Qawra Palace's refurbishment programme, (ii) the construction of two additional floors within the Qawra Palace, as well as an additional extension occupying the land at the rear of the Qawra Palace, (iii) the increase in amenities at the Qawra Palace and (iv) other furnishing expenses. The Issuer BOV Loan is secured *inter alia* by a first-ranking special hypothec over the Hypothecated Property as described in Section 4.7.2.

In order to finance those ongoing expenses relative to the abovementioned project which are being borne by the Operating Company, the Issuer has made available to the Operating Company, a loan facility composed of funds drawn-down under the Issuer BOV Loan, as described in further detail in Section 4.7.3 (the "**Operating Company Loan**").

The Issuer intends to use the proceeds under the Bond Issue to *inter alia* settle all outstanding amounts under the Issuer BOV Loan, as set out in Section 7.2, and expects to finance its ongoing activities (including satisfaction of its obligations to the Bondholders under the Bond Issue) primarily from the operating cash flows of the Operating Company, which will be transferred to the Issuer in the form of interest payments and principal repayments in respect of the Operating Company Loan, rental payments in respect of the Hypothecated Property in accordance with the QP Lease & Operating Agreement, and other intra-group loans, as may be deemed necessary from time to time.

Meanwhile, in order to finance the completion of the refurbishment and extension of the Qawra Palace as described in Section 4.3, the Operating Company has applied for a new €15,000,000 loan facility with BOV (the "**Operating Company BOV Loan**") issued for a maximum term of fifteen (15) years from first drawdown, at an interest rate of 3.75% per annum above the three-month EURIBOR. In addition to other market standard contractual arrangements, the Operating Company BOV Loan shall secured by, *inter alia*, a first general hypothec over the Operating Company's present and future assets, a first general hypothecary guarantee over the Issuer's present and future assets and a first special hypothecary guarantee granted by the Issuer over the Hypothecated Property. Additionally, the granting of the Operating Company BOV Loan shall be contingent upon the satisfaction of a number of special conditions, including the Bond Issue being secured by a second special hypothec over the Hypothecated Property in the amount of €26,250,000 (i.e. the amount of the Bond Issue and one year's worth of interest).

4.5 Trend Information

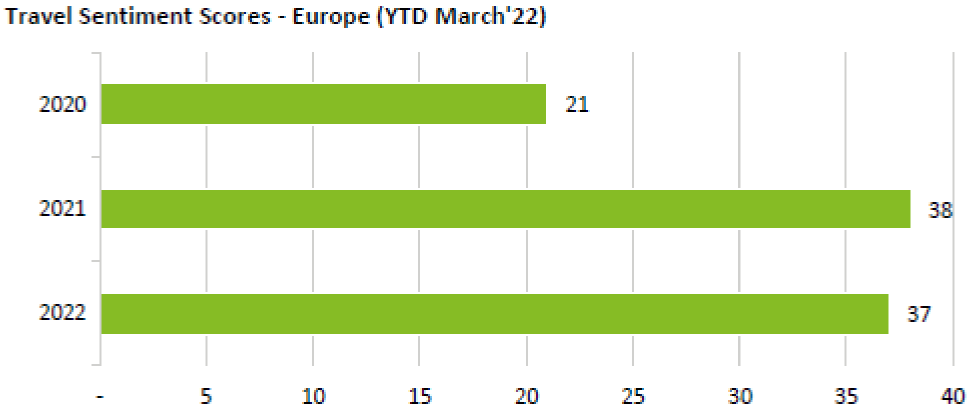
There has been no material adverse change in the prospects or in the financial or trading position of the Issuer since the date of publication of its latest audited financial statements for the period ended 31 March 2022.

The Issuer is dependent on the business prospects of the Operating Company and, therefore, the trend information relating to the Operating Company has a material effect on its financial position and prospects. Below is an overview of the most significant trends and uncertainties that are likely to have a material effect on the prospects of the Issuer and/or the Operating Company. Barring the occurrence of any unforeseen circumstances, the Issuer does not anticipate any likely material adverse effect on its prospects, at least for the next 12 months. However, investors are strongly advised to carefully read the risk factors disclosed in Section 1 of this Prospectus.

4.5.1 The Russo-Ukrainian War

The prevailing European climate is one of lower growth and higher inflation, largely due to Russia's invasion of Ukraine and its repercussions on the global economy. The Russo-Ukrainian conflict has led to substantial increases in food commodities and energy prices which are affecting the purchasing power of households globally, with private consumption also suffering due to associated inflationary pressures. The *Economist Intelligence Unit* has reported that consumer inflation in Italy and the United Kingdom (being the two, principal tourism source markets for Malta) is expected to reach 4.2% and 6.4% (respectively) in 2022, with an expected decrease to 1.9% and 3.6% (respectively) in 2023. This may in turn affect the percentage influx and/or spending power of inbound tourists from those source markets.

The risks of an escalation in the Ukrainian conflict have had an impact on the World Tourism Organization's (UNWTO) travel sentiment, as can be seen below, where current 2022 travel sentiments have decreased slightly when compared to the statistics recorded in 2021.



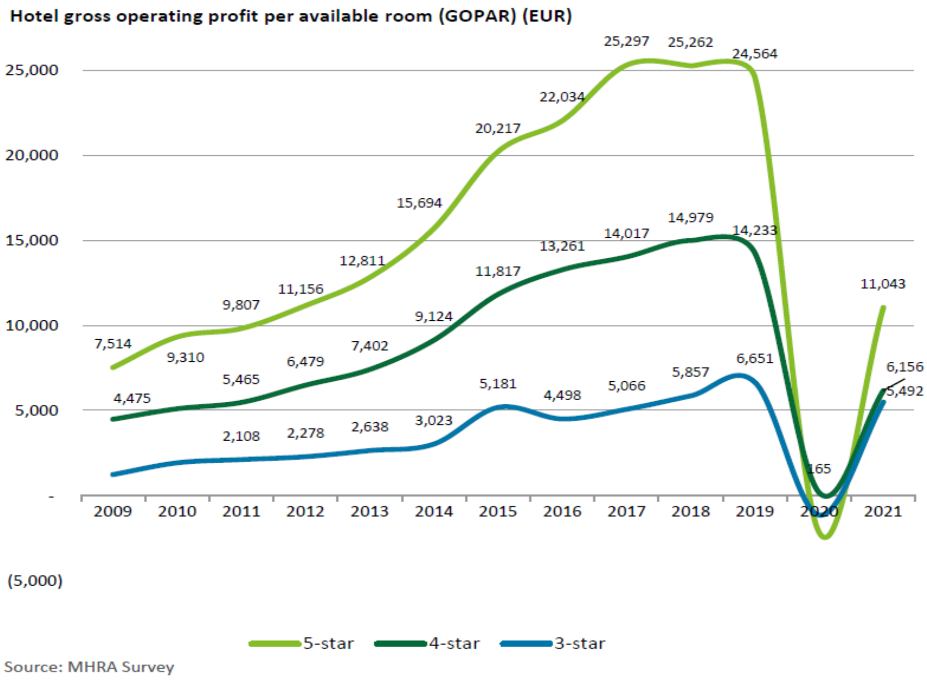
Source: UNWTO Tourism Recovery Dashboard

The invasion of, and the ongoing conflict in the Ukraine (and the potential worsening of said conflict) has continued to affect the prices of key food items, energy and minerals. This has triggered a substantial outlay of financial support by the Government of Malta in order to subsidise price increases in the energy sector in particular, with an estimated €600 million earmarked for this purpose in Malta's 2023 budget.

Despite that stated thus far, a study by the European Commission has shown that Malta and Portugal are the EU member states least affected by the war in Ukraine in so far as the negative economic impact caused by the sanctions regime is concerned. The Russian and Ukrainian markets are not particularly significant to the Maltese tourism industry.

4.5.2 Inbound Tourism & the Effects of the COVID-19 Pandemic

In terms of the recent *Carrying Capacity Study for Tourism in the Maltese Islands* report (the "**Carrying Capacity Report**"), prepared by Deloitte Malta, and based on data gathered, industry reports and stakeholder consultation, between 2009 and 2019, tourist arrivals in Malta grew from 1.2 million to 2.8 million – constituting a compound annual growth rate (CAGR) of 8.8%. This growth was supported by increased flight connectivity, as well as an enhanced product offering following the refurbishment of existing hotels and new builds. This consistent growth was negatively impacted in 2020 and 2021 by the various travel restrictions put into place as a result of the COVID-19 outbreak, leading to a significant drop in hotel gross operating profit per available room (GOPAR) across the five, four and three-star hotel markets.



Source: Carrying Capacity Report

As at Q2 2022, tourist arrivals have gained some momentum, and have in fact reached 86% of 2019 pre-pandemic levels for the same quarter. On a cumulative basis, tourist arrivals for the first six months of 2022 have reached 75% of 2019 levels; with an average length of stay which is slightly higher than that registered in 2019. This has enabled cumulative guest nights spent in Malta during the first six months of 2022 to reach 78% of the levels recorded in 2019. In terms of tourist average daily spend, this has reached €109, or 2.9% less than the level of spend which was registered in 2019.

Further to the above, in terms of top passenger movements by country recorded by Malta International Airport p.l.c. for the period covering January 2022 to September 2022, Italy and the United Kingdom have consistently ranked in the first two spots. This bodes well for the Qawra Palace, given its target markets as set out in Section 4.2.2.

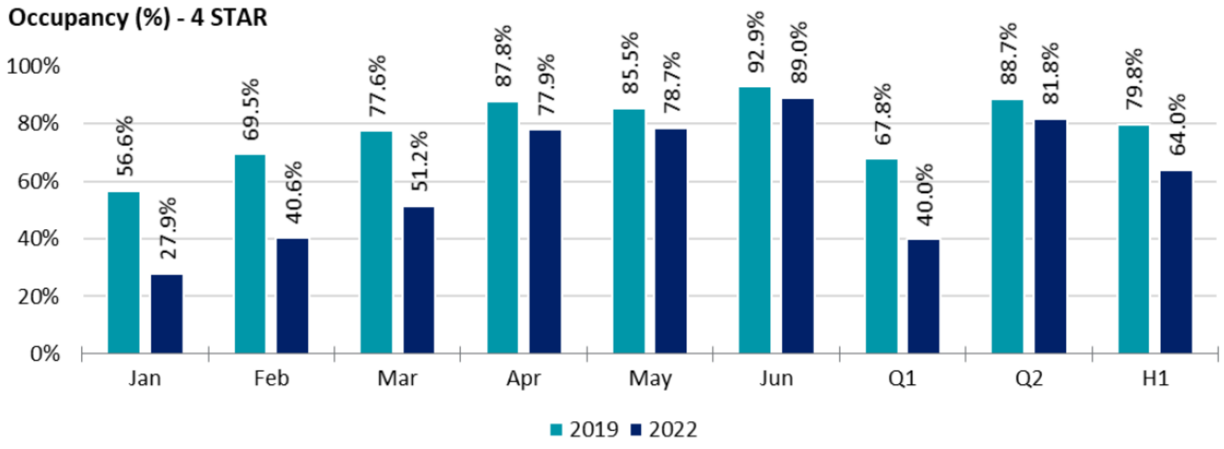
These statistics are very much inkeeping with the prevailing market expectations for 2022 – which was expected to herald a turnaround for the travel industry after the negative downturn caused by the COVID-19 pandemic. Despite the optimism, in its Interim Directors' Report for the period ended 30 June 2022, Malta International Airport p.l.c. struck a cautious tone when confirming that although the aviation industry's recovery has been strong thus far, airline and airport operators continue to navigate a challenging landscape affected by industrial actions, staff shortages and other operational constraints. Additionally, a combination of economic and geopolitical factors, including the steep rise in inflation rates, rising fuel costs and the Russo-Ukrainian conflict may have an impact on travel demand in Q4 2022 and Q1 2023. This notwithstanding, Malta International Airport p.l.c. expects to end 2022 with approximately 5.4 million passengers – signalling a steady return to pre-2020 levels.

International Totals for the last five years	
Passenger Movements Scheduled & Non-Scheduled & Freight & Transit (one-way)	Total
2017	6,014,548
2018	6,808,177
2019	7,310,289
2020	1,748,050
2021	2,520,335

Source: Malta International Airport p.l.c. Annual Summary Report 2021

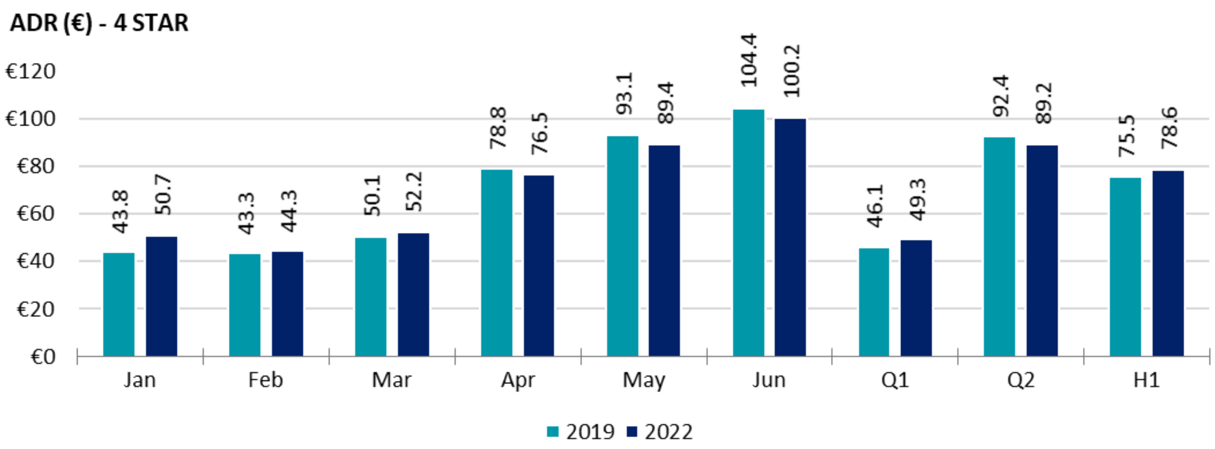
4.5.3 Malta's Four-Star Hotel Market

The first quarter of 2022 saw the four-star sector register occupancy levels of 40% (compared to 67% in 2019), while Q2 occupancy levels reached 81.8% (compared to 88.7% in 2019).



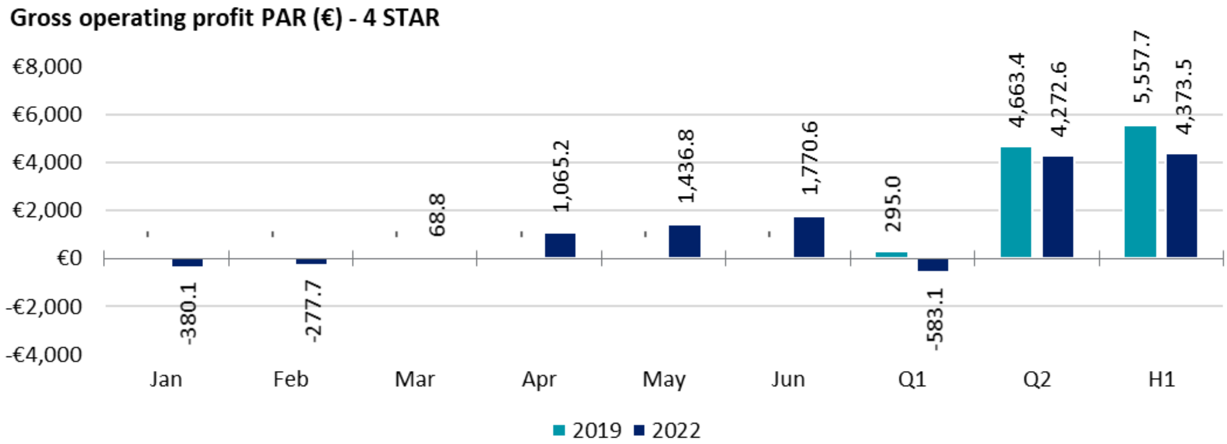
Source: The BOV MHRA Survey Q1 & Q2 2022 (July 2022)

The €49.3 rate in Q1 and the much stronger rate of €89.2 in Q2, enabled four-star hotels to surpass the rates achieved in the first six months of 2019 by 4%.



Source: The BOV MHRA Survey Q1 & Q2 2022 (July 2022)

Four-star hotels also managed to achieve a gross operating profit per available room (GOPAR) equivalent to 79% of that reported in the first half of 2019.



Source: MHRA Survey Q1 & Q2 2022 (July 2022)

In terms of the Carrying Capacity Report, it is forecast that 2019 levels of accommodation demand are unlikely to be reached before 2024. The Carrying Capacity Report further noted that without adequate policy intervention in this regard, there may be a potential risk of oversupply of bed stock in the short-term if all planned hotels and other accommodation establishments were to materialise within their respective, anticipated timeframes. This could in turn result in reductions in occupancy rates, leading to longer-term reductions in profitability per room. This notwithstanding, it should be emphasised that the Qawra Palace is specifically falls within and targets the four-star resort sector. Given the land space required to develop resort hotels, it is unlikely that there will be any material increase in room stock within this category beyond extensions to hotels which are currently already constructed and/or operational. As a result, an increase in rooms within non-resort properties, or resort properties targeting the five-star category are not expected to have a material impact on the operations of the Qawra Palace. This rationale is further complemented by the fact that any anticipated increase in room stock as set out in the Carrying Capacity Report is not expected to be immediate, but rather gradual over a period of time. This further limits any short to medium term impact of the anticipated increase in room stock on the Qawra Palace's operations.

4.5.4 The Issuer and the Operating Company

The Issuer and the Operating Company's financial position, liquidity, access to credit, cost control and government financial assistance (including the COVID-19 wage supplement and deferral tax payment scheme) indicate that both entities have weathered the effects of the COVID-19 pandemic, and as a result, the Directors are looking positively upon the future of both entities. Moreover, owing to the success of global vaccination programmes, the situation has improved drastically over the past year, and as set out in further detail in this Section 4.5, tourism levels are inching ever-closer to pre-pandemic levels. The Directors are confident that this should bode well for the continued improvement and recovery of the Operating Company's operations.

4.6 Legal and arbitration proceedings

There have not been any governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Issuer is aware) during the twelve (12) months prior to the date of this Prospectus, which may have or have had significant effects on the Issuer's financial position or profitability.

4.7 Material Contracts

The following contracts of a material nature have been entered into by the Issuer otherwise than in the ordinary course of business:

4.7.1 QP Lease & Operating Agreement

The Operating Company leases the Qawra Palace from the Issuer by virtue of a lease and operating agreement originally entered into between the relevant contracting parties on the 14 October 2019, and subsequently amended on the 7 November 2022. The duration of the QP Lease & Operating Agreement is that of a fifteen (15) year *di fermo* period commencing as at the date of the QP Lease & Operating Agreement, subject to automatic renewal for further ten (10) year periods thereafter on the same conditions – unless either of the contracting parties gives at least three (3) months' written notice prior to the expiration of the relevant ten (10) year period, of its intention not to renew the QP Lease & Operating Agreement. The rental payments owed by the Operating Company to the Issuer pursuant to the QP Lease & Operating Agreement amount to €2,400,000 per annum, excluding Value Added Tax (VAT); subject to further increases of 2% (compounded) annually.

In accordance with the terms of the QP Lease & Operating Agreement, the Operating Company shall *inter alia* be responsible for the day-to-day management of the Qawra Palace, as well as any and all operating expenses relative to its operation and maintenance, including the payment of salaries and/or other benefits owed to its employees. The Operating Company shall further be responsible for procuring and maintaining any licences and/or permits required in connection with the operation of the Qawra Palace.

The Issuer has waived its right to receive the rental payments due under the QP Lease & Operating Agreement for the twelve (12) month periods ending 1 April 2021 and 1 April 2022, and will similarly be waiving its right to receive the rent due by the Operating Company for the twelve (12) month period ending 1 April 2023.

The QP Lease & Operating Agreement may be terminated if either party is in breach of its terms or is otherwise in default of its obligations under the QP Lease & Operating Agreement, and said breach or default subsists for a period of one (1) month from the date of a written notice in writing by the aggrieved party. In so far as a breach of or default under the QP Lease & Operating Agreement is considered to be irremediable, either party may terminate the QP Lease & Operating Agreement by notice in writing.

4.7.2 Issuer BOV Loan

As per an updated sanction letter issued by BOV on the 20 September 2022, the Issuer's existing loan facilities with BOV (referred to collectively as the **"Issuer BOV Loan"**) are as follows:

Loan	Balance (as at 30 June 2022)	Purpose	Security
Loan 6 – €1,622,180[1]	€1,715,000	To part finance a major refurbishment programme at the Qawra Palace.	• First General Hypothec over the assets of the Issuer for Loan 6 (€1,622,180) • Second Special Hypothec over the Qawra Palace for Loan 6 (€1,622,180)
Loan 7 – €12,860,408[2]	€10,935,000	To construct two additional floors on top of the Qawra Palace, extend more rooms on a parcel of land at the rear of the Qawra Palace and increase the Qawra Palace's amenities.	• First General Hypothec over the assets of the Issuer for Loan 7 (€14,000,000) • Second General Hypothecary Guarantee over the assets of the Operating Company for Loan 7 (€14,000,000) • Second Special Hypothec over the Qawra Palace for Loan 7 (€14,000,000)
Loan 8 – €2,000,000	€2,000,000	To finance the furniture and furnishing of the Qawra Palace.	• Second General Hypothec over the assets of the Issuer for Loan 8 (€2,000,000) • Second General Hypothecary Guarantee over the assets of the Operating Company for Loan 8 (€2,000,000) • Second Special Hypothec over the Qawra Palace for Loan 8 (€2,000,000)

Additional security held by BOV in virtue of the Issuer BOV Loan includes: (i) a pledge on a Hoteliers Combined Insurance Policy number P66000047 issued by Mapfre Middlesea p.l.c. covering the Qawra Palace for a value of €13,032,000, (ii) a joint and several guarantee dated 15 February 2005 for €6,053,371 granted by the Operating Company, (iii) a joint and several guarantee dated 1 December 2005 for €3,000,000 granted by the Operating Company; (iv) a joint and several guarantee dated 17 October 2019 for €2,000,000 granted by the Operating Company, and (v) a joint and several guarantee dated 17 October 2019 for €14,000,000 granted by the Operating Company.

[1] Limit originally set at €2,592,000 in accordance with a sanction letter issued by BOV on 7 May 2018;
[2] Limit originally set at €14,000,000 in accordance with a sanction letter issued by BOV on 7 May 2018;

The above indicated Loan 6 is subject to an interest rate of 2.5% per annum above the three (3) month EURIBOR (subject to the terms and conditions of the Issuer BOV Loan) while Loans 7 and 8 are subject to an interest rate of 3.75% per annum above the three (3) month EURIBOR (also subject to the terms and conditions of the Issuer BOV Loan).

The Issuer BOV Loan is subject to a number of standard conditions and covenants, including BOV's ability to change or add to the terms and conditions of the Issuer BOV Loan for security, legal, regulatory or market reasons, as well as a concession which allows the Bondholders to register the Special Hypothec for a value of €26,250,000 (i.e. the amount of the Bond Issue and one year's worth of interest). Part of the proceeds of the Bond Issue shall be used to repay the Issuer BOV Loan, as indicated in Section 7.2 of this Prospectus.

4.7.3 The Operating Company Loan

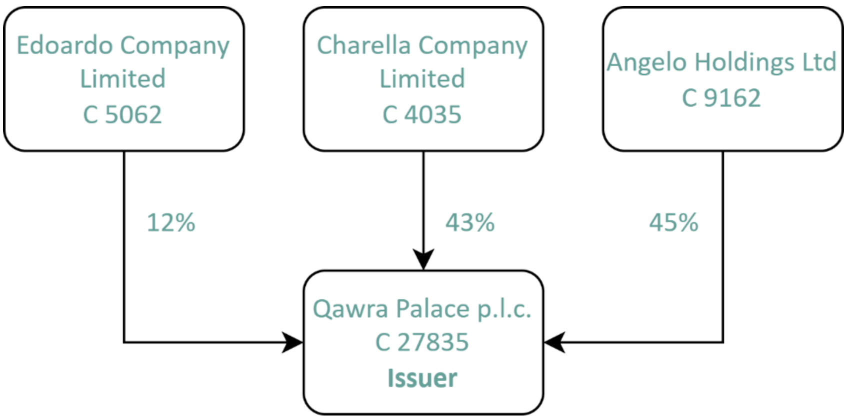
On the 27 March 2020, the Issuer agreed to advance an unsecured, aggregate maximum facility of €16,000,000 to the Operating Company for the purpose of financing ongoing expenditure relative the extension and refurbishment of the Qawra Palace. The facility in question is in turn composed of funds made available to the Issuer under the Issuer BOV Loan.

On and around the date of this Prospectus, the aggregate amount outstanding under the Operating Company Loan is €12,400,000, subject to an interest rate of 5.25% per annum and repayable to the Issuer over a maximum period of fifteen (15) years. It is further subject to other, standard market conditions and covenants.

4.8 Share Capital Structure and Major Shareholders

As at the date of this Prospectus, the Issuer's authorised share capital is €2,329,373, divided into 1,000,000 Ordinary shares of €2.33 each. The Issuer's issued share capital is €2,329,373, divided into 1,000,000 Ordinary shares of €2.33 each, fully paid up. The Ordinary shares are the only authorised and issued class of shares in the Issuer.

The Ordinary shares in the Issuer shall rank *pari passu* in all respects and for all intents and purposes of law, including in terms of voting rights, the right to dividends and the right to surplus assets of the Issuer on winding up, and are held as follows:



There are no arrangements currently known to the Issuer the operation of which may at a subsequent date result in a change of control in the Issuer.

The Issuer adopts certain measures in line with the Corporate Governance Code with a view to ensuring that any control by the major shareholders is not abused. The Board is ultimately responsible for the management and control of the Issuer. In terms of the Corporate Governance Code, all Directors are expected to apply high ethical standards, are obliged to avoid conflicts of interest and, in particular, are required to always act in the interest of the Issuer. The Board is equally composed of three (3) executive and three (3) non-executive Directors, with the majority of the non-executive Directors also considered to be independent of the Issuer (meaning that they are free of any business, family, or other relationship with the Issuer, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair their judgement). The Chairman of the Board, who is responsible for leading the Board and facilitating the contribution of non-executive Directors, is also a non-executive independent Director. The non-executive Directors and, in particular, the non-executive independent Directors, have an important role in overseeing the executive Directors, dealing with situations involving conflicts of interests, and contributing more objectively in supporting, as well as constructively challenging and monitoring, the management team

5. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

5.1 The Issuer

5.1.1 Board of Directors of the Issuer

The Memorandum of Association of the Issuer provides that the business and affairs of the Issuer shall be managed and administered by a Board of not less than two (2) and not more than ten (10) Directors. Every member of the Issuer holding at least ten percent (10%) of the Ordinary shares in the Issuer shall have the right to appoint a Director to the Board. The remaining members of the Board shall be appointed by means of an ordinary resolution taken in a general meeting.

As at the date of this Prospectus, the Board is composed of six (6) Directors who are responsible for the overall direction, management and strategy of the Issuer, each of whom is listed below:

Mr Robert Ancilleri	Independent Non-Executive Director and Chairman
Mr Stephen Muscat	Independent Non-Executive Director
Mr Paul Muscat	Independent Non-Executive Director
Mr Edward Vella	Executive Director
Ms Esther Vella	Executive Director
Mr Victor Vella	Executive Director

The business address of the Directors is that of the Issuer. The *curriculum vitae* of each of the Directors is set out in Section 5.1.2 below.

The company secretary of the Issuer is Dr Luca Vella (Maltese ID Card No. 0032783G) of 28, Triq V. Boron, Naxxar, Malta.

5.1.2 Curriculum Vitae of the Directors of the Issuer

Stephen Muscat

Stephen Muscat is a Certified Public Accountant and graduate of the University of Malta with a B.A (Honours) Accountancy degree. Mr Muscat is a Fellow of the Malta Institute of Accountants, the Malta Institute of Taxation and the Institute of Directors (UK), and formerly held the role of Group CEO and director of Maltacom p.l.c.

Mr Muscat is an authorised company service provider serving as a non-executive director of a number of Maltese holding and trading companies operating in the financial services, insurance, fiduciary, infrastructure, ICT and shipping industries – including listed entities. In fact, Mr Muscat chairs the Audit Committee of a number of bond issuers trading on the Official List and Prospects MTF, including Mercury Projects plc, SD Finance plc, JD Capital plc and Agriholdings plc.

Robert Ancilleri

Robert Ancilleri is the CEO of Embark (Malta) Limited, providing accounting, business and regulatory advisory services. He holds a Bachelor of Accountancy (Honours) degree from the University of Malta and is a Certified Public Accountant with a practising certificate in Auditing. Prior to moving into banking in 2003, Mr Ancilleri worked in the audit and business advisory industry at MSD & Co. (Arthur Andersen) and Ernst & Young (EY). Subsequently, Mr Ancilleri occupied senior management positions (with a responsibility for finance) at Banif Bank (Malta) p.l.c. and Volksbank Malta Group. He then moved to HSBC Bank Malta p.l.c., whereby he served as Chief Accounting Officer up until July 2018.

Mr Ancilleri serves as a member of the Supervisory Council of a locally based foundation. He also sits on the board of directors of Busy Bee Finance plc, Shoreline Mall plc and Finance House plc, as well as some other regulated entities.

Paul Muscat

Paul Muscat is a Certified Public Accountant and graduate of the University of Malta with a B.A (Honours) Accountancy degree, as well as a Fellow of the Malta Institute of Accountants. Mr Muscat also holds a Masters degree in Business Administration from Henley Management College in the UK. Mr Muscat worked at the Central Bank of Malta for over forty years, holding various positions of prominence including head of the Human Resources Division, and Chief Officer, Finance & Banking. During this time, Mr Muscat formed part of various committees and working groups at European Central Bank and European Commission level, including the Euro Coin Sub-Committee.

Mr Muscat currently sits on the board of directors of Maltapost p.l.c., and further holds the role of chairman of the entity's Audit & Risk Committee and its Remuneration Committee. Mr Muscat also heads the Accounts Section at HLB CA Falzon, and serves as the financial controller of the RISE Foundation (on a part-time basis).

Edward Vella
Edward Vella is the joint founder and Managing Director of the Qawra Palace, and has since 1980 actively contributed in its day-to-day running.

Mr Vella's career in the hospitality industry commenced in the late 1970s, when he opened and managed a 250-cover restaurant in Bugibba, St. Paul's Bay Seafront. In 1999, Mr Vella took over The Grosvenor Hotel in Balzan and oversaw its transition into a retirement home for the elderly which was subsequently renamed as Casa Antonia. Casa Antonia is one of Malta's foremost nursing homes for the elderly, offering a five-star service to its residents. Mr Vella has retained the role of Managing Director of Casa Antonia since its inception and has over the years dedicated his time and experience to its day-to-day running.

In 2017, Mr Vella was involved in the acquisition and conversion of The Imperial Hotel – an iconic and prestigious residence spanning out across five tumuli of land in a prime area of Sliema, Malta. The investment, which has now been completed, saw Mr Vella personally involved in the project for over four years – from the initial planning phases, to overseeing (on a daily basis) the construction and conversion process of yet another exclusive 175 room, five-star residence for the elderly known as 'The Imperial'. Mr Vella is presently a director of The Imperial's operating company, St. George's Care Ltd.

Esther Vella
Esther Vella is the sole director and shareholder of CHL, a holding company involved in the real estate business. Ms Vella also held the role of director, and was actively involved in its day-to-day administration, of the Charella Residential Home for fifteen (15) years until its closure in 2012.

Victor Vella
Victor Vella is a long-established hotelier, with extensive experience in the hospitality and leisure industry. Mr Vella has throughout the years owned and managed several bars and nightclubs situated in prominent locations on the island, namely Sliema and St. Julian's. In 1981, he founded Stones Hotels Ltd, which in turn owns and operates the Diplomat Hotel (Sliema) and the Mediterranea Hotel (St. Pauls Bay). Mr Vella is the Managing Director of both these hotels and has been personally involved in their running since their inception. Throughout the years, Mr Vella has expanded and diversified his investment portfolio even further by investing in other sectors. Indeed, he has also been involved in, and has successfully completed, a number of property development projects.

5.2 Conflicts of Interest

In addition to being members of the Issuer's Board, Mr Edward Vella, Ms Esther Vella and Mr Victor Vella are (i) indirect shareholders of the Issuer (as set out in further detail in Section 4.8); and (ii) directors of the Operating Company.

In view of the foregoing, the said directors are susceptible to conflicts between the potentially diverging interests emanating from: (i) their duties to the Issuer as Directors, (ii) their interest in the respective shareholders of the Issuer, and (iii) their duties to, and interest in, the Operating Company as directors and indirect shareholders of same – particularly in the context of any transactions entered into, or to be entered into, between the Issuer and the Operating Company.

Save for the foregoing, there are no other identified potential or actual conflicts of interest between the duties of the Directors towards the Issuer and their private interests and/or other duties.

The Corporate Governance Code provides that Directors' primary responsibility is always to act in the interest of the Issuer and its shareholders as a whole irrespective of which shareholder nominated him/her to the Board. Accordingly, a Director should avoid conflicts of interest at all times and the personal interests of a Director must never take precedence over those of the Issuer and its shareholders.

Actual or potential conflicts of interest that may arise from time-to-time will need to be managed in accordance with the procedures regulating conflicts of interest situations set out in the Issuer's Articles of Association. In this regard, Directors are required to inform the Board of any matter that may result or has already resulted in a conflict of interest. A record of such declaration is entered into the Issuer's minute book and the conflicted Director shall be precluded from voting on any resolution concerning a matter in respect of which he/she has declared an interest. Unless the other non-conflicted Directors of the Issuer otherwise resolve, the conflicted Director shall: (a) not be counted in the quorum present for the relevant meeting; (b) not participate in the discussion concerning a matter in respect of which he has declared a direct or indirect interest; and (c) withdraw from or, if applicable, not attend the meeting at which such matter is discussed.

5.3 Audit Committee

The Audit Committee assists the Board in fulfilling its supervisory and monitoring responsibilities according to detailed terms of reference that reflect the relevant requirements of the Capital Markets Rules. The terms of reference of the Audit Committee established by the Board establish its composition, role, and function, the parameters of its remit, as well as the basis for the processes that it is required to comply with.

The Audit Committee, which meets at least four times a year, is a sub-committee of the Board and is directly responsible and accountable to the Board.

The primary purpose of the Audit Committee is to assist the Directors in conducting their role effectively so that the Issuer's oversight responsibilities, decision-making capability and the accuracy of its reporting and financial results are maintained at a high level at all times.

The Audit Committee is composed of the following members:

Robert Ancilleri (Chairman)
Paul Muscat (Member)
Stephen Muscat (Member)

The Audit Committee shall at all times consist of at least three non-executive Directors, the majority of whom must meet the independence criteria set out in the Capital Markets Rules, and at least one member shall be competent in accounting and/or auditing. The current Audit Committee is constituted in its entirety by non-executive Directors, the majority of whom are also considered to be independent of the Issuer. Robert Ancilleri is the current chairman of the Audit Committee and all members of the Audit Committee are designated as competent in accounting and/or auditing.

5.4 Compliance with Corporate Governance Requirements

As a result of the Bond Issue and pursuant to the terms of the Capital Markets Rules, the Issuer is required to comply with the provisions of the Corporate Governance Code.

The Issuer declares its full support for the Corporate Governance Code and undertakes to fully comply with the Corporate Governance Code to the extent that this is considered complementary to the size, nature, and operations of the Issuer. The Issuer shall also, on an annual basis in its annual report, detail the level of the Issuer's compliance with the principles of the Corporate Governance 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 Corporate Governance Code, save for the following exceptions:

Principle 7 *(Evaluation of the Board's Performance)*: 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 (two (2) of which are independent non-executive Directors), the Issuer's shareholders, the market and all of the rules and regulations to which the Issuer is subject as a company with its securities listed on a regulated market.

Principle 8 *(Committees)*: The Board considers that the size and operations of the Issuer do not warrant the setting up of remuneration and nomination committees. Given that the Issuer does not have any employees or officers other than the Directors and the company secretary, it is not considered necessary for the Issuer to maintain a remuneration committee. The Issuer does not believe it is necessary to establish a nomination committee as appointments to the Board are determined by the shareholders of the Issuer in accordance with nomination and appointment process set out in the Issuer's Memorandum and Articles of Association. The Issuer considers that the members of the Board possess the level of skill, knowledge and experience expected in terms of the Code.

6. FINANCIAL INFORMATION

The Issuer's audited financial statements for the financial years ended 31 March 2020, 31 March 2021 and 31 March 2022 were filed with the Malta Business Registry and shall be deemed to be incorporated by reference in, and form part of, this Prospectus.

These financial statements have been drawn up in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and are available for inspection at the Issuer's registered office and on the Issuer's website (www.qawrapalaceplc.com) as set out in Section 12 of this Prospectus.

There has been no significant change in the financial performance or financial position of the Issuer since the end of the financial year ended 31 March 2022 nor has there been a significant change in the prospects of the Issuer since 31 March 2022.

Key References	**Page Number in Annual Reports**		
Information incorporated by reference in the Prospectus	**Financial year ended 31 March 2020**	**Financial year ended 31 March 2021**	**Financial year ended 31 March 2022**
Independent Auditors' Reports	3-5	4-6	4-6
Statements of Profit or Loss	6	7	7
Statements of Financial Position	7	8	8
Statements of Changes in equity	N/A	9	9
Statements of Cash Flows	N/A	10	10
Notes to the Financial Statements	8-16	11-33	11-33

Qawra Palace plc Statement of Comprehensive Income for the year ended 31 March	2020	2021	2022
	€'000	*€'000*	*€'000*
Rental income	1,525	-	-
Less: Administrative expenses	(102)	(101)	(7)
Operating profit / (loss)	**1,424**	**(101)**	**(7)**
Change in fair value of investment property	-	29,934	2,497
Impairment provision on receivable from related company	-	(49)	(326)
Interest payable and similar charges	(0)	(1)	(8)
Profit before taxation	**1,424**	**29,783**	**2,156**
Current year taxation	(427)	-	-
Deferred taxation	-	(4,209)	(250)
Profit after taxation	**996**	**25,574**	**1,906**
Other comprehensive income	-	-	-
Total comprehensive income for the year	**996**	**25,574**	**1,906**

During the period under review, the Issuer's primary activity consisted of the leasing of the Qawra Palace to the Operating Company. The revenue recognised during the financial year ended 31 March 2020 reflected a full year of rent for the Qawra Palace. Due to the impact of COVID-19 on the tourism sector and the knock-on effect on the financial performance of the Operating Company, the Issuer agreed to waive the rent due by the Operating Company during the financial years ended 2021 and 2022. The decision to waive the rent due by the Operating Company also considered the fact that the Operating Company was undertaking the capital investment required to extend and refurbish the Qawra Palace which is owned by the Issuer.

During 2022, the QP Lease & Operating Agreement was amended and restated such that the Operating Company will not be charged rent until March 2023 in view of the ongoing investment in the Qawra Palace. A revised annual rental charge of €2.4m is due from 1 April 2023, increasing by 2.0% per annum thereafter.

Administrative expenses included depreciation charges on property plant and equipment of €98k in FY20 and FY21. Other administrative expenses related to professional fees.

Prior to FY21, the Issuer recognised its investment in the Qawra Palace at cost. In FY21 management elected to change its accounting policy to recognise the value of its investment property at fair value. As a result of this election, the Issuer recognised a fair value gain of €29.9m on its investment property in FY21 and a further gain of €2.5m in FY22. A deferred tax charge on the revaluation has also been recognised during the respective period calculated at a 10% final tax rate.

While the extension and refurbishment work on the Qawra Palace is being undertaken by the Operating Company, part of the financing of this investment was and is being financed through new debt facilities drawn down by the Issuer from FY20 and advanced to the Operating Company. Given that the debt of the Issuer is all directly related with this investment being undertaken by the Operating Company, the interest costs incurred by the Issuer are recharged to the Operating Company in full.

In FY21 and FY22, the Issuer recognised a cumulative impairment provision on the receivable balance from the Operating Company of €375k in accordance with IFRS9 requirements. This is intended to reflect the estimated credit loss on the receivable based on the loss given default and probability of default. Management still expects to recover this balance in full based on the repayment terms outlined in the Operating Company Loan.

Qawra Palace plc Statement of Financial Position as at 31 March	2020	2021	2022
	€'000	*€'000*	*€'000*
Assets			
Non-current assets			
Investment Property	**12,259**	**42,095**	**44,592**
Current assets			
Receivables	-	2,722	6,344
Cash and cash equivalents	-	1	-
Total current assets	**-**	**2,723**	**6,344**
Total assets	**12,259**	**44,817**	**50,936**
Equity			
Called up issued share capital	2,329	2,329	2,329
Profit and loss account	4,681	30,254	32,160
Total equity	**7,010**	**32,584**	**34,490**
Liabilities			
Non-current liabilities			
Borrowings	3,393	6,604	10,173
Deferred taxation	-	4,209	4,459
Total non-current liabilities	**3,393**	**10,814**	**14,633**
Current liabilities			
Borrowings	-	1,022	1,431
Trade and other payables	1,721	277	289
Current taxation	135	121	93
Total current liabilities	**1,857**	**1,420**	**1,813**
Total liabilities	**5,249**	**12,234**	**16,446**
Total equity and liabilities	**12,259**	**44,817**	**50,936**

As at 31 March 2022, the Issuer's main asset comprised €44.6m of Investment Property related to the Qawra Palace and €6.3m in Receivables from the Operating Company.

Architect Charles Buhagiar attributed a property value of €56.9m to the Qawra Palace in its current state as at 31 March 2022. As the extension and refurbishment works are being undertaken by the Operating Company, and the rental charge between the Issuer and the Operating Company reflects a lower rental in consideration of the investment being undertaken by the Operating Company, the value recognised by the Issuer is equal to the value of the Qawra Palace attributed to it by the architect, less the carrying value of property, plant and equipment recorded in its books of the Operating Company. Following completion of the extension and refurbishment works the Investment Property of the Issuer is projected to reach a revalued amount of €56.2m.

The Receivable balance due from the Operating Company is presented net of an ECL provision of €375k. This balance is governed by the Operating Company Loan agreement.

Total equity amounted to €34.5m as at 31 March 2022, comprising €2.3m of share capital with the remaining balance accounted for in retained earnings. Included in the retained earnings balance is an amount of €28.0m relating to the revaluation of the investment property, net of deferred taxation. This amount is unrealised and not distributable.

Qawra Palace plc Statement of Cash Flows for the year ended 31 March	2020	2021	2022
	€'000	*€'000*	*€'000*
Net cash from / (used in) operating activities	1,536	(3)	(31)
Net cash from / (used in) investing activities	-	(2,771)	(3,948)
Net cash from / (used in) financing activities	(1,536)	2,775	3,979
Net increase / (decrease) in cash and cash equivalents	**-**	**1**	**-**
Cash and cash equivalents at the start of the period	-	-	1
Cash and cash equivalents at the end of the period	**-**	**1**	**-**

Bank borrowings of €11.6m as at 31 March 2022 were drawn down over the three-year period under review to finance the investment in the Qawra Palace. As these funds were advanced to the Operating Company to undertake the investment, the initial balance was used to set-off a prior payable balance due by the Issuer to the Operating Company and subsequently realized in the Receivable balance.

7. USE OF PROCEEDS, SECURITY AND OTHER KEY INFORMATION

7.1 Estimated Expenses and Proceeds of the Bond Issue

The Bond Issue will involve expenses, including professional fees and costs related to publicity, advertising, printing, listing, registration, sponsor, management, selling commission and other miscellaneous costs incurred in connection with this Bond Issue. Such expenses are estimated not to exceed €400,000 and shall be borne by the Issuer. The amount of the expenses will be deducted from the proceeds of the Bond Issue, which, accordingly, will bring the estimated net proceeds from the Bond Issue to €24,600,000. There is no particular order of priority with respect to such expenses.

7.2 Use of Proceeds

The net proceeds from the Bond Issue, which net of the Bond Issue expenses are expected to amount to approximately €24,600,000, will be utilised for the following purposes, in the order of priority set out below:

(1) €16,400,000 will be used for the purpose of repaying the outstanding amounts under the Issuer BOV Loan in full;

(2) €6,700,000 will be utilised to partly finance the extension and refurbishment of the Qawra Palace as described in Section 4.3, and will for this purpose be on-lent to the Operating Company to further compliment the amount borrowed by it under the Operating Company BOV Loan; and

(3) €1,500,000 will be utilised for general corporate funding purposes.

7.3 Release of Proceeds

Within twenty (20) Business Days following the admission to listing of the Bonds, the Sponsor (in its capacity as registrar in respect of the Bond Issue) shall, save for the payment of the expenses related to the Bond Issue, transfer the proceeds of the Bond Issue to the Security Trustee. The Security Trustee shall retain such proceeds on trust on behalf of the Bondholders until such time that:

(1) the Issuer and BOV appear on the Deed of Cancellation (concurrently with the publication of the First Deed of Hypothec and the Deed of Hypothec); at which point the Security Trustee shall (upon the instructions of the Issuer) release and transfer an amount corresponding to €16,400,000 of the proceeds of the Bond Issue to the Issuer (or, upon the instructions of the Issuer, to BOV directly); and

(2) the Issuer and the Security Trustee appear on the Deed of Hypothec (concurrently with the publication of the Deed of Cancellation and the First Deed of Hypothec), and the Special Hypothec is duly registered and perfected; following which the Security Trustee shall release and transfer the remaining proceeds of the Bond Issue to the Issuer.

7.4 Overview of the Bond Issue

The following is a brief overview of certain terms and conditions of the Bond Issue and of the Bonds. For a full description of the terms and conditions of the Bond Issue and of the Bonds, this Section 7 should be read in conjunction with the rest of this Prospectus, particularly Section 8 (Terms and Conditions of the Bond Issue) and Section 9 (Terms and Conditions of the Bonds). Any decision to invest in the Bonds should be based on a consideration of this Prospectus as a whole.

Securities:	Secured bonds (see also Section 1.4.1 – *Ranking* and Section 1.5.2 – *Value of the Hypothecated Property*);
Amount:	€25,000,000;
Nominal Value:	€100 per Bond;
Denomination:	Euro (€);

ISIN:	MT0002711209;
Issue Price:	At Nominal Value (€100 per Bond);
Minimum Subscription Amount:	€2,000 and in multiples of €100 thereafter;
Minimum Aggregate Subscription:	€20,000,000;
Transferability:	The Bonds shall be freely transferable;
Offer Period:	The period between 09:00 hours CET on 9 January 2023 and 17:00 hours CET on 3 February 2023 during which the Bonds are available for subscription;
Issue Date:	27 February 2023 (or such earlier date as may be determined by the Issuer in the event that the Bonds are fully subscribed and the offer of Bonds is closed prior to the end of the Offer Period as set out in Section 8.1);
Interest:	5.25% per annum;
Interest Payment Dates:	27 February (including 27 February 2024, being the first interest payment date) and the Maturity Date (or if any such date is not a Business Day, the next following day that is a Business Day);
Maturity Date:	27 February 2033;
Redemption Amount:	Nominal Value together with accrued and unpaid interest up to the Maturity Date;
Listing:	The MFSA has approved the Bonds for admissibility to listing and subsequent trading on the Official List. Application has been made to the MSE for the Bonds to be listed and traded on the Official List;
Form:	The Bonds will be issued in fully registered and dematerialised form and represented in uncertificated form by the appropriate entry in the CSD Register;
Status:	The Bonds (their repayment and the payment of interest thereon) shall constitute the general, direct, and unconditional obligations of the Issuer to the Bondholders, and shall at all times rank *pari passu*, without any priority or preference among themselves. The Bonds shall rank subsequent to any other prior ranking indebtedness of the Issuer;
Security	The Bonds are secured (but see also Section 1.4.1 - *Ranking* and Section 1.5.2 – *Value of the Hypothecated Property*) in respect of both the interest due and the principal amount under the said Bonds in the manner described in Section 9.4 below;
Underwriting:	The Bond Issue will not be underwritten;
Governing Law of Bonds:	Maltese law;
Jurisdiction:	The Maltese Courts.

7.5 *Interests of Persons Involved in the Bond Issue*

Other than the possible subscription for Bonds by Authorised Intermediaries (which include the Sponsor) and any fees payable to the various professional advisors and service providers in connection with the Bond Issue, the Issuer is not aware of any person involved in the Bond Issue that has a material interest in the Bond Issue.

7.6 *Special Hypothec*

7.6.1 Description of the Special Hypothec

The obligations of the Issuer to the Bondholders under the Bonds will be secured by means of the Special Hypothec. Specifically, the Issuer shall, pursuant to the Deed of Hypothec, constitute in favour of the Security Trustee (for the benefit of Bondholders) the Special Hypothec over the Hypothecated Property for the full amount of principal and interest due by the Issuer to the Bondholders in respect of the Bonds. The Special Hypothec may be enforced by the Security Trustee upon the Bonds becoming immediately due and payable upon an Event of Default as described in Section 9.15 below, following which Bondholders shall be paid out of the Hypothecated Property in priority to other creditors, save for any prior ranking security or privilege that may arise by operation of law. In the event of enforcement, the Special Hypothec shall rank subsequent to the first-ranking special hypothec granted to BOV pursuant to the terms of the Operating Company BOV Loan as described in Section 4.4 (see also Section 1.4.1 – *Ranking*).

The estimated current market value of the Hypothecated Property (as set out in the Valuation Report) is expected to amount to €60,685,642. Accordingly, the value of the Hypothecated Property as at the date of constitution of the Special Hypothec will be substantially higher than the full amount of interest and principal outstanding under the Bonds, as well as the amount due under the Operating Company BOV Loan.

It is the expected that the Special Hypothec will be constituted within twenty (20) Business Days following the admission to listing of the Bonds in accordance with the process for the release of Bond Issue proceeds as described in Section 7.3 above.

7.6.2 Valuation Report

The Issuer has obtained an independent assessment of the current market value of the Hypothecated Property in connection with the Bond Issue, which assessment is set out in the Valuation Report. The current market value of the property has been estimated, pursuant to the Valuation Report, to be as at €60,685,642. The Valuation Report, which was prepared in accordance with the valuation standards published by the Royal Institution of Chartered Surveyors (RICS), was drawn up by architect Charles Buhagiar of MED Design Associates Ltd, Hercules House, Second Floor, St. Mark Street, Valletta VLT 1364 Malta.

The Valuation Report is available for inspection as set out in Section 12 of this Prospectus and is deemed to be incorporated by reference in (and forms part of) this Prospectus.

8. TERMS AND CONDITIONS OF THE BOND ISSUE

8.1 *Expected Timetable of the Bond Issue*

1.	Offer Period (Intermediaries' Offer)	9 January 2023 – 3 February 2023 at 17:00 CET
2.	Announcement of Intermediaries' Offer results	13 February 2023
3.	Commencement of interest on the Bonds	13 February 2023
4.	Refund of unallocated monies (if any)	20 February 2023
5.	Issue Date	27 February 2023
6.	Expected date of admission of the Bonds to listing	27 February 2023
7.	Expected date of commencement of trading of the Bonds	28 February 2023
8.	Expected date for the constitution of the Special Hypothec	Not later than 27 March 2023

The Issuer reserves the right to close the offer of Bonds prior to the end of the Offer Period in the event that the Bonds are fully subscribed prior to such date and time, in which case the events set out in steps 3 to 8 above shall be brought forward (although the number of Business Days between each of these events is not expected to be varied).

8.2 General Terms and Conditions

The Bond Issue, the listing of the Bonds on the Official List and the publication of the Prospectus were authorised by a resolution of the Board passed on 25 November 2022.

The Bonds are being issued at their Nominal Value (€100 per Bond) subject to a maximum aggregate principal amount of the Bonds that may be issued not exceeding €25,000,000. Application has been made to the MSE for the Bonds to be listed and traded on the Official List.

Applications by prospective investors shall be subject to a minimum subscription amount of €2,000 in Nominal Value of Bonds (and in multiples of €100 thereafter) in relation to each underlying client to which an Application relates.

The issue and allotment of the Bonds is conditional upon: (a) a minimum aggregate subscription amount of €20,000,000 and (b) the approval by the MSE of the Issuer's application for the Bonds to be admitted to the Official List.

In the event that any of these conditions is not satisfied by the close of the Offer Period, the Bond Issue will be withdrawn or revoked unilaterally by the Issuer.

The Issuer also reserves the right to withdraw the offer of Bonds prior to the Issue Date for reasons beyond its control, such as extraordinary events, substantial change of the political, financial, economic, legal, monetary or market conditions at national or international level and/or adverse events regarding the financial or commercial position of the Issuer and/or other relevant events that in the reasonable discretion of the Issuer may be prejudicial to the offer.

In the event of a revocation of the Bond Issue or withdrawal of the offer of the Bonds as aforesaid, any application monies received by or on behalf of the Issuer will be returned without interest (through the Sponsor and/or the Authorised Intermediaries, as applicable) by direct credit into the Applicant's bank account indicated by the Applicant in the relative Application. If no such bank account number is provided, or in the event that bank account details in the Application are incorrect or inaccurate, such returns will be made by means of a cheque mailed to the Applicant's address (or, in the case of joint Applications, the address of the first named Applicant) indicated in the Application.

The Bond Issue is not underwritten. In the event that the Bond Issue is not fully subscribed the Issuer will, subject to a minimum aggregate subscription amount of €20,000,000, proceed with the listing of the amount of Bonds subscribed for.

Dealings in the Bonds shall not commence prior to the Bonds being admitted to the Official List of the MSE.

8.3 Terms and Conditions of Application

8.3.1 Applications may be made through the Authorised Intermediaries (including the Sponsor) during the Offer Period. The Offer Period shall close immediately upon attaining full subscription or at the end of the Offer Period, whichever is the earliest. Applications must be accompanied by the full price of the Bonds applied for in Euro and in cleared funds at the Issue Price. If an Application and proof of payment of cleared funds do not reach the Sponsor by the close of the Offer Period, the Application will be deemed to have been declined.

8.3.2 Applications shall be subject to a minimum subscription amount of €2,000 in Nominal Value of Bonds (and in multiples of €100 thereafter) in relation to each underlying client to which an Application relates.

8.3.3 The contract created by the Issuer's acceptance of an Application shall be subject to the terms and conditions set out in this Prospectus as well as the Terms and Conditions.

8.3.4 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 Sponsor or the relevant Authorised Intermediary.

8.3.5 In the case of joint Applicants, reference to the Bondholder in the Application and in this Prospectus is a reference to each Bondholder, and liability therefor is joint and several. In respect of a Bond held jointly by several persons, the joint holders shall nominate one of their numbers as their representative and his/her name will be entered in the CSD Register with such designation. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond so held. In the absence of such nomination and until such nomination is made, the person first named in the CSD Register in respect of such Bond shall, for all intents and purposes, be deemed to be the registered holder of the Bond so held.

8.3.6 In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the CSD Register. The usufructuary shall, for all intents and purposes, be deemed vis-à-vis the Issuer to be the holder of the Bond so held and shall have the right to receive interest on the Bond and to vote at meetings of Bondholders, but shall not, during the continuance of the Bond, have the right to dispose of the Bond so held without the consent of the bare owner.

8.3.7 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 eighteen (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 eighteen (18) years.

8.3.8 Legal entities, including corporates or corporate entities or association of persons, applying for the Bonds need to have a valid Legal Entity Identifier (LEI) which needs to be valid and unexpired, at least, until the admission to listing of the Bonds. Without a valid LEI, the Application will be cancelled by the Sponsor and/or the Authorised Intermediary (as applicable) and subscription monies will be returned to the Applicant.

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. 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.

8.3.9 It shall be incumbent on the respective Authorised Intermediaries to ascertain that all other applicable regulatory requirements relating to the subscription of the Bonds by an Applicant are complied with, including without limitation, the obligation to comply with all anti-money laundering and counter-terrorist financing rules and regulations, all applicable MiFIR (Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments) requirements as well as the applicable conduct of business rules and rules for investment services providers issued by the MFSA.

8.3.10 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 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 and/or the GDPR, each as amended from time to time, for the purposes, and within the terms of the MSE's Data Protection Policy as published from time to time.

8.3.11 Subject to all other terms and conditions set out in this Prospectus, the Issuer or the Sponsor (acting on the Issuer's behalf) reserves the right to reject, in whole or in part, or to scale down, any Application, for any reason whatsoever, including but not limited to multiple or suspected multiple Applications or any Application which in the opinion of the Issuer or the Sponsor (acting on the Issuer's behalf) is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Both original and electronic copies of Applications submitted to the Issuer by Authorised Intermediaries will be accepted.

8.3.12 By submitting a completed and signed Application, any Applicant:

(a) agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;

(b) 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.qawrapalaceplc.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 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. All Applicants must have a valid MSE account number that will be used for the purposes of registering the Bonds by the CSD. In the event of a discrepancy between the details 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 Sponsor) and/or the relevant Authorised 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 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 MSE. 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 this Prospectus and accordingly agree/s that no person responsible solely or jointly for this 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 PMLA, and that such monies will not bear interest;

(g) agrees to provide the Authorised Intermediary, Sponsor 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 in any territory, and that the Applicant has not taken any action which will or may result in the Issuer, Authorised Intermediary or the Sponsor, as applicable, acting in breach of the regulatory or legal requirements of any territory in connection with the Bond Issue 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 h/shee 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 advisors to the Issuer in relation to the Bond Issue 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 in its Application; 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.

8.4 Plan of Distribution and Allotment

The Bond Issue is open for subscription by all categories of investors including the general public and will be distributed by the Authorised Intermediaries participating in the Intermediaries' Offer. Accordingly, the Issuer has reserved the full amount of the Bond Issue for subscription by Authorised Intermediaries for their own account or for the account of their underlying clients. In this regard, the Issuer shall enter into conditional subscription agreements with a number of Authorised Intermediaries for the subscription of Bonds, whereby it will bind itself to allocate the Bonds to the Authorised Intermediaries in accordance with the terms of such subscription agreements.

In terms of each subscription agreement to be entered into with an Authorised Intermediary, the Issuer will be conditionally bound to issue, and each Authorised Intermediary will be conditionally bound to subscribe for, such number of Bonds specified in the relevant subscription agreement subject to approval by the MSE of the Issuer's application for the Bonds to be admitted to listing and trading on the Official List. Each subscription agreement will become binding on each of the Issuer and the relevant Authorised Intermediary upon signing, subject to receipt by the Sponsor of all subscription proceeds in cleared funds on the date specified in the signed subscription agreement.

Authorised Intermediaries subscribing for Bonds may do so for their own account or for the account of their underlying clients, and shall in addition, be entitled to distribute any portion of the Bonds subscribed to their underlying clients upon commencement of trading or instruct the Sponsor to issue a portion of the Bonds subscribed by them directly to their underlying clients.

8.5 Allocation Policy

The Issuer shall allocate the entirety of the Bonds, up to an aggregate amount of €25,000,000, to Authorised Intermediaries participating in the Intermediaries' Offer as described above, without priority or preference and in accordance with the allocation policy determined by the Issuer and the Sponsor. The Issuer shall announce the results of the Bond Issue, upon the admission of the Bonds to listing and the basis of acceptance of Applications and allocation policy, through a company announcement. It is expected that any allotment advice will be made available to Applicants by the CSD shortly after listing of the Bonds. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the PMLA. Such monies will not bear interest while retained as aforesaid.

9. TERMS AND CONDITIONS OF THE BONDS

9.1 General

The Bonds (ISIN: MT0002711209) will be issued on the Terms and Conditions as set out below, and all subscribers (or purchasers from time to time) of the Bonds are deemed to have knowledge, accept and be bound by the Terms and Conditions. By acquiring Bonds, whether on initial subscription or through subsequent purchase, Bondholders agree that they shall be bound by the terms and conditions of the Security Trust Deed as if the Bondholders had been a party thereto and as if each Bondholder covenanted under the Security Trust Deed to observe and be bound by all the provisions thereof.

9.2 Currency and Denomination, Form and Title

9.2.1 Currency and Denomination

The Bonds will be issued in Euro. The Nominal Value of each Bond (denomination per unit) will be €100. The aggregate principal amount of Bonds that the Issuer may issue pursuant to this Prospectus is €25,000,000, divided into 250,000 Bonds of €100 each.

9.2.2 Form and Title

The Bonds are to be issued in fully registered and dematerialised form without coupons and are represented in uncertificated form by the appropriate entry in the CSD Register. There will be entered in the CSD Register, the names, addresses, identity card numbers (or details of some other official document, in the case of natural persons), registration numbers and "Legal Entity Identifier Numbers" (in the case of companies), and account details of the Bondholders and the particulars of the Bonds held by them respectively. Bondholders will also have, at all reasonable times during business hours, access to the CSD Register for purposes of inspecting information held on their respective accounts. Each Bondholder consents to the Issuer having a right to obtain, from the CSD Register, any available information on the Bondholders including contact details and their holdings of Bonds.

Certificates will not be delivered to the Bondholders and title to the Bonds shall be evidenced by an electronic entry in the CSD Register. The CSD will issue, upon a request by a Bondholder, a statement of holdings to a Bondholder evidencing that Bondholder's entitlement to Bonds held in the register CSD Register. Except as ordered by a court of competent jurisdiction or as required by law, the Issuer shall be entitled to treat the person in whose name a Bond shall be registered in the CSD Register as the absolute owner thereof for the purpose of making payment and for all other purposes, regardless of any notice of any nominee relationship or trust.

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.

9.3 Status

The Bonds (their repayment and the payment of interest thereon) shall constitute the general, direct, and unconditional obligations of the Issuer to the Bondholders, guaranteed and secured in the manner described in Section 9.4 below, and shall at all times rank *pari passu*, without any priority or preference among themselves. The Bonds shall rank subsequent to any other prior ranking indebtedness of the Issuer, if any (see Section 1.4.1 – *Ranking*).

9.4 Security

The obligations of the Issuer to the Bondholders under the Bonds will be secured by means of the Special Hypothec in favour of the Security Trustee for the benefit of the Bondholders, in accordance with the terms of the Security Trust Deed and the Deed of Hypothec. The Special Hypothec may be enforced by the Security Trustee upon the Bonds becoming immediately due and payable upon an Event of Default as described in Section 9.15.

9.5 Rights Attached to the Bonds

There are no special rights attached to the Bonds other than the right of the Bondholders to: (i) attend, participate in and vote at meetings of Bondholders in accordance with these Terms and Conditions; (ii) receive payment of capital and interest in accordance with the ranking as provided in these Terms and

Conditions; (iii) enjoy such other rights attached to the Bonds emanating from these Terms and Conditions and this Prospectus; and (iv) benefit from the enforcement of the Special Hypothec.

9.6 Interest

9.6.1 Interest Rate and Interest Payment Dates

Each Bond shall bear interest on its outstanding principal amount at a rate 5.25% per annum from (and including) the Interest Commencement Date up to (but excluding) the Maturity Date. Interest shall be payable in arrears in Euro on each Interest Payment Date and on the Maturity Date. The first payment of interest shall be made on the first Interest Payment Date. In the event that any Interest Payment Date falls due on a day other than a Business Day, the relevant Interest Payment Date will be the first following day which is a Business Day.

9.6.2 Accrual of Interest

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, and in the case of an incomplete month, the number of days elapsed. Interest shall cease to accrue on each Bond on the day preceding the Maturity Date unless payment of principal is improperly withheld or refused or unless the Issuer defaults in respect of payment, in which event, interest shall continue to accrue at a rate of 5.25% per annum until the date of payment thereof.

9.7 Yield

The gross yield, calculated on the basis of the interest rate of the Bonds, the Issue Price, and the redemption value (at Nominal Value) of the Bonds on the Maturity Date, is 5.25%.

9.8 Payments

9.8.1 The Issuer will discharge all of its payment obligations under the Bonds by making payments to the bank accounts of the Bondholders indicated in the CSD Register. Payments will be made only by bank transfer into the bank accounts of Bondholders that are provided in the relevant applications or as otherwise provided to the CSD. If no bank account number is provided, payments will be withheld (without interest) until a bank account number is provided. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, holdings of Bonds through the CSD. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith.

9.8.2 Repayment of the principal amount of the Bonds will be made in Euro on the Maturity Date as the case may be by the Issuer to the person in whose name such Bonds are registered as at the close of business on the Maturity Date, together with interest accrued up to (but excluding) the Maturity Date. The Issuer shall not be responsible for any loss or delay in transmission. Upon repayment of the principal the Bonds shall be redeemed, and the appropriate entry made in the CSD Register.

9.8.3 In the case of Bonds held subject to usufruct, payment will be made against the joint instructions of all bare owners and usufructuaries. Before effecting payment, the Issuer 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.

9.8.4 Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the relevant Interest Payment Date. Such payment shall be affected within seven (7) days of the relevant Interest Payment Date. The Issuer shall not be responsible for any loss or delay in transmission.

9.8.5 All payments with respect to the Bonds are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable fiscal or other laws and regulations prevailing in Malta. In particular, but without limitation, all payments by the Issuer in respect of the Bonds may be made gross of any amount to be deducted or withheld for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed, collected, withheld, assessed or levied by or on behalf of the Government of Malta or any other authority thereof or therein having power to tax.

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

9.8.7 Any claim against the Issuer by Bondholders in connection with all payments due to them in respect of the Bonds shall be prescribed (time-barred) upon the lapse of five (5) years from the day on which an action in relation to the same can be exercised.

9.9 Redemption

Unless previously purchased and cancelled in accordance with Section 9.10 below, the Bonds shall be redeemed at their Nominal Value on the Maturity Date.

9.10 Purchase and Cancellation

To the extent permitted by law, the Issuer may at any time purchase Bonds in the open market or otherwise and at any price. All Bonds purchased by or on behalf of the Issuer will be cancelled and may not be re-issued or re-sold. Any Bonds so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

9.11 Transferability

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

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

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

9.11.4 The cost and expenses of effecting any trading or transfer in the Bonds on the MSE shall be at the charge of the Bondholder or at the charge of such person as the rules and regulations of the MSE may from time to time determine.

9.11.5 As the Bonds will be held at the CSD, investors will have to rely on its procedures for transfers. The CSD will not register the transfer or transmission of Bonds for a period of 15 days preceding the due date for any payment of principal or interest on the Bonds.

9.12 Further Issues

The Issuer may from time to time, without the consent of the Bondholders, incur further debt or issue further bonds or other securities, either having the same terms and conditions as (and/or fungible with) any outstanding debt securities or upon such other terms and conditions as the Issuer may determine at the time of their issue, including (but not limited to) bonds or other debt securities which are secured and/or have a prior ranking than the Bonds. Although the aggregate Nominal Value of the Bonds that may be issued under this Prospectus is limited to €25,000,000, there is no other restriction on the amount of debt that the Issuer may incur (whether through the issuance of debt securities or otherwise). Accordingly, the Issuer may incur additional indebtedness (other than the indebtedness incurred in relation to the issue of the Bonds), which indebtedness may be secured by the whole or any part of its present or future, undertaking, assets or revenues without, the consent of the Bondholders, and which could rank ahead of the Bonds in the event of a dissolution and winding up of the Issuer.

9.13 Meetings of the Bondholders

For all intents and purposes any meeting of Bondholders, including but not limited to meetings held for the purposes set out in Section 9.14 below, shall be held in accordance with the provisions of the Security Trust Deed (as described in this Section). In the event of any inconsistency between the provisions of these Terms and Conditions and the Security Trust Deed (whether in relation to meetings of Bondholders or otherwise), the provisions of the Security Trust Deed shall prevail.

9.13.1 The Security Trustee, in accordance with the provisions set out in the Security Trust Deed, may at any time and at the cost of the Issuer, prior to exercising any power or discretion hereunder, (a) call a meeting of the Bondholders; or (b) write to all Bondholders requesting their instructions or directions; provided that the Security Trustee shall not be liable for any action it may deem necessary to take prior to acting in accordance with this paragraph and the Security Trustee shall not be bound to act on behalf of the Bondholders under the Security Trust Deed unless it receives duly authorised instructions or directions as stipulated in the Security Trust Deed.

9.13.2 A meeting of the bondholders may also be convened, at any time, by the Issuer.

9.13.3 A meeting of the Bondholders shall also be convened by the Security Trustee on the requisition of one (1) or more Bondholders holding in aggregate, at the date of the deposit of the requisition, not less than 10% of the Nominal Value of Bonds, for the time being outstanding.

9.13.4 In case of a requisition of a meeting, the requisition shall state the objects of the meeting and shall be signed by the requisitionist/s and deposited at the registered office of the Security Trustee and may consist of several documents in like form each signed by the requisitionist, or if there is more than one (1) requisitionist, in any one document by all of them.

9.13.5 If the Security Trustee does not, within twenty-one (21) days from the date of the deposit of the requisition, proceed duly to convene a meeting, the requisitionist/s may convene a meeting in the same manner, as nearly as possible, as that in which meetings are to be convened by the Security Trustee, but a meeting so convened shall not be held after the expiration of three (3) months from the date of the deposit of the requisition.

9.13.6 At least fourteen (14) days' notice (exclusive of the day on which the notice is given and of the day of the meeting) of the meeting shall be given to the Bondholders. The notice shall specify the date, time and place of the meeting as well as the general nature of the resolution/s being proposed and to be tabled at the meeting. The notice shall also explain how Bondholders may appoint proxies.

9.13.7 Notice of every meeting of the Bondholders shall be given to (a) every Bondholder; (b) the Issuer; (c) the Security Trustee; and (d) the auditor/s for the time being of the Issuer. No person other than the foregoing persons shall be entitled to receive notice of a meeting of Bondholders.

9.13.8 The accidental omission to give notice of a meeting to or the non-receipt of notice of a meeting, by any person entitled to receive notice shall not invalidate the proceedings of a meeting.

9.13.9 No business shall be transacted at a meeting of the Bondholders unless a quorum is present, in person or by proxy, at the commencement of the meeting.

9.13.10 At any such meeting, two (2) or more Bondholders present in person or by proxy and holding or representing not less than 50% of the aggregate principal amount of the Bonds outstanding at the time will form a quorum for the transaction of business. If within half an hour (30 minutes) from the time appointed for the commencement of the meeting, a quorum is not present, the meeting, howsoever called, shall stand adjourned to the same day in the next week, at the same time and place or to such other day and place as the chairman of the meeting may decide and if at the adjourned meeting a quorum is not yet present within half an hour (30 minutes) from the time appointed for the meeting, the Bondholders present shall constitute a quorum.

9.13.11 A meeting of the Bondholders shall have the power, with the approval of a majority of Bondholders, holding not less than 75% in Nominal Value of the Bonds held by those Bondholders present at the meeting or at any adjourned meeting thereof, as the case may be, to do any of the following:

a) instruct or direct the Security Trustee in respect of proceedings or any other action to be taken to enforce the obligations of the Issuer under this Deed and/or the Terms and Conditions of the Bonds and/or any the Deed of Hypothec and/or the Prospectus;

b) to assent to any proposal for modification of the Security Trust Deed and/or the Terms and Conditions, as put forward by the Issuer and/or the Security Trustee;

c) to authorise any person or persons to concur in and execute all such documents and do all such acts and things as may be necessary to carry out and give effect to any resolution passed with the approval of a majority of Bondholders, holding not less than 75% in Nominal Value of the Bonds held by those Bondholders present at the meeting or at the adjourned meeting, as the case may be;

d) to give any authority, direction or sanction or approval which under the Terms and Conditions is required to be given by the Bondholders;

e) to remove the Security Trustee or any subsequent trustee and to approve a person to be appointed as trustee in its stead;

f) to authorise the Security Trustee and/or any of its directors, officers, delegates or appointees to concur in and execute and do all such documents, instruments, acts and things as may be necessary to carry out and give effect to any resolution passed with the approval of a majority of Bondholders, holding not less than 75% in Nominal Value of the Bonds held by those Bondholders present at the meeting or at the adjourned meeting, as the case may be;

g) to discharge or exonerate the Security Trustee and/or any of its directors, officers, delegates or appointees from all liability in respect of any act or omission for which the Security Trustee and/or any of its directors, officers, delegate or appointees may have become responsible under the Security Trust Deed provided that it shall not be permissible for the Security Trustee and/or any of its directors, officers, delegates or appointees to be exonerated from the effects of their own fraud, wilful misconduct or gross negligence; and

h) to appoint any persons (whether or not Bondholders) as a committee/s to represent the interest of the Bondholders and to confer upon such committee/s any powers or discretions which the Bondholders could themselves exercise.

9.13.12 For the purpose of an adjourned meeting, it shall not be required to send notices anew, provided that all persons entitled to receive notice for the original meeting shall be informed of the adjournment and the time and place of the adjourned meeting.

9.13.13 The chairman of a meeting of the Bondholders shall be a director of the Security Trustee or such other person as the Security Trustee may nominate in writing from time to time. The chairman of an adjourned meeting need not be the same person as the chairman of the original meeting. At the commencement of any meeting, the chairman may lay down the procedures which shall be adopted for the proceedings of that meeting. Such procedure shall be binding on the meeting.

9.13.14 Each matter submitted to a meeting shall be decided by a show of hands unless a poll is (before or following the result of the show of hands) demanded by the chairman or three (3) Bondholders in person or by proxy. On a show of hands, every Bondholder shall have one vote and on a poll every Bondholder shall have one vote for each Bond held and any fractional interests shall be disregarded. Voting, whether on a show of hands or on a poll, shall be taken in such manner as the chairman of the meeting shall direct.

9.13.15 Unless a poll be so demanded, a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the minute book is made, it shall be conclusive evidence of the fact without need for the proof of the number of proportion of the votes recorded in favour of or against such resolution.

9.13.16 Any vote to be taken at a meeting (except for choosing a chairman) shall only be decided upon by means of a resolution passed with the approval of a majority of Bondholders holding not less than 75% in Nominal Value of the Bonds held by those Bondholders present at the meeting or at any adjourned meeting thereof, as the case may be.

9.13.17 Any resolution passed with the required majority at any meeting shall be binding on all Beneficiaries, whether or not present at the meeting, and whether or not voting, and each of them shall be bound to give effect to it accordingly.

9.13.18 Minutes shall be made of all resolutions and proceedings at every meeting and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting, shall be conclusive evidence of the matters in them.

9.13.19 A resolution in writing signed by or on behalf of all the Bondholders who for the time being are entitled to receive notice of a meeting, which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Bondholders, shall be valid and effectual as if it had been passed at a meeting of the Bondholders duly convened and held.

9.13.20 The instrument appointing a proxy shall be deposited at least seventy-two (72) hours before the time fixed for the meeting at such place as the Security Trustee shall designate or approve and, in default it shall not be valid unless the chairman of the meeting decides otherwise before the meeting proceeds to business. The instrument appointing a proxy must be in writing signed by the appointer or the appointer's attorney. A proxy holder need not be a Bondholder.

9.14 Amendments to Terms and Conditions

9.14.1 The provisions of the Terms and Conditions may be amended by the Issuer with the approval of a majority of Bondholders, holding not less than 75% in Nominal Value of the Bonds held by those Bondholders present at a meeting of the Bondholders called for that purpose or at any adjourned meeting thereof, as the case may be.

9.14.2 In the event that the Issuer wishes to amend any of the provisions set out in these Terms and Conditions, it must call a meeting of the Bondholders for this purpose. Subject to having obtained the necessary approval by the said Bondholders at a meeting of the Bondholders as set out above, any such proposed amendment or amendments to the provisions of the Terms and Conditions shall subsequently be given effect to by the Issuer.

9.15 Events of Default and Enforcement

9.15.1 The Security Trustee may, in its discretion, and shall, upon the request by Bondholders holding not less than 75% in Nominal Value of the Bonds held by those Bondholders present at a meeting of the Bondholders or at any adjourned meeting thereof, as the case may be, give notice to the Issuer that the Bonds are, and shall accordingly immediately become, due and payable at their Nominal Value together with interest accrued on the occurrence of any of the following events (each, an 'Event of Default') and without the need of any authorisation and/or confirmation from a competent court in the event that:

a) the Issuer fails to pay any interest on any Bond when due and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder or the Security Trustee; or

b) the Issuer fails to repay any principal on any Bond when due and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder or the Security Trustee; or

c) the Issuer, as applicable, fails to perform or observe any material covenant, material condition or material obligation contained in these Terms and Conditions (other than any obligation for the payment of principal or interest in respect of the Bonds), the Security Trust Deed and/or the Deed of Hypothec and such failure is incapable of remedy or is not remedied within sixty (60) days after notice of such default shall have been given to the Issuer by the Security Trustee; or

d) the Special Hypothec is not constituted and perfected (as a second ranking special hypothec) within twenty (20) Business Days following the admission to listing of the Bonds;

e) the Issuer is deemed unable or admits in writing its inability to pay its debts as they fall due or otherwise becomes insolvent; or

f) 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 the Issuer is adjudicated or found bankrupt or insolvent, or an order is made by any competent court, or a resolution is passed by the Issuer or any other action is taken for the dissolution, liquidation, or winding-up of the Issuer.

9.15.2 Any notice, including any notice declaring Bonds due shall be made by means of a written declaration delivered by hand or registered mail to the registered office of the Issuer.

9.15.3 The Security Trustee shall not be bound to take any steps to ascertain whether any Event of Default or other similar condition, event or circumstance has occurred or may occur, and, until it shall have actual knowledge or express notice to the contrary, the Security Trustee shall be entitled to assume that no such Event of Default or condition, event or other circumstance has happened and that e the Issuer is observing and performing all the obligations, conditions and provisions on its part contained under the Terms and Conditions, the Security Trust Deed and/or the Deed of Hypothec, as applicable.

9.15.4 At any time after notice has been given to the Issuer by the Security Trustee that the Bonds shall have become immediately due and payable in accordance with Section 9.15.1 above, the Security Trustee may, in its sole discretion, institute such proceedings as it may think fit against the Issuer to enforce repayment of the principal together with accrued but unpaid interest (including enforcement of the Special Hypothec), provided that the Security Trustee shall not be bound to do so unless it shall have been (a) so requested by Bondholders holding not less than 75% in Nominal Value of the Bonds held by those Bondholders present at a meeting of the Bondholders called for that purpose or at any adjourned meeting thereof, as the case may be and (b) indemnified and, if it so requires, secured to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages and expenses which it may incur by so doing.

9.15.5 Only the Security Trustee may enforce the provisions of the Security Trust Deed, the Terms and Conditions and the Deed of Hypothec, and no Bondholder shall be entitled to enforce performance of any such provisions unless the Security Trustee, having become bound to proceed as described in Section 9.15.4 above, fails to do so within a period of sixty (60) days after becoming so bound.

9.16 Notices

Notices to Bondholders shall be mailed to them at their respective addresses contained in the CSD Register and shall be deemed to have been served at the expiration of three (3) calendar days after the date of mailing. In proving such service, it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such Bondholder at the address contained in the CSD Register.

9.17 Governing Law and Jurisdiction

9.17.1 Governing Law

The Bonds, all the rights and obligations of the Bondholder and the Issuer, and any non-contractual obligations arising out of or in connection with the Bonds, shall be governed by and construed in accordance with Maltese law.

9.17.2 Jurisdiction

The Courts of Malta shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, all the rights and obligations of the Bondholder and/or the Issuer, and any non-contractual obligations arising out of or in connection with the Bonds. The Issuer and the Bondholders hereby irrevocably submit to the exclusive jurisdiction of the Courts of Malta to hear and determine any proceedings and to settle any dispute which may arise out of, or in connection with the Bonds.

Each of the Issuer and the Bondholder waives any objection to the Maltese Courts on grounds of inconvenient forum or otherwise as regards proceedings in connection herewith and agrees that a judgment or order of such a Court shall be conclusive and binding on it and may be enforced against it in the Courts of any other jurisdiction.

10. TAXATION

10.1 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.

10.2 Malta Tax on Interest

Interest payable in respect of a Bond which is the subject of a public issue should constitute "investment income" in terms of article 41(a)(iv)(1) of the Income Tax Act. As a result, unless:

i) the Bondholder elects, by means of an instruction in writing sent to the Issuer in terms of article 35 of the Income Tax Act, to receive the interest gross of any withholding tax, or
ii) the Bondholder does not qualify as a "Recipient" in terms of article 41(c) of the Income Tax Act,

interest will be paid to such person net of a final withholding tax, currently at the rate of 15% (or 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.

Article 41(c) of the Income Tax Act defines the term "Recipient" for the purposes of the provisions applicable to "investment income" and includes, *inter alia*, a person (or a receiver, guardian, tutor, curator, judicial sequestrator, trustee, foundation or other fiduciary acting on behalf of a person) who is resident in Malta during the year in which "investment income" is payable to him/her, and EU/EEA nationals (and their spouse where applicable) who are not resident in Malta for Maltese tax purposes but who apply the tax rates applicable to Maltese residents on the basis that the income that arises in Malta is at least 90% of their worldwide income.

The aforementioned withholding tax is considered a final tax and an individual Bondholder qualifying as a "Recipient" 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 payments of qualifying 'investment income' as well as an account of the amounts so deducted, including the identity of the recipient.

In the case of a valid election in terms of article 35 of the Income Tax Act 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 or her Maltese income tax return and be subject to tax on such interest at the standard rates applicable to such Bondholder at that time.

Any such election made by a "Recipient" 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. Even in this latter case, the Issuer will advise the Maltese Commissioner for Revenue on an annual basis in respect of all interest paid and of the identity of all such "Recipients".

In terms of article 12(1)(c)(i) of the Income Tax Act, Bondholders who do not qualify as "Recipients" and who satisfy the applicable conditions set out in the Income Tax Act should be exempt from tax in Malta on the interest paid and will receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law. Such Bondholders should seek advice on the taxation of such income in Malta and on any foreign tax implications that may be applicable to them.

10.3 Exchange of Information

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

10.3.1 The Common Reporting Standard and the Directive on Administrative Cooperation

The Organisation for Economic Co-operation and Development ('OECD') has developed a global framework, commonly known as the Common Reporting Standard ('CRS') for the identification and timely reporting of certain financial information on individuals, and controlling persons of certain entities, who hold financial accounts with financial institutions of participating jurisdictions in order to increase tax transparency and cooperation between tax administrations. Numerous jurisdictions, including Malta, have signed the OECD multilateral competent authority agreement, which is a multilateral agreement outlining the framework to automatically exchange certain financial and personal information as set out within CRS.

So as to introduce an extended automatic exchange of information regime in accordance with the global standard released by the OECD, CRS has also been adopted in the EU through the implementation of Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of tax information in the field of taxation. This has been transposed in Malta by means of Legal Notice 384 of 2015 amending the Cooperation with Other Jurisdictions on Tax Matters Regulations, Subsidiary Legislation 123.127 ('CRS Legislation'), and has been applicable since 1 January 2016. In terms of this legal notice, the automatic exchange of information obligations shall extend to jurisdictions that are not EU Member States with which there is a relevant arrangement in place.

Malta based financial institutions (defined as such for the purposes of CRS) are obliged to identify and annually report to the Malta Commissioner for Revenue financial accounts held by a reportable person, as defined under the CRS Legislation, including certain entities with one or more controlling persons, as defined under the CRS Legislation. Financial information relating to the Bonds and the holders thereof may fall within the purview of CRS and may be subject to reporting and information exchange provisions.

Under CRS, financial institutions resident in a CRS participating jurisdiction (such as Malta) would be required to apply onerous due-diligence procedures for the identification of reportable accounts. Bondholders may be required to provide certain information and certifications to financial institutions, such as qualifying custodians or any intermediaries, in order to satisfy their obligations under CRS. Certain confidential information in relation to the Bondholders and/or other reportable persons may be reported to the Commissioner for Revenue or other relevant overseas tax authorities and automatically exchanged pursuant to these arrangements with the tax administrations of other participating jurisdictions.

Investors are also advised to assess any reporting obligations in terms of Council Directive (EU) 2018/822 of 25 May 2018 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements ('DAC 6'), as transposed into Maltese domestic law by way of Legal Notice 342 of 2019 amending the CRS Legislation.

Investors are advised to seek professional advice in relation to the CRS Legislation and EU Council Directive 2014/107/EU. Not complying with the CRS rules may give rise to certain fines or closure of financial accounts.

10.3.2 The Exchange of Information (United States of America) (FATCA) Order

The United States of America ('U.S.') has enacted rules, commonly referred to as 'FATCA', that generally impose a reporting regime and, in some cases withholding requirements, with respect to certain U.S. source payments (including dividends and interest), gross proceeds from the disposition of property that can produce U.S. source interest and dividends as well as certain payments made by, and financial accounts held with, entities that are classified as financial institutions under FATCA. The U.S. has entered into an intergovernmental agreement with Malta dated 6 December 2013 regarding the implementation of FATCA within Malta which has been implemented into Maltese law through the Exchange of Information (United States of America) (FATCA) Order, Subsidiary Legislation 123.156 ('FATCA Legislation').

Under the FATCA Legislation, financial institutions in Malta (defined as such for the purposes of FATCA) are required to satisfy applicable due diligence requirements to identify and report financial accounts held by specified U.S. persons, as defined under the FATCA Legislation, and certain non-U.S. entities, which are controlled by U.S. Controlling Persons, as defined under the FATCA Legislation, to the Malta Commissioner for Revenue. The Maltese Government and the Government of the U.S. shall annually exchange the information obtained pursuant to the FATCA Legislation on an automatic basis.

Financial account information in respect of holders of the Bonds could fall within the scope of FATCA and they may therefore be subject to reporting obligations. In order to comply with its FATCA obligations, if any, the Issuer and/or its agent may be required to obtain certain information, forms and other documentation on the Bondholders to report information on reportable accounts to the Commissioner for Revenue, in accordance with applicable laws and regulations, which will in turn report this information to the Internal Revenue Service in the U.S. Bondholders should note that a specified U.S. person in terms of FATCA may include a wider range of investors than the current U.S. Person definition referred to in the Terms And Conditions Of Application.

Financial institutions reserve the right to request any information and/or documentation required, in respect of any financial account, in order to comply with the obligations imposed under FATCA and any referring legislation. In the case of failure to provide satisfactory documentation and/or information, financial institutions may take such action as they see fit, including without limitation, the closure of the financial account.

Although the Issuer will attempt to satisfy any obligations imposed on it to avoid the imposition of the FATCA withholding tax, no assurance can be given that the Issuer will be able to satisfy these obligations. If the Issuer becomes subject to a withholding tax as a result of the FATCA regime, the Bondholders may suffer losses.

10.4 Maltese Taxation on Capital Gains on a Transfer of Bonds

On the basis that the Bonds should 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"), and to the extent that the Bonds are held as capital assets by the Bondholder, no income tax on capital gains should be chargeable in Malta in respect of a transfer of the Bonds. Such Bondholders should seek advice on any foreign tax implications that may be applicable to them.

10.5 Duty on Documents and Transfers

In terms of the Duty on Documents and Transfers Act, a duty of 2% on the consideration or the real value (whichever is higher) is chargeable, *inter alia,* on the transfer or transmission *causa mortis* of a "marketable security". However, on the basis that the Bonds should not fall within the definition of a "marketable security", defined in the Duty of Documents and Transfers Act as "a holding of share capital in any company and any document representing the same", the transfer/transmission of the Bonds should not be chargeable to duty.

Furthermore, in terms of article 50 of the Financial Markets Act, Chapter 364 of the Laws of Malta, as the Bonds should constitute qualifying financial instruments of a company quoted on a regulated market (that is, the Malta Stock Exchange) any transfers or transmissions of the Bonds should, in any case, be exempt from duty.

THE ABOVE INFORMATION IS BASED ON TAX LAW AND PRACTICE APPLICABLE AS AT THE DATE OF THIS PROSPECTUS. 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 AND DEPENDS, AMONG OTHER THINGS, ON THE PARTICULAR INDIVIDUAL CIRCUMSTANCES OF THE INVESTORS AND OF THE CLASSIFICATION OF THE BONDS FROM A MALTESE TAX PERSPECTIVE.

11. STATEMENTS BY EXPERTS, DECLARATIONS OF INTEREST AND THIRD-PARTY INFORMATION

Save for the Financial Analysis Summary, prepared by Calamatta Cuschieri Investment Services Limited of Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta, and the Valuation Report prepared by Architect Charles Buhagiar of MED Design Associates Ltd, Hercules House, Second Floor, St. Mark Street, Valletta VLT 1364 Malta, this Prospectus does not contain any statement or report attributed to any person as an expert.

The Financial Analysis Summary has been included as Annex B to this Prospectus, in the form and context in which it appears, with the authorisation of the Sponsor, which has given, and has not withdrawn, its consent to its inclusion herein.

The Valuation Report is available for inspection as set out in Section 12 of this Prospectus (and is deemed to be incorporated by reference in, and forms part of, this Prospectus), in the form and context in which it appears, with the authorisation of architect Charles Buhagiar, who has given, and has not withdrawn, his consent to its inclusion herein.

None of the foregoing experts have any beneficial interest in the Issuer. The Issuer confirms that each of the aforementioned reports and documents and any other information sourced from third parties and contained and referred to in this Prospectus has been accurately reproduced in this Prospectus and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

12. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents (or copies of the same) are available for physical inspection at the Issuer's registered office and on the Issuer's website (www.qawrapalaceplc.com) for the duration of the validity of the Prospectus:

(a) Memorandum and Articles of Association of the Issuer;
(b) Audited financial information of the Issuer for the financial years ended 2020, 2021 and 2022;
(c) Financial Analysis Summary;
(d) Valuation Report; and
(e) Security Trust Deed.

ANNEX A: LIST OF AUTHORISED INTERMEDIARIES

Intermediary	*Address*	*Contact Number*
APS Bank p.l.c.	APS Centre, Tower Street, Birkirkara BKR 4012	25603000
Bank of Valletta p.l.c.	Premium Banking Centre, 475, Triq il-Kbira San Guzepp, St. Venera SVR 1011	22751732
Calamatta Cuschieri Investment Services Limited	Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034	25688688
CiliaFormosa Financial Advisors Ltd	CiliaFormosa, Triq id-Delu, Mosta MST 3355	22260200
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	21347331
FINCO Treasury Management Ltd	The Bastions, Office No 2, Emvin Cremona Street, Floriana FRN 1281	21220002
Jesmond Mizzi Financial Advisors Ltd	67 Level 3, South Street, Valletta VLT 1105	21224410
Lombard Bank Malta p.l.c.	67, Republic Street, Valletta VLT 1117	25581112
MeDirect Bank (Malta) p.l.c.	The Centre, Tigne' Point, Sliema TPO 0001	25574400
Michael Grech Financial Investment Services Limited	The Brokerage, St Marta Street, Victoria, Gozo VCT 2550	22587000
MZ Investment Services Ltd	63, St. Rita Street, Rabat RBT 1523	21453739
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Fourth Floor, High Street, Sliema SLM 1551	22583000

ANNEX B: FINANCIAL ANALYSIS SUMMARY

The Directors
Qawra Palace p.l.c
Qawra Palace Hotel,
Coast Road,
St. Paul's Bay,
Malta

20 December 2022

Re: Financial Analysis Summary – 2022

Dear Sirs,

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

The purpose of the financial analysis is that of summarising key financial data appertaining to Qawra Palace p.l.c. (the "**Issuer**") and Mallard Co Ltd ("**MCL**" or "**Operating Company**") as explained in part 1 of the Analysis. The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the three years ended 31 March 2020, 2021 and 2022 has been extracted from the audited financial statements of the Issuer for the three years in question.

(b) Historical financial data for the two years ended 31 March 2020 and 2021 has been extracted from the audited financial statements of MCL for the two years in question. MCL's historical data for the year ended 31 March 2022 has been extracted from management accounts of the said company.

(c) The forecast data for the financial years ending 2023, 2024 and 2025 has been provided by management.

(d) Our commentary on the Issuer and MCL's results and financial position is based on the explanations set out by the Issuer in the Prospectus and on the MFSA Listing Policies.

(e) The ratios quoted have been computed by us applying the definitions set out in Part 4 of the Analysis.

(f) The principal relevant market players listed in Part 3 of the document have been identified by management. Relevant financial data in respect of competitors has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies or websites providing financial data.

The Analysis is meant to assist potential investors by summarising the more important financial data set out in the Prospectus. The Analysis does not contain all data that is relevant to potential investors and is meant to complement, and not replace, the contents of the full Prospectus. The Analysis does not constitute an endorsement by our firm of the proposed bond issue and should not be interpreted as a recommendation to invest in the Issuer's securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis and no representation or warranty is provided in respect of the reliability of the information contained in the Prospectus. Potential investors are encouraged to seek professional advice before investing in the Issuer's securities.

Yours sincerely,

Patrick Mangion
Head of Capital Markets

Calamatta Cuschieri Investment Services Ltd | Ewropa Business Centre, Triq Dun Karm, Birkirkara, BKR9034, Malta | P.O. Box 141, Il-Marsa, MRS 1001, Malta
Phone: (+356) 25 688 688 | Fax: (+356) 25 688 256 | Web: www.cc.com.mt | Email: info@cc.com.mt

Calamatta Cuschieri Investment Services Ltd. is a founding member of the Malta Stock Exchange and is licenced to conduct investment services by the Malta Financial Services Authority.

FINANCIAL ANALYSIS SUMMARY 2022

QAWRA PALACE PLC

Qawra Palace p.l.c.

20 December 2022

Prepared by Calamatta Cuschieri Investment Services Limited

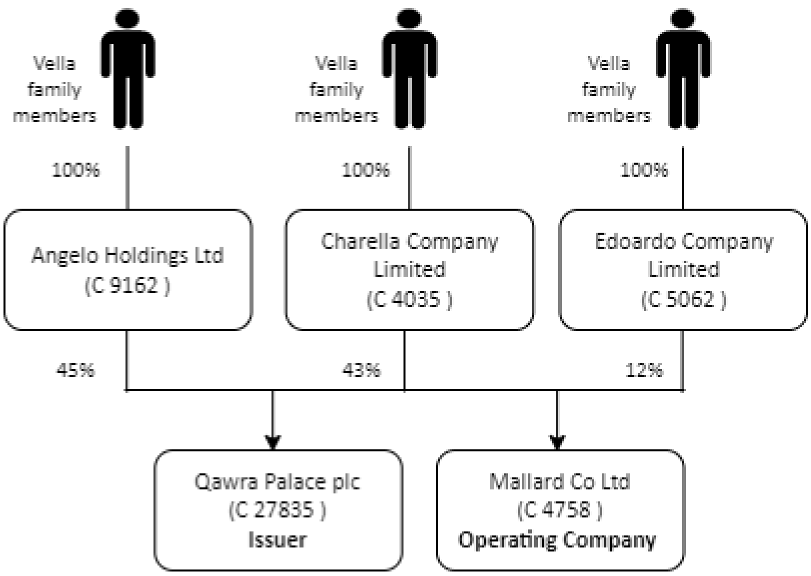
Table of Contents

Part 1 - Information about the Group

Qawra Palace p.l.c. (the "**Issuer**") has applied for a bond issue in respect of €25m 5.25% Bonds 2033, of a nominal value of €100 per bond issued at par by the Issuer (the "**Bond Issue**"). This Financial Analysis Summary has been prepared in line with the MFSA Listing Policies.

1.1. Issuer's Key Activities and Structure

The Group structure is as follows:



The Issuer was incorporated on 9 March 2001 and has, at the date of this Analysis, an authorised and issued share capital of €2,329,373 divided into 1,000,000 Ordinary Shares of €2.33 each, all fully paid up. The Issuer was incorporated to hold the Qawra Palace Hotel property, which ownership was transferred to the Issuer from Mallard Co Ltd. The Issuer is owned by Angelo Holdings Ltd (45%), Charella Company Limited (43%) and Edoardo Company Limited (12%), all 3 of which are owned by the Vella family members ("**UBOs**"). Given that the Issuer is not a trading company, it is economically dependent on the income it derives from the operating company - MCL.

MCL was incorporated on 28 November 1979 and has an authorised and issued share capital of 70,000 ordinary shares all of nominal value of €2.33. Mallard Co Ltd was originally established to develop, own and operate the Qawra Palace Hotel but since then, as mentioned previously, ownership has been transferred to the Issuer albeit day to day operations still going through MCL. The Issuer and MCL constitute the "**Group**" of companies accordingly.

The distinct portions of land on which the Qawra Palace is built were originally acquired by the operating company from Angelo Vella, Charles Vella, Edward Vella, Francis Mamo, John Vella, Josephine Vella and Agnes Vella by virtue of a public deed dated 1 May 1980. The portions of land marked as "A", "B" and "D" on the original acquisition deed were transferred to the Operating Company subject to a temporary, 150-year emphyteutical concession up to 2,128, which started to run on 5 July 1978 upon the prior acquisition of the said portions of land by Francis Mamo, John Vella, Josephine Vella and Agnes Vella from Carlo Burlo. Conversely, the portion of land marked as "C" on the Original Acquisition Deed was transferred to the Operating Company unencumbered.

The "Hypothecated Property" or "Hotel" consists of the unnumbered hotel complex known as 'Qawra Palace Hotel' with all its immovable amenities, everything included and nothing excluded (such as tennis courts, gardens and lido) as well as with all its singular rights and appurtenances, and which hotel complex has its main entrance on Qawra Coast Road, at Qawra in the limits of St Paul's Bay, including the facilities underlying that stretch of Qawra Coast Road adjacent to the main building of the hotel and which link the main complex of the hotel to those on the foreshore, bounded on the east by the sea, on the south by Triq l-Arzell, on the west by Triq it-Tamar and on the north in part by property of Francis Mamo and others and in part by property of Tarcisio Galea Construction Company Limited (C 8905), or their successors in title or more accurate boundaries with those parts of the hotel which are constructed on the land acquired from Francis Mamo and others.

Subsequently, the Issuer acquired the Hypothecated Property from the Operating Company pursuant to a public deed dated 21 January 2002, for a consideration of €13,976,240.39 and subject to an annual and temporary ground rent and sub-ground rent of approximately €681.11 payable yearly and in arrears for the remaining 127 years of the emphyteutical concession. By virtue of a public deed enrolled in the records of Notary Public Dr Philip Lanfranco dated 12 December 2012, the Issuer redeemed the sub-ground rent payable to Francis Mamo, John Vella, Josephine Vella and Agnes Vella in connection with the aforementioned temporary sub-emphyteutical concession.

Although the investment is being undertaken by MCL, it is being financed by the Issuer through an intragroup lending arrangement. Therefore, the assets relating to the upgrade and extension have been recorded in the balance sheet of MCL. As the land owner however, the Issuer owns all the non-movable assets developed on the land (including those undertaken by MCL). The Issuer is then bound by a lease and operating agreement in force with MCL with the rental charge being equal to the value of the property owned by the Issuer, net of investment undertaken and planned to be undertaken by MCL.

The Hotel is currently geared towards servicing the UK tourist market with this making up around 71.83% of its target market. Italian French and German tourists also constitute 7.49%, 5.01% and 2.15% of the target market respectively. The Hotel's income is derived mainly from its occupancy rates, which amount to 62% of revenue. The Hotel's management enjoys a good relationship with a wide network of tour operators, which is how the Hotel generates the greater part of its traffic. Traffic also comes from third-party online reservation systems and bookings made directly via the Qawra palace website.

1.2. Directors and Key Employees

Board of Directors - Issuer

As of the date of this Analysis, the following persons constitute the board of directors of the Issuer:

Name	Office Designation
Mr Robert Ancilleri	Independent Non-executive Director and Chairman
Mr Stephen Muscat	Independent Non-executive Director
Mr Paul Muscat	Independent Non-executive Director
Mr Edward Vella	Executive Director
Ms Esther Vella	Executive Director
Mr Victor Vella	Executive Director

The business address of all of the directors is the registered office of the Issuer.

Dr Luca Vella is the company secretary of the Issuer.

The board of the Issuer is composed of 6 directors who are entrusted with its overall direction and management. The executive directors are in charge of the decision-making and the day-to-day management of the Issuer, whereas the non-executive directors, all of whom are independent of the Issuer, monitor the executive activity of the Issuer and contribute to the development of its corporate strategy, by providing objective and impartial scrutiny.

1.3. Major Assets owned by the Group

The Qawra Palace Hotel was built in 1982 and opened its doors to guests three years later in 1985. The Qawra Palace Hotel is a 4-star hotel located on the Qawra seafront and is currently managed by the Vella family who are the UBO's of the property. The Hotel was opened in 1985 and has been in operation for over 25 years. Prior to the Hotel extension and upgrade (refer to section 1.4 for more details), the Hotel facilities included 394 rooms, an indoor and outdoor pool, a games room, mini-golf and 6 food and beverage outlets. Through the upgrading of the hotel, which will be discussed further in 1.4 below, management intends to re-position the hotel with the top performing 4-star hotels in the north of the Island.

1.4. Operational Developments

The upgrade and extension is expected to cost a total of €40.6m and is expected to be completed by April 2023. In FY18, the Issuer obtained a permit to develop an additional 57 rooms on the overlying airspace of the hotel. As at the date of this Analysis, these rooms have been built and finished and are currently part of the room stock of the hotel. In 2020, the Issuer obtained a permit to develop an additional 121 rooms on an adjacent plot of land owned by the Issuer. These rooms have been developed up to shell form and will form part of the room stock of Qawra Palace. It is estimated that an additional €6.0m is required to finish and furnish these rooms, while €11.8m is required for ancillary facilities. Management also plans to upgrade the existing Hotel premises, to upgrade the overall product offering, and position the property with the top performing 4-star hotels in the north of Malta. The refurbishment and upgrading cost of the existing Hotel is estimated at €6.8m. Management indicated that some minor works were carried out in Q2 and Q3 of 2022. However, a significant amount of work is expected to be undertaken from December 2022 following the issue of the proposed bond.

The upgrade of the existing Hotel will cover the following areas, all of which are covered by a permit issued by the Planning Authority:

- Upgrade the façade;
- Refurbish the old structure including the main restaurants and guestrooms;
- Redevelop existing areas into a Caribbean restaurant on Ground floor;
- Redevelop existing areas on first floor to a gym and a Spa on the fourth floor; and
- Redevelop existing areas on Level -1 to parking facilities.

Management noted that MCL has also applied for permits covering the development of a bar and splash pool on Level 8 and a restaurant and infinity pool on Level 9 for which approval is expected by end of Q4 2022. Since these developments are not yet covered by a permit, any additional revenue that is expected to be generated by these areas are not included in the financial projections outlined in this analysis. Furthermore, none of the funds generated from the Bond Issue will be funnelled towards these projects. Following the completion of the planned investment, Perit Charles Buhagiar has estimated the property's value at €91.9m. The total hypothetical charges over the property, including BOV's 1st Special Hypothec over the property of €19.1m, is estimated at €44.1m.

Use of proceeds

The net proceeds of the Bonds, which are expected to amount within the region of €24.6m, are earmarked by the Issuer for the following purposes:

- €16.4m To settle existing bank loans due by the Issuer;
- €6.7m To advance funds to MCL; and
- €1.5m to be kept for general corporate funding purposes.

Bond issue costs are estimated at €400k and consist of selling commission fees, professional fees, exchange regulatory and ancillary fees.

1.5. COVID-19 and other impacts on the Group's operational and financial performance

The spread of contagious disease (not only limited solely to the current COVID-19 pandemic), industrial action, travel-related accidents, terrorist activity and war, and the targeting of hotels and popular tourist destinations in particular, have had a significant negative impact on the hotel industry globally, and such events could have a similarly negative impact in the future. In fact, in the aftermath of the relaxation of global measures intended to curb the proliferation of the COVID-19 pandemic, many have returned to the travel industry with renewed enthusiasm – only to be frustrated by repeated cancellations, delays and employee strikes which have thrown the post-pandemic travel boom into disarray.

The uncertainty generated as a result of these events has threatened the industry's recovery from the COVID-19 pandemic, and may in turn lead to a substantial decrease in the overall amount of air travel. If this were to occur, it could have an adverse impact on the occupancy of the Qawra Palace and in turn, its financial performance, which could directly impact the revenue generation of the Operating Company and, in turn, the Issuer's ability to repay both interest and principal due under the Bonds.

Part 2 - Historical Performance and Forecasts

The financial information below is extracted from the audited consolidated financial statements of the Issuer for the financial years ended 31 March 2020, 2021 and 2022, the audited consolidated financial statements of MCL for the financial years ended 31 March 2020, 2021, as well as MCL management accounts for 2022. Group management has provided the projected financial information for the years ending 31 March 2023, 2024 and 2025.

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

2.1. The Issuer's Statement of Comprehensive Income

Issuer's Statement of Financial Position as at 31 March	2020A	2021A	2022A	2023P	2024P	2025P
	€'000s	**€'000s**	**€'000s**	**€'000s**	**€'000s**	**€'000s**
Revenue	1,525	-	-	622	3,349	3,396
Administration expenses	(3)	(2)	(7)	(41)	(63)	(64)
EBITDA	**1,522**	**(2)**	**(7)**	**581**	**3,286**	**3,332**
Depreciation	(98)	(98)	-	-	-	-
Change in fair value of investment property	-	29,934	2,497	8,456	3,194	-
Impairment provision	-	(49)	(326)	-	-	-
EBIT	**1,424**	**29,785**	**2,164**	**9,037**	**6,480**	**3,332**
Interest	-	(1)	(8)	(814)	(1,250)	(1,250)
Deferred bond issue costs	-	-	-	(13)	(40)	(40)
Profit before tax	**1,424**	**29,784**	**2,156**	**8,210**	**5,190**	**2,042**
Current tax	(427)	-	-	-	(545)	(558)
Deferred tax	-	(4,210)	(250)	(846)	(319)	-
Profit for the year	**997**	**25,574**	**1,906**	**7,364**	**4,326**	**1,484**

Ratio Analysis	2020A	2021A	2022A	2023P	2024P	2025P
Profitability						
Growth in Revenue (YoY Revenue Growth)	N/A	-100.0%	N/A	N/A	438.4%	1.4%
EBITDA Margin (EBITDA / Revenue)	99.8%	N/A	N/A	93.4%	98.1%	98.1%
Net Margin (Profit for the year / Revenue)	65.4%	N/A	N/A	1183.9%	129.2%	43.7%
Return on Common Equity (Net Income / Average Equity)	14.2%	129.2%	5.7%	19.3%	9.8%	3.2%
Return on Assets (Net Income / Average Assets)	8.1%	89.6%	4.0%	11.9%	5.8%	1.9%
Return on capital employed (EBITDA/ Total Assets - Current Liabilities)	12.9%	0.0%	0.0%	0.8%	4.3%	4.3%
EBITDA Growth	N/A	-100.1%	-250.0%	8400.0%	465.6%	1.4%

The Issuer's main source of revenue is rental income from MCL for the rental of the Hotel. The rental income is backed by a lease agreement which was amended and restated in October 2022 and includes a *di fermo* period up to at least 31 March 2033 with a rental charge of €2.4m as from 1st April 2023 subject to a yearly increase of 2%. The Issuer also generates revenue through the interest on the amounts it advances to MCL and bank balances. The amounts it advances include both existing amounts advanced and the €6.7m bond proceeds that it will advance which are outlined in the use of proceeds in section 1.4. In FY20, rental income amounted to €1.5m whilst in FY21 revenue growth dropped by 100% as rental income was waived due to the impact of COVID-19 on the hotel operations. In FY23, revenue is expected to amount to €0.6m solely from interest income, before increasing substantially in FY24 to €3.4m when the rental income is expected to come into play and remain at this level going into FY25.

Administration expenses were minimal in the historical years at €3k, €2k and €7k respectively. In FY23 and FY24 they are expected to increase to €41k and €63k due to increased statuary audit fees and professional fees. Depreciation in

FY20 and FY21 amounted to €98k and are expected to be nil in all the following years.

Management noted that up until FY20 the cost model was still being used and as from FY21 the company changed the accounting policy to revalue the investment property in accordance with the fair value model. It is for this reason that in FY21 the Issuer recognised a large increase of €29.8m in the fair value of the investment property. In FY22, the Issuer recognised an additional €2.5m whilst in FY23 and FY24 these revaluations are expected to amount to 8.5m and 3.2m respectively as the project nears completion. From FY25 onwards no further revaluations are expected.

The impairment provision reflects an IFRS9 requirement to calculate the expected credit loss on the receivable balance from MCL based on a probability of default. This is solely an accounting requirement and management reiterated that it expects the receivable balance to be settled in full. The increase over the period reflects the increase in the outstanding balance from MCL. EBIT amounted to €1.4m in FY20, €29.8m in FY21 and €2.2m in FY22. Management expects EBIT to be €9.0m in FY23 and €6.5m in FY24. Interest payable by the Issuer was negligible in FY20, FY21 and FY22 but is expected to increase substantially in FY23 onwards due to the Bond issue.

These interest costs will be recovered in full from MCL. The Bond Issue will also realise deferred bond Issue costs of €13k in FY23 and €40k in FY24 and thereon. Tax on rental income is charged at 35% on chargeable income after deducting a 20% maintenance allowance and interest costs whilst deferred tax relates to the revaluation of investment property, which is at 10% of fair value. After accounting for tax, the Issuer generated €1.0m in FY20, €25.6m in FY21 and €1.9m in FY22. The Issuer expects to generate €7.4m and €4.3m in FY23 and FY24. In FY25, which is the first year post completion of the extension, the Issuer expects to generate a profit of €1.5m. The drop in profit is mainly due to the project's completion which means no more revaluations are expected to take place.

2.2. The Issuer's Statement of Financial Position

Issuer's Statement of Financial Position as at 31 March	2020A	2021A	2022A	2023P	2024P	2025P
	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s
Assets						
Non-current assets						
Investment property	12,259	42,095	44,592	53,048	56,242	56,242
Amounts due from MCL	-	2,722	6,344	19,038	18,754	18,333
Total non-current assets	**12,259**	**44,817**	**50,936**	**72,086**	**74,996**	**74,575**
Current assets						
Cash and cash equivalents	-	1	-	282	1,948	3,839
Total current assets	**-**	**1**	**-**	**282**	**1,948**	**3,839**
Total assets	**12,259**	**44,818**	**50,936**	**72,368**	**76,944**	**78,414**
Equity						
Share capital	2,329	2,329	2,329	2,329	2,329	2,329
Retained earnings	4,681	30,255	32,161	39,525	43,851	45,336
Total equity	**7,010**	**32,584**	**34,490**	**41,854**	**46,180**	**47,665**
Liabilities						
Non-current liabilities						
Bonds	-	-	-	24,613	24,653	24,693
Borrowings	3,393	7,626	11,605	-	-	-
Deferred tax liability	-	4,210	4,459	5,305	5,624	5,624
Amounts due to MCL	1,444	-	-	-	-	-
Total non-current liabilities	**4,837**	**11,836**	**16,064**	**29,918**	**30,277**	**30,317**
Current liabilities						
Accrued bond interest	-	-	-	417	417	417
Current tax liabilities	135	121	93	-	-	-
Trade and other payables	277	277	289	179	70	15
Total current liabilities	**412**	**398**	**382**	**596**	**487**	**432**
Total liabilities	**5,249**	**12,234**	**16,446**	**30,514**	**30,764**	**30,749**
Total equity and liabilities	**12,259**	**44,818**	**50,936**	**72,368**	**76,944**	**78,414**

Ratio Analysis	2020A	2021A	2022A	2023P	2024P	2025P
Financial Strength						
Gearing 1 (Net Debt / Net Debt and Total Equity)	32.6%	19.0%	25.2%	36.8%	33.0%	30.4%
Gearing 2 (Total Liabilities / Total Assets)	42.8%	27.3%	32.3%	42.2%	40.0%	39.2%
Gearing 3 (Net Debt / Total Equity)	48.4%	23.4%	33.7%	58.1%	49.2%	43.8%
Net Debt / EBITDA	2.2x	-3,812.5x	-1,657.9x	41.9x	6.9x	6.3x
Current Ratio (Current Assets / Current Liabilities)	0.0x	0.0x	0.0x	0.5x	4.0x	8.9x
Interest Coverage 1 (EBITDA / Cash interest paid)	N/A	-2.0x	-0.9x	1.5x	2.6x	2.7x
Interest Coverage 1 (EBITDA / Finance Costs)	N/A	-2.0x	-0.9x	0.7x	2.6x	2.7x

The value of Investment property increased substantially from €12.3m to €42.1m in FY21 due to the Issuers change in accounting policy to the fair value method. The value of the Investment Property is expected to continue increasing in FY23 and FY24. The amounts due from MCL represent advances made by the Issuer to MCL to partly finance the extension and upgrade programme of the hotel and amounted to €2.7m in FY21 and €6.3m in FY22. This balance is expected to increase over the next year as further payments are advanced by the Issuer from the Bond Issue. Specifically, they are expected to increase to €19.0m and €18.8m in FY23 and FY24 respectively.

Current assets for the Issuer are minimal and only include cash and cash equivalents. Up until FY22 cash balance was negligible but are expected to be €0.3m in FY23 and €2.0m in FY24. In FY25 the Issuer's cash balance is expected to increase further to €3.8m. The increase in cash will increase the expected current ratio of the Issuer to 0.5x in FY23 and 4.0x in FY24. Total assets in FY20, FY21 and FY22 were €12.3m, €44.8m and €50.9m respectively whilst in FY23 and FY24 they are expected to increase further to €72.4m and €76.9m mainly due to increase amounts due from MCL and increased value of investment property.

The Issuers gearing ratios are expected to remain healthy even after the Bond Issue at 36.8% and 33.0% in FY23 and FY24 respectively. The equity of the Issuer is made up of share capital and retained earnings. Share capital is expected to remain stable throughout the 5 years at €2.3m. Retained earnings, on the other hand, are expected to increase consistently in line with the profit for the year with the biggest jump coming in FY21 from €4.7m to €30.3m mainly due to the aforementioned revaluation of the investment property. Total equity was €7.0m in FY20, €32.6m in FY21 and €34.5m in FY22. It is expected to reach 41.9m in FY23 and €46.2m in FY24. Non-current liabilities increased throughout the historical years in line with increased bank borrowings of €11.6m (FY21: €7.6m). Deferred tax liabilities also increased slightly but remained relatively stable. In FY23 and FY24, non-current liabilities are expected to increase substantially due to the Bond Issue and remain at this level going into FY25.

More specifically non-current liabilities were €4.8m in FY20, €11.8m in FY21 and €16.1m in FY22 before a forecasted increase to €29.9m in FY23 and €30.3m due to the Bond Issue. Current liabilities are minimal and include mainly current tax liabilities, trade and other payables and accrued bond interest. Current tax liabilities were stable in all 3 historical years at €0.1m. Trade and other payables were €0.3m in the historical years and are expected to decrease slightly to €0.2m in FY23 and €0.1m in FY24. This means that total liabilities totalled 5.3m in FY20, €12.2m in FY21 and €16.5m in FY22. In FY23 and FY24 on the other hand, total liabilities are expected to reach 30.5m and €30.8m in FY24. The Issuer posted negative interest coverage ratios historically but the increased expected profits in FY23 and FY24 will help turn these ratios positive.

2.3. The Issuer's Statement of Cash Flows

Issuer's Statement of Cash Flows for the year ended 31 March	2020A	2021A	2022A	2023P	2024P	2025P/
	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s
Profit before tax	**1,424**	**29,783**	**2,156**	**8,210**	**5,190**	**2,043**
Adjustments for:						
Depreciation	98	98	-	-	-	-
Revaluation	-	(29,934)	(2,497)	(8,456)	(3,194)	-
Impairment loss	-	50	326	-	-	-
Interest payable and similar charges	-	1	8	828	1,290	1,290
Interest income	-	-	-	(622)	(948)	(948)
Net cash flows from operations	**1,522**	**(2)**	**(7)**	**(40)**	**2,338**	**2,385**
Movement in trade and other payables	14	-	12	(110)	(110)	(55)
Bank interest paid	-	(1)	(8)	(398)	-	-
Bond interest paid	-	-	-	-	(1,250)	(1,250)
Tax paid	(360)	-	(28)	(93)	(545)	(558)
Net cash generated from / (used in) operating activities	**1,176**	**(3)**	**(31)**	**(641)**	**433**	**522**
Related party loan repayments	-	-	-	300	1,230	1,350
Movements in balances with related company	-	(2,771)	(3,948)	(12,372)	-	-
Net cash generated from / (used in) investing activities	**-**	**(2,771)**	**(3,948)**	**(12,072)**	**1,230**	**1,350**
Dividends paid	(260)	-	-	-	-	-
Movements in balances with related company	(1,897)	(1,459)	-	-	-	-
Proceeds from bonds	-	-	-	24,600	-	-
Movement in borrowings	981	4,234	3,979	(11,606)	-	-
Interest on cash balance	-	-	-	-	3	3
Net cash generated from / (used in) financing activities	**(1,176)**	**2,775**	**3,979**	**12,994**	**3**	**19**
Movement in cash and cash equivalents	**-**	**1**	**-**	**281**	**1,666**	**1,891**
Cash and cash equivalents at start of year	-	-	1	1	282	1,948
Cash and cash equivalents at end of year	**-**	**1**	**1**	**282**	**1,948**	**3,839**

Ratio Analysis	2020A	2021A	2022A	2023P	2024P	2025P
Cash Flow	**€'000s**	**€'000s**	**€'000s**	**€'000s**	**€'000s**	**€'000s**
Free Cash Flow (Net cash from operations + Interest - Capex)	1,176	(2)	(23)	(243)	1,683	1,772

Net cash flows from operations amounted to €1.5m in FY20, €(2k) in FY21 and (7k) in FY21. This is after adjusting for depreciation, revaluations, impairment losses, interest payable and interest income, which are all non-cash items. The most noticeable adjustment being revaluation, which amounted to 29.9m in FY21 and €2.5m in FY22 and is expected to amount to 8.5m in FY23 and €3.2m in FY24. In FY25 no revaluations are expected. Furthermore, after accounting for bank interest paid, bond interest paid and tax paid, the Issuer was able to generate €1.2m from operating activities in FY20. FY21, FY22 and forecasted figures for FY23 show net cash outflows of €3k, €31k and €0.6m. This means that net cash flow from operations was effectively close to nil in FY21 and FY22 as rent charged to MCL was waived due to the impact of COVID-19 on hospitality operations.

This is expected to improve significantly following the completion of the Hotel investment programme as the Issuer is expected to be charging MCL an increased rental charge compared to prior years based on the revised lease agreement. In FY24 and FY25, the Issuer is again expected to generate positive cash inflows from operations of around

€0.4m and €0.5m respectively. Historically, the movements in investing activities have been outflows mainly due to increased advancements to related companies. This resulted in outflows from investing activities of €2.8m in FY21, €4.0m in FY22 and an expected outflow of €12.1m in FY23. In FY24 and FY25, the Issuer expects to generate €1.2m and €1.4m respectively from investing activities due to related party loan repayments of the same amount. When it comes to financing activities, the Issuer posted outflows of €1.2m in FY20 mainly due to negative movements in balances with related parties. In FY21 and FY22, the Issuer managed inflows of €2.8m and €4.0m respectively due to increased bank borrowings. The movements in balances with related parties, which relate to funds advanced to MCL to finance the upgrade of the Hotel, were predominantly sourced from these BOV bank borrowings. In FY23, it is forecasted that the Issuer will receive €24.6m from the Bond Issue whilst using €11.6m of it to pay back its bank borrowings, which will result in inflows from financing activities of €13.0m. All these movements resulted in negligible cash balances in the historical years and expected positive balances in FY23 and FY24 of €0.3m and €2.0m respectively.

2.4. MCL's Statement of Comprehensive Income

MCL's Statement of Comprehensive Income for the year ended 31 March	2020A	2021A	2022M	2023P	2024P	2025P
	€'000s	**€'000s**	**€'000s**	**€'000s**	**€'000s**	**€'000s**
Revenue	9,831	441	3,528	7,534	14,574	21,178
Cost of sales	(2,091)	(236)	(873)	(1,548)	(2,915)	(4,235)
Gross profit	**7,740**	**205**	**2,655**	**5,986**	**11,659**	**16,943**
Overheads	(4,415)	(1,190)	(2,329)	(4,568)	(5,922)	(8,029)
Gross operating profit before rent to property company	3,325	(985)	326	1,418	5,737	8,914
Rent to property company	(1,525)	-	-	-	(2,400)	(2,448)
Provision for bad debts	(456)	-	-	-	-	-
EBITDA	**1,344**	**(985)**	**326**	**1,418**	**3,337**	**6,466**
Depreciation	(692)	(844)	(843)	(1,583)	(2,707)	(2,651)
EBIT	652	(1,829)	(517)	(165)	630	3,815
Other income	80	-	-	-	-	-
Finance costs	(242)	(205)	(468)	(751)	(1,661)	(1,604)
Profit before tax	**490**	**(2,034)**	**(985)**	**(916)**	**(1,031)**	**2,211**
Tax	(95)	-	-	-	-	(93)
Profit after tax	**395**	**(2,034)**	**(985)**	**(916)**	**(1,031)**	**2,118**

Ratio Analysis	2020A	2021A	2022M	2023P	2024P	2025P
Profitability						
Growth in Revenue (YoY Revenue Growth)	N/A	-95.5%	700.0%	113.6%	93.4%	45.3%
Gross Profit Margin (Gross Profit/ Revenue)	78.7%	46.5%	75.3%	79.5%	80.0%	80.0%
EBITDA Margin (EBITDA / Revenue)	13.7%	-223.4%	9.2%	18.8%	22.9%	30.5%
Operating (EBIT) Margin (EBIT / Revenue)	6.6%	-414.7%	-14.7%	-2.2%	4.3%	18.0%
Net Margin (Profit for the year / Revenue)	4.0%	-461.2%	-27.9%	-12.2%	-7.1%	10.0%
Return on Common Equity (Net Income / Average Equity)	4.7%	5.3%	-34.3%	-22.0%	-36.6%	-50.3%
Return on Assets (Net Income / Average Assets)	3.8%	-18.6%	-7.4%	-3.8%	-2.9%	5.6%
Return on capital employed (EBITDA/ Total Assets - Current Liabilities)	15.6%	-8.8%	2.2%	4.3%	8.9%	17.5%
EBITDA Growth	N/A	-173.3%	133.1%	335.0%	135.3%	93.8%

In FY20, MCL generated revenue of €9.8m. 62.4% of revenue in FY20 was generated from accommodation whilst another 35.8% was generated from food & beverage. The remaining €0.2m came from other income such as rent and commissions. Occupancy in FY20 was around 80% with an average daily rate of €54. In FY21, due to the COVID-19 pandemic there was a 95.5% decrease in revenue down to €0.4m. No revenue was generated from accommodation in FY20 with only €0.3m coming from food & beverage and €0.1m from other income.

In FY22, accommodation revenue amounted to €2.7m and total revenue reached €3.5m, which was still just 35.9% of pre pandemic levels. In FY23, MCL expects to generate €7.5m in total revenue and is forecasted to increase to €14.6m in FY24. Revenue in FY25 is expected to grow by 45.3% to €21.2m. Cost of sales moved in line with revenue and amounted to €2.1m in FY20, €0.2m in FY21 and €0.9m in FY22. They are expected to increase to €1.6m in FY23 and €2.9m in FY24. Cost of sales include food & beverage direct costs, cleaning, up keeping and laundry. This led to gross profit margins of 78.7% in FY20, 46.5% in FY21, and 75.3% in FY22.

Overheads also move in line with revenue and amounted to €4.4m in FY20, €1.2m in FY21 and €2.3m in FY22. The largest portion of overheads relate to payroll costs, which amounted to €3.1m in FY20, €0.6 in FY21 and €1.4m in FY22. Other overhead costs include admin costs, marketing costs, property costs and energy costs. These are expected to amount to €4.6m in FY23 and €5.9m in FY24. Rent to the Issuer amounted to €1.5m in FY20 and was foregone in FY21, FY22 and in FY23. It is forecasted to amount to €2.4m in both FY24 and FY25 in line with the lease agreement. MCL recognised a provision for bad debts of €0.5m in FY20, which led to an EBITDA of €1.3m. EBITDA in FY21 amounted to €(1.0m) and €0.3m in FY22. It is expected to reach €1.4m in FY23 and €3.3m in FY24. MCL posted a strong corresponding

EBITDA growth ratio of 133.1% in FY22 following the initial shock of the pandemic. Depreciation charge remained relatively stable in the 3 historical years at around €0.8m and increased to €1.6m in FY23 and €2.7m in FY24.

The operating company recognised other income of €0.1m in FY20. Finance costs increased slightly from €0.2m to €0.5m in FY22 before increasing substantially in FY23 to €0.8m and again to €1.7m in FY24 due to the increased amounts advanced from the Issuer from the Bond Issue. Profit before tax was €0.5m in FY20 whilst losses in FY21 and FY22 amounted to €2.0m and €1.0m respectively. In FY23, MCL expects to lose €0.9m and €1.0m in FY24. In FY25, on the other hand, MCL expects to generate a profit of €2.1m.

2.5. MCL's Statement of Financial Position

MCL's Statement of Financial Position as at 31 March	2020A	2021A	2022M	2023P	2024P	2025P
	€'000s	€'000s	€'000s	€'000s	€'000s	€'000s
Assets						
Non-current assets						
Property, plant and equipment	4,298	8,893	12,463	30,784	35,666	33,276
Deferred tax	268	-	-	-	-	-
Total non-current assets	**4,566**	**8,893**	**12,463**	**30,784**	**35,666**	**33,276**
Current assets						
Inventories	201	155	187	187	187	187
Trade and other receivables	3,217	197	398	398	398	398
VAT and tax receivable	314	636	764	764	764	764
Amounts due from shareholders	209	428	720	719	719	719
Cash and cash equivalents	145	165	509	721	416	2,159
Amounts due from Issuer	1,678	1,124	-	-		
Total current assets	**5,764**	**2,705**	**2,578**	**2,789**	**2,484**	**4,227**
Total assets	**10,330**	**11,598**	**15,041**	**33,573**	**38,150**	**37,503**
Equity						
Share capital	163	163	163	163	163	163
Retained earnings	7,762	5,705	4,705	2,789	758	1,877
Non distributable reserves	568	568	568	568	568	568
Total equity	**8,493**	**6,436**	**5,436**	**3,520**	**1,489**	**2,608**
Liabilities						
Non-current liabilities						
MDB loan	-	-	2,350	2,603	2,059	1,494
Bank debt	130	945	-	7,500	14,936	14,157
Loan due to Qawra Palace p.l.c	-	3,770	6,719	19,414	19,130	18,708
Total non-current liabilities	**130**	**4,715**	**9,069**	**29,517**	**36,125**	**34,359**
Current liabilities						
Amounts due to shareholders	250	-	-	-	-	-
Tax	138	-	-	-	-	-
Trade and other payable	1,319	447	536	536	536	536
Total current liabilities	**1,707**	**447**	**536**	**536**	**536**	**536**
Total liabilities	**1,837**	**5,162**	**9,605**	**30,053**	**36,661**	**34,895**
Total equity and liabilities	**10,330**	**11,598**	**15,041**	**33,573**	**38,150**	**37,503**

Ratio Analysis	2020A	2021A	2022M	2023P	2024P	2025P
Financial Strength						
Gearing 1 (Net Debt / Net Debt and Total Equity)	-0.2%	10.8%	25.3%	89.1%	96.0%	92.5%
Gearing 2 (Total Liabilities / Total Assets)	17.8%	44.5%	63.9%	89.5%	96.1%	93.0%
Gearing 3 (Net Debt / Total Equity)	-0.2%	12.1%	33.9%	818.1%	2398.2%	1234.7%
Net Debt / EBITDA	-1.1%	-79.2%	564.7%	2030.7%	1070.1%	498.0%
Current Ratio (Current Assets / Current Liabilities)	3.4x	6.1x	4.8x	5.2x	4.6x	7.9x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	3.3x	5.7x	4.5x	4.9x	4.3x	7.5x
Interest Coverage 1 (EBITDA / Cash interest paid)	N/A	N/A	N/A	11.1x	4.7x	N/A
Interest Coverage 1 (EBITDA / Finance Costs)	5.6x	-4.8x	0.7x	1.9x	2.0x	4.0x

In FY20 MCL.'s non-current assets were made up of €4.3m worth of property, plant and equipment ("PPE") and €0.3m of deferred tax. In the subsequent years, non-current assets were made up of solely PPE, which increased at a steady rate to €8.9m in FY21 and €12.5m in FY22. PPE is expected to continue increasing to €30.8m and €35.7m in FY23 in line with the increased investment. When it comes to current assets, MCL's inventory is expected to remain stable throughout all 6 years at around €0.2m. Trade and other receivables amounted to €3.2m in FY20, and dropped to €0.2m in FY21. In FY22 trade and other receivables increased to €0.4m and are expected to remain at this level up until FY25.

Amounts due from the Issuer amounted to €1.7m in FY20 and €1.1m in FY21. This led to total current assets of €5.8m in FY20, €2.7m in FY21 and €2.6m in FY22. Current assets are expected to be €2.8m in FY23 and €2.5m in FY24. MCL's equity is made up of share capital, retained earnings and non-distributable reserves. Share capital will remain constant throughout all 6 years at €0.2m. Retained earnings has, and is expected to continue showing a decreasing pattern due to losses from operations as described in section 2.4. Earnings are expected to increase substantially in the years following the finalisation of the investment project. Non-distributable reserves are also expected to remain stable throughout all 6 years at €0.6m. The drops in retained earnings were the main reason for the lower total equity year on year, which stood at €5.4m in FY22. Non-current liabilities were made up of the MDB loan, bank debt and the loan due to the Issuer. The MDB loan came to play in FY22 and made up €2.4m worth of non-current liabilities for the year. The loan due to the Issuer amounted to €6.7m in FY22 (FY21: €3.8) and led to total non-current liabilities of €9.1m (FY21: €4.7m).

In FY23 and FY24, total non-current liabilities are expected to increase due to both higher bank debt and increased amounts due to the Issuer in relation to the hotel improvements. Bar FY20, current liabilities were made up of solely trade and other payables. Trade and other payables amounted to 0.5m in FY21 and remained at this level in FY22. Total liabilities in FY22 amounted to €9.6m (FY21: €5.2m) with total equity and liabilities coming in at €15.0m (FY21: €11.6m). Total equity and liabilities in FY23 and FY24 are projected to be €33.6m and €38.2m respectively.

Albeit the higher gearing ratios post the bond issue, both MCL's current ratios and interest coverage ratios will continue to be healthy. More specifically the current ratio in FY23 is expected to be 5.2x in FY23 and 4.6x in FY24. On the other hand, interest coverage ratios are expected to be 11.1x and 4.7x In FY23 and FY24 when actual cash interest paid is concerned, which means that MCL is safely able to cover its interest commitments.

2.6. MCL's Statement of Cash Flows

MCL's Statement of Cash Flows for the year ended 31 December	2020A	2021A	2022M	2023P	2024P	2025P
	€'000s	**€'000s**	**€'000s**	**€'000s**	**€'000s**	**€'000s**
Net cash generated from / (used in) operating activities	(376)	995	38	1,418	3,337	6,373
Net cash generated from / (used in) investing activities	(1,135)	(5,440)	(4,413)	(19,904)	(7,590)	(261)
Net cash generated from / (used in) financing activities	1,703	3,650	5,664	18,698	3,948	(4,369)
Movement in cash and cash equivalents	**192**	**(795)**	**1,289**	**212**	**(305)**	**1,743**
Cash and cash equivalents at start of year	(177)	15	(780)	509	721	416
Cash and cash equivalents at end of year	**15**	**(780)**	**509**	**721**	**416**	**2,159**

Ratio Analysis	2020A	2021A	2022M	2023P	2024P	2025P
Cash Flow	**€'000s**	**€'000s**	**€'000s**	**€'000s**	**€'000s**	**€'000s**
Free Cash Flow (Net cash from operations + Interest - Capex)	-1,269	-4,240	-3,907	-17,735	-2,592	7,716

In FY22, MCL generated a net positive cash flow movement of €1.3m which meant that MCL was able to end the year with a positive cash balance of €0.5m after posting a negative balance of €0.8m in FY20. This positive cash flow movement came mainly from Financing Activities of €5.7m. €4.4m of this €5.7m was used to acquire PPE and formed part of Investing Activities in FY22 relate to payments made to acquire PPE of the same amount. Cash flow from operations in FY23 is expected to amount to €1.4m and is forecasted to increase to €3.3m in FY24 mainly due to the EBITDA generated by MCL. Recurring capital expenditure is projected as a percentage of accommodation revenue. When it comes to investing activities, the majority of expenditure is projected to come from upgrade and extension costs, which are estimated to be around €19.9m in FY23 and €7.5m in FY24. Financing activities, on the other hand, will be made up of mainly proceeds from bank loans, advances from related parties, related party loans and dividends paid out.

The larger part of financing is expected to be in FY23 with Financing Activities resulting in inflows of €18.7m whilst in FY24 it is expected to result in inflows of €4.0m. Loan advances from the Issuer are projected at €12.4m in FY23 financed through the proposed bond issue and continued drawdowns on existing bank facilities by the Issuer until the bond issue date. Net movements in cash in FY23 is expected to be a positive movement of €0.2m leading to a closing cash balance of €0.7m whilst in FY24 a drop of €0.3m is expected in cash and cash equivalents leading to a closing balance of €0.4m. Management expects free cash flow to turn positive in FY25 and amount to €7.7m

Part 3 – Key Market and Competitor Data

3.1. General Market Conditions

At the time of publication of this Analysis, management considers that generally, it shall be subject to the normal business risks associated with the industries in which the companies are involved and operate and, barring unforeseen circumstances, does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of the companies and their respective businesses, at least with respect to the financial year 2021. However, investors are strongly advised to carefully read the risk factors disclosed in the Prospectus.

3.2. Economic Update[1]

The Bank's Business Conditions Index (BCI) indicates that annual growth in business activity fell slightly below its long-term average estimated since January 2000. The European Commission survey shows that in October, economic sentiment in Malta edged down from a month earlier, falling further below its long-term average, which is estimated since November 2002.

When compared with September, sentiment improved in the retail sector but deteriorated in all the others, most notably in industry. Additional survey information shows that price expectations increased across all other sectors compared to September. In October, the European Commission's Economic Uncertainty Indicator (EUI) for Malta increased when compared with September. Uncertainty rose mostly in services and industry, with a smaller increase recorded in the construction sector. In September, industrial production and retail trade increased at a faster pace in annual terms, compared to August.

The unemployment rate stood at 3.0% in September, marginally higher than that registered in the previous month, but below that of a year earlier. Commercial permits declined in September relative to their year-ago level, as did residential permits. In October, both the number of promise-of-sale agreements and final deeds of sale increased on a year-on-year basis, and they were also higher in month-on-month terms. The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) stood at 7.4% in October, unchanged from the previous month. Inflation based on the Retail Price Index (RPI) was also unchanged from the previous month, standing at 7.5% in October. Maltese residents' deposits expanded at an annual rate of 8.4% in September, following an increase of 7.2% in the previous month, while annual growth in credit to Maltese residents stood at 8.8%, above the rate of 8.2% recorded a month earlier. In September 2022, the deficit on the Consolidated Fund narrowed when compared with a year earlier, reflecting a rise in government revenue and a marginal decline in expenditure

3.3. Economic Outlook[2]

The Central Bank of Malta expects Malta's gross domestic product (GDP) to grow by 5.2% in 2022, 4.5% in 2023 and 3.7% in 2024. Compared to the previous projections, the Bank's latest forecast represents downward revisions of 0.2% in 2022, 0.4% in 2023, and of 0.1% in 2024. The downward revisions reflect the strong pick-up in inflationary pressures as well as a further deterioration in the international economic environment due to the recent cuts in gas supplies to European countries.

Net exports are expected to be the main driver of growth in 2022, reflecting the correction in import-intensive investment outlays from the exceptionally high levels reached in 2021. The contribution of domestic demand is expected to be positive but significantly lower compared to that of 2021, as growth in activity normalises following the strong rebound last year. In the following years, domestic demand is expected to lead the expansion in economic activity, especially from private consumption. The contribution of net exports is projected to ease over the projection horizon, reflecting the gradual normalisation of tourism exports and decelerating growth in foreign demand more generally.

Employment growth in 2022 is expected to reach 3.5% from 2.8% in 2021. It is set to moderate to just above 2% by 2024. The unemployment rate is projected to decline to 3.1% this year, from 3.5% last year and it is expected to hover within this range over the outlook period.

[1] Central Bank of Malta – Economic Update 11/2022

[2] Central Bank of Malta – Economic Projections 2022 – 2024 (08/2022)

In view of the expected increase in inflation this year, wage growth is projected to be relatively strong. Nevertheless, nominal wage growth is projected to remain below that of inflation due to some lag in the transmission from prices to wages. In the following years, wage pressures are expected to moderate as the labour market becomes less tight.

Annual inflation based on the Harmonised Index of Consumer Prices is projected to pick-up sharply in 2022 and remain high in 2023. Indeed, it is envisaged to accelerate to 5.9% in 2022, from 0.7% in 2021. The sharp pick-up in inflation reflects a broad-based increase across all sub-components of HICP except for energy inflation. Import price pressures are expected to moderate somewhat by the beginning of next year, although these are envisaged to remain high by historical standards. Hence, HICP inflation is expected to moderate to 3.8% by 2023, driven by lower contributions from all subcomponents except for energy inflation. Inflation is set to ease further in 2024 to 2.1%.

The general government deficit is projected to recede to 5.6% of GDP in 2022, from 7.9% in 2021. It is expected to narrow further to 4.0% in 2023, and to 3.2% in 2024. This profile is driven by the unwinding of COVID-19 support measures in 2022, which offset outlays on price mitigation measures. The latter are set to remain in place but assumed to diminish over the projection horizon. The general government debt-to-GDP ratio is projected to stand at 58.8% of GDP in 2024.

On balance, risks to economic activity are tilted to the downside, especially for 2023 though uncertainty even during 2022 remains high. The main downside risks relate to the evolution of energy supply from Russia to Europe. This could lead to severe shortages of energy supplies going into the winter, which could in turn adversely affect production abroad and amplify supply bottlenecks. Foreign demand could also be weaker than expected if monetary policy in advanced economies continues to tighten more forcibly than assumed in this projection round. These downside risks are mitigated somewhat by domestic fiscal policy, which is cushioning partly the impact of imported inflation. In addition, the savings ratio could fall faster than is being assumed in this projection, while upward surprises in tourism could further boost net exports and GDP growth. Risks to inflation are on the upside during the entire projection horizon. Indeed, further escalation in cuts in gas supplies could trigger a stronger than envisaged rise in commodity prices, which would put further upward pressures on the prices of imported goods and freight costs. In addition, the EU policy to sharply reduce dependence on Russian fossil fuels could also lead to stronger than expected increases in import costs, particularly in the short-run. The risk of second-round effects from wages and mark-ups grows if high inflation persists for longer.

On the fiscal side, risks mainly relate to a larger deficit in 2022 and 2023. These mostly reflect the likelihood of additional Government support to mitigate rising commodity prices and the likelihood of state aid to the national airline.

3.4. Hospitality[3]

The tourism sector in Malta has been on a consistent upward trend since 2010, rising especially in the later years from 2017. The Maltese tourism industry has, in recent years, been renowned for its unabated growth, with each passing year yielding new record highs of inbound tourists visiting the island. Indeed, the tourism industry is considered to be a crucial pillar of the economy as it is estimated to account for 15.8% of Malta's GDP and 52,800 jobs, or 21.1% of total employment (WTTC 2020 Economic Impact report for Malta).

The consistent performance in the tourism sector observed over the past few years has persisted year-on-year in terms of inbound tourists. NSO data for 2019, revealed that the influx for the year stood at 2.7m tourists – representing an increase of 5.2% over the previous year. Between 2013 and 2019 there has been an average increase of 11.3% per annum. According to the NSO, this improvement was mostly driven by an increase in the number of leisure tourists. The below diagram illustrates the development of the Maltese tourism industry over the past years, showing both percentage growth as well as growth in absolute terms.

[3] National Statistics Office – News Release – 019/2022

Naturally, 2020 experienced a significant drop in inbound tourists due to the COVID19 pandemic, whereby the Government of Malta introduced travel restrictions and border closure during the period April to June 2020. Consequently, the number of tourists visiting Malta decreased significantly to 0.7m, but increased to 1m in 2021, following easing of restrictions. This trend can also be seen when one examines the total number of tourist nights. Likewise, a corresponding decrease in number of tourist nights resulted in 2020 but started to increase again in 2021.Nonetheless, the future presents a better outlook for the tourism industry. The Central Bank of Malta estimates that tourism expenditure should increase to 75% of 2019 levels in 2022 and 90% of 2019 levels in 2023.

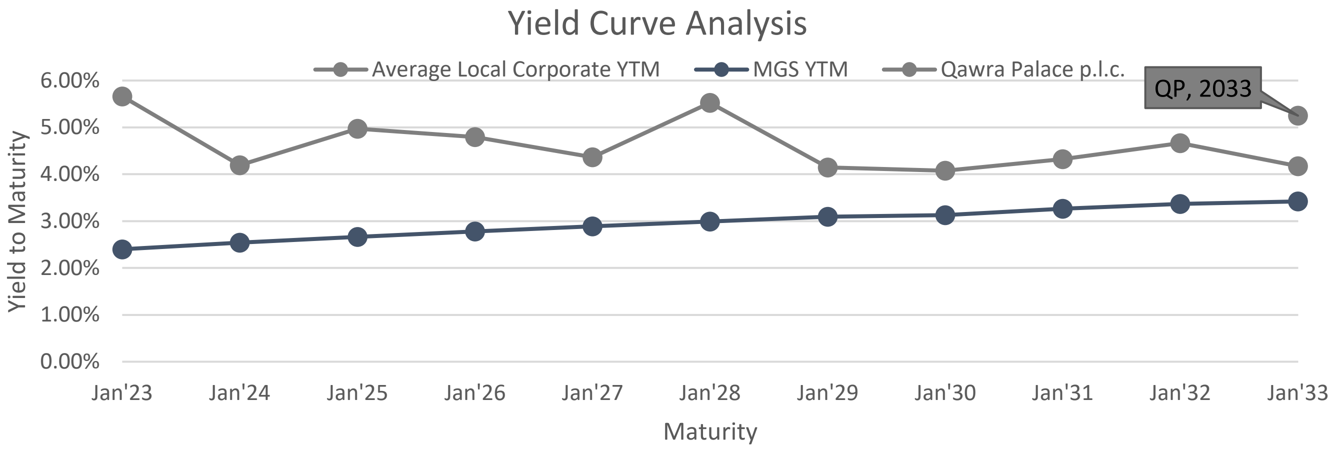
The number of tourists visiting Malta peaks between April and September (two thirds of inbound tourists arrive during this period), due to the fact that Malta is principally perceived by tourists as a 'sun and culture' destination. Furthermore, repeat tourism also flourished between January and December 2019, with 25% of inbound tourists being repeat tourists. Moreover, the peak months of July and August attracted a lower percentage of repeat tourists than the average for the period, indicating that a higher percentage of inbound tourists returned to Malta during the shoulder months to spend more time exploring what the Maltese islands have to offer.

Along with the substantial increase in tourist head count over recent years came a complimentary increase in the aggregate level of tourist expenditure in each year. According to NSO statistics, total expenditure in Malta in 2019 reached €2.2 billion, representing an increase of 5.3% over the total expenditure in 2018. However, the expenditure per capita (which consists of air/sea fares, accommodation and other expenditure) has gradually decreased over time mainly attributable to decreases in the average length of stays and reductions in air/sea fares.

3.5. Comparative Analysis

Security	Nom Value	Yield to Maturity	Interest coverage (EBITDA)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt / Net Debt and Total Equity	Net Debt / EBITDA	Current Ratio	Return on Common Equity	Net Margin	Revenue Growth (YoY)
	€000's	(%)	(times)	(€'millions)	(€'millions)	(%)	(%)	(times)	(times)	(%)	(%)	(%)
5.8% International Hotel Investments plc 2023	10,000	4.21%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%	-23.5%	40.6%
6% AX Investments Plc € 2024	40,000	3.17%	3.0x	369.8	237.1	37.0%	25.1%	6.8x	0.9x	0.8%	5.4%	23.3%
4.4% Von der Heyden Group Finance plc Unsecured € 2024	25,000	4.38%	0.7x	133.5	40.9	69.4%	61.3%	59.9x	2.0x	-5.4%	-19.3%	-51.0%
6% International Hotel Investments plc € 2024	35,000	5.25%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%	-23.5%	40.6%
5.75% International Hotel Investments plc Unsecured € 2025	45,000	5.40%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%	-23.5%	40.6%
4% International Hotel Investments plc Secured € 2026	55,000	4.44%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%	-23.5%	40.6%
4% International Hotel Investments plc Unsecured € 2026	60,000	5.40%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%	-23.5%	40.6%
3.25% AX Group plc Unsec Bds 2026 Series I	15,000	3.25%	3.0x	369.8	237.1	37.0%	25.1%	6.8x	0.9x	0.8%	5.4%	23.3%
3.75% Mercury Projects Finance plc Secured € 2027	11,500	4.52%	0.3x	113.0	34.6	69.4%	47.4%	99.5x	1.8x	-19.6%	-117.0%	-75.1%
4.35% SD Finance plc Unsecured € 2027	65,000	4.86%	0.3x	328.5	131.5	60.0%	30.3%	43.7x	1.2x	-1.6%	-12.2%	-70.9%
4% Eden Finance plc Unsecured € 2027	40,000	4.50%	3.7x	193.5	109.3	43.5%	28.6%	5.9x	1.1x	0.9%	4.3%	86.6%
4% Stivala Group Finance plc Secured € 2027	45,000	4.46%	0.5x	363.0	235.4	35.1%	26.7%	33.8x	0.9x	5.3%	82.2%	28.2%
4% SP Finance plc € Secured 2029	12,000	3.85%	0.5x	40.0	16.0	60.0%	55.6%	48.8x	0.4x	-8.0%	-62.8%	71.5%
3.65% Stivala Group Finance plc Secured € 2029	15,000	3.36%	0.5x	363.0	235.4	35.1%	26.7%	33.8x	0.9x	5.3%	82.2%	28.2%
3.75% AX Group plc Unsec Bds 2029 Series II	10,000	3.75%	3.0x	369.8	237.1	37.0%	25.1%	6.8x	0.9x	0.8%	5.4%	23.3%
4.25% Mercury Projects Finance plc Secured € 2031	11,000	4.24%	0.3x	113.0	34.6	69.4%	47.4%	99.5x	1.8x	-19.6%	-117.0%	-75.1%
4.3% Mercury Project Finance plc Secured € 2032	50,000	4.50%	0.3x	113.0	34.6	69.4%	47.4%	99.5x	1.8x	-19.6%	-117.0%	-75.1%
5.25% Qawra Palace plc Secured | 2033		5.25%	(.2)x	50.9	34.5	32.3%	25.2%	(1,657.9)x	0.0x	5.7%	0.0%	0.0%
	Average*	4.33%										

Source: Latest available audited financial statements
*Average figures do not capture the financial analysis of the Issuer



The above graph illustrates the average yearly yield of all local issuers as well as the corresponding yield of MGSs (Y-axis) vs the maturity of both Issuers and MGSs (X-axis), in their respective maturity bucket, to which the spread premiums can be noted. The graph illustrates on a stand-alone basis, the yield on the Issuer's proposed bonds.

As at 18 November 2022, the average spread over the Malta Government Stocks (MGS) for corporates with maturity range of 1-11 years was 118 basis points. Meanwhile, the new proposed Qawra Palace p.l.c. bond is expected to be issued at a spread of 183 basis points over the equivalent MGSs.

Moreover, as at 18 November 2022 the Bond would be trading at a premium of 65 basis points in comparison to the market of comparable corporate bonds. The above analysis is based on an industry-matching basis.

Part 4 - Glossary and Definitions

Income Statement	
Revenue	Total revenue generated by the Group/Company from its principal business activities during the financial year.
Costs	Costs are expenses incurred by the Group/Company in the production of its revenue.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. It reflects the Group's/Company's earnings purely from operations.
Operating Profit (EBIT)	EBIT is an abbreviation for earnings before interest and tax.
Depreciation and Amortisation	An accounting charge to compensate for the decrease in the monetary value of an asset over time and the eventual cost to replace the asset once fully depreciated.
Net Finance Costs	The interest accrued on debt obligations less any interest earned on cash bank balances and from intra-group companies on any loan advances.
Net Income	The profit made by the Group/Company during the financial year net of any income taxes incurred.

Profitability Ratios	
Growth in Revenue (YoY)	This represents the growth in revenue when compared with previous financial year.
Gross Profit Margin	Gross profit as a percentage of total revenue.
EBITDA Margin	EBITDA as a percentage of total revenue.
Operating (EBIT) Margin	Operating margin is the EBIT as a percentage of total revenue.
Net Margin	Net income expressed as a percentage of total revenue.
Return on Common Equity	Return on common equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing the net income by the average common equity (average equity of two years financial performance).
Return on Assets	Return on assets (ROA) is computed by dividing net income by average total assets (average assets of two years financial performance).
Return on Capital Employed	Return on capital employed (ROCE) measures the relative profitability of a company after taking into account the amount of capital used during a relative financial performance.
Cash Flow Statement	
Cash Flow from Operating Activities (CFO)	Cash generated from the principal revenue producing activities of the Group/Company less any interest incurred on debt.
Cash Flow from Investing Activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Group/Company.
Cash Flow from Financing Activities	Cash generated from the activities that result in change in share capital and borrowings of the Group/Company.
Capex	Represents the capital expenditure incurred by the Group/Company in a financial year.
Free Cash Flows (FCF)	The amount of cash the Group/Company has after it has met its financial obligations. It is calculated by taking Cash Flow from Operating Activities less the Capex of the same financial year.

Balance Sheet	
Total Assets	What the Group/Company owns which can de further classified into Non-Current Assets and Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Inventory	Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale.
Cash and Cash Equivalents	Cash and cash equivalents are Group/Company assets that are either cash or can be converted into cash immediately.
Total Equity	Total Equity is calculated as total assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.

Total Liabilities	What the Group/Company owes which can de further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Total Debt	All interest-bearing debt obligations inclusive of long and short-term debt.
Net Debt	Total debt of a Group/Company less any cash and cash equivalents.
Current Liabilities	Obligations which are due within one financial year.
Financial Strength Ratios	
Current Ratio	The Current ratio (also known as the Liquidity Ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares current assets to current liabilities.
Quick Ratio (Acid Test Ratio)	The quick ratio measures a Group's/Company's ability to meet its short-term obligations with its most liquid assets. It compares current assets (less inventory) to current liabilities.
Interest Coverage Ratio 1	The interest coverage ratio is calculated by dividing EBITDA of one period by cash interest paid of the same period.
Interest Coverage Ratio 2	The interest coverage ratio is calculated by dividing EBITDA of one period by finance costs of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance total assets.
Gearing Ratio Level 1	Is calculated by dividing Net Debt by Net Debt and Total Equity.
Gearing Ratio Level 2	Is calculated by dividing Total Liabilities by Total Assets.
Gearing Ratio Level 3	Is calculated by dividing Net Debt by Total Equity.
Net Debt / EBITDA	The Net Debt / EBITDA ratio measures the ability of the Group/Company to refinance its debt by looking at the EBITDA.
Other Definitions	
Yield to Maturity (YTM)	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.

Calamatta Cuschieri

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