

SECURITIES NOTE

Dated 3 June 2024

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules published by the Malta Financial Services Authority and of the Prospectus Regulation. This Securities Note is issued pursuant to the requirements of Rule 4.14 of the Capital Markets Rules and contains information about the Bonds. Application has been made for the admission to listing of the Bonds on the Official List of the Malta Stock Exchange. This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Issuer.

In respect of an issue of:

€80,000,000 5% Unsecured Bonds 2029

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

HILI FINANCE COMPANY P.L.C.

a public limited liability company registered in Malta
with company registration number C 85692

Guaranteed* by Hili Ventures Limited

a private limited liability company registered in Malta
with company registration number C 57902

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

ISIN: MT0001891234

THIS SECURITIES NOTE HAS BEEN APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY AS THE COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MALTA FINANCIAL SERVICES AUTHORITY ONLY APPROVES THE PROSPECTUS AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHALL NOT BE CONSIDERED AS AN ENDORSEMENT OF THE QUALITY OF THE SECURITIES THAT ARE THE SUBJECT OF THIS SECURITIES NOTE. INVESTORS SHOULD MAKE THEIR OWN ASSESSMENT AS TO THE SUITABILITY OF INVESTING IN THE SECURITIES THAT ARE THE SUBJECT OF THIS SECURITIES NOTE.

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

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

Legal Counsel

Sponsor

Manager & Registrar



VBADVOCATES

Calamatta Cuschieri

BOV

Bank of Valletta

APPROVED BY THE DIRECTORS

A handwritten signature in black ink, appearing to be 'Geoffrey Camilleri'.

Geoffrey Camilleri

A handwritten signature in black ink, appearing to be 'Dorian Desira'.

Dorian Desira

*signing in their capacity as Directors of the Company and for and on behalf of each of
Keith Busuttil, Jacqueline Camilleri and Mario Vella*

IMPORTANT INFORMATION

THIS SECURITIES NOTE CONSTITUTES PART OF THE PROSPECTUS DATED 3 JUNE 2024 AND CONTAINS INFORMATION ABOUT HILI FINANCE COMPANY P.L.C. IN ITS CAPACITY AS ISSUER, HILI VENTURES LIMITED IN ITS CAPACITY AS GUARANTOR, AND ABOUT THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES ISSUED BY THE MALTA FINANCIAL SERVICES AUTHORITY, THE COMPANIES ACT, AND THE PROSPECTUS REGULATION, AND SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER.

THIS SECURITIES NOTE SETS OUT THE CONTRACTUAL TERMS UNDER WHICH THE BONDS ARE ISSUED BY THE ISSUER AND ACQUIRED BY A BONDHOLDER, WHICH TERMS SHALL REMAIN BINDING UNTIL THE REDEMPTION DATE OF THE BONDS, UNLESS THEY ARE OTHERWISE CHANGED IN ACCORDANCE WITH SUB-SECTION 6.14 OF THIS SECURITIES NOTE.

THE INFORMATION CONTAINED HEREIN IS BEING MADE AVAILABLE IN CONNECTION WITH AN ISSUE BY THE COMPANY OF A MAXIMUM OF €80 MILLION UNSECURED BONDS 2029 OF A NOMINAL VALUE OF EACH. THE BONDS SHALL BE ISSUED AT PAR AND BEAR INTEREST AT THE RATE OF 5% PER ANNUM PAYABLE ANNUALLY IN ARREARS ON 17 JULY OF EACH YEAR UNTIL THE REDEMPTION DATE, WITH THE FIRST INTEREST PAYMENT FALLING DUE ON 17 JULY 2025. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 17 JULY 2029. THE BOND ISSUE IS GUARANTEED BY THE GUARANTOR.

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

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

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

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

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

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

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

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA), THE BONDS CAN ONLY BE OFFERED TO "QUALIFIED INVESTORS" (AS DEFINED IN THE PROSPECTUS REGULATION), AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS REGULATION.

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

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

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

IN TERMS OF ARTICLE 12(1) OF THE PROSPECTUS REGULATION, THE PROSPECTUS SHALL REMAIN VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE OF THE APPROVAL OF THE PROSPECTUS BY THE MALTA FINANCIAL SERVICES AUTHORITY. THE ISSUER IS OBLIGED TO PUBLISH A SUPPLEMENT ONLY IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKE OR MATERIAL INACCURACY RELATING TO THE INFORMATION SET OUT IN THE PROSPECTUS WHICH MAY AFFECT THE ASSESSMENT OF THE SECURITIES AND WHICH ARISES OR IS NOTED BETWEEN THE TIME WHEN THE PROSPECTUS IS APPROVED AND THE CLOSING OF THE OFFER PERIOD OR THE TIME WHEN TRADING ON A REGULATED MARKET COMMENCES, WHICHEVER OCCURS LATER. THE OBLIGATION TO SUPPLEMENT THE PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES DOES NOT APPLY WHEN THE PROSPECTUS IS NO LONGER VALID.

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

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

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

ALL THE ADVISORS TO THE ISSUER AND THE GUARANTOR NAMED IN SUB-SECTION 4.2 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR IN RELATION TO THIS PUBLIC OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL, ACCORDINGLY, NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

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

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1 DEFINITIONS

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

1923 Bondholder/s	a holder/s of the 1923 Bonds as at the Cut-Off Date;
1923 Bonds	the €36 million 5.1% unsecured bonds 2024 (ISIN: MT0000841206) issued by 1923 Investments pursuant to a prospectus dated 3 November 2014, which are currently listed and trading on the Official List;
Applicant/s	any person or persons, natural or legal, who subscribes for the Bonds;
Application/s	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form/s and delivering same to any of the Authorised Financial Intermediaries (which include the Sponsor and the Manager & Registrar) in accordance with the terms of this Securities Note;
Application Form/s	the forms of application for subscription of Bonds, consisting of: (i) Application Form 'A' to 1923 Bondholders; (ii) Application Form 'B' to Preferred Applicants; and (iii) Application Form 'C' to general public Applicants, specimens of which are contained in Annexes I, II and III of this Securities Note, respectively;
Bond Issue Price	the price of €100 per Bond;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
Cash Top-Up	the difference between 1923 Bondholders' holding in 1923 Bonds as at the Cut-Off Date and the minimum application amount of Bonds, where 1923 Bondholders elect to subscribe for Bonds by way of Exchangeable Bond Transfer, to be settled in cash by 1923 Bondholders in terms of section 8 of this Securities Note;
CET	Central European Time;
Cut-Off Date	close of business on 31 May 2024 (trading session of 29 May 2024);
CSD	the Central Securities Depository of the Malta Stock Exchange authorised in terms of Part IV of the Financial Markets Act (Chapter 345 of the laws of Malta), having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Excess	such number of Bonds exceeding in value the aggregate nominal value of 1923 Bonds held by 1923 Bondholders as at the Cut-Off Date, which a 1923 Bondholder wishes to apply for pursuant to an Exchangeable Bond Transfer, including Cash Top-Up (if applicable);
Exchangeable Bond Transfer	the subscription for Bonds by a 1923 Bondholder settled, after submitting the appropriate Application Form, by the transfer of all or part of the 1923 Bonds held by such 1923 Bondholder as at the Cut-Off Date, including Cash Top-Up, if applicable, and subject to sub-section 6.2 of this Securities Note;
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;
Harvest Technology Listed Equity Holders	the holders, as at the Cut-Off Date, of the entirety of the ordinary shares, of a nominal value of €0.50 per share, issued in the capital of Harvest Technology as held in the hands of the public, pursuant to a prospectus dated 18 November 2019, which are currently listed and trading on the Official List;
Hili Properties Listed Equity Holders	the holders, as at the Cut-Off Date, of the entirety of the ordinary shares held in the hands of the public, having a nominal value of €0.20 per share issued in the capital of Hili Properties pursuant to a prospectus dated 25 October 2021, which are currently listed and trading on the Official List;

Hili Ventures Bondholders	collectively, the holders, as at the Cut-Off Date, of the following debt securities of the Hili Ventures Companies appearing on the respective register as at the Cut-Off Date: <ul style="list-style-type: none"> • the 1923 Bonds; • the €37 million 4.5% unsecured bonds 2025 (ISIN: MT0000941204) issued by Hili Properties pursuant to a prospectus dated 18 September 2015, which are currently listed and trading on the Official List; • the €65 million 3.75% unsecured bonds 2026 (ISIN: MT0000511213) issued by Premier Capital pursuant to a prospectus dated 21 October 2016, which are currently listed and trading on the Official List; • the 2018 Bonds; • the 2019 Bonds; and • the 2022 Bonds;
Hili Ventures Stakeholders	the shareholders and full-time employees of any company forming part of the Group and individuals engaged to provide directorship services to any subsidiary or parent company of the Group as at the Cut-Off Date;
Interest Payment Date	17 July of each year between and including each of the years 2025 and the year 2029, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
MiFIR	Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012;
Offer Period	the period between 08:30 hours CET on 19 June 2024 and 12:00 hours CET on 10 July 2024 during which the Bonds are available for subscription, which offer period may close earlier with respect to any one or more classes of Applicants depending on the total level of subscription in the Bond Issue;
Preferred Applicants	collectively, Hili Ventures Bondholders, Hili Properties Listed Equity Holders, Harvest Technology Listed Equity Holders and Hili Ventures Stakeholders appearing on the respective registers as at the Cut-Off Date;
Redemption Date	17 July 2029;
Redemption Value	the nominal value of each Bond (€100 per Bond); and
Terms and Conditions	the terms and conditions of the Bonds, set out in sub-section 5.3 (<i>'Issue Statistics'</i>), section 6 (<i>'Information concerning the securities to be issued and admitted to trading'</i>) and section 8 (<i>'Terms and Conditions of the Bond Issue'</i>) of this Securities Note.

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

Unless it appears otherwise from the context:

- a) words importing the singular shall include the plural and *vice-versa*;
- b) words importing the masculine gender shall include the feminine gender and *vice-versa*;
- c) the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative;
- d) any reference to a person includes natural persons, firms, partnerships, companies, corporations, associations, organisations, governments, states, foundations or trusts;
- e) any reference to a person includes that person's legal personal representatives, successors and assigns;
- f) any phrase introduced by the terms "including", "include", "in particular" or any similar expression is illustrative only and does not limit the sense of the words preceding those terms; and
- g) any reference to a law, legislative act and/or other legislation shall mean that particular law, legislative act and/or legislation as in force at the time of publication of this Securities Note.

2 RISK FACTORS

THE VALUE OF INVESTMENTS, INCLUDING THE BONDS, CAN GO DOWN AS WELL AS UP, AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE.

THE NOMINAL VALUE OF THE BONDS IS REPAYABLE IN FULL UPON MATURITY, UNLESS THE BONDS ARE PREVIOUSLY RE-PURCHASED AND CANCELLED. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE.

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS, INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN PROFESSIONAL ADVISORS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS, BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS INTENDED TO BE INDICATIVE OF THE ORDER OF PRIORITY AND OF THE EXTENT OF THEIR CONSEQUENCES. PROSPECTIVE INVESTORS ARE HEREBY CAUTIONED THAT THE OCCURRENCE OF ANY ONE OR MORE OF THE RISKS SET OUT BELOW COULD HAVE A MATERIAL ADVERSE EFFECT ON THE ISSUER'S AND/OR GUARANTOR'S BUSINESS, RESULTS OF OPERATIONS AND FINANCIAL CONDITION AND COULD, THEREBY, NEGATIVELY AFFECT THE ABILITY OF THE ISSUER TO MEET ITS OBLIGATIONS IN CONNECTION WITH THE PAYMENT OF INTEREST ON THE BONDS AND REPAYMENT OF PRINCIPAL WHEN DUE AND OF THE GUARANTOR TO HONOUR ITS OBLIGATIONS UNDER THE GUARANTEE.

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

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

2.1 FORWARD-LOOKING STATEMENTS

This Securities Note contains "forward-looking statements" which include, among others, statements concerning matters that are not historical facts and which may involve projections of future circumstances. These statements by their nature involve a number of risks, uncertainties and assumptions, a few of which are beyond the Issuer's control, and important factors that could cause actual risks to differ materially from the expectations of the Directors. Such forecasts and projections do not bind the Issuer with respect to future results and no assurance can be given that future results or expectations covered by such forward-looking statements will be achieved.

2.2 GENERAL

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

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

2.3 RISKS RELATING TO THE BONDS

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

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

- Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. Investors should also be aware that the price of fixed rate bonds should, theoretically, move adversely to changes in interest rates. When prevailing market interest rates are rising their prices decline and, conversely, if market interest rates are declining, the prices of fixed rate bonds rise. This is called market risk since it arises only if a Bondholder decides to sell the Bonds before maturity on the secondary market.
- In view of the current inflationary environment, investment in the Bonds involves the risk that 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.
- Even after the Bonds are admitted to trading on the Official List of the MSE, the Issuer is required to remain in compliance with certain requirements relating, *inter alia*, to the free transferability, clearance and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the MSE and/or the Malta Financial Services Authority has the authority to suspend trading or listing of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The Malta Financial Services Authority may discontinue the listing of the Bonds on the Official List. Any such trading suspensions or listing revocations / discontinuations could have a material adverse effect on the liquidity and value of the Bonds.
- A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different. Any adverse fluctuations may impair the return of investment of the Bondholder in real terms after taking into account the relevant exchange rate.
- The Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantor. The Bonds shall, at all times, rank *pari passu* without any priority or preference among themselves and with other outstanding and unsecured debt of the Issuer, present and future, if any, save for such exceptions as may be provided by applicable law. Furthermore, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect, which registration may further impede the ability of the Bondholders to recover their investment upon enforcement of such security interests, whether in full or in part.
- In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bonds it shall call a meeting of Bondholders in accordance with the provisions of sub-section 6.14 of this Securities Note. These provisions permit defined majorities to bind all Bondholders, including Bondholders who do not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority. Furthermore, in terms of the Guarantee, the Guarantor has the power to veto a decision by the Bondholders, taken at a Bondholders' meeting duly convened and held, which may give rise to changes in: (i) the amount payable by the Guarantor under the Guarantee; (ii) the term and/or frequency of such payments; (iii) the Events of Default listed in sub-section 6.11 of this Securities Note; and/or (iv) any other term which may otherwise increase the exposure of the Guarantor to the enforcement of the Guarantee. In the event that the Guarantor were to exercise such right of veto, the proposed amendment to, or waiver of, the Terms and Conditions would not be put into effect.
- No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time. If such changes take place, they could have an adverse effect on the market price for the Bonds.
- The Bonds and the Terms and Conditions of the Bond Issue are based on the requirements of the Capital Markets Rules, the Companies Act and the Prospectus Regulation in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Prospectus.

2.4 RISKS RELATING TO THE GUARANTEE

In view of the fact that the Bonds are being guaranteed by the Guarantor on a joint and several bases, the Bondholders shall be entitled to request the Guarantor to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount when due in terms of the Prospectus. The Guarantee also entitles the Bondholders to take action against the Guarantor without having to first take action against the Issuer, if the Issuer fails to pay any sum payable by it to Bondholders pursuant to the Terms and Conditions of the said Bonds. The strength of this undertaking on the part of the Guarantor and, therefore, the level of recoverability by the Bondholders from the Guarantor of any amounts due under any of the Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor.

3 PERSONS RESPONSIBLE

This Securities Note includes information given in compliance with the Capital Markets Rules for the purpose of providing prospective investors with information with regard to the Issuer, the Guarantor and the Bonds. Geoffrey Camilleri, Dorian Desira, Keith Busuttil, Jacqueline Camilleri and Mario Vella, being all of the Directors of the Issuer as further detailed in sub-section 4.1.1 of the Registration Document, accept responsibility for the information contained in the Prospectus.

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

4 CONSENT FOR USE OF THE PROSPECTUS AND AUTHORISATION STATEMENT

4.1 CONSENT REQUIRED IN CONNECTION WITH USE OF THE PROSPECTUS BY AUTHORISED FINANCIAL INTERMEDIARIES

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

- a) in respect of Bonds subscribed for through Authorised Financial Intermediaries;
- b) to any resale, placement or other offering of Bonds subscribed for as aforesaid, taking place in Malta; and
- c) to any resale, placement or other offering of Bonds subscribed for as aforesaid, taking place within the period of sixty (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.

All information on the Terms and Conditions of the Bonds which is offered to any prospective investor by Authorised Financial Intermediaries is to be provided by such Authorised Financial Intermediaries to the prospective investor prior to such investor subscribing to any Bonds. Any interested investor has the right to request that Authorised Financial Intermediaries provide the investor with all and any information on the Prospectus, including the Terms and Conditions of the Bonds.

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

Other than as set out above, neither the Issuer nor the Sponsor have authorised, nor do they authorise or consent to the use of the 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 have any responsibility or liability for the actions of any person making such offers.

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

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

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

Any resale, placement or offering of Bonds to an investor by an Authorised Financial Intermediary will be made in accordance with any terms and other arrangements in place between such Authorised Financial Intermediary and such investor, including price, allocations and settlement arrangements. Where such information is not contained in the Prospectus, it will be the responsibility of the relative Authorised Financial Intermediary at the time of such resale, placement or other offering to provide the investor with that information and the Issuer does not have any responsibility or liability for such information.

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

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

4.2 STATEMENT OF APPROVAL

This Securities Note has been approved by the Malta Financial Services Authority as the competent authority under the Prospectus Regulation. The Malta Financial Services Authority only approves this Securities Note as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Bonds that are the subject of this Securities Note. Investors should make their own assessment as to the suitability of investing in the Bonds.

5 KEY INFORMATION

5.1 REASONS FOR THE ISSUE AND USE OF PROCEEDS

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €78,700,000 will be on-lent by the Issuer to the Guarantor pursuant to a loan agreement between the Issuer and the Guarantor and shall be utilised for the following purposes, in the amounts and order of priority set out below:

- i. an amount of up to €36,000,000 shall be made available limitedly for exchange and cancellation of the 1923 Bonds pursuant to 1923 Bondholders opting to apply for Exchangeable Bond Transfers subject to Cash Top-Ups in terms of section 8(ii) of this Securities Note;
- ii. in the event that there is a balance of proceeds not utilised for (i) above and depending on the amount of said balance, an amount of up to €56,000,000 shall be applied to re-finance, in part, capital investments made by the Group prior to the date of the Prospectus in Cortland and Tigne' Mall, which capital investments were funded, in large part, from bank financing at Group level. Details of the investments made in Cortland and Tigne' Mall are set out in further detail in section 8 of the Registration Document; and
- iii. any residual bond proceeds not utilised for (i) and/or (ii) above will be used for general corporate funding purposes.

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

5.2 EXPENSES

The Issue will involve expenses, including professional fees and costs related to publicity, advertising, printing, listing, registration, sponsor, management, selling commissions and other miscellaneous costs incurred in connection with the Bond Issue. Such expenses, which shall be borne by the Issuer, are estimated not to exceed approximately €1,300,000 with approximately €1,000,000 being attributed to selling commissions and approximately €300,000 to professional, MSE, regulatory and ancillary fees. The amount of the expenses will be deducted from the proceeds of the Issue, which, accordingly, will bring the net proceeds from the Bond Issue to approximately €78,700,000. There is no particular order of priority with respect to such expenses.

5.3 ISSUE STATISTICS

Amount:	€80,000,000;
Application Forms 'A' and 'B' mailed to 1923 Bondholders and Preferred Applicants, respectively:	14 June 2024;
Application Form 'C' made available to general public:	as from 08:30 hours CET on 19 June 2024;
Bond Issue Price:	at par (€100 per Bond);
Denomination:	Euro (€);
Events of Default:	the events listed in sub-section 6.11 of this Securities Note;
Form:	the Bonds will be issued in fully registered and dematerialised form and will be represented in an uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;

Governing law and jurisdiction:	the Prospectus and the Bonds are governed by, and shall be construed in accordance with, Maltese law. The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Prospectus and/or the Bonds;
Interest:	the Bonds shall bear interest from and including 17 July 2024 at the rate of five per cent (5%) <i>per annum</i> payable annually in arrears on the Interest Payment Dates;
Interest Payment Date:	annually on 17 July of each year between and including each of the years 2025 and 2029, as from 17 July 2025, being the first interest payment date, provided that any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day;
Redemption Date:	17 July 2029;
ISIN:	MT0001891234;
Issue or Bond Issue:	the issue of a maximum of €80,000,000 unsecured bonds due in 2029 denominated in Euro and having a nominal value of €100 each, which will be issued by the Issuer at par and shall bear interest at the rate of 5% <i>per annum</i> , redeemable on 17 July 2029;
Admission to Listing and Trading:	the Malta Financial Services Authority has approved the Bonds for admissibility to listing and subsequent trading on the Official List. Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List;
Minimum amount per subscription:	three thousand Euro (€3,000) in nominal value of Bonds and in multiples of one hundred Euro (€100) thereafter per individual Bondholder;
Offer Period:	the period between 08:30 hours CET on 19 June 2024 and 12:00 hours CET on 10 July 2024 during which the Bonds are available for subscription, which offer period may close earlier with respect to any one or more classes of Applicants depending on the total level of subscription in the Bond Issue;
Plan of distribution:	the Bonds are open for subscription by all categories of investors through the Authorised Financial Intermediaries as further described in sub-section 6.2 of this Securities Note;
Redemption Value:	at par (€100 per Bond);
Status of the Bonds:	the Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed jointly and severally by the Guarantor in respect of both the interest due and the principal amount under said Bonds, and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves and with other outstanding and unsecured debt of the Issuer, present and future, if any, save for such exceptions as may be provided by applicable law;
Underwriting:	the Bond Issue is not underwritten.

5.4 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

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

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

5.5 EXPECTED TIMETABLE OF PRINCIPAL EVENTS

1	Application Forms 'A' and 'B' mailed to 1923 Bondholders and Preferred Applicants	14 June 2024
2	Application Form 'C' made available to the general public	19 June 2024
3	Offer Period	19 June 2024 - 10 July 2024
4	Commencement of interest on the Bonds	17 July 2024
5	Announcement of basis of acceptance through a company announcement	17 July 2024
6	Refunds of unallocated monies, if any	24 July 2024
7	Expected dispatch of allotment advices	24 July 2024
8	Expected date of admission of the Bonds to listing	24 July 2024
9	Expected date of commencement of trading in the Bonds	25 July 2024

The Issuer reserves the right to close the Offer Period before 10 July 2024 with respect to any one or more classes of Applicants depending on the total level of subscription in the Bond Issue, in which case some or all of the remaining events 4 to 9 (both included) set out above may be brought forward.

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

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

6.1 GENERAL

- 6.1.1 Each Bond forms part of a duly authorised issue of 5% Unsecured Bonds 2029 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €80,000,000 (except as otherwise provided under sub-section 6.13 below). The Issue Date of the Bonds is expected to be 24 July 2024. The Bond Issue is guaranteed by the Guarantor.
- 6.1.2 The currency of the Bonds is Euro (€).
- 6.1.3 The Bonds shall bear interest at the rate of 5% *per annum* payable annually in arrears on 17 July of each year. The first interest payment will be effected on 17 July 2025 (covering the period between 17 July 2024 and 16 July 2025). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day.
- 6.1.4 Subject to admission to listing of the Bonds to the Official List, the Bonds are expected to be assigned ISIN: MT0001891234.
- 6.1.5 The Bonds are expected to be listed on the Official List on or about 24 July 2024 and dealing can be expected to commence thereafter. Dealing may commence prior to notification of the amount allotted being issued to Applicants.
- 6.1.6 All outstanding Bonds not previously purchased and cancelled shall be redeemed by the Issuer at par, together with accrued interest up to, but excluding, the date fixed for redemption, on the Redemption Date.
- 6.1.7 In the event that an Applicant fails to submit full information and/or documentation required with respect to an Application, the Applicant shall receive a full refund without interest by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form at any time before the Bonds are admitted to listing on the Official List of the MSE. Neither the Issuer nor the Registrar will be responsible for any loss or delays in transmission of such refunds or any charges in connection therewith. In this regard, any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act, 1994 (Chapter 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.
- 6.1.8 There are no special rights attached to the Bonds other than the right of the Bondholders to payment of interest and capital, as detailed in sub-section 6.5 below, seeking recourse from the Guarantor pursuant to the Guarantee in case of failure by the Issuer to pay any sum payable by it to Bondholders pursuant to the Terms and Conditions of the Bonds detailed in this Securities Note and in accordance with the ranking specified in sub-section 6.4 of this Securities Note.
- 6.1.9 The minimum subscription amount of Bonds that can be subscribed for by Applicants upon subscription is €3,000, and in multiples of €100 thereafter.
- 6.1.10 The results of the Bond Issue will be announced through a company announcement by latest 17 July 2024. It is expected that allotment letters will be dispatched to Bondholders by 24 July 2024.

6.1.11 The issue of the Bonds is made in accordance with the requirements of the Capital Markets Rules, the Act and the Prospectus Regulation.

6.1.12 The Bond Issue is not underwritten. In the event that the Bond Issue is not fully subscribed the Issuer will proceed with the listing of the amount of Bonds subscribed for as further detailed in sub-section 5.1 above.

6.1.13 All Applications shall be subject to the Terms and Conditions of the Bond Issue as set out in section 8 hereunder, the terms of which shall form an integral part hereof.

6.2 PLAN OF DISTRIBUTION AND ALLOTMENT

The Bonds shall be made available for subscription, as follows:

- i. an amount of up to €36,000,000 in nominal value of Bonds shall be reserved for subscription by 1923 Bondholders applying for Bonds by way of Exchangeable Bond Transfer up to the extent of their holdings of 1923 Bonds as at the Cut-Off Date, subject to any Cash Top-Up as and if applicable;
- ii. an amount of up to €34,000,000 in nominal value of Bonds together with any balance of Bonds not taken up in terms of (i) above and (iii) hereunder shall be reserved for subscription by 1923 Bondholders in respect of any Excess applied for (provided that 1923 Bondholders applying for any Excess transfer their entire holding in 1923 Bonds by way of Exchangeable Bond Transfer) and by Preferred Applicants, ranking *pari passu* without priority or preference; and
- iii. an amount of up to €10,000,000 in nominal value of Bonds together with any balance of Bonds not taken up in terms of (ii) above shall be made available for subscription by the general public, ranking *pari passu* without priority or preference.

The Bonds are open for subscription during the Offer Period by: (i) 1923 Bondholders applying for Bonds by Exchangeable Bond Transfer; (ii) 1923 Bondholders applying for any Excess, provided that these 1923 Bondholders transfer their entire holding in 1923 Bonds by Exchangeable Bond Transfer, together with Preferred Applicants and (iii) the general public, all subject to a minimum subscription amount of €3,000 in nominal value of Bonds. The allocation of the Bonds is subject to the allocation policy of the Issuer set out in sub-section 6.3 below.

1923 Bondholders applying for Bonds are to submit an Application through any of the Authorised Financial Intermediaries, which include the Sponsor and the Manager & Registrar, and may elect to settle all or part of the amount due on the Bonds applied for by completing an Application Form 'A' indicating that the consideration for the Bonds applied for shall be settled by way of transfer to 1923 Investments of all or part of the 1923 Bonds held as at the Cut-Off Date in an amount equivalent to the par value of the Bonds applied for, thereby exercising their right to opt for an Exchangeable Bond Transfer. Any 1923 Bondholders opting for an Exchangeable Bond Transfer whose holding in the 1923 Bonds is less than €3,000 shall be required to pay the Cash Top-Up together with the submission of their Application Form 'A'.

The transfer of 1923 Bonds by means of Exchangeable Bond Transfer to 1923 Investments in consideration for the subscription for Bonds shall cause the obligations of 1923 Investments with respect to such 1923 Bonds to be extinguished, and shall give rise to obligations on the part of the Issuer under the Bonds.

Preferred Applicants applying for Bonds and 1923 Bondholders applying for any Excess are to submit an Application through any of the Authorised Financial Intermediaries. Preferred Applicants are to complete an Application Form 'B' whereas 1923 Bondholders may apply for any Excess by completing the appropriate section on Application Form 'A'.

Other general public Applicants applying for Bonds are to submit an Application through any of the Authorised Financial Intermediaries by completing an Application Form 'C'.

It is expected that an allotment advice will be issued by the Issuer to Applicants by 24 July 2024. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act (Chapter 373 of the laws of Malta), and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

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

6.3 ALLOCATION POLICY

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

- i. an amount of up to €36,000,000 in nominal value of Bonds shall be reserved for subscription by 1923 Bondholders applying for Bonds by way of Exchangeable Bond Transfer up to the extent of their holdings of 1923 Bonds as at the Cut-Off Date, subject to any Cash Top-Up as and if applicable;
- ii. an amount of up to €34,000,000 in nominal value of Bonds together with any balance of Bonds not taken up in terms of (i) above and (iii) hereunder shall be reserved for subscription by 1923 Bondholders opting for the Exchangeable Bond Transfer in respect of any Excess applied for and by Preferred Applicants, ranking *pari passu* without priority or preference; and

- iii. an amount of up to €10,000,000 in nominal value of Bonds together with any balance of Bonds not taken up in terms of (ii) above shall be made available for subscription by the general public, ranking *pari passu* without priority or preference.

In the event that the aggregate value of Bonds applied for by 1923 Bondholders by way of Exchangeable Bond Transfer, including Cash Top-Up, where applicable, exceeds the aggregate amount of €36,000,000 reserved for subscription by Exchangeable Bond Transfer pursuant to (i) above, then the Issuer, acting through the Registrar, shall scale down each Application by 1923 Bondholders to the minimum amount equivalent to the 1923 Bonds held by such 1923 Bondholders, and the Cash Top-Up portion shall be subject to an allocation policy to be determined by the Issuer.

1923 Bondholders applying for an Excess (provided that 1923 Bondholders applying for any Excess have transferred their entire holding in 1923 Bonds by way of Exchangeable Bond Transfer) and Preferred Applicants will participate in the same allocation policy without priority or preference between themselves should the need for scaling down arise in case of over-subscription of the portion of Bonds reserved for subscription in their regard pursuant to (ii) above, in accordance with the allocation policy as determined by the Issuer acting through the Registrar.

General public Applicants will rank for subscription of Bonds without priority or preference between themselves should the need for scaling down arise in case of over-subscription, in accordance with the allocation policy as determined by the Issuer acting through the Registrar.

The Issuer shall announce the allocation policy for the allotment of Bonds through a company announcement by not later than 17 July 2024.

6.4 RANKING OF THE BONDS

The Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed jointly and severally by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other outstanding and unsecured debt of the Issuer, present and future, if any, save for such exceptions as may be provided by applicable law. Furthermore, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.

The following table sets out a summary of the Group's indebtedness as at 31 March 2024, and includes bank loan and overdraft facilities, debt securities and other financial liabilities. The bank borrowings listed below are secured by privileges and hypothecs, and therefore the indebtedness being created by the Bonds, together with other unsecured debt, ranks after all of the said bank borrowings. In addition, the Bonds would rank after any future debts which may be secured by a cause of preference such as a privilege and/or a hypothec.

Consolidated Group borrowings as at 31 March 2024	Euro (€) millions
Total current debt	
Guaranteed	-
Secured	41.9
Unguaranteed / unsecured	35.9
Total	77.9
Total non-current debt	
Guaranteed	206.9
Secured	129.5
Unguaranteed / unsecured	64.8
Total	401.1
Shareholder Equity	
Share capital	69.4
Legal reserve(s)	121.0
Other reserves	20.8
Total	211.2

Further details on the aforesaid indebtedness are found in the audited financial statements of the Issuer for the financial year ended 31 December 2023, which have been published on the Issuer's website (www.hilifinance.com) and are available for inspection at its registered office during office hours for the term of the Bonds.

6.5 RIGHTS ATTACHING TO THE BONDS

This Securities Note incorporates the Terms and Conditions of the Bond Issue and, in its entirety, creates the contract between the Issuer and a Bondholder.

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

- i. the payment of interest;
- ii. the repayment of capital;
- iii. ranking with respect to other indebtedness of the Issuer in accordance with the provisions of sub-section 6.4 above;
- iv. seeking recourse from the Guarantor pursuant to the Guarantee, in case of failure by the Issuer to pay any sum payable by it to Bondholders pursuant to the Terms and Conditions of the Bonds detailed in this Securities Note;
- v. the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
- vi. the right to enjoy all such other rights attached to the Bonds emanating from the Prospectus.

6.6 INTEREST

The Bonds shall bear interest from and including 17 July 2024 at the rate of 5% *per annum* on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 17 July 2025 (covering the period 17 July 2024 up to and including 16 July 2025). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. Each Bond will cease to bear interest from and including its due date for redemption, unless payment of the principal amount in respect of the Bond is improperly withheld or refused or unless default is otherwise made in respect of payment, in any of which events interest shall continue to accrue at the rate specified above plus one per cent (1%), but in any event not in excess of the maximum rate of interest allowed by Maltese law. In terms of article 2156 of the Civil Code (Chapter 16 of the laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five (5) years.

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

An Exchangeable Bond Transfer effected by a 1923 Bondholder shall be without prejudice to the rights of such 1923 Bondholder to receive interest on the 1923 Bonds held up to and including 4 December 2024. Within thirty (30) calendar days from admission of the Bonds to listing on the Official List, 1923 Investments will settle the difference between the interest rate applicable to the 1923 Bonds (5.1%) and the interest rate of 5% applicable to the Bonds, from and including 17 July 2024 up to and including 4 December 2024.

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The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is 5% *per annum*.

6.8 REGISTRATION, FORM, DENOMINATION AND TITLE

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

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

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

The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Bonds will be issued for a minimum of €3,000 per individual Bondholder. Authorised Financial Intermediaries subscribing for Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €3,000 to each underlying client.

Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below in sub-section 6.12 of this Securities Note.

6.9 PAYMENTS

Payment of the principal amount of a Bond will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to but excluding the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro. Such payment shall be affected within seven (7) days of the Redemption Date. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith. Upon payment of the Redemption Value, the Bonds shall be redeemed, and the appropriate entry made in the electronic register of the Bonds at the CSD.

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

Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro. Such payment shall be affected within seven (7) days of the Interest Payment Date. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith.

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

No commissions or expenses shall be charged by the Issuer to the Bondholders in respect of payments made in accordance with this sub-section 6.9. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

6.10 REDEMPTION AND PURCHASE

The Issuer hereby irrevocably covenants in favour of each Bondholder that, unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value, together with accrued interest up to, but excluding, the date fixed for redemption, on 17 July 2029. In such a case the Issuer shall be discharged of any and all payment obligations under the Bonds upon payment made net of any withholding or other taxes due or which may be due under Maltese law, and which are payable by the Bondholders.

Subject to the provisions of this sub-section 6.10, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

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

6.11 EVENTS OF DEFAULT

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

- a. the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder, unless remedied by the Guarantor before the expiry of such sixty (60) days; and/or
- b. the Issuer shall fail to pay the principal amount of a Bond on the date fixed for its redemption and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder, unless remedied by the Guarantor before the expiry of such sixty (60) days; and/or
- c. the Issuer shall fail to perform, or shall otherwise be in breach of, any other material obligation contained in the Terms and Conditions and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder, unless remedied by the Guarantor before the expiry of such sixty (60) days, where applicable; and/or
- d. if any representation or warranty made by or in respect of the Issuer or the Guarantor is or proves to have been incorrect in any material respect; and/or
- e. an order is made, or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer; and/or
- 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; and/or
- g. the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; and/or
- h. if in terms of section 214(5) of the Act, a Court order or other judicial process is levied or enforced upon or sued out against any part of the property of the Issuer and is not paid out, withdrawn or discharged within one (1) month; and/or
- i. if a judicial or provisional administrator is appointed upon the whole or any material part of the property of the Issuer; and/or

- j. there shall have been entered against the Issuer a final judgment by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of five million Euro (€5,000,000) or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; and/or
- k. any default of a payment obligation which occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined below) of the Issuer in excess of five million Euro (€5,000,000) or its equivalent at any time.

Upon any such Event of Default occurring and not being remedied within the relevant cure period, as applicable, the principal monies and interest accrued under the Bonds shall be deemed to have become immediately payable at the time of the event which shall have happened as aforesaid.

For the purpose of this sub-section 6.11, "Financial Indebtedness" means any indebtedness in respect of: (A) monies borrowed; (B) any debenture, bond, note, loan, stock or other security; (C) any acceptance credit; (D) the acquisition cost of any asset to the extent payable before or after the time of acquisition or possession by the party liable where the advance or deferred payment is arranged primarily as a method of raising finance for the acquisition of that asset; (E) leases entered into primarily as a method of raising finance for the acquisition of the asset leased; (F) amounts raised under any other transaction having the commercial effect of borrowing or raising of money; (G) any guarantee, indemnity or similar assurance against financial loss of any person.

6.12 TRANSFERABILITY OF THE BONDS

The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole, in multiples of €100, in accordance with the rules and regulations of the MSE applicable from time to time. The minimum subscription amount of €3,000 shall only apply during the Offer Period. As such, no minimum holding requirement shall be applicable once the Bonds are admitted to listing on the Official List and commence trading thereafter, subject to trading in multiples of €100.

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/herself/itself as holder of the Bond or to have some person nominated by him/her/it registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself/herself/itself, he/she/it shall deliver or send to the CSD a notice in writing signed by him/her/it stating that he/she/it so elects. If he/she/it shall elect to have another person registered he/she/it shall testify his/her/its election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person. Provided always that if a Bond is transmitted in furtherance of this paragraph, a person will not be registered as a Bondholder unless such transmission is made in multiples of €100.

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

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

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

6.13 FURTHER ISSUES

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

6.14 MEETINGS OF BONDHOLDERS

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

No change or amendment to, or waiver of, any of the applicable Terms and Conditions of the Bonds may be made unless such decision is made at a meeting of Bondholders duly convened and held for that purpose in accordance with the terms hereof.

A meeting of Bondholders shall be called by the Directors by giving: (i) all Bondholders listed on the register of Bondholders as at a date being not more than thirty (30) days preceding the date scheduled for the meeting; and (ii) the Guarantor, not less than fourteen (14) days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders and the Guarantor whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this sub-section 6.14 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, at least two (2) Bondholders present, in person or by proxy, representing not less than fifty per cent (50%) in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within thirty (30) minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Bondholders present at that meeting and to the Guarantor. The Issuer shall within two (2) days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven (7) days, and not later than fifteen (15) days, following the original meeting. At an adjourned meeting the number of Bondholders present at the commencement of the meeting, in person or by proxy, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at and decided upon during, the adjourned meeting.

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

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

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

The proposal placed before a meeting of Bondholders shall only be considered approved if at least sixty per cent (60%) in nominal value of the Bonds held by Bondholders present at the meeting, or at any adjourned meeting, as the case may be, at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.

In terms of the Guarantee the Guarantor has the power to veto a decision by the Bondholders, taken at a Bondholders' meeting duly convened and held, which may give rise to changes in: (i) the amount payable by the Guarantor under the Guarantee; (ii) the term and/or frequency of such payments; (iii) the Events of Default listed in sub-section 6.11 of this Securities Note; and/or (iv) any other term which may otherwise increase the exposure of the Guarantor to the enforcement of the Guarantee. In the event that the Guarantor were to exercise such right of veto, the proposed amendment to, or waiver of, the Terms and Conditions would not be put into effect.

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

6.15 AUTHORISATIONS AND APPROVALS

The Directors of the Issuer authorised the Bond Issue and the publication of the Prospectus pursuant to a Board of Directors' resolution passed on 24 May 2024. The Guarantee being given by the Guarantor in respect of the Bonds has been authorised by a resolution of the board of directors of the Guarantor dated 27 May 2024.

6.16 ADMISSION TO TRADING

The Malta Financial Services Authority has authorised the Bonds as admissible to listing pursuant to the Capital Markets Rules by virtue of a letter dated 3 June 2024.

Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Prospectus to be listed and traded on its Official List.

The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 24 July 2024 and trading is expected to commence on 25 July 2024. Dealing may commence prior to notification of the amount allotted being issued to Applicants.

6.17 PRICING

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

6.18 REPRESENTATIONS AND WARRANTIES

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

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

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

6.19 BONDS HELD JOINTLY

In respect of any Bonds held jointly by several persons (including spouses), the person whose name shall be inserted in the field entitled "*Applicant*" on the Application Form, or the first named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders whose names appear in the field entitled "Additional Applicants" in the Application Form or joint holders in the register, as the case may be. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bonds so held.

6.20 BONDS HELD SUBJECT TO USUFRUCT

In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed *vis-a-vis* the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the existence of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bond (which shall be due to the bare owner). Furthermore, the signatures of both the bare owner and the usufructuary will be required in the respective Application.

6.21 NOTICES

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

6.22 GOVERNING LAW AND JURISDICTION

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

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

7 TAXATION

7.1 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 the acquisition, holding and disposal of Bonds, as well as any interest payments made by the Issuer. The following is a summary of the anticipated tax treatment applicable to the Bonds and to Bondholders in so far as taxation in Malta is concerned. This information, that does not constitute legal or tax advice and does not purport to be exhaustive, refers only to Bondholders who do not deal in securities in the course of their normal trading activity.

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 who do not deal in the acquisition and disposal of securities in the course of their normal trading activities. 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.

7.2 MALTA TAX ON INTEREST

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

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder is not obliged to declare the interest so received in his/her income tax return, to the extent that the interest is paid net of tax. No person, whether corporate or non-corporate, shall be charged to further tax in Malta in respect of such income and the tax deducted shall not be available as a credit against the recipient's tax liability or available as a refund, as the case may be.

The Issuer will render an account to the Commissioner for Tax and Customs of all amounts of interest paid and tax so deducted, including the identity of the recipient.

In the case of a valid election made in writing 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/her/its Maltese income tax return and be subject to tax on such interest at the standard rates applicable to that person at that time. Additionally, in this latter case the Issuer will advise the Commissioner for Tax and Customs on an annual basis in respect of all interest paid gross and of the identity of all such recipients. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

In terms of article 12(1)(c)(i) of the Income Tax Act, Bondholders who are not resident in Malta satisfying the applicable conditions set out therein, including but not limited to the condition that the Bondholder is not owned and controlled by, whether directly or indirectly, nor acts on behalf of an individual/s who are ordinarily resident and domiciled in Malta, are exempt from income tax in Malta on the interest received and will receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law.

7.3 EXCHANGE OF INFORMATION

In terms of applicable Maltese legislation, the Issuer and/or its agent are required to collect and forward certain information, including, but not limited to, information regarding payments made to Bondholders, to the Commissioner for Tax and Customs. The Commissioner for Tax and Customs will or may, in turn, automatically or on request, forward the information to other relevant tax authorities subject to certain conditions. Please note that this does not constitute tax advice and Applicants are to consult their own tax advisors in case of doubt.

7.4 MALTESE TAXATION ON CAPITAL GAINS ON TRANSFER OF THE BONDS

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

7.5 DUTY ON DOCUMENTS AND TRANSFERS

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

Accordingly, the Bonds should not be treated as constituting marketable securities within the meaning of the aforementioned legislation and, therefore, the transfer/transmission thereof should not be chargeable to duty.

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

8 TERMS AND CONDITIONS OF THE BOND ISSUE

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

- i. 1923 Bondholders applying for Bonds may elect to settle all or part of the amount due on the Bonds applied for (whether in whole or in part consideration for the Bonds being applied for) by completing Application Form ‘A’, indicating that the consideration for the Bonds applied for shall be settled by way of transfer of all or part of the 1923 Bonds held as at the Cut-Off Date in an amount equivalent to the par value of the Bonds applied for, thereby exercising their right to subscribe for Bonds by means of Exchangeable Bond Transfer. Any 1923 Bondholders whose holding in 1923 Bonds is less than €3,000 or who wish to subscribe for additional Bonds shall be required to pay the Cash Top-Up and / or the Excess, as applicable, together with the submission of their Application Form ‘A’. Preferred Applicants applying for Bonds shall complete Application Form ‘B’ together with payment of the full price of the Bonds applied for. The general public applying for Bonds shall complete Application Form ‘C’ together with payment of the full price of the Bonds applied for.
- ii. By submitting an Application Form ‘A’ indicating that the option of the Exchangeable Bond Transfer is being selected, whether in whole or in part consideration for the Bonds being applied for, the Applicant is thereby confirming:
 - a. that all or part, as the case may be, of the 1923 Bonds held by the Applicant as at the Cut-Off Date are being transferred to 1923 Investments, together with the payment due in respect of any Cash Top-Up, if applicable;

- b. that the Application Form constitutes the Applicant's irrevocable mandate to the Issuer to: (a) cause the transfer of the said 1923 Bonds in 1923 Investment's name in consideration of the issue of Bonds; and (b) engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said 1923 Bonds in 1923 Investments and fully and effectively vest title in the appropriate number of Bonds in the Applicant; and
 - c. that the obligations of 1923 Investments with respect to the 1923 Bonds being transferred to 1923 Investments are extinguished in their entirety and are thereby replaced by obligations on the part of the Issuer under the Bonds to be issued upon acceptance by the Issuer of the Application in question.
- iii. In the event that 1923 Bondholders applying for a number of Bonds exceeding in value the aggregate nominal value of 1923 Bonds held by them as at the Cut-Off Date have been allocated a number of Bonds which is less than the Excess applied for and/or Preferred Applicants have been allocated a number of Bonds which is less than the number applied for, then such 1923 Bondholders and/or such Preferred Applicants, as applicable, shall receive a refund of the price of the Bonds applied for but not allocated. Such refund shall be without interest and shall be made by credit transfer to such account indicated in the Application Form, at the 1923 Bondholder's and Preferred Applicant's sole risk by latest 24 July 2024.
- In the event that general public Applicants have been allocated a number of Bonds which is less than the number applied for, then such Applicants shall receive a refund of the price of the Bonds applied for but not allocated. Such refund shall be without interest and shall be made by credit transfer to such account indicated in the Application Form as applicable. Refunds of unallocated monies shall be made to Applicants by latest 24 July 2024.
- iv. The issue and allotment of the Bonds is conditional upon the Guarantee being granted by the Guarantor and the Bonds being admitted to trading on the Official List. In the event that Guarantee is not granted by the Guarantor and/or the Bonds are not admitted to the Official List, no Exchangeable Bond Transfers shall take effect and any application monies received by the Issuer from all Applicants will be returned, without interest, by direct credit into the Applicant's bank account indicated by the Applicant/Authorised Financial Intermediary on the relative Application Form.
 - v. Applications must be accompanied by the full price of the Bonds applied for in Euro, through a method of payment as accepted by the respective Authorised Financial Intermediary. In any case, acceptance of payment shall be made at the Authorised Financial Intermediary's sole and absolute discretion and may be on the basis that the Applicant indemnifies the Authorised Financial Intermediary against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant's remittance to be honoured on first presentation, and that, at any time prior to unconditional acceptance by the Authorised Financial Intermediary of such late payment in respect of such Bonds, the Authorised Financial Intermediary may, without prejudice to other rights, treat the agreement to allocate such Bonds as void, in which case the Applicant will not be entitled to any refund or payment in respect of such Bonds, other than return of such late payment.
 - vi. The contract created by the Issuer's acceptance of an Application filed by a prospective bondholder shall be subject to all the Terms and Conditions set out in this Securities Note and the Memorandum and Articles of Association of the Issuer. It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.
 - vii. If an Application Form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have duly bound his principal, or the relative corporation, corporate entity, or association of persons, and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions on their behalf. Such representative may be requested to submit the relative power of attorney/resolution or a copy thereof, duly certified by a lawyer or notary public, if so required by the Issuer acting through the Registrar, but it shall not be the duty or responsibility of the Registrar or the Issuer to ascertain that such representative is duly authorised to appear on the Application Form and bind the Applicant.
 - viii. In the case of corporate Applicants or Applicants having separate legal personality, the Application must be signed by a person(s) authorised to sign and bind such Applicant. Applications in the name of a corporation or corporate entity or association of persons need to include a valid Legal Entity Identifier ("LEI") (which needs to be valid) in the space provided on the Application Form. Failure to include a valid LEI code will result in the Application being cancelled by the Issuer, acting through the Registrar, and subscription monies will be returned to the Applicant in accordance with the terms set out herein.
 - ix. In the event that an Applicant fails to submit full information and/or documentation required with respect to an Application, the Applicant shall receive a full refund, without interest, by direct credit transfer to such account indicated in the Application Form at any time before the Bonds are admitted to listing on the Official List. Neither the Issuer nor the Registrar shall be responsible for any loss or delay arising in connection with such credit transfer or charges in connection therewith.
 - x. In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each of the joint Applicants, and liability therefor is joint and several. The person whose name shall be inserted in the field entitled "Applicant" on the Application, or first-named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders whose names appear in the field entitled "Additional Applicants" in the Application Form or joint holders in the register, as the case may be. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond(s) so held.

- xi. Applications in the name and for the benefit of minors shall be allowed provided that the Applicant already holds an account with the MSE and they are signed by both parents or the legal guardian(s), as applicable. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
- xii. Applications for the Bonds by Applicants must be submitted on the appropriate Application Form (that is, Application Form 'A', Application Form 'B' or Application Form 'C', as applicable) by not later than 12:00 hours on 10 July 2024. The Issuer reserves the right to close the Offer Period before 10 July 2024 with respect to any one or more classes of Applicants depending on the level of subscription in the Bond Issue. All Applications are to be lodged with any of the Authorised Financial Intermediaries listed in Annex IV of this Securities Note together with payment of the full price of the Bonds applied for, in Euro (€), with the exception of Applications submitted by 1923 Bondholders in respect of and limitedly up to the portion of Exchangeable Bond Transfers, where payment needs to correspond to the amount applied for, less the aggregate value of the bonds forming the subject of the Exchangeable Bond Transfer, where applicable. Payments in Euro may be made through any method of payment as accepted by the respective Authorised Financial Intermediary.
- xiii. The Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and, accordingly, may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.
- xiv. No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person, nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any regulation or other legal requirements. Having considered the circumstances, the Issuer has formed the view, due to the onerous requirements involved in the registration of the Prospectus in any territory other than Malta and/or compliance with the relevant legal or regulatory requirements, not to send Application Forms to 1923 Bondholders and Preferred Applicants having their address as included in the register of bondholders outside Malta, except where, *inter alia*, in the absolute discretion of the Issuer, it is satisfied that such action would not result in a contravention of any applicable legal or regulatory requirement in the relevant jurisdiction.
- xv. It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself/itself 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.
- xvi. Subject to all other Terms and Conditions set out in the Prospectus, the Issuer reserves the right to reject, in whole or in part, or to scale down, any Application. The right is also reserved to refuse any Application which in the opinion of the Issuer, acting through the Registrar, is not properly completed in all respects in accordance with the relative instructions or is not accompanied by the required documents.
- xvii. Save where the context requires otherwise or where otherwise defined therein, terms defined in the Prospectus bear the same meaning when used in these Terms and Conditions, in the Application Forms, in any of the annexes and in any other document issued pursuant to the Prospectus.
- xviii. The Issuer has not sought assessment of the Bonds by an independent credit rating agency.
- xix. Subject to all other Terms and Conditions set out in the Prospectus, the Issuer reserves the right to revoke the Bond Issue at any time before the closing of the Offer Period. The circumstances in which such revocation might occur are expected to be exceptional, for example where a significant change in market conditions occurs.
- xx. The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by all Applicants is €3,000.
- xxi. For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations (Subsidiary Legislation 373.01), as may be amended from time to time, all appointed Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in articles 1.2(d) and 2.4 of the "Members' Code of Conduct" appended as Appendix 3.6 to Chapter 3 of the MSE Bye-Laws, irrespective of whether the said appointed Authorised Financial Intermediaries are Malta Stock Exchange members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the GDPR and the Data Protection Act (Chapter 586 of the laws of Malta) for the purposes and within the terms of the Malta Stock Exchange Data Protection Policy, as published from time to time.
- xxii. It shall be incumbent on the respective Authorised Financial Intermediary to ascertain that all other applicable regulatory requirements relating to subscription of Bonds by an Applicant are complied with, including, without limitation, the obligation to comply with all applicable MiFIR requirements as well as applicable MFSA rules for investment services providers, all applicable Anti-Money Laundering and Counter Terrorist Financing rules and regulations, as well as the applicable MFSA Conduct of Business Rules.

By completing and delivering an Application Form, the Applicant:

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

- b accepts to be irrevocably contractually committed to acquire the number of Bonds allocated to such Applicant at the Bond Issue Price and, to the fullest extent permitted by law, accepts to be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment, such irrevocable offer to purchase, and pay the consideration for, the number of Bonds specified in the Application submitted by the Applicant (or any smaller number of Bonds for which the Application is accepted) at the Bond Issue Price, as applicable, being made subject to the provisions of the Prospectus, the Terms and Conditions, the Application Form and the Memorandum and Articles of Association of the Issuer;
- c warrants that the information submitted by the Applicant in the Application Form is true and correct in all respects. All Applications need to include a valid MSE account number in the name of the Applicant/s. Failure to include an MSE account number will result in the Application being cancelled by the Issuer (acting through the Registrar) and subscription monies will be returned to the Applicant in accordance with paragraph (f) below. In the event of a discrepancy between the personal details, including name and surname and the Applicant's address, appearing on the Application Form and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;
- d authorises the Registrar and the MSE to include his/her/its name or, in the case of joint Applications the first named Applicant, in the register of securities of the Issuer in respect of the Bonds allocated to such Applicant and further authorises the Issuer, the Registrar, the respective Authorised Financial Intermediary and the MSE to process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the GDPR and the Data Protection Act (Chapter 586 of the laws of Malta). The Applicant has the right to request access to and rectification of the personal data relating to him/her/it as processed by the Issuer and/or the MSE. Any such requests must be made in writing and sent to the CSD. 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, the Guarantor or the issue of the Bonds other than what is contained in the Prospectus and, accordingly, agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
- f agrees that any refund of unallocated Application monies will be paid by direct credit, without interest, at the Applicant's own risk, to the bank account as indicated in the Application. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith;
- g agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her/its remittance or surrender of the 1923 Bonds in the case of 1923 Bondholders opting for an Exchangeable Bond Transfer, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act (Chapter 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
- h agrees to provide the Issuer, acting through the Registrar, with any information which it/they may request in connection with the Application;
- i 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/its Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bonds or his/her/its Application;
- j warrants that all applicable exchange control or other regulations (including those relating to external transactions) have been duly and fully complied with;
- k represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) and that he/she/it is not accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the **"United States"**) or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- l agrees that the advisers to the Bond Issue (listed in sub-section 4.2 of the Registration Document) will owe the Applicant no duties or responsibilities concerning the Bonds or the suitability of the Applicant;
- m agrees that unless such Application is made with Calamatta Cuschieri Investment Services Limited as an Authorised Financial Intermediary, Calamatta Cuschieri Investment Services Limited will not, in its capacity of Sponsor, treat the Applicant as its customer by virtue of such Applicant making an Application for the Bonds, and that Calamatta Cuschieri Investment Services Limited will owe the Applicant no duties or responsibilities concerning the price of the Bonds or their appropriateness and suitability for the Applicant;
- n agrees that all documents in connection with the issue of the Bonds and any returned monies, including refunds of unapplied Application monies, if any, will be sent at the Applicant's own risk and may be sent, in the case of documents, by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form and in the case of monies by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form;
- o 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;

- p irrevocably offers to purchase the number of Bonds specified in his/her/its Application Form (or any smaller number for which the Application is accepted) at the Bond Issue Price subject to the Prospectus and the Terms and Conditions thereof;
- q warrants that his/her/its remittance will be honoured on first presentation and agrees that if such remittance is not so honoured on its first presentation, the Issuer, acting through the Registrar, reserves the right to invalidate the relative Application. Furthermore, the Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders or to enjoy or receive any rights in respect of such Bonds, unless the Applicant makes payment in cleared funds and such consideration is accepted by the respective Authorised Financial Intermediary. Such acceptance shall be made in the Authorised Financial Intermediary's sole and absolute discretion and may be on the basis that the Applicant indemnifies the Authorised Financial Intermediary against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant's remittance to be honoured on first presentation, and that, at any time prior to unconditional acceptance by the Authorised Financial Intermediary of such late payment in respect of such Bonds, the Authorised Financial Intermediary may, without prejudice to other rights, treat the agreement to allocate such Bonds as void and may allocate such Bonds to some other person, in which case the Applicant will not be entitled to any refund or payment in respect of such Bonds, other than return of such late payment;
- r agrees that all Applications, acceptances of applications and contracts resulting therefrom will be governed by, and construed in accordance with, Maltese law and that he/she/it submits to the exclusive jurisdiction of the Maltese Courts and agrees that nothing shall limit the right of the Issuer to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of applications and contracts in any other manner permitted by law in any court of competent jurisdiction;
- s warrants that if he/she signs the Application Form on behalf of another party or on behalf of a corporation or corporate entity or association of persons, he/she has due authority to do so and such person, corporation, corporate entity or association of persons will also be bound accordingly, and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions and, accordingly, will be deemed also to have given the confirmations, warranties and undertakings contained in the Terms and Conditions and undertakes to submit his power of attorney or a copy thereto duly certified by a lawyer or notary public if so required by the Issuer or the Registrar;
- t warrants that he/she is not under the age of eighteen (18) years or if he/she is lodging an Application in the name and for the benefit of a minor, warrants that he/she is the parent or legal guardian of the minor;
- u confirms that, in the case of a joint Application entered into in joint names, the first named Applicant shall be deemed the holder of the Bonds; and
- v agrees that, in all cases, any refund of unallocated Application monies, if any, will be sent to the Applicant by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form. No interest shall be due on refunds. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith.

9 ADDITIONAL INFORMATION

Save for the Financial Analysis Summary reproduced in Annex VI of this Securities Note, the Prospectus does not contain any statement or report attributed to any person as an expert.

The Financial Analysis Summary dated 3 June 2024 has been included in Annex VI of this Securities Note in the form and context in which it appears with the authorisation of Calamatta Cuschieri Investment Services Limited of Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta, which has given and has not withdrawn its consent to the inclusion of said report herein.

Calamatta Cuschieri Investment Services Limited does not have any beneficial interest in the Issuer. The Issuer has received confirmation from Calamatta Cuschieri Investment Services Limited that the Financial Analysis Summary has been accurately reproduced in the Prospectus and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

ANNEX I – SPECIMEN APPLICATION FORM 'A'



HILI FINANCE COMPANY P.L.C. €80,000,000 5% UNSECURED BONDS 2029 GUARANTEED BY HILI VENTURES LIMITED APPLICATION FORM 'A' – 1923 BONDHOLDERS

This Application Form is not transferable and entitles you to subscribe for the Hili Finance Company p.l.c. 5% Unsecured Bonds 2029 as a 1923 Bondholder (as defined in the Prospectus dated 3 June 2024).

A APPLICANT (see notes 2 to 8)			
		I.D. CARD/PASSPORT	MSE A/C NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
LEI (Legal Entity Identifier) (If applicant is NOT an individual)		PLEASE REGISTER ME FOR E-PORTFOLIO <input type="checkbox"/>	MOBILE NO. (mandatory for e-portfolio)
B ADDITIONAL (JOINT) APPLICANTS (see note 3) (please use Addendum to Application Form if space is not sufficient)			
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
C DECISION MAKER/MINOR'S PARENTS / LEGAL GUARDIAN(S) / USUFRUCTUARY/IES (see notes 4, 7 & 8) (to be completed ONLY if applicable)			
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
D I/WE APPLY TO PURCHASE AND ACQUIRE			
BOX 1 - Nominal Value of 1923 Bonds		AMOUNT IN FIGURES BOX 1	
BOX 2 - Amount of Bonds applied for in addition to the nominal holding in the 1923 Bonds payable in full upon application under the Terms and Conditions of the Bonds set out in the Prospectus (minimum subscription of €3,000 and in multiples of €100 thereafter).		€	
BOX 3 - I/We wish to purchase and acquire the amount set out in Box 3 in Bonds at the Bond Issue price (at par) pursuant to the Prospectus dated 3 June 2024 (the "Prospectus")		AMOUNT ADDED IN FIGURES BOX 2	
AMOUNT IN WORDS		€	
		TOTAL AMOUNT IN FIGURES BOX 3	
		€	
E RESIDENT - FINAL WITHHOLDING TAX ("FWT") DECLARATION (see notes 9) (to be completed ONLY if the Applicant is a resident of Malta)			
<input type="checkbox"/> I/We elect to receive interest NET of FWT.		<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without FWT.)	
F NON-RESIDENT - DECLARATION FOR TAX PURPOSES (see notes 2 & 10) (to be completed ONLY if the Applicant is a non-resident)			
TAX COUNTRY		CITY OF BIRTH	
T.I.N. (Tax Identification Number)		COUNTRY OF BIRTH	
<input type="checkbox"/> NOT resident in Malta but resident in the European Union		<input type="checkbox"/> NOT resident in Malta and NOT resident in the European Union	
G INTEREST, REFUND AND REDEMPTION MANDATE (see note 11 & 12) (completion of this panel is MANDATORY)			
BANK	IBAN		
<p>I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds as contained therein which I/we fully accept.</p> <p>I/We hereby authorise the Company to forward the details to the Malta Stock Exchange for the purposes of registering the Bonds in my/our MSE account, to register for the e-portfolio (where applicable) and to enable the reporting of all necessary transaction and personal information provided in this Application Form in compliance with Article 26 of MiFIR (Markets in Financial Instruments Regulation) to the Malta Financial Services Authority as competent authority ("Transaction Reporting"). Furthermore, I/we understand and acknowledge that the Company may require additional information for Transaction Reporting purposes and agree that such information will be provided.</p>			
Signature/s of Applicant/s (Parent/s or legal guardian/s are/is to sign if Applicant is a minor) (All parties are to sign in the case of a joint Application) (Bare owner/s and usufructuary/ies to sign in the case of holdings of Bonds that are subject to usufruct)		Date	
AUTHORISED FINANCIAL INTERMEDIARY'S STAMP	AUTHORISED FINANCIAL INTERMEDIARY'S CODE	APPLICATION NUMBER	

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 3 June 2024 regulating the Bond Issue

This Application Form is not transferable and entitles you to a preferential treatment as holder of the 5.10% 1923 Investments p.l.c. Unsecured Bonds 2024 (the “1923 Bonds”) and is to be submitted as a method of payment where the Applicant selects to apply for the 5% Hili Finance Company p.l.c. Unsecured Bonds 2029 (the “Bond/s”) so as to transfer to the Issuer all or part of the holding in the 1923 Bonds held by the Applicant as at the Cut-Off Date, the nominal value of which is set out in Box 1 of Panel D. By submitting this signed Application Form, 1923 Bondholders shall be deemed to:

- i. cause the transfer of the said 1923 Bonds in the Issuer's name in consideration of the issue of Bonds; and
- ii. engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said 1923 Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant.

1. This Application is governed by the Terms and Conditions of the Bonds contained in Section 8 of the Securities Note dated 3 June 2024 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS. For applicants who are non-residents in Malta for tax purposes, the relative box in Panel F must be completed.
3. The MSE account number pertaining to the 1923 Bondholders, has been preprinted in Panel A and reflects the MSE account number on the bond register of the 1923 Bonds held at the CSD as at 31 May 2024 (trading session of the 29 May 2024). If an MSE account pertains to more than one person (including husband and wife), the full details of all individuals must be given in Panels A and B but the first named bondholder shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 6 below). Applications by more than two persons are to use the Addendum to the Application Form.

Upon submission of an Application Form, Bondholders who opt to have an online e-portfolio facility (by marking the relative box in Panel A), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further details on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.

4. Applications in the name and for the benefit of minors shall be allowed provided that the applicant already holds an account with the MSE. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Company has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. Panel C must be inserted with full details of the parents/legal guardians.
5. In the case of a body corporate, a valid Legal Entity Identifier (“LEI”) needs to be inserted in Panel A. **Failure to include a valid LEI code, will result in the Application being cancelled by the Registrar.** Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
6. **1923 BONDHOLDERS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF. A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE, WILL HAVE TO BE EFFECTED.**

7. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a “decision maker”) such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in Panel C.
8. Where an MSE account number is held subject to usufruct, Panel C needs to be completed and both the bare owner/s and the usufructuary/ies are to sign this Application Form.
9. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. The Company will render an account to the Maltese Commissioner for Revenue of all interest paid, all amounts of tax deducted by the payor in respect of the interest paid and of the identity of all such recipients. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund will have final withholding tax (currently 10%), deducted from interest payments.

In terms of Section 7.2 of the Securities Note, unless the Company is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of “recipient” in terms of article 41(c) of the Income Tax Act (Cap. 123 of the laws of Malta), interest shall be paid to such person net of final withholding tax, (currently 15%) of the gross amount of interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the laws of Malta).

10. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

The contents of Notes 9 and 10 above do not constitute tax advice by the Company and Applicants are to consult their own independent tax advisors in case of doubt.

11. Interest, refund and redemption proceeds will be credited to the account indicated in Panel G or as otherwise amended by the Bondholder/s during the term of the Bond.
12. The Offer Period will open at 08:30 hours on 19 June 2024 and will close at 12:00 hours on 10 July 2024, or earlier as may be determined by the Issuer with respect to any one or more classes of Applicants depending on the total level of subscription in the Bond Issue. Application for Bonds may be lodged with any Authorised Financial Intermediary listed in Annex IV of the Securities Note during normal office hours. Remittances by post are made at the risk of the Applicant and the Company disclaims all responsibility for any such remittances not being received by the date of closing of the subscription lists. If any Application is not accepted after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies equivalent to the number of Bonds not being accepted will be returned by direct credit into the IBAN specified in panel G.
13. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
 - a. the Company or its duly appointed agents including the CSD and the Registrar, may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR) (EU) 2016/679 as amended from time to time;
 - b. the Company may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Company.

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

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

ANNEX II – SPECIMEN APPLICATION FORM 'B'



HILI FINANCE COMPANY P.L.C.
€80,000,000 5% UNSECURED BONDS 2029
GUARANTEED BY HILI VENTURES LIMITED
APPLICATION FORM 'B' - PREFERRED APPLICANTS

This Application Form is not transferable and entitles you to subscribe for the Hili Finance Company p.l.c. 5% Unsecured Bonds 2029 as a Preferred Applicant (as defined in the Prospectus dated 3 June 2024). Please read the notes overleaf before completing this Application Form. Mark 'X' where applicable.

A APPLICANT (see notes 2 to 8)			
		I.D. CARD/PASSPORT	MSE A/C NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
LEI (Legal Entity Identifier) (If applicant is NOT an Individual)		PLEASE REGISTER ME FOR E-PORTFOLIO <input type="checkbox"/>	MOBILE NO. (mandatory for e-portfolio)
B ADDITIONAL (JOINT) APPLICANTS (see note 3) (please use Addendum to Application Form if space is not sufficient)			
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
C DECISION MAKER/MINOR'S PARENTS / LEGAL GUARDIAN(S) / USUFRUCTUARY/IES (see notes 4, 7 & 8) (to be completed ONLY if applicable)			
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
D I/WE APPLY TO PURCHASE AND ACQUIRE (see note 9):			
AMOUNT IN FIGURES €		AMOUNT IN WORDS	
Hili Finance Company p.l.c. 5% Unsecured Bonds 2029 guaranteed by Hili Ventures Limited (the "Bonds") (minimum subscription of €3,000 and in multiples of €100 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 3 June 2024 (the "Prospectus"), payable in full upon application under the Terms and Conditions of the Bonds as set out in the Prospectus.			
E RESIDENT - FINAL WITHHOLDING TAX ("FWT") DECLARATION (see notes 10 & 11) (to be completed ONLY if the Applicant is a resident of Malta)			
<input type="checkbox"/> I/We elect to receive interest NET of FWT.		<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without FWT.)	
F NON-RESIDENT - DECLARATION FOR TAX PURPOSES (see notes 2 & 11) (to be completed ONLY if the Applicant is a non-resident)			
TAX COUNTRY		CITY OF BIRTH	
T.I.N. (Tax Identification Number)		COUNTRY OF BIRTH	
<input type="checkbox"/> NOT resident in Malta but resident in the European Union		<input type="checkbox"/> NOT resident in Malta and NOT resident in the European Union	
G INTEREST, REFUND AND REDEMPTION MANDATE (see note 12 & 13) (completion of this panel is MANDATORY)			
BANK	IBAN		
<p>I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds as contained therein which I/we fully accept.</p> <p>I/We hereby authorise the Company to forward the details to the Malta Stock Exchange for the purposes of registering the Bonds in my/our MSE account, to register for the e-portfolio (where applicable) and to enable the reporting of all necessary transaction and personal information provided in this Application Form in compliance with Article 26 of MiFIR (Markets in Financial Instruments Regulation) to the Malta Financial Services Authority as competent authority ("Transaction Reporting"). Furthermore, I/we understand and acknowledge that the Company may require additional information for Transaction Reporting purposes and agree that such information will be provided.</p>			
Signature/s of Applicant/s (Parent/s or legal guardian/s are/is to sign if Applicant is a minor) (All parties are to sign in the case of a joint Application) (Bare owner/s and usufructuary/ies to sign in the case of holdings of Bonds that are subject to usufruct)		Date	
AUTHORISED FINANCIAL INTERMEDIARY'S STAMP	AUTHORISED FINANCIAL INTERMEDIARY'S CODE	APPLICATION NUMBER	

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 3 June 2024 regulating the Bond Issue

1. This Application is governed by the Terms and Conditions of the Bond Issue contained in Section 8 of the Securities Note dated 3 June 2024 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS. For applicants who are non-residents in Malta for tax purposes, the relative box in Panel F must be completed.
3. The MSE account number pertaining to the Hill Ventures Bondholders, Hill Properties plc Listed Equity Holders and Harvest Technology plc Listed Equity Holders, has been preprinted in Panel A and reflects the MSE account number on the respective register held at the CSD as at 31 May 2024 (trading session of the 29 May 2024). If an MSE account pertains to more than one person (including husband and wife), the full details of all individuals must be given in Panels A and B but the first named bondholder shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 6 below). Applications by more than two persons are to use the Addendum to the Application Form.

Upon submission of an Application Form, Bondholders who opt to have an online e-portfolio facility (by marking the relative box in Panel A), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.

4. Applications in the name and for the benefit of minors shall be allowed provided that the applicant already holds an account with the MSE. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Company has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. Panel C must be inserted with full details of the parents/legal guardians.
5. In the case of a body corporate, a valid Legal Entity Identifier ("LEI") needs to be inserted in Panel A. **Failure to include a valid LEI code, will result in the Application being cancelled by the Registrar.** Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
6. **PREFERRED APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF. A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE, WILL HAVE TO BE EFFECTED.**
7. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in Panel C.
8. Where an MSE account number is held subject to usufruct, Panel C needs to be completed and both the bare owner/s and the usufructuary/ies are to sign this Application Form.
9. Applications must be for a minimum subscription of €3,000 and thereafter in multiples of €100 and must be accompanied by the relevant subscription amount in Euro.
10. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. The Company will render an account to the Maltese Commissioner for Revenue of all interest paid, all amounts of tax deducted by the payor in respect of the interest paid and of the identity of all such recipients. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund will have final withholding tax (currently 10%), deducted from interest payments.

In terms of Section 7.2 of the Securities Note, unless the Company is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 123 of the laws of Malta), interest shall be paid to such person net of final withholding tax, (currently 15%) of the gross amount of interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the laws of Malta).

11. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

The contents of Notes 10 and 11 above do not constitute tax advice by the Company and Applicants are to consult their own independent tax advisors in case of doubt.

12. Interest, refund and redemption proceeds will be credited to the account indicated in Panel G or as otherwise amended by the Bondholder/s during the term of the Bond.
13. The Offer Period will open at 08:30 hours on 19 June 2024 and will close at 12:00 hours on 10 July 2024, or earlier as may be determined by the Issuer with respect to any one or more classes of Applicants depending on the total level of subscription in the Bond Issue. Application for Bonds may be lodged with any Authorised Financial Intermediary listed in Annex IV of the Securities Note during normal office hours. Remittances by post are made at the risk of the Applicant and the Company disclaims all responsibility for any such remittances not being received by the date of closing of the subscription lists. If any Application is not accepted after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies equivalent to the number of Bonds not being accepted will be returned by direct credit into the IBAN specified in panel G.
14. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
 - a. the Company or its duly appointed agents including the CSD and the Registrar, may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR) (EU) 2016/679 as amended from time to time;
 - b. the Company may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Company.

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

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

ANNEX III – SPECIMEN APPLICATION FORM ‘C’



HILI FINANCE COMPANY P.L.C.
€80,000,000 5% UNSECURED BONDS 2029
GUARANTEED BY HILI VENTURES LIMITED
APPLICATION FORM ‘C’ – GENERAL PUBLIC

Please read the notes overleaf before completing this Application Form. **Mark ‘X’ where applicable.**

A	APPLICANT (see notes 2 to 6)			
<input type="checkbox"/> Non-Resident <input type="checkbox"/> Minor (under 18) <input type="checkbox"/> Body Corporate/ Body of Persons <input type="checkbox"/> CIS-Prescribed Fund				
B	TITLE (MR/MRS/MS/...)		FULL NAME AND SURNAME / REGISTERED NAME	
MSE A/C NO. (MANDATORY)		I.D. CARD / PASSPORT / COMPANY REG. NO.	DOCUMENT TYPE	COUNTRY OF ISSUE
LEI (Legal Entity Identifier) (If applicant is NOT an Individual)		NATIONALITY	MOBILE NO.	
<input type="checkbox"/> PLEASE REGISTER ME FOR E-PORTFOLIO (mobile number is mandatory for e-portfolio registration)				
C	ADDITIONAL (JOINT) APPLICANTS (see note 3) (please use Addendum to Application Form if space is not sufficient)			
TITLE (Mr/Mrs/Ms/...)		FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE		COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
D	DECISION MAKER/MINOR'S PARENTS / LEGAL GUARDIAN(S) / USUFRUCTUARY/IES (see notes 4, 7 & 8) (to be completed ONLY if applicable)			
TITLE (Mr/Mrs/Ms/...)		FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE		COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
TITLE (Mr/Mrs/Ms/...)		FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE		COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
E	I/WE APPLY TO PURCHASE AND ACQUIRE (see note 9):			
AMOUNT IN FIGURES €		AMOUNT IN WORDS		
<p>Hili Finance Company p.l.c. 5% Unsecured Bonds 2029 guaranteed by Hili Ventures Limited (the “Bonds”) (minimum subscription of €3,000 and in multiples of €100 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 3 June 2024 (the ‘Prospectus’), payable in full upon application under the Terms and Conditions of the Bonds as set out in the Prospectus. (See note 9)</p>				
F	RESIDENT - FINAL WITHHOLDING TAX (“FWT”) DECLARATION (see notes 10) (to be completed ONLY if the Applicant is a resident of Malta)			
<input type="checkbox"/> I/We elect to receive interest NET of FWT. <input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without FWT.)				
G	NON-RESIDENT - DECLARATION FOR TAX PURPOSES (see notes 2 & 11) (to be completed ONLY if the Applicant is a non-resident)			
TAX COUNTRY		CITY OF BIRTH		
T.I.N. (Tax Identification Number)		COUNTRY OF BIRTH		
<input type="checkbox"/> NOT resident in Malta but resident in the European Union <input type="checkbox"/> NOT resident in Malta and NOT resident in the European Union				
H	INTEREST, REFUND AND REDEMPTION MANDATE (see note 12 & 13) (completion of this panel is MANDATORY)			
BANK		IBAN		
<p>I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds as contained therein which I/we fully accept.</p> <p>I/We hereby authorise the Company to forward the details to the Malta Stock Exchange for the purposes of registering the Bonds in my/our MSE account, to register for the e-portfolio (where applicable) and to enable the reporting of all necessary transaction and personal information provided in this Application Form in compliance with Article 26 of MiFIR (Markets in Financial Instruments Regulation) to the Malta Financial Services Authority as competent authority (“Transaction Reporting”). Furthermore, I/we understand and acknowledge that the Company may require additional information for Transaction Reporting purposes and agree that such information will be provided.</p>				
Signature/s of Applicant/s (Parent/s or legal guardian/s are/is to sign if Applicant is a minor) (All parties are to sign in the case of a joint Application) (Bare owner/s and usufructuary/ies to sign in the case of holdings of Bonds that are subject to usufruct)				Date
AUTHORISED FINANCIAL INTERMEDIARY'S STAMP		AUTHORISED FINANCIAL INTERMEDIARY'S CODE		APPLICATION NUMBER

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 3 June 2024 regulating the Bond Issue

1. This Application is governed by the Terms and Conditions of the Bond Issue contained in Section 8 of the Securities Note dated 3 June 2024 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS. For applicants who are non-residents in Malta for tax purposes, the relative box in Panel F must be completed.
3. Applicants are to insert full personal details in Panel B. If an MSE account pertains to more than one person (including husband and wife), the full details of all individuals must be given in Panels A and B but the first named bondholder shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 6 below). Applications by more than two persons are to use the Addendum to the Application Form.

Upon submission of an Application Form, Bondholders who opt to have an online e-portfolio facility (by marking the relative box in Panel A), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.

4. Applications in the name and for the benefit of minors shall be allowed provided that the applicant already holds an account with the MSE. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Company has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. Panel C must be inserted with full details of the parents/legal guardians.
5. In the case of a body corporate, a valid Legal Entity Identifier ("LEI") needs to be inserted in Panel A. **Failure to include a valid LEI code, will result in the Application being cancelled by the Registrar.** Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
6. **APPLICANTS ARE TO INSERT AN MSE ACCOUNT NUMBER IN THE SPACE PROVIDED IN PANEL B, AND FAILURE TO DO SO WILL RESULT IN REJECTION OF THE APPLICATION FORM. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM WITH THE DETAILS (INCLUDING REGISTERED ADDRESS), AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE.**

7. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in Panel D.
8. Where an Applicant quotes an MSE account number which is held subject to usufruct, both the bare owner/s and the usufructuary/ies are to sign this Application Form.
9. Applications must be for a minimum subscription of €3,000 and thereafter in multiples of €100 and must be accompanied by the relevant subscription amount in Euro.
10. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. The Issuer will render an account to the Maltese Commissioner for Revenue of all interest paid, all amounts of tax deducted by the payor in respect of the interest paid and of the identity of all such recipients. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund (having indicated their status in the appropriate box in Panel A) will have final withholding tax (currently 10%), deducted from interest payments.

In terms of Section 7.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 123 of the laws of Malta), interest shall be paid to such person net of final withholding tax, (currently 15%) of the gross amount of interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the laws of Malta).

11. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

The contents of notes 10 and 11 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisors in case of doubt.

12. Interest and redemption proceeds will be credited to the account indicated in Panel H or as otherwise amended by the Bondholder/s during the term of the Bond.
13. The Offer Period will open at 08:30 hours on 19 June 2024 and will close at 12:00 hours on 10 July 2024, or earlier as may be determined by the Issuer with respect to any one or more classes of Applicants depending on the total level of subscription in the Bond Issue. Application for Bonds may be lodged with any Authorised Financial Intermediary listed in Annex IV of the Securities Note during normal office hours. Remittances by post are made at the risk of the Applicant and the Company, the Registrar and Authorised Financial Intermediaries disclaim all responsibility for any such remittances not being received by the date of closing of the subscription lists. If any Application is not accepted after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies equivalent to the number of Bonds not being accepted will be returned by direct credit into the IBAN specified in panel H.
14. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
 - a. the Issuer or its duly appointed agents including the CSD and the Registrar, may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR) (EU) 2016/679 as amended from time to time;
 - b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Company.

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

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

ANNEX IV – AUTHORISED FINANCIAL INTERMEDIARIES

Name	Address	Telephone
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 (Applications accepted from all Branches, Wealth Management, and Investment Centres)	22751732
Calamatta Cuschieri Investment Services Limited	Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034	25688688
CiliaFormosa Financial Advisors Ltd	Triq id-Delu, Mosta MST 3355	22260200
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	21347331
FINCO Treasury Management Limited	The Bastions, Office No 2, Emvin Cremona Street, Floriana FRN 1281	21220002
Hogg Capital Investments Limited	NuBis Centre, Mosta Road, Lija LJA 9012	21322872
HSBC Bank Malta p.l.c.	116, Archbishop Street Valletta VLT 1444	23802380
Jesmond Mizzi Financial Advisors Limited	67 Flat 3, South Street, Valletta VLT 1105	21224410
Lombard Bank Malta p.l.c.	67, Republic Street, Valletta VLT 1117	25581806
MeDirect Bank (Malta) p.l.c.	The Centre, Tigné Point, Sliema TPO 0001	25574400
BankMichael Grech Financial Investment Services Limited	The Brokerage, Level 0, St Marta Street Victoria, Gozo VCT 2550	22587000
MZ Investment Services Limited	63, MZ House, St. Rita Street, Rabat RBT 1523	21453739
Bank Rizzo, Farrugia & Co (Stockbrokers Ltd	Airways House, Fourth Floor, High Street, Sliema SLM 1551	22583000
Timberland Invest Ltd	Level 7, CF Business Centre, Gort Street, St Julian's STJ 9023	20908100

ANNEX V – THE GUARANTEE

C 57902

To All Bondholders:

Reference is made to the issue of up to €80 million Unsecured Bonds 2029 by Hili Finance Company p.l.c., a company registered in Malta bearing company registration number C 85692 (the “**Issuer**”) pursuant to and subject to the terms and conditions contained in the Securities Note forming part of the Prospectus to be dated on or about 3 June 2024 (the “**Bonds**”).

Now, therefore, by virtue hereof, Hili Ventures Limited, a company registered in Malta bearing company registration number C 57902, hereby stands surety jointly and severally with the Issuer and irrevocably and unconditionally guarantees the due and punctual performance of all the obligations undertaken by the Issuer under the Bonds and, without prejudice to the generality of the foregoing, undertakes to pay all amounts of principal and interest which become due and payable by the Issuer to Bondholders under the Bonds, within sixty (60) days from the date such amount falls due and remains unpaid by the Issuer.

This Guarantee shall be governed by the laws of Malta.

Signed and executed on this the 3 day of June 2024, after approval of the board of directors of Hili Ventures Limited.

INTERPRETATION

In this Guarantee, unless the context otherwise requires:

- (a) terms and expressions defined in or construed for the purposes of the Prospectus shall have the same meanings or be construed in the same manner when used in this Guarantee, unless defined otherwise in this Guarantee;
- (b) “**Indebtedness**” means any and all 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, in terms of the Prospectus and in any and all cases whether for principal, interest, capitalised interest, charges, disbursements, or otherwise and whether for actual or contingent liability; and
- (c) “**writing**” or “**in writing**” shall mean any method of visual representation and shall include e-mails and other such electronic methods.

NATURE, SCOPE AND TERMS OF THE GUARANTEE

1. NATURE OF THE GUARANTEE

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

2. INFORMATION ABOUT THE GUARANTOR

The information about the Guarantor required pursuant to the Capital Markets Rules and the Prospectus Regulation may be found in the Registration Document forming part of the Prospectus.

3. TERMS OF THE GUARANTEE

3.1 COVENANT TO PAY

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

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

All payments shall be made to Bondholders without any withholding for taxes, other than any withholding tax that may be applicable on interest as described in more detail in section 7.2 of the Securities Notes (and, in so far as this obligation exists under any law, the payment shall be grossed up by the amount of withholding) and without set-off for any amounts which may be then owing to the Guarantor by the Issuer.

This Guarantee shall apply to all Bonds issued on or about 24 July 2024 in accordance with the terms of the Securities Note.

3.2 GUARANTOR AS JOINT AND SEVERAL SURETY

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

3.3 MAXIMUM LIABILITY

This is a continuing Guarantee for the whole amount due or owing under the Bonds or which may hereafter at any time become due or owing under the Bonds by the Issuer, but the amount due by the Guarantor to the Bondholders under this Guarantee shall be up to and shall not be in excess of €80,000,000 (eighty million Euro), apart from interest due up to the date of payment and costs and expenses relating to the protection, preservation, collection or enforcement of the Bondholders' rights against the Issuer and/or the Guarantor, which shall be additional to the maximum sum herein stated.

3.4 CONTINUING AND UNCONDITIONAL LIABILITY

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

- a. the bankruptcy, insolvency or winding up of the Issuer; or
- b. the incapacity or disability of the Issuer; or
- c. any change in the name, style, constitution, any amalgamation or reconstruction of either the Issuer or the Guarantor; or
- d. a Bondholder conceding any time or indulgence, or compounding with, discharging, releasing or varying the liability of the Issuer or renewing, determining, reducing, varying or increasing any accommodation or transaction or otherwise dealing with the same in any manner whatsoever or concurring in, accepting or in any way varying any compromise, composition, arrangement or settlement or omitting to claim or enforce or extract payment from the Issuer; or
- e. any event, act or omission that might operate to exonerate the Guarantor without settlement in full of the Indebtedness towards the relevant Bondholder.

3.5 INDEMNITY

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

3.6 REPRESENTATIONS AND WARRANTIES

3.6.1 The Guarantor represents and warrants:

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

3.6.2 As from the date of this Guarantee, until such time as the Indebtedness is paid in full to the Bondholders, and for as long as this Guarantee

shall remain in force, the Guarantor shall hold true, good and valid all the representations and warranties given under this clause.

3.7 DEPOSIT AND PRODUCTION OF THE GUARANTEE

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

3.8 SUBROGATION

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

3.9 BENEFIT OF THE GUARANTEE AND NO ASSIGNMENT

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

3.10 AMENDMENTS

The Guarantor has the power to veto any changes to the Terms and Conditions of the Bonds which are issued with the benefit of this Guarantee, limitedly in cases in which such amendments may give rise to changes in: (i) the amount payable by the Guarantor under this Guarantee; (ii) the term and/or frequency of such payments; (iii) the Events of Default listed in sub-section 6.11 of the Securities Note; and/or (iv) any other term which may otherwise increase the exposure of the Guarantor to the enforcement of this Guarantee.

3.11 NOTICES

For notification purposes in connection with this Guarantee, the proper address and telephone number of the Guarantor is:

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

Tel. No.: +356 2568 1200

Contact Person: The Company Secretary

3.12 GOVERNING LAW AND JURISDICTION

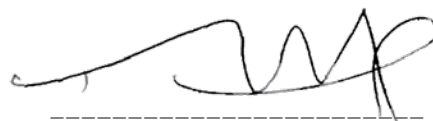
This Guarantee is governed by and shall be construed in accordance with Maltese law.

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



Archibald Anderson Bethel

Director



Melo Hili

Director

ANNEX IV – FINANCIAL ANALYSIS SUMMARY

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

Calamatta Cuschieri

3 June 2024

Re: Financial Analysis Summary – 2024

Dear Board Members,

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 Hili Finance Company p.l.c. (the “**Issuer**”), Hili Ventures Limited (the “**Guarantor**”) and related companies within the group 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 December 2021, 2022 and 2023 has been extracted from the audited financial statements of the Issuer and Guarantor.
- (b) The forecast data for the financial years ending 31 December 2024 and 2025 has have been provided by management.
- (c) Our commentary on the Issuer results and financial position is based on explanations provided by management.
- (d) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 4 of the Analysis.
- (e) 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 websites 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 Limited | Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta

P.O. Box 141, Il-Marsa MRS 1001, Malta | Phone: (+356) 25 688 688 | Web: www.cc.com.mt | Email: info@cc.com.mt

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

Financial Analysis Summary

Hili Finance Company p.l.c.

3 June 2024

**Prepared by Calamatta Cuschieri
Investment Services Limited**

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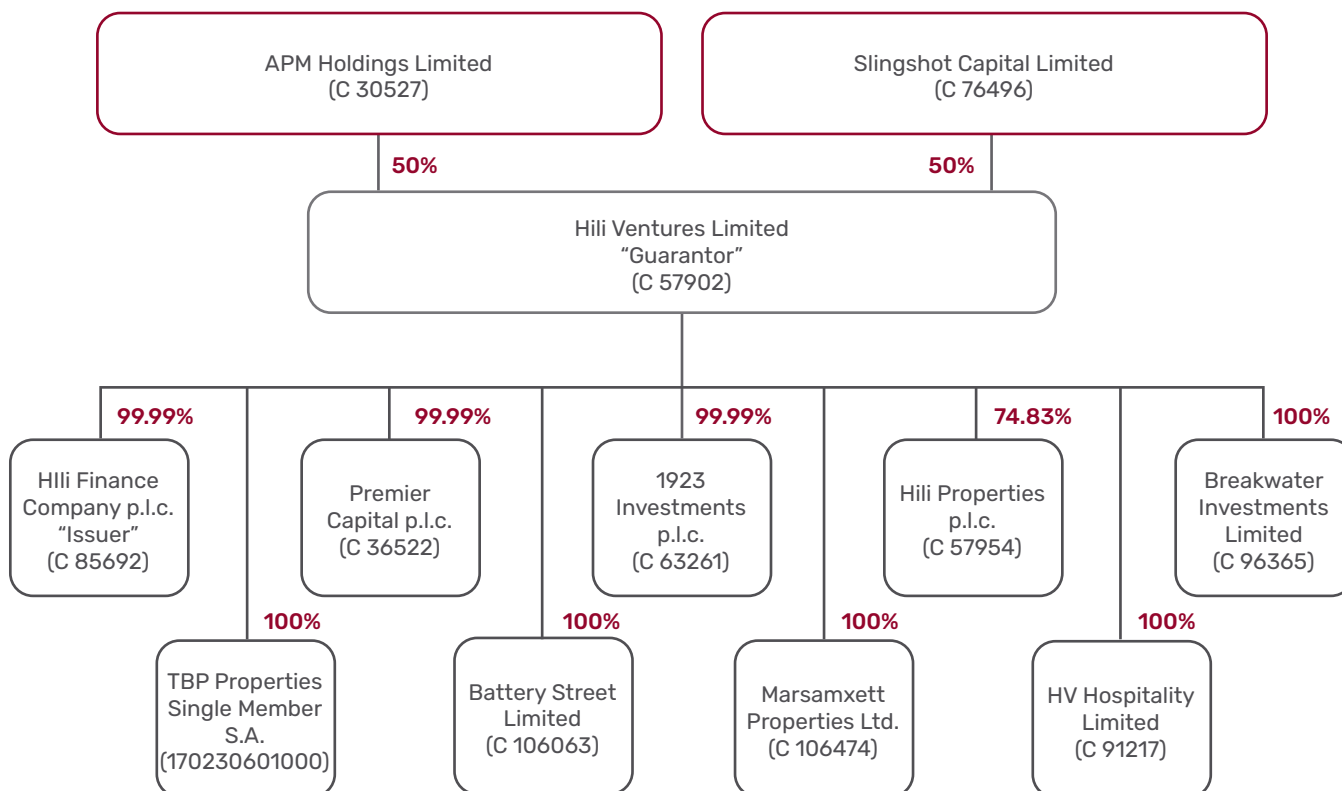
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1 INFORMATION ABOUT THE ISSUER

Hili Finance Company p.l.c. has applied for a bond issue of €80,000,000 5% unsecured bonds 2029 (the “**Bond Issue**”) pursuant to a prospectus dated 3 June 2024. This Financial Analysis Summary has been prepared in line with the MFSA Listing Policies.

1.1 KEY ACTIVITIES AND STRUCTURE

The Group structure is as follows:



Hili Finance Company p.l.c. (the “**Issuer**”) was incorporated on 6 April 2018 to provide financial resources to Hili Ventures Limited (the “**Guarantor**” and its subsidiaries (collectively, the “**Group**”).

The Issuer has an authorised and issued share capital of €2,000,000 divided into 2,000,000 ordinary shares, fully paid up. The Guarantor is the controlling shareholder of the Issuer with the exception of one ordinary share which is held by APM Holdings Limited. The principal objective of the Issuer is to act as the finance company for Hili Ventures Limited and its subsidiaries. This means that the Issuer acquires, holds and manages assets and other financial interests for the Guarantor.

The Guarantor, which was incorporated on 17 October 2012, is the parent company of a number of entities having operations in various industries in Malta and overseas, predominantly in the EU. The Guarantor has an authorised share capital of €95,000,000 divided into 16,000,000 ordinary shares and 79,000,000 redeemable preference shares of €1 each.

The issued share capital of the Guarantor is €69,400,000 divided into 1,000,000 ordinary shares and 68,400,000 redeemable preference shares of €1 each, which are subscribed to and allotted as fully paid up shares as follows:

Shareholders

APM Holdings Limited	500,000 Ordinary Shares 68,400,000 Redeemable Preference Shares
Slingshot Capital Limited	500,000 Ordinary Shares

Hili Ventures Limited is currently the Guarantor for three bond issues on the Official List of the Malta Stock Exchange, namely 4.0% Hili Finance Company p.l.c. 2027, 3.85% Hili Finance Company p.l.c. 2028 and 3.8% Hili Finance Company p.l.c. 2029. After the Bond Issue, Hili Ventures will also be the Guarantor of the 5% Hili Finance Company 2029 bonds. An overview of the Guarantor’s operating subsidiaries is set out below:

- **Premier Capital p.l.c. (“Premier Capital”)**: is engaged, through its subsidiaries, in the operations of McDonald’s restaurants in Estonia, Greece, Latvia, Lithuania, Malta and Romania.
- **1923 Investments p.l.c. (“1923 Investments”)**: acts as an investment arm and currently draws together the technology businesses, which are primarily engaged in retail and technology solutions, operating in Malta, Hungary and Poland.

- **Hili Properties p.l.c. ("Hili Properties"):** is the parent company of the property division of the Guarantor, which owns and manages commercial real estate and industrial land and properties in Malta, Latvia, Lithuania, Estonia and Romania.
- **Breakwater Investments Limited ("Breakwater") (previously HV Marine Limited):** is the engineering, oil and gas and logistics group, engaged in providing logistics services, ship-to-ship transfer services and LNG terminal management, the provision of specialised engineering services and container leasing.
- **HV Hospitality Limited ("HV Hospitality"):** aims to establish a presence in the European hospitality market. The company owns the concession agreement for the hotel and bungalows in Comino which are awaiting planning permission.
- **TBP Properties Single Member S.A. ("TBP"):** is engaged in the development of a purpose-built Distribution Center in Greece, which will be completed in 2024 to support the operations of Premier Capital Hellas in Greece.
- **Marsamxett Properties Ltd. ("MPL"):** was incorporated in 2023 to act as a holding vehicle of shares in entities listed on the local stock market. It currently holds shares in Tigne Mall plc.
- **Battery Street Limited ("BSL"):** entered into a lease agreement for a property in Valletta which is currently in the design stage of its redevelopment.

1.2 DIRECTORS AND KEY EMPLOYEES

Board of Directors - Issuer

As at the date of this Analysis, the directors of the Issuer are:

Name	Office Designation
Mr Geoffrey Camilleri	Chairman and Non-Executive Director
Mr Dorian Desira	Executive Director
Mr Keith Busuttil	Non-Executive Director
Ms Jacqueline Camilleri	Independent Non-Executive Director
Mr Mario Vella	Independent Non-Executive Director

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

Mr. Adrian Mercieca is the company secretary of the Issuer.

The Board is responsible for the overall long-term direction of the Issuer and oversees the systems of control and financial reporting as well as the external communication of the Issuer.

The Board meets regularly, with a minimum of four times annually, and is currently composed of five members, two of whom are independent of the Issuer.

Board of Directors – Guarantor

As at the date of this Analysis, the directors of the Guarantor are:

Name	Office Designation
Mr. Archibald Anderson Bethel CBE	Chairman and Independent Non-Executive Director
Mr Carmelo sive Melo Hili	Chief Executive Officer
Dr Annabel Hili	Executive Director
Mr Jesmond Mizzi	Independent Non-Executive Director and Chairman of the audit committee

The Guarantor's management team is composed as follows:

Name	Office Designation
Mr Carmelo sive Melo Hili	Chief Executive Officer
Mr Dorian Desira	Chief Financial Officer
Mr Valentin Truta	General Counsel
Dr Annabel Hili	Chief Operating Officer

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

Mr. Adrian Mercieca is the company secretary of the Guarantor.

As in the case of the Issuer, the Board of the Guarantor is responsible for the overall long-term direction of the Guarantor and is involved in overseeing its systems of control and financial reporting. Board meetings are attended by the Chief Financial Officer of the Guarantor to support the Guarantor's oversight of its financial operations.

As at the date of this Analysis, apart from two independent directors, the Issuer does not have any employees of its own. The Guarantor currently has approximately 43 employees. The Group currently has approximately 12,000 employees, with an average ratio of 95:5 between operational employees and administrative employees.

1.3 MAJOR ASSETS OWNED BY THE GROUP

The Issuer acts as a financing company solely for the needs of the Guarantor and its assets are intended to consist primarily of loans issued to the Guarantor and its subsidiaries.

The Group's major assets are composed of:

- Property, plant and equipment;
- Right-of-use-assets;
- Goodwill and other intangible assets;
- Investment property; and
- Other non-current assets.

These assets collectively represent circa 79.1% of total assets (FY22: 80.2%) amounting to €815.7m during FY23 (FY22: €708.9m). The other non-current assets mainly relate to a portfolio of stocks and bonds worth around €48.0m (FY22: €29.2m).

1.4 OPERATIONAL DEVELOPMENTS

1.4.1 Strategy

The Guarantor's business strategy focuses on two principal elements, as set out below:

- **Strategic Direction:** the oversight and evaluation undertaken by the Board of Directors of each of the Guarantor's subsidiaries, with the intention of achieving the Guarantor's strategic objectives. The Guarantor monitors and supports its subsidiaries by, *inter alia*:
 - i. Overseeing the financial and operational performance of the companies within the Group to effectively ensure that set goals and organic growth strategies are achieved and are aligned to the strategic goals of the Guarantor; and
 - ii. Appointing strong members to the subsidiary boards of directors to support executive management at each level, in their development and implementation of strategic goals and objectives.
- **Acquisition Strategy:** the acquisition of businesses that are expected to produce positive earnings and cash flow with high growth potential.

1.4.2 Business Overview and Latest Operational Developments

The Group operates 5 key segments across multiple jurisdictions and industries, with the largest drivers being the restaurant operations and retail segments which contributed 92.4% of total revenue in FY23.

1.4.2.1 Restaurant Operations

Apart from new store openings, the Group continued to invest heavily in its restaurants, with a total of €33.6m invested in new stores and the refurbishment of existing ones.

1.4.2.2 Retail

On 31 March 2023, iSpot Poland Sp.Z.o.o. ("iSpot") acquired 100% of the shares in Cortland Sp. Z.o.o. ("Cortland"). The retail business in Poland now consists of iSpot and Cortland, which were the 1st and 2nd largest Apple Premium Reseller businesses in Poland. The strong performance of brick-and-mortar stores in Poland has led to further growth plans of this channel by iSpot's management.

On 25 January 2024, 1923 Investments sold 100% of the shares owned in E-Lifecycle Holdings GmbH.

Through a joint venture, the Group also owns 50% of an Apple retail business in Hungary.

1.4.2.3 Technology

Harvest Technology p.l.c. ("Harvest") offers a variety of IT solutions such as automation, security and payment services to business clients in a diverse range of sectors such as banking, healthcare, law enforcement, gaming and hospitality. Through Harvest, the Group operates a number of subsidiaries including Apcopay Limited ("Apcopay"), PTL Limited ("PTL") and Apco Limited ("APCO").

One of the key milestones at Apcopay in 2023 was the completion of the payment orchestration platform, Synthesis. The new cloud-enabled platform was launched in September 2023 and offers significant additional features for global merchants and scalability for future growth.

1.4.2.4 Engineering, shipping, logistics and oil and gas

This segment is composed of Breakwater and its subsidiaries, which operate in engineering, shipping & logistics and oil & gas operations across different countries.

Entities falling within this segment include:

- **Motherwell Bridge Industries Limited:** a Malta based provider of customised engineering and fabrication services.
- **Techniplus S.A.:** engaged in providing specialised engineering services related to port handling equipment and crane assembly in Morocco.
- **Carmelo Caruana Company Limited:** principally focused on agency and ship-to-ship operation services.
- **STS Marine Solutions (UK) Limited:** a world leading ship-to-ship ("STS") service provider with more than 30 years' experience in crude oil, refined petroleum, LPG and LNG transfers.
- **Allcom Sp.Z.o.o.:** provides freight forwarding and warehousing services in order to support its customers across diverse sectors in Poland.
- **Professional Courier Services Limited:** provides logistics and transport services.
- **Cobalt Leasing Limited:** engages in the leasing of containers to shipping lines.
- **Hili Logistics Limited ("HLL"):** through its subsidiaries operates a logistics and STS support services business in Malta, Poland and the UK. 1923 Investments concluded a share transfer with its sister company, Breakwater, for the sale of its entire shareholding in HLL. The share purchase agreement became effective on 28th April 2023.

1.4.2.5 Real Estate

Hili Properties manages commercial real estate across Malta, the Baltics and Romania. The portfolio includes quick service restaurants, office buildings, retail complexes and an industrial plant.

Following substantial acquisitions closed in FY22, including SIA SC Stirnu, the Benghajsa land and the MIRO offices, the Hili Properties team focused its efforts on revenue optimisation. These efforts led to a record performance for FY23 with €15.7m generated in revenue.

The real estate segment also includes HV Hospitality, TBP and MPL which recently took its shareholding in Tigne Mall p.l.c. to 39.3%.

1.5 €80,000,000 5% BOND ISSUE

Use of proceeds of the 5% Hili Finance Company 2029 bond will be as follows:

- i. An amount of €1.3m shall be used as bond issuance costs;
- ii. An amount of up to €36.0m shall be made available limitedly for the exchange and cancellation of the 1923 Investments p.l.c. €36,000,000 5.1% bonds 2024;
- iii. In the event that there is a balance of proceeds not utilised for (ii) above, an amount of up to €56.0m shall be applied to re-finance capital investments made by the Group that were partly financed

through bank loans, amongst which is the acquisition of 100% of the equity in Cortland Sp. z.o.o. in March 2023 for a consideration of €42.2m and the acquisition of Tigné Mall p.l.c. in October 2023 for €18.3m including commissions; and,

- iv. Any residual bond proceeds not utilised for (ii) and (iii) above will be used for general corporate funding.

1.6 DEVELOPMENTS IN UKRAINE AND THE MIDDLE EAST

Management is continuously monitoring developments in Ukraine and the Middle East. While the Group has no direct interest vested in the country, it is monitoring the effects of the situation on its operations in neighbouring countries Romania, the Baltics and Poland. Inflationary pressures and heightened utility costs are presently being experienced by certain operations within the Group.

The Group's forecasts continue to show stable performance despite the uncertainty of the current state of affairs on its operations and it remains vigilant in monitoring restrictions on the conduct of business with sanctioned entities and individuals.

1.7 ASSUMPTIONS UNDERTAKEN IN FORECASTS UTILISED FOR THE PURPOSE OF THIS DOCUMENT

Business activity is projected to improve when compared to 2023 despite the potential impact of the aforementioned global events, particularly in terms of sustained inflationary pressures. These projections take into account the positive actual performance of the first few months of 2024. Additionally, they incorporate the new business ventures entered into by the Issuer and its subsidiaries in 2023.

1.8 RELATED PARTY SECURITIES

The below table shows current outstanding securities of the Issuer and related parties.

Security name	ISIN	Amount Listed
4.5% Hili Properties p.l.c. Unsecured 2025	MT0000941204	€37,000,000
5.1% 1923 Investments p.l.c. Unsecured 2024	MT0000841206	€36,000,000
3.75% Premier Capital p.l.c. Unsecured € 2026	MT0000511213	€65,000,000
3.85% Hili Finance Company p.l.c. Unsecured 2028	MT0001891200	€40,000,000
3.8% Hili Finance Company p.l.c. Unsecured 2029	MT0001891218	€80,000,000
4% Hili Finance Company p.l.c. Unsecured 2027	MT0001891226	€50,000,000
Harvest Technology p.l.c. Ord €0.50	MT0002370105	22,780,636 Shares
Hili Properties p.l.c. Ord €0.20	MT0000940107	400,892,700 Shares

2 HISTORICAL PERFORMANCE AND FORECASTS

The financial information in sections 2.1 to 2.3 is extracted from the audited financial statements of the Issuer for the financial years that ended 31 December 2021, 2022 and 2023. The financial information in sections 2.4 to 2.6 is extracted from the audited consolidated financial statements of the Guarantor for the financial years ended 31 December 2021, 2022 and 2023.

The projected financial information for the years ending 31 December 2024 and 2025 has been provided by the Guarantor's management. This financial information relates to events in the future and is based on assumptions that the Guarantor believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

2.1 ISSUER'S STATEMENT OF COMPREHENSIVE INCOME

Hili Finance Company p.l.c. Statement of Comprehensive Income for the year ended 31 December

	2021A	2022A	2023A	2024F	2025P
	€'000s	€'000s	€'000s	€'000s	€'000s
Finance income	5,509	7,346	7,758	9,937	12,137
Finance costs	(4,674)	(6,360)	(6,715)	(8,746)	(10,769)
Net finance income	835	986	1,043	1,191	1,368
Administrative expenses	(49)	(44)	(51)	(46)	(47)
Profit before tax	786	942	992	1,145	1,321
Taxation	(289)	(342)	(362)	(413)	(475)
Total profit and other comprehensive income	497	600	630	732	846

Ratio Analysis

Profitability

	2021A	2022A	2023A	2024F	2025P
Gross Margin (Net finance income / Finance income)	15.2%	13.4%	13.4%	12.0%	11.3%
Net Margin (Profit for the year / Finance income)	9.0%	8.2%	8.1%	7.4%	7.0%

The Issuer was set up as a finance company, therefore, its revenue consists of interest income generated on the funds advanced to group companies.

In the audited financial statements for 2023, the Issuer reported finance income of €7.8m, a €0.4m increase over 2022. Finance costs also increased slightly to €6.7m and this led to a gross margin of 13.4%.

Administrative expenses, which mainly comprise audit fees and directors' fees, amounted to €51k, while total comprehensive income increased to €630k, reflecting the aforementioned increase in finance income.

In 2024, due to the Bond Issue, the Issuer is forecasting both finance income and finance costs to increase. In 2025 these are expected to increase further to €12.1m and €10.8m respectively as the full year accounting for the Bond Issue takes place.

2.2 ISSUER'S STATEMENT OF FINANCIAL POSITION

Hili Finance Company p.l.c. Statement of Financial Position for the year ended 31 December

	2021A	2022A	2023A	2024F	2025P
	€'000s	€'000s	€'000s	€'000s	€'000s
Assets					
Non-current assets					
Loans owed by parent company	122,411	172,411	172,411	251,931	251,931
Total non-current assets	122,411	172,411	172,411	251,931	251,931
Current assets					
Trade and other receivables	2,565	4,504	4,612	6,898	7,385
Other receivables	84	49	49	67	67
Cash and cash equivalents	126	409	69	499	236
Total current assets	2,775	4,962	4,730	7,465	7,689
Total assets	125,186	177,373	177,141	259,396	259,620
Equity					
Share capital	2,000	2,000	2,000	2,000	2,000
Retained earnings	1,282	1,882	1,663	1,915	2,211
Total equity	3,282	3,882	3,663	3,915	4,211
Liabilities					
Non-current liabilities					
Debt securities	120,000	170,000	170,000	250,000	250,000
Total non-current liabilities	120,000	170,000	170,000	250,000	250,000
Current liabilities					
Trade and other payables	1,760	3,431	3,405	5,409	5,409
Current tax liabilities	143	60	73	72	-
Total current liabilities	1,903	3,491	3,478	5,481	5,409
Total liabilities	121,903	173,491	173,478	255,481	255,409
Total equity and liabilities	125,186	177,373	177,141	259,396	259,620

The Issuer's assets as at 31 December 2023 comprised interest-bearing securities loaned to the Guarantor, while liabilities predominately reflected the issued bond securities of €40m, €80m and €50m offered to the public in 2018, 2019 and 2022 respectively. In 2024 the Issuer's

assets and liabilities are forecasted to increase by €80m as the Issuer loans the proceeds from the Bond Issue to the Guarantor. No material changes are envisaged for 2025.

2.3 ISSUER'S STATEMENT OF CASH FLOWS

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

	2021A	2022A	2023A	2024F	2025P
	€'000s	€'000s	€'000s	€'000s	€'000s
Operating profit before working capital movement	786	942	992	1,145	1,321
<i>Adjustments for:</i>					
Interest income	(5,509)	(7,346)	(7,758)	(9,937)	(12,137)
Interest expenses on debt securities issued	4,580	6,235	6,583	8,580	10,580
Opening loss before working capital movement	(143)	(169)	(183)	(212)	(236)
Movement in working capital	(41)	47	3	(14)	-
Income tax paid	(384)	(425)	(349)	(414)	(547)
Net cash flows used in operating activities	(568)	(547)	(529)	(640)	(783)
Net cash flows generated from/(used in) investing activities	5,270	(44,600)	7,650	(72,350)	11,650
Net cash flows (used in)/generated from financing activities	(4,579)	45,430	(7,461)	73,420	(11,130)
Movement in cash and cash equivalents	123	283	(340)	430	(263)
Cash and cash equivalents at start of year	3	126	409	69	499
Cash and cash equivalents at end of year	126	409	69	499	236

Given that the purpose of the Issuer is to act as a financing vehicle for the Guarantor, it is appropriate to examine cash flows from investing and financing activities.

The 2023 results reflect no major inflows or outflows apart from the normal business operations of a finance company. The 2024 results,

however, reflect the issuance of the €80,000,000 5% unsecured 2029 bonds as part of financing activities, as well as the loan advancement to the Guarantor by the Issuer in investing activities. In 2025, no major inflows or outflows are expected.

2.4 GUARANTOR'S CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	2021A	2022A	2023A	2024F	2025P
	€'000s	€'000s	€'000s	€'000s	€'000s
Revenue	589,593	782,648	987,171	1,135,309	1,243,772
Net operating expenses	(504,495)	(682,386)	(862,118)	(992,677)	(1,083,158)
EBITDA	85,098	100,262	125,053	142,632	160,614
Depreciation and amortisation	(29,933)	(32,462)	(43,769)	(47,557)	(55,478)
EBIT	55,165	67,800	81,284	95,075	105,136
Net investment income/(loss)	3,518	4,947	3,118	(146)	119
Finance costs	(18,793)	(22,971)	(30,084)	(30,224)	(29,249)
Profit before tax	39,890	49,776	54,318	64,705	76,006
Taxation	(7,464)	(6,503)	(14,032)	(18,849)	(18,188)
Profit for the year	32,426	43,273	40,286	45,856	57,818
Other comprehensive income					
Movement on available-for-sale investments	(7)	(467)	1,265	-	-
Exchange differences - foreign operations	925	599	3,652	-	-
Other comprehensive income	-	-	92	-	-
Gain on revaluation of assets	486	12,965	3,282	1,001	1,109
Total other comprehensive income	1,404	13,097	8,291	1,001	1,109
Total comprehensive income	33,830	56,370	48,577	46,857	58,927

Ratio Analysis

Profitability

	2021A	2022A	2023A	2024F	2025P
Growth in Revenue (YoY Revenue Growth)	22.0%	32.7%	26.1%	15.0%	9.6%
EBITDA Margin (EBITDA / Revenue)	14.4%	12.8%	12.7%	12.6%	12.9%
Operating (EBIT) Margin (EBIT / Revenue)	9.4%	8.7%	8.2%	7.8%	7.9%
Net Margin (Profit for the year / Revenue)	5.5%	5.5%	4.1%	4.0%	4.6%
Return on Common Equity (Net Income / Average Equity)	24.8%	23.7%	17.8%	18.3%	20.7%
Return on Assets (Net Income / Average Assets)	4.8%	5.3%	4.2%	4.4%	5.5%
Return on capital employed (EBITDA/ Total Assets - Current Liabilities)	14.0%	13.5%	15.6%	17.7%	19.9%

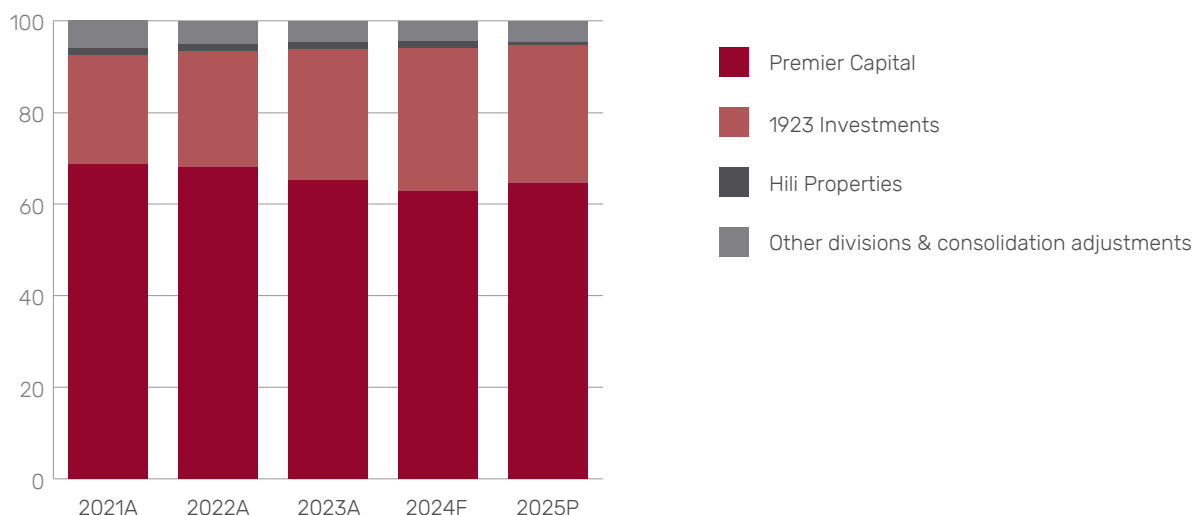
The Guarantor's consolidated revenue amounted to €987.2m during 2023, representing an overall increase of 26.1% when compared to the prior year (FY22: €782.7m). The management noted that this improvement is mainly the result of organic growth, the acquisition of Cortland, and new stores opened at Premier Capital and 1923 Investments. As further illustrated through the revenue segmentation table below, all business pillars contributed to a healthy increase in revenue.

All business pillars of the Guarantor are expected to perform positively in the current financial year, with total revenues projected to surpass €1.1b during 2024 and reach €1.2b in 2025, reflecting an overall increase of 15.0% and 9.6% respectively. The revenue improvement in 2023 takes into account the contribution of the new business ventures entered into by the respective subsidiaries, namely, 1923 Investment (+42.6%), Premier Capital (+21.0%) and Hili Properties (+28.1%).

Hili Ventures Limited Revenue breakdown by entity

	2021A ¹	2022A ¹	2023A ¹	2024F	2025P
	€'000s	€'000s	€'000s	€'000s	€'000s
Premier Capital	405,408	533,605	645,565	714,647	804,372
1923 Investments	141,144	197,548	281,765	355,642	372,952
Hili Properties	8,241	12,249	15,687	15,722	9,994
Other divisions & consolidation adjustments	34,800	39,246	44,154	49,298	56,454
Total	589,593	782,648	987,171	1,135,309	1,243,772

Guarantor's Revenue Segmental Analysis



The Guarantor's consolidated net operating expenses amounted to €862.1m during 2023, reflecting an overall increase of 26.5% over the prior year. On the back of increased revenues, EBITDA increased to €125.1m during 2023 (FY22: €100.2m), resulting in an EBITDA margin of 12.7% (FY22: 12.8%).

The forecasted improvement across all subsidiaries from continuing operations is projected to result in an EBITDA of €142.6m in 2024 and €160.6m in 2025.

The depreciation and amortisation charge amounted to €43.8m during 2023, mainly because of new store openings at Premier Capital and the acquisition of Cortland by iSpot. This is projected to increase to €47.6m in 2024 and €55.5m in 2025, primarily due to further capital expenditure expected to be undertaken in the next 2 years, by the respective subsidiary companies.

Net finance costs stood at €30.1m in 2023 and mainly reflect interest incurred on the bonds issued by companies within the Group, in addition to finance costs on bank borrowings and finance lease liabilities (IFRS 16). Finance costs are projected to remain relatively stable, at €30.2m during 2024, and decrease slightly to €29.2m in 2025.

In view of the developments noted above, profit before tax amounted to €54.3m in 2023 and is expected to amount to €64.7m and €76.0m in 2024 and 2025 respectively. Moreover, total comprehensive income came in at €48.6m in 2023, due to a €3.7m favourable movement in exchange rates from foreign operations and a €3.3m gain on the revaluation of assets.

The financial performance of the Guarantor resulted in a net margin of 4.1% (FY22: 5.5%), Return on Common Equity of 17.8% (FY22: 23.7%) and Return on Assets of 4.2% (FY22: 5.3%).

¹ Part of the 1923 Investments revenue for 2021, 2022 and 2023 was reclassified to "Other divisions & consolidation adjustments" in line with the sale of HLL to a sister company.

2.4.1 Variance Analysis

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

	Dec-23 Forecast €'000s	Dec-23 Audited €'000s	Variance
Revenue	1,011,027	987,171	(23,856)
Net operating expenses	(891,283)	(862,118)	29,165
EBITDA	119,744	125,053	5,309
Depreciation and amortisation	(46,025)	(43,769)	2,256
EBIT	73,718	81,284	7,566
Net investment income	866	3,118	2,252
Net finance costs	(20,028)	(30,084)	(10,056)
Profit before tax	54,556	54,318	(238)
Taxation	(12,312)	(14,032)	(1,720)
Profit for the year	42,244	40,286	(1,958)
Other comprehensive income			
Movement on available-for-sale investments	-	1,265	1,265
Exchange differences - foreign operations	163	3,652	3,489
Other comprehensive income	-	92	92
Gain on revaluation of assets	911	3,282	2,371
Total other comprehensive income	1,073	8,291	7,217
Total comprehensive income	43,317	48,577	5,258

The main variance concerning the lower revenue came from iSpot which reported revenue of €17.3m which is below what was forecasted in last year's Analysis. Conversely, this negative variance in revenue led to a positive variance in net operating expenses and resulted in an EBITDA which was €5.3m above what was forecasted. On the other hand, depreciation and amortisation was €2.3m higher than forecasted, mainly due to iSpot's acquisition of Cortland.

The positive variance in net investment income stems from the gain on disposal of Hili Logistics at 1923 Investments. Net finance costs were also higher than first forecasted due to a higher utilisation of bank

funds along with higher than expected interest rates. The previously mentioned factors and a higher deferred tax charge at 1923 resulted in an annual profit that was €2.0m below the forecast. Lastly, positive movements in available for sale investments, exchange differences and revaluation of assets led to a positive variance in total comprehensive income of €5.3m.

2.5 GUARANTOR'S CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Hili Ventures Limited Consolidated Statement of Financial Position for the year ended 31 December

	2021A	2022A	2023A	2024F	2025P
	€'000s	€'000s	€'000s	€'000s	€'000s
Assets					
Non-current assets					
Goodwill and other intangibles	106,860	106,196	154,082	153,348	152,839
Property, plant and equipment	229,845	260,339	284,587	319,817	395,747
Investment property	83,321	189,753	183,533	115,113	115,994
Right-of-use assets	102,037	116,942	139,695	144,969	143,422
Other non-current assets	43,272	35,620	53,793	57,843	37,249
Loans and receivables	23,210	31,757	31,565	31,054	30,533
Trade and other receivables	2,426	4,368	4,671	4,454	5,367
Restricted cash	1,804	1,972	1,217	1,377	957
Deferred tax assets	-	5,299	4,472	6,992	8,024
Total non-current assets	592,775	752,246	857,615	834,967	890,132
Current assets					
Inventory	20,105	30,103	34,721	34,141	37,033
Trade and other receivables	29,628	31,363	47,463	63,043	54,117
Other assets	7,822	6,993	18,195	70,740	10,178
Cash and cash equivalents	77,339	69,753	72,855	48,600	63,473
Total current assets	134,894	138,212	173,234	216,524	164,801
Total assets	727,669	890,458	1,030,849	1,051,491	1,054,933
Equity					
Equity and reserves	154,632	210,277	242,900	258,609	300,603
Total equity	154,632	210,277	242,900	258,609	300,603
Liabilities					
Non-current liabilities					
Debt securities in issue	255,760	305,593	270,227	313,773	249,269
Trade and payables	1,145	3,144	5,155	1,405	1,251
Other financial liabilities	-	-	10	3,170	4,217
Bank loans	91,182	100,816	137,386	80,210	92,417
Lease liabilities	97,091	111,858	132,510	139,704	150,397
Deferred tax liabilities	8,709	9,109	10,988	8,972	7,923
Total non-current liabilities	453,887	530,520	556,276	547,234	505,474
Current liabilities					
Trade and other payables	88,490	107,533	135,671	131,509	130,275
Contract liabilities	-	-	1,846	806	396
Other financial liabilities	-	-	-	912	441
Bank loans and overdrafts	17,298	27,203	40,258	47,552	24,562
Lease liabilities	10,479	11,932	13,670	15,391	14,228
Current tax liability	2,883	2,993	4,308	12,539	14,040
Debt securities in issue	-	-	35,920	36,939	64,914
Total current liabilities	119,150	149,661	231,673	245,648	248,856
Total liabilities	573,037	680,181	787,949	792,882	754,330
Total equity and liabilities	727,669	890,458	1,030,849	1,051,491	1,054,933

Ratio Analysis

Financial Strength

	2021A	2022A	2023A	2024F	2025P
Gearing 1 (Net Debt / Net Debt and Total Equity)	71.8%	69.9%	68.2%	67.9%	60.9%
Gearing 2 (Total Liabilities / Total Assets)	78.7%	76.4%	76.4%	75.4%	71.5%
Net Debt / EBITDA	4.6x	4.8x	4.2x	3.8x	2.9x
Current Ratio (Current Assets / Current Liabilities)	1.1x	0.9x	0.7x	0.9x	0.7x
Quick Ratio (Current Assets – Inventory / Current Liabilities)	1.0x	0.7x	0.6x	0.7x	0.5x
Interest Coverage 1 (EBITDA / Cash interest paid)	5.7x	5.6x	5.5x	6.1x	7.1x
Interest Coverage 1 (EBITDA / Finance Costs)	4.5x	4.4x	5.1x	5.9x	7.1x

As at 31 December 2023, total non-current assets amounted to €857.6m (FY22: €752.3m), and principally comprise:

- goodwill and intangible assets at €154.1m,
- property, plant and equipment at €284.6m,
- investment property at €183.5m and
- right-of-use assets amounting to €139.7m.

The increase in property, plant and equipment and lease liabilities during 2023 primarily relates to the opening of new locations at both Premier Capital and 1923 Investments, along with the Cortland acquisition by iSpot.

Total non-current assets in 2024 are forecasted to decrease to €835.0m before increasing to €890.1m in 2025.

Additionally, current assets, which mainly comprise inventory, trade and other receivables, as well as cash and cash equivalents, amounted to €173.2m during 2023 (FY22: €138.2m). This increase was mainly driven by higher trade and other receivables in line with the higher revenue as well as a €11.2m increase in other assets resulting from an investment property of €7.0m being classed as held for sale at Hili Properties level.

In 2024 cash and cash equivalents are forecasted to decrease to €48.6m before increasing to €63.5m in 2025. Total assets are projected to reach €1.0b in 2024 and €1.1b in 2025.

Total equity increased to €242.9m during 2023, mainly due to the profit generated for the year, which translated into higher retained earnings. Total equity is projected to increase to €258.6m during 2024 and €300.6m in 2025, mainly due to the positive financial performance projected throughout the year.

Total financial debt, which is primarily composed of debt securities, bank loans and overdrafts, and lease liabilities, increased to €630.0m during 2023, mainly due to increased bank borrowings and leases. The Guarantor's total debt is projected to increase slightly to €633.6m in 2024 before decreasing to €595.8m in 2025 as the Group repays a portion of its bank loans.

In view of the higher total equity, the Group's 2024 Gearing 1 ratio is expected to decrease to 67.9%. Meanwhile, total liabilities/total assets is expected to come in at 75.4% during 2024. These are both expected to decrease further to 60.9% and 71.5% in 2025 as the Group's equity base increases and the Group's financial debt decreases.

As a result of the above, total liabilities are projected to amount to €792.9m during 2024, compared to €788.0m in 2023 and to decrease to €754.3m in 2025.

2.5.1 Variance Analysis

Hili Ventures Limited Consolidated Statement of Financial Position for the year ended 31 December

	Dec-23 Forecast €'000s	Dec-23 Audited €'000s	Variance
Assets			
Non-current assets			
Goodwill and other intangibles	149,958	154,082	4,124
Property, plant and equipment	293,186	284,587	(8,600)
Investment property	161,169	183,533	22,364
Right-of-use assets	117,919	139,695	21,776
Other non-current assets	31,500	53,793	22,292
Loans and receivables	31,189	31,565	376
Trade and other receivables	9,403	9,143	(260)
Restricted cash	301	1,217	916
Total non-current assets	794,625	857,615	62,989
Current assets			
Inventory	43,010	34,721	(8,289)
Trade and other receivables	38,040	47,463	9,423
Other assets	9,916	18,195	8,279
Cash and cash equivalents	57,886	72,855	14,969
Total current assets	148,852	173,234	24,382
Total assets	943,477	1,030,849	87,371
Equity			
Equity and reserves	244,031	242,900	(1,131)
Total equity	244,031	242,900	(1,131)
Liabilities			
Non-current liabilities			
Debt securities in issue	306,147	270,227	(35,920)
Trade and payables	2,479	5,155	2,677
Other financial liabilities	-	10	10
Bank loans	129,230	137,386	8,156
Lease liabilities	116,695	132,510	15,815
Deferred tax liabilities	8,247	10,988	2,741
Total non-current liabilities	562,798	556,276	(6,521)
Current liabilities			
Trade and other payables	96,209	137,517	41,308
Bank loans and overdrafts	15,658	40,258	24,600
Lease liabilities	13,031	13,670	639
Current tax liability	11,750	4,308	(7,442)
Debt securities in issue	-	35,920	35,920
Total current liabilities	136,648	231,673	95,025
Total liabilities	699,446	787,949	88,504
Total equity and liabilities	943,477	1,030,849	87,373

The main positive variances in the Group's non-current assets when compared to the forecasts outlined in last year's Analysis come from investment property (+€22.4m), right-of-use assets (+€21.8m) and other non-current assets (+€22.3m). These were due to the sale of an investment property which did not materialise, more right-of-use assets following the acquisition of Cortland and higher investments in the financial assets portfolio. The main negative variance, on the other hand, comes from property, plant and equipment which was €8.6m lower, mainly due to planned investments which did not materialise.

When it comes to current assets, inventory was €8.3m lower, mainly due to lower inventory at iSpot level, whilst other assets were €8.3m higher due to an investment property being classified as held for sale and trade and other receivables were €9.4m higher due to timing factors in various divisions. On the other hand, equity was more or less in line with the forecasts. The main variance in non-current liabilities comes from a

reclassification of debt securities in issue to current liabilities as a portion of the Group's bonds nears maturity. Bank loans were €8.2m higher, mainly at Hili Properties level as the sale of an investment property did not materialise as a result of which the loan on that property was not paid off.

Lease liabilities were also higher at Premier Capital level due to timing considerations of creditors, particularly for new stores and remodelling happening in the last month of the year. In current liabilities, trade and other payables were also €41.3m higher due to a timing difference at Premier Capital level. Bank loans and overdrafts were also higher than originally forecasted, mainly due to the utilisation of credit lines to finance capital investments.

2.6 GUARANTOR'S CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2021A	2022A	2023A	2024F	2025P
	€'000s	€'000s	€'000s	€'000s	€'000s
Net cash flows from continuing operations	96,695	104,019	133,112	197,188	212,598
Interest paid	(14,899)	(18,060)	(22,735)	(23,319)	(22,551)
Income tax paid	(8,975)	(8,010)	(14,761)	(30,246)	(28,802)
Tax refund	510	630	1,574	2,675	1,951
Net cash flows generated from operating activities	73,331	78,579	97,190	146,298	163,197
Net cash flows generated from/(used in) investing activities	(54,070)	(92,006)	(107,967)	(126,426)	(61,478)
Net cash flows generated from/(used in) financing activities	14,246	1,706	8,664	(40,452)	(83,867)
Movement in cash and cash equivalents	33,507	(11,721)	(2,113)	(20,580)	17,852
Cash and cash equivalents at start of year	41,889	75,943	64,148	62,135	41,555
Effects of movements in exchange	547	(74)	100	-	-
Cash and cash equivalents at end of year	75,943	64,148	62,135	41,555	59,406

Ratio Analysis

Cash Flow

	2021A	2022A	2023A	2024F	2025P
Free Cash Flow (Net cash from operations + Interest - Capex)	€50,410	€59,412	€72,240	€89,097	€73,788

Net cash flows from operations during 2023 came in at €97.2m, an increase of €18.6m when compared to 2022. While this increase takes a number of working capital movements into account, this improvement is predominantly attributable to the positive financial performance registered by the Guarantor during 2023.

Interest paid increased to €22.7m, reflecting the interest paid on all outstanding bonds and bank loans. Tax paid increased significantly to €14.8m in 2023, with tax refunds coming in at €1.6m for the year.

Current and new operations has the Guarantor projecting an improvement in net cash flows from operating activities to €146.3m in 2024 and €163.2m in 2025.

Additionally, cash flows used in investing activities increased to €108.0m as the Guarantor invested heavily in property, plant and equipment amounting to €47.7m (FY22: €36.1m). Net cash used in investing

activities is projected to amount to €126.4m in 2024 and €61.5m in 2025, with the continued expansion plans of the Group.

Net cash flows from financing activities in 2023 stood at €8.7m which was the net effect of:

- increased bank loans of €45.0m,
- dividends paid out of €15.0m and
- lease payments of €29.6m.

Cash flows used in financing activities are projected to amount to €40.5m in 2024 and €83.9m in 2025. The differences between the ending cash balance from the cash flow statement and the cash balance on the balance sheet relate to bank overdraft facilities and restricted cash.

2.6.1 Variance Analysis

Hili Ventures Limited Consolidated Statement of Cash Flows for the year ended 31 December			
	Dec-23 Forecast €'000s	Dec-23 Audited €'000s	Variance
Net cash flows from continuing operations	125,563	133,112	7,549
Interest paid	(20,021)	(22,735)	(2,714)
Income tax paid	(24,632)	(14,761)	9,871
Tax refund	1,168	1,574	406
Net cash flows generated from operating activities	82,078	97,190	15,112
Net cash flows generated from/(used in) investing activities	(74,228)	(107,967)	(33,739)
Net cash flows generated from/(used in) financing activities	(20,353)	8,664	29,017
Movement in cash and cash equivalents	(12,503)	(2,113)	10,390
Cash and cash equivalents at start of year	64,148	64,148	-
Effects of movements in exchange	-	100	100
Cash and cash equivalents at end of year	51,645	62,135	10,490

The main reason for the higher net cash flows generated from operating activities was due to the better than expected performance of the Group for the year along with the lower income tax paid. When it comes to investing activities, the Group used €33.7m more than originally forecasted due to the sale of a subsidiary of €30.0m and other investment property of €3.7m not materialising.

Lastly, with respect to financing activities, the Group managed to generate €29.0m more than forecasted due to an expected loan repayment of €20.0m not occurring as a result of the aforementioned sale of a subsidiary not going through as expected.

3 KEY MARKET AND COMPETITOR DATA

3.1 EUROPEAN ECONOMIC UPDATE²

The EU economy staged a comeback at the start of the year, following a prolonged period of stagnation. Though the growth rate of 0.3% estimated for the first quarter of 2024 is still below the estimated potential, it exceeded expectations. Activity in the euro area expanded at the same pace, marking the end of the mild recession experienced in the second half of last year. Meanwhile, inflation across the EU cooled further in the first quarter.

This Spring Forecast projects gross domestic product (GDP) growth in 2024 at 1.0% in the EU and 0.8% in the euro area. This is a slight uptick from the Winter 2024 interim forecast for the EU, but remained unchanged for the euro area. EU GDP growth is forecasted to improve to 1.6% in 2025, a downward revision of 0.1 percentage points ("pps.") from winter. In the euro area, GDP growth in 2025 is projected to be slightly lower, at 1.4% – also marginally revised down. Importantly, almost all Member States are expected to return to growth in 2024. With economic expansion in the southern rim of the EU still outpacing growth in north and western Europe, economic convergence within the EU is set to progress further.

Economic activity broadly stagnated in 2023 and private consumption only grew by 0.4%. Despite robust employment and wage growth, labour incomes barely outpaced inflation. Moreover, households put aside a larger share of their disposable incomes than in 2022, as high interest

rates kept the opportunity cost of consumption elevated, while high uncertainty, the erosion of the real value of wealth by inflation and the fall in real estate prices sustained precautionary savings. Investment grew by 1.5% in 2023, largely driven by a sizeable carry-over from 2022.

Especially towards the end of the year, weakness in investment was widespread across Member States and asset types, with a pronounced downsizing of the interest-rate-sensitive construction sector. External demand did not provide much support either, weighed down by a sharp slowdown in global merchandise trade. Still, with domestic demand stagnating, imports contracted more than exports. Meanwhile, Harmonised Index of Consumer Prices ("HICP") inflation has continued declining. From a peak of 10.6% in October 2022, inflation in the euro area is estimated to have reached 2.4% in April 2024. Inflation in the EU followed a similar path, with the March reading coming in at 2.6%. A rapid fall in retail energy prices throughout 2023 was the main driver of the inflation decline, but underlying inflationary pressures started easing too in the second half of 2023, amidst the weak growth momentum.

Expectations for imminent and decisive rate cuts across the world have been pared back in recent weeks, as underlying inflationary pressures – especially in the US – have proved more persistent than previously expected. In the euro area, where the European Central Bank last hiked its policy interest rates in September 2023, markets now expect a more gradual pace of policy rate cuts than in winter. Euribor-3 months futures suggest that euro area short-term nominal interest rates will decrease from 4% to 3.2% by the end of the year and to 2.6% by the end of 2025.

²European Economic Forecast – Spring 2024

3.2 MALTA ECONOMIC UPDATE³

According to the Central Bank of Malta's (the "**Bank**") latest forecasts, Malta's GDP is expected to grow by 4.4% in 2024. Growth is then expected to edge down to 3.6% in 2025, and to 3.3% by 2026. This implies an upward revision in 2024, when compared to the Bank's previous projections, while for 2025 and 2026 the outlook is unchanged. The upward revision is mainly on account of positive revisions in private consumption and net exports in the latest national accounts data release.

While in 2023, growth is expected to have been primarily driven by net exports, domestic demand is envisaged to be the main driver of growth in 2024. Private consumption growth continues at a brisk pace and private investment is expected to recover slowly. Net exports are also projected to contribute positively, driven mainly by services exports. Growth in 2025 and 2026 is also expected to be led by domestic demand.

Employment growth is set to moderate in the projection horizon, while wages are expected to pick-up in 2024, in view of high inflation in the recent past and a tight labour market.

Annual inflation based on the HICP is projected to ease, from 5.6% in 2023 to 2.9% in 2024, before reaching 1.9% by 2026. It is thus foreseen to remain above the Eurosystem price stability objective this year due to lingering indirect effects through the response of wages to recent increases in input costs and profit margins. However, compared to previous projections, inflation has been revised down by 0.1 pps. throughout the forecast period, in line with recent data outturns.

The general government deficit-to-GDP ratio is set to decline throughout the projection horizon. Notwithstanding this, the general government debt-to-GDP ratio is set to increase, and to reach 54.3% by 2026. When compared with the previous projection round, the projected deficit and debt ratios were both revised downwards.

On balance, risks to economic activity are tilted to the downside in 2024, as the ongoing geopolitical tensions could weigh on trade. In particular, disruptions to shipping around the Suez Canal could give rise to some supply bottlenecks or longer waiting times, apart from possible higher costs. Risks are more balanced in the following years.

Risks to inflation are also balanced. Upside risks relate mainly to ongoing geopolitical tensions, especially disruptions to trade in the Red Sea, as well as the potential impact of Fit-for-55 measures and extreme weather events. On the other hand, downside risks relate to a stronger pass-through from monetary tightening to domestic financial and real economic conditions, as well as the impact from the Government's measure to curb prices of selected food products in the short term.

On the fiscal side, risks are tilted to the downside from 2024 (deficit-increasing). These mainly reflect the possibility of higher-than-expected

outlays on energy support measures in the event that commodity prices are higher than envisaged. They also reflect the likelihood of additional expenditure on pensions and public sector wages. These risks are partly offset by the likelihood of a pick-up in the pace of fiscal consolidation in the outer years of the forecast horizon.

3.3 COMPARATIVE ANALYSIS

The purpose of the following table compares the proposed debt issuance of the Group to other debt instruments. For consistency purposes we opted to maintain the same peers as per last year's Analysis. More importantly, we have included different issuers with similar maturity to the Issuer. One must note that given the material differences in profiles and industries, the risks associated with the Group's business and that of other issuers is therefore different.

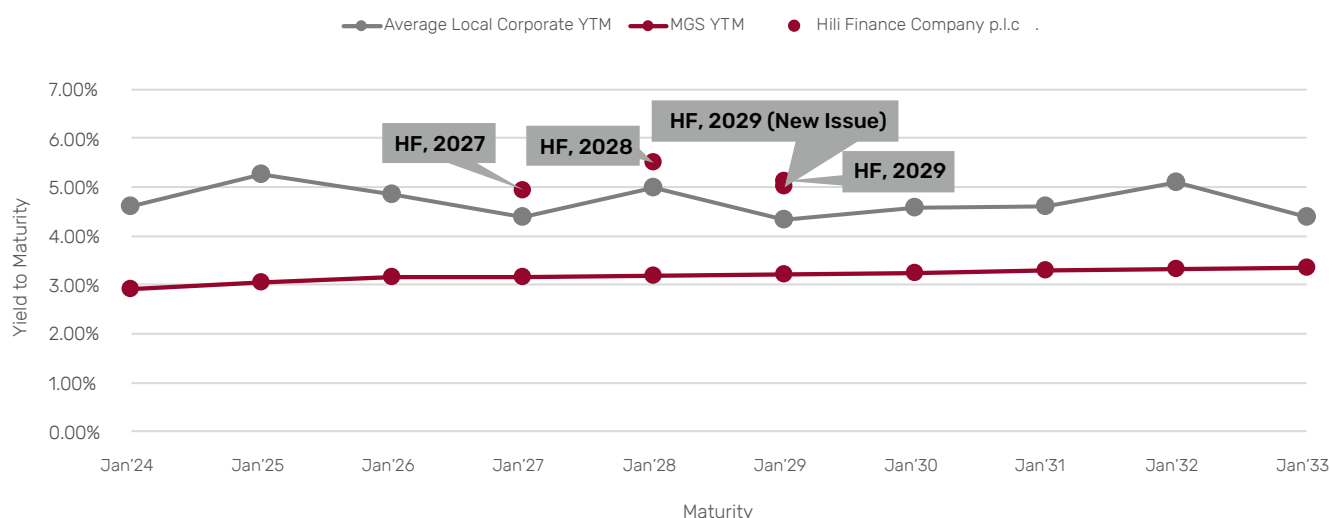
³ Central Bank of Malta – Central Bank's Forecast 2023-2026

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)	[€mil-lions]	[€mil-lions]	(%)	(%)	(times)	(times)	(%)	(%)	(%)
5% Tumas Investments plc Unsecured € 2024	25,000	4.93%	7.2x	240.7	146.9	39.0%	22.5%	2.1x	1.8x	6.6%	18.1%	20.0%
5.75% International Hotel Investments plc Unsecured € 2025 (xd)	45,000	3.65%	1.7x	1,768.3	836.3	52.7%	42.1%	9.5x	1.0x	-1.4%	-3.9%	20.8%
4.5% Hili Properties plc Unsecured € 2025	37,000	5.96%	1.8x	255.6	127.1	50.3%	46.2%	9.0x	1.4x	5.1%	39.5%	32.8%
5.25% Central Business Centres plc Unsecured € 2025 S2T1	2,985	5.25%	1.1x	65.7	23.8	63.7%	59.2%	24.9x	0.7x	0.2%	2.2%	-1.8%
5.9% Together Gaming Solutions plc Unsec Call Bds €2024-2026	14,762	6.39%	N/A	24.4	8.6	64.9%	38.2%	-1,119.3x	16.2x	-29.8%	-163.1%	-10.4%
4% MIDI plc Secured € 2026	50,000	4.39%	-0.5x	236.3	74.7	68.4%	40.8%	-46.9x	3.2x	-1.7%	-37.3%	19.2%
4% International Hotel Investments plc Secured € 2026	55,000	3.99%	1.7x	1,768.3	836.3	52.7%	42.1%	9.5x	1.0x	-1.4%	-3.9%	20.8%
4% International Hotel Investments plc Unsecured € 2026	60,000	4.41%	1.7x	1,768.3	836.3	52.7%	42.1%	9.5x	1.0x	-1.4%	-3.9%	20.8%
3.75% Mercury Projects Finance plc Secured € 2027	11,500	3.94%	0.6x	269.6	78.8	70.8%	66.4%	48.2x	1.5x	9.9%	23.1%	-34.4%
4.4% Central Business Centres plc Unsecured € 2027 S1/'17 T1	6,000	5.10%	1.1x	65.7	23.8	63.7%	59.2%	24.9x	0.7x	0.2%	2.2%	-1.8%
3.75% Tumas Investments plc Unsecured € 2027	25,000	4.37%	7.2x	240.7	146.9	39.0%	22.5%	2.1x	1.8x	6.6%	18.1%	20.0%
4% Hili Finance Company plc Unsecured € 2027	50,000	4.92%	5.5x	1,030.8	242.9	76.4%	69.6%	4.4x	0.7x	17.8%	4.1%	26.1%
3.85% Hili Finance Company plc Unsecured € 2028	40,000	5.49%	5.5x	1,030.8	242.9	76.4%	69.6%	4.4x	0.7x	17.8%	4.1%	26.1%
4% Exalco Finance plc Secured € 2028	15,000	4.13%	4.4x	77.8	52.9	32.1%	21.1%	3.9x	0.7x	4.0%	40.9%	3.5%
4% SP Finance plc Secured € 2029	12,000	4.23%	2.2x	43.3	17.9	58.6%	51.2%	9.3x	0.5x	-0.7%	-1.3%	71.5%
3.8% Hili Finance Company plc Unsecured € 2029	80,000	5.12%	5.5x	1,030.8	242.9	76.4%	69.6%	4.4x	0.7x	17.8%	4.1%	26.1%
4.25% Mercury Projects Finance plc Secured € 2031	11,000	4.25%	0.6x	269.6	78.8	70.8%	66.4%	48.2x	1.5x	9.9%	23.1%	-34.4%
3.65% IHI plc Unsecured € 2031	80,000	4.81%	1.7x	1,768.3	836.3	52.7%	42.1%	9.5x	1.0x	-1.4%	-3.9%	20.8%
5% Hili Finance Company Unsecured 2029	80,000	5.00%	5.5x	1,030.8	242.9	76.4%	69.6%	4.4x	0.7x	17.8%	4.1%	26.1%

Source: Latest available audited financial statements

Last closing price as at 16/05/2024

Yield Curve Analysis



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 of the yield of Hili Finance Company p.l.c. bonds.

As at 16 May 2024, the average spread over the Malta Government Stock (MGS) for corporates with a maturity between 2 and 4 years was 143 basis points. The 4% Hili Finance Company p.l.c. Unsecured 2027 is currently trading at a YTM of 4.59%, translating into a spread of 175 basis points over the corresponding MGSs. This means that this bond is trading at a premium of 32 basis point in comparison to the market.

As at 16 May 2024, the average spread over the Malta Government Stock (MGS) for corporates with a maturity between 3 and 4 years was 121 basis points. The 3.85% Hili Finance Company p.l.c. Unsecured 2028 is currently trading at a YTM of 5.49%, translating into a spread of 230 basis points over the corresponding MGSs. This means that this bond is trading at a premium of 109 basis points in comparison to the market.

As at 16 May 2024, the average spread over the Malta Government Stock (MGS) for corporates with a maturity between 4 and 7 years was 111 basis points. The 3.8% Hili Finance Company p.l.c. Unsecured 2029 is currently trading at a YTM of 5.12%, translating into a spread of 191 basis points

over the corresponding MGSs. This means that this bond is trading at a premium of 80 basis points in comparison to the market.

As at 16 May 2024, the average spread over the Malta Government Stock (MGS) for corporates with a maturity between 4 and 7 years was 111 basis points. The proposed Hili Finance Company 2029 bond is being priced with a 5% coupon issued at par, meaning a spread of 178 basis points over the equivalent MGS, and therefore at a premium to the average on the market of 67 basis points.

It is pertinent to note that the above analysis is based on a maturity-matching basis and that the Issuer's industry is significantly different to the corporates identified and as such its risks also differ to that of other issuers

4 GLOSSARY AND DEFINITIONS

Income Statement

Revenue	Total revenue generated by the Group/Issuer from its principal business activities during the financial year.
Costs	Costs are expenses incurred by the Group/Issuer in the production of its revenue.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. It reflects the Group's/Issuer'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/Issuer 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 the previous financial year.
Gross 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 Issuer 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/Issuer 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/Issuer.
Cash Flow from Financing Activities	Cash generated from the activities that result in changes in share capital and borrowings of the Group/Issuer.
Capex	Represents the capital expenditure incurred by the Group/Issuer in a financial year.
Free Cash Flows (FCF)	The amount of cash the Group/Issuer 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/Issuer owns which can be further classified into Non-Current Assets and Current Assets.
Non-Current Assets	Assets, the 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/Issuer 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/Issuer owes which can be 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/Issuer 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	The interest coverage ratio is calculated by dividing EBITDA of one period by cash interest paid 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.
Net Debt / EBITDA	The Net Debt / EBITDA ratio measures the ability of the Group/Issuer 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.
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