

SECURITIES NOTE

Dated 28 June 2024

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules issued by the Malta Financial Services Authority and in accordance with the provisions of the Prospectus Regulation. 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

€23,000,000 5.35% Secured Bonds 2031 - 2034
of a nominal value of €100 per bond, issued and redeemable at par by



HAL MANN VELLA GROUP P.L.C.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF MALTA
WITH COMPANY REGISTRATION NUMBER C 5067

ISIN: MT0000811217

THIS SECURITIES NOTE HAS BEEN APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY, AS COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MALTA FINANCIAL SERVICES AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THE SECURITIES AS LISTED FINANCIAL INSTRUMENTS. THIS MEANS THAT THE MALTA FINANCIAL SERVICES AUTHORITY HAS ONLY APPROVED THIS SECURITIES NOTE AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY AS PRESCRIBED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT HOWEVER BE CONSIDERED AS AN ENDORSEMENT OF THE SECURITIES THAT ARE THE SUBJECT OF THIS SECURITIES NOTE. IN PROVIDING THIS AUTHORISATION, THE MALTA FINANCIAL SERVICES AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN THE SAID INSTRUMENTS AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENTS.

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.

THE SECURITIES ARE COMPLEX FINANCIAL INSTRUMENTS AND MAY NOT BE SUITABLE FOR ALL TYPES OF INVESTORS. A POTENTIAL INVESTOR SHOULD NOT INVEST IN THE SECURITIES UNLESS: (I) HE/SHE HAS THE NECESSARY KNOWLEDGE AND EXPERIENCE TO UNDERSTAND THE RISKS RELATING TO THIS TYPE OF FINANCIAL INSTRUMENT; (II) THE SECURITIES MEET THE INVESTMENT OBJECTIVES OF THE POTENTIAL INVESTOR; AND (III) SUCH PROSPECTIVE INVESTOR IS ABLE TO BEAR THE INVESTMENT AND FINANCIAL RISKS WHICH RESULT FROM INVESTMENT IN THE SECURITIES. INVESTORS SHOULD MAKE THEIR OWN ASSESSMENT AS TO THE SUITABILITY OF INVESTING IN THE SECURITIES SUBJECT OF THIS SECURITIES NOTE.

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

APPROVED BY THE BOARD OF DIRECTORS

A blue ink signature of Martin Vella.

Martin Vella
Director

A blue ink signature of Mark Vella.

Mark Vella
Director

signing in their own capacity as directors of the Issuer and on behalf of each of
Joseph Vella, Miriam Schembri, Arthur Galea Salomone and Mario P. Galea as their duly appointed agents.

Legal Counsel to the Issuer



Security Trustee



Sponsor



Manager & Registrar



1. IMPORTANT INFORMATION

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY HAL MANN VELLA GROUP P.L.C. (THE “ISSUER”) OF €23,000,000 5.35% SECURED BONDS 2031 - 2034 OF A NOMINAL VALUE OF €100 PER BOND ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 5.35% PER ANNUM PAYABLE ANNUALLY ON 26 JULY OF EACH YEAR UNTIL THE REDEMPTION DATE. THE NOMINAL VALUE OF THE SECURED BONDS SHALL BE REPAYABLE IN FULL AT MATURITY ON THE REDEMPTION DATE UNLESS OTHERWISE PREVIOUSLY REDEEMED, OR REPURCHASED FOR CANCELLATION (THE “SECURED BONDS”).

THIS SECURITIES NOTE SETS OUT THE CONTRACTUAL TERMS UNDER WHICH THE SECURED BONDS ARE ISSUED BY THE ISSUER AND ACQUIRED BY A BONDHOLDER WHICH TERMS SHALL REMAIN BINDING UNTIL THE REDEMPTION DATE, UNLESS THEY ARE OTHERWISE CHANGED IN ACCORDANCE WITH THE TERMS OF THIS SECURITIES NOTE. NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF SECURED BONDS 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, 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: (I) BY ANY PERSON IN ANY JURISDICTION IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; (II) 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 SECURITIES 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 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.

THIS SECURITIES NOTE IS VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE HEREOF. FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD, THE ISSUER IS NOT OBLIGED TO SUPPLEMENT THIS SECURITIES NOTE IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES.

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

SAVE FOR THE OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE SECURITIES DESCRIBED IN 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. ACCORDINGLY, NO SECURITIES MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THE PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. IT IS THE RESPONSIBILITY OF PERSONS WHO HAVE POSSESSION OF THIS DOCUMENT TO INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THE PROSPECTUS AND THE OFFERING AND SALE OF SECURITIES.

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

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

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

ALL THE ADVISORS TO THE ISSUER NAMED IN THE REGISTRATION DOCUMENT UNDER THE HEADING "ADVISORS" IN SECTION 3.3 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THE PROSPECTUS 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.

UNLESS INCORPORATED BY REFERENCE IN THIS SECURITIES NOTE, 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 AND 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 SECURITIES.

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

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2 DEFINITIONS

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

Applicant(s)	a person or persons who subscribe/s for the Secured Bonds;
Application(s)	the application to subscribe for Secured Bonds;
Application Form	the form of application to subscribe for Secured Bonds by Existing Bondholders pursuant to the Exchangeable Bond Transfer, a specimen of which is contained in Annex III to this Securities Note;
Appropriateness Test	the appropriateness testing in terms of the COBR;
Authorised Financial Intermediaries	the licensed stockbrokers and financial intermediaries listed in Annex II to this Securities Note and the term “ Authorised Financial Intermediary ” shall be construed accordingly;
Bond Issue	the issue of Secured Bonds;
Bond Issue Price	€100 per Secured Bond;
Bondholders’ Meeting	a meeting of Bondholders held in accordance with section 6.15 of this Securities Note;
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;
Civil Code	the Civil Code, Cap. 16 of the laws of Malta;
COBR	the conduct of business rulebook issued by the MFSA, as may be amended from time to time;
Collateral	collectively, the following security interests to be constituted in favour of the Security Trustee: <ul style="list-style-type: none">(i) the first-ranking special hypothec granted by the Issuer for the full nominal value of the Secured Bonds and interest thereon over the Hypothecated Property (and any developments and constructions thereon);(ii) the second-ranking general hypothec for the full nominal value of the Secured Bonds and interest thereon over all the present and future property of the Issuer; and(iii) the Pledge of Insurances;
CSD	the Central Securities Depository of the Malta Stock Exchange having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;
Cut-Off Date	close of business on 25 June 2024 (trading session of 21 June 2024);
Eligible Counterparty/ies	shall bear the meaning assigned thereto in the COBR;
ESMA Guidelines	the guidelines issued by the European Securities and Markets Authority (ESMA) on complex debt instruments and structured deposits dated 4 February 2016;
Exchangeable Bond Transfer	the subscription for Secured Bonds by an Existing Bondholder settled, after submitting a completed Application Form, by the transfer to the Issuer of all or part of the Exchangeable Bonds held by such Existing Bondholder as at the Cut-Off Date;
Exchangeable Bond Transfer Period	the period commencing at 08:30 hours on 8 July 2024 and lapsing at 12:00 hours on 19 July 2024, during which the Secured Bonds will be available for subscription to Existing Bondholders;
Existing Bondholders	the holders of Exchangeable Bonds as at the Cut-Off Date;
Income Tax Act	the Income Tax Act, Cap. 123 of the laws of Malta;
Interest Payment Date	26 July of each year between and including each of the year 2025 and the year 2034, (or in the event of an early redemption at the option of the Issuer, 26 July of each year between and including each of the year 2025 and the relevant Early Redemption Date), provided that if any such day is not a Business Day such Interest Payment Date shall be carried over to the next following day that is a Business Day;
Intermediaries’ Offer	an offer for subscription of Secured Bonds made by the Issuer to Authorised Financial Intermediaries through subscription agreements as further detailed in section 8.4 of this Securities Note;

Issue Date	expected on 9 August 2024;
MIFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast);
Pledge of Insurances	the pledge of insurance policy proceeds constituted in terms of the Pledge of Insurances Agreement;
Pledge of Insurances Agreement	the pledge agreement to be entered into by and between the Issuer, and the Security Trustee for the purpose of constituting the Pledge of Insurances as security for the full nominal value of the Secured Bonds and interest thereon;
Prevention of Money Laundering Act	the Prevention of Money Laundering Act, Cap. 373 of the laws of Malta;
Professional Client(s)	shall bear the meaning assigned thereto in the COBR;
Public Registry	the Public Registry Office in Malta and Gozo, in terms of the Public Registry Act, Cap. 56 of Malta;
Redemption Value	the nominal value to be paid on the Redemption Date;
Suitability Testing	the suitability testing in terms of the COBR; and
Terms and Conditions	the terms and conditions of the Secured Bonds set out in section 8 of this Securities Note.

Unless it appears otherwise from the context:

- (i) words importing the singular shall include the plural and *vice-versa*;
- (ii) words importing the masculine gender shall also include the feminine gender and *vice-versa*;
- (iii) the word “*may*” shall be construed as permissive and the word “*shall*” shall be construed as imperative;
- (iv) all references in this Securities Note to “*Malta*” shall be construed as defined in article 124 (1) of the Constitution of Malta;
- (v) 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
- (vi) 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 date of this Securities Note.

3 RISK FACTORS

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

AN INVESTMENT IN THE SECURED BONDS INVOLVES CERTAIN RISKS INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISORS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL OTHER INFORMATION CONTAINED IN THE PROSPECTUS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE SECURED BONDS. THE RISK FACTOR FIRST APPEARING UNDER EACH CATEGORY CONSTITUTES THAT RISK FACTOR THAT THE DIRECTORS HAVE ASSESSED TO BE, AT THE DATE OF THIS SECURITIES NOTE, THE MOST MATERIAL RISK FACTOR UNDER SUCH CATEGORY. IN MAKING THIS ASSESSMENT OF MATERIALITY, THE DIRECTORS HAVE EVALUATED THE COMBINATION OF: (I) THE PROBABILITY THAT A RISK FACTOR OCCURS; AND (II) THE EXPECTED MAGNITUDE OF THE ADVERSE EFFECT ON THE FINANCIAL CONDITION AND PERFORMANCE OF THE ISSUER AND ITS SECURITIES IF SUCH RISK FACTOR WERE TO MATERIALISE.

NEITHER THIS SECURITIES NOTE, NOR ANY OTHER PARTS OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE SECURED BONDS: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION; OR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSOR OR ANY OF THE 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 SECURED BONDS, SHOULD PURCHASE ANY SECURED BONDS. ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN EVALUATION OF ALL RISK FACTORS AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT.

FORWARD LOOKING STATEMENTS

This Securities Note contains statements that are, or may be deemed to be, “*forward-looking statements*”. These forward-looking statements can be identified by the use of forward-looking terminology, such as the terms “*believes*”, “*estimates*”, “*anticipates*”, “*expects*”, “*intends*”, “*may*”, “*will*” or “*should*” or, in each case, their negative or other variations or comparable terminology. Forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout the Prospectus, and documents incorporated therein by reference,

and include statements regarding the intentions, beliefs, or current expectations of the Issuer and, or the Directors concerning, amongst other things, the Issuer's and, or the Group's strategy and business plans, capital requirements, results of operations, financial condition, liquidity, prospects, the markets in which it operates and general market conditions. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Issuer's and, or the Group's actual results of operations, financial condition, liquidity, and the development of its business may differ materially from the impression created by the forward-looking statements contained in the Prospectus. In addition, even if the results of operations, financial condition, and, or liquidity of the Issuer and, or the Group are consistent with the forward-looking statements contained in the Prospectus, those results, or developments may not be indicative of results or developments in subsequent periods.

Potential investors are advised to read the Prospectus in its entirety and, in particular, all the risks set out in this section and in the section entitled "**Risk Factors**" in the Registration Document, for a review of the factors that could affect the Issuer's performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur.

All forward-looking statements contained in this document are made only as at the date hereof. Subject to applicable legal and regulatory obligations, the Issuer and the Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

3.1 RISKS RELATING TO THE SECURED BONDS

3.1.1 Complex financial instrument and suitability assessment

Debt instruments which may be redeemed by an issuer prior to their maturity date are considered as having an embedded call option, with the price of the bonds taking these components into account. The Secured Bonds may be redeemed at the option of the Issuer on an Early Redemption Date. In view of this early redemption component, the Secured Bonds are complex financial instruments for the purposes of MIFID II. Investors must consult with an investment advisor before investing in the Secured Bonds. In particular, investors should consult with an investment advisor with a view to ascertaining that the respective investor: (a) has sufficient knowledge and experience to make a meaningful evaluation of the Secured Bonds, the merits and risks of investing in the Secured Bonds and the information contained or incorporated by reference in the Prospectus or any applicable supplement; (b) has sufficient financial resources and liquidity to bear all the risks of an investment in the Secured Bonds, including where the currency for principal or interest payments is different from the prospective investor's currency and that the Secured Bonds meet the investment objectives of the respective investor; (c) understands thoroughly the terms of the Secured Bonds; and (d) is able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect his/her investment and his/her ability to bear the applicable risks. An informed investment decision can only be made by investors after they have read and fully understood the risk factors associated with an investment in the Secured Bonds, and the inherent risks associated with the Group's business.

3.1.2 The Secured Bonds are redeemable at the option of the Issuer

Any or all of the Secured Bonds may be redeemed by the Issuer on an Early Redemption Date. Once the Secured Bonds are redeemed, the relevant Bondholders shall no longer be entitled to any interest or other rights in relation to the redeemed Secured Bonds. If the Secured Bonds are redeemed on an Early Redemption Date, a Bondholder would not receive the same return on investment that he/she would have received if the Secured Bonds were redeemed on 26 July 2034. In addition, Bondholders may not be able to re-invest the proceeds from an early redemption at yields that would have been received had they not been redeemed. This optional redemption feature may also have a negative impact on the market value of the Secured Bonds.

3.1.3 No prior market for the Secured Bonds

Prior to the Bond Issue there has been no public market for the Secured Bonds within or outside Malta. Due to the absence of any prior market for the Secured Bonds, there can be no assurance that the Bond Issue Price will correspond to the price at which the Secured Bonds will trade in the market subsequent to the Bond Issue. The market price of the Secured Bonds could be subject to significant fluctuations in response to numerous factors, including the occurrence of any of the risk factors identified in section 2 of the Registration Document.

3.1.4 Orderly and liquid secondary market

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

3.1.5 Future public offers

No prediction can be made on the effect which any future public offerings or listings of the Issuer's securities (including but not limited to the effects arising out of a change in the cash flow requirements of the Issuer or other commitments of the Issuer *vis-à-vis* the new security holders), or any takeover or merger activity involving the Issuer (including but not limited to a delisting, in full or in part, of the Secured Bonds), will have on the market price of the Secured Bonds prevailing from time to time.

3.1.6 Currency of reference

A Bondholder shall bear the risk of any adverse fluctuations in exchange rates between the currency of denomination of the Secured Bonds (this being the Euro "€") and the Bondholder's currency of reference, if different. Such adverse fluctuations may impair the return of investment of the Bondholder in real terms after considering the relevant exchange rate.

3.1.7 Changes in law

The terms of the Secured Bonds are based on Maltese law in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of the Prospectus.

3.1.8 Subsequent changes in interest rates and the potential impact of inflation

The Secured Bonds are fixed-rate debt securities. Investment in the Secured Bonds involves the risk that subsequent changes in market interest rates may adversely affect the market value of the Secured Bonds. Investors should be aware that because of the way yield is typically calculated by market participants, the price of fixed income securities tends to move in a way that is inversely proportional to changes in interest rates. Accordingly, when prevailing market interest rates are rising, the prices that market participants will generally be willing to pay for the Secured Bonds can be expected to decline. Conversely, if market interest rates are declining, secondary market prices for the Secured Bonds will tend to rise.

The coupon payable on the Secured Bonds is a nominal interest rate. The real interest rate is computed by subtracting inflation from the nominal interest rate, the result of which indicates the real return on the Secured Bond coupon. In a period of high inflation, an investor's real return on the Secured Bonds will be lower than the Secured Bonds' nominal interest rate and thus undermine an investor's expected return. Furthermore, an increase in inflation may result in a decrease in the traded price of the Secured Bonds on the secondary market.

3.1.9 Discontinuation of Listing

Even after the Secured Bonds are admitted to trading on the MSE, the Issuer is required to remain in compliance with certain requirements relating to, *inter alia*, the free transferability, clearance, and settlement of the Secured Bonds, in order to remain a listed company in good standing. Moreover, the MFSA has the authority to suspend trading or listing of the Secured 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 MFSA may also discontinue the listing of the Secured Bonds on the MSE. Any such trading suspensions or listing revocations or discontinuations described above could have a material adverse effect on the liquidity and value of the Secured Bonds.

3.1.10 Amendments to the Terms and Conditions

The Terms and Conditions contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. In the event that the Issuer wishes to amend any of the Terms and Conditions it may call a Bondholders' Meeting in accordance with the provisions of section 6.15 of this Securities Note. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

3.2 RISKS RELATING TO THE COLLATERAL

3.2.1 Risks relating to the Ranking of the Collateral

The Secured Bonds shall be secured by the Collateral.

The Issuer shall secure its obligations under the Bond Issue by virtue of a second-ranking general hypothec over all its assets, present and future. In terms of Maltese law, hypothecary debts are paid according to the order of registration in the Public Registry. A first ranking general hypothec over the Issuer's assets, present and future, was constituted in favour of the security trustee of the 2014 Bonds. Accordingly, should the Issuer default under its obligations of the Bond Issue, the holders of the 2014 Bonds shall be paid out of the assets of the Issuer in priority to the Bondholders.

In addition to the aforesaid, the hypothecs forming part of the Collateral shall rank after the claims of privileged creditors should a note of inscription of a special privilege be registered with the Public Registry securing the privileged creditor's claim. A pledge confers upon the creditor the right to obtain payment out of the thing pledged with privilege over other creditors. Notwithstanding that the Security Trustee is a privileged creditor in respect of the payment out of the assets of the Pledge of Insurances, privileged creditors are afforded a ranking at law. Accordingly, the Security Trustee will rank after the claims of privileged creditors which rank higher than its privileged claim to the assets secured by the Pledge of Insurances.

Privileged creditors include, but are not limited to, architects, contractors, masons, and other workmen, over an immovable constructed, reconstructed or repair for the debts due to them in respect of the expenses and the price of their work.

The ranking of collateral has a bearing on the success of a creditor to get paid should the Issuer not have sufficient assets to pay all its creditors. The Security Trustee will be paid out of the assets of the Issuer after privileged creditors and those creditors which are given priority over the relevant Collateral by law. Accordingly, in the case of a competition of creditors, Bondholders may not recover their investment in the Secured Bonds, whether in full or in part.

3.2.2 Enforcement of Collateral

There can be no assurance that the Collateral will be sufficient to cover the Issuer's payment obligations under the Secured Bonds in the case of an Event of Default. The amount which may be recovered under the general hypothec constituted over the assets of the Issuer depends on the nature and value of the assets forming part of the patrimony of Issuer at the point in time that the Security Trustee enforces the general hypothec.

The Issuer shall constitute a first-ranking special hypothec over the Hypothecated Property. As at 18 June 2024, the Hypothecated Property has been valued by independent experts as having a collective value of €24.5 million. There is no guarantee that the Bondholders will recover the value of the Hypothecated Property afforded to it by independent experts in the Valuation Report. This may be caused by a number of factors including, but not limited to, general economic factors that could have an adverse impact on the value of the Hypothecated Property. If such circumstances were to arise or subsist at the time that the special hypothec is enforced by the Security Trustee, it could have a material adverse effect on the value of the Hypothecated Property and the recoverability of the collective value afforded to it in the Valuation Report.

In addition to the aforesaid, the valuation of the Hypothecated Property so prepared by independent qualified architects contains certain assumptions, which ultimately may cause the actual values to be materially different from any future values that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends as reality may not match the assumptions. There can be no assurance that the property valuation and property-related assets will reflect actual market values at the time of enforcement of the Collateral over the Hypothecated Property.

4 PERSONS RESPONSIBLE, STATEMENT OF APPROVAL AND CONSENT FOR USE OF PROSPECTUS

4.1 PERSONS RESPONSIBLE

This document includes information given in compliance with the Prospectus Regulation for the purpose of providing prospective investors with information with regards to the Issuer and the Secured Bonds. All of the Directors, whose names appear in section 3.1 of the Registration Document entitled "**Directors**" accept responsibility for the information contained in this Securities Note.

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

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

4.2 STATEMENT OF APPROVAL

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

4.3 CONSENT FOR USE OF THE PROSPECTUS

For the purposes of any subscription for Secured Bonds through an Authorised Financial Intermediary in terms of this Securities Note and any subsequent resale, placement or other offering of the Secured Bonds by an Authorised Financial Intermediary 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 therein) with respect to any such subsequent resale or placement or other offering of Secured Bonds, provided this is limited only:

- (i) in respect of Secured Bonds subscribed for through an Authorised Financial Intermediary pursuant to the Intermediaries' Offer;

- (ii) to any resale or placement of Secured Bonds subscribed for as aforesaid, taking place in Malta; and
- (iii) to any resale or placement of Secured Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus.

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

Other than as set out above, the Issuer, the Sponsor, and the Manager & Registrar have not authorised (nor do they authorise or consent to the use of the Prospectus in connection with) the making of any public offer of the Secured Bonds by any person in any circumstance. Any such unauthorised offers are not made on behalf of the Issuer, the Sponsor, or the Manager & Registrar and the Issuer, the Sponsor, and the Manager & Registrar shall not have any responsibility or liability for the actions of any person making such offers.

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, it must not be relied upon as having been authorised by the Issuer, the Sponsor, or the Manager & Registrar. The Issuer does not accept responsibility for any information not contained in the Prospectus.

If an investor is in doubt as to whether it can rely on the Prospectus and, or who is responsible for its contents, he/she should obtain legal advice.

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

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

An Authorised Financial Intermediary using the Prospectus in connection with a resale, placement, or other offering of Secured Bonds subsequent to the Bond Issue shall, limitedly for the period of 60 days from the date of the Prospectus, publish on its website a notice to the effect that it is using 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 an Authorised Financial Intermediary unknown at the time of approval of this Securities Note shall be made available through a company announcement which shall also be made available on the Issuer's website: <https://www.hmvellagroup.com/finance/>.

5 ESSENTIAL INFORMATION ON THE BOND ISSUE

5.1 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE BOND ISSUE

Save for the subscription of Secured Bonds by Authorised Financial Intermediaries and the commissions payable thereto, and any fees payable in connection with the Bond Issue to the advisors listed in section 3.3 of the Registration Document, in so far as the Issuer is aware, no person involved in the Bond Issue has an interest, conflicting or otherwise, material to the Bond Issue.

5.2 REASONS FOR THE BOND ISSUE AND USE OF PROCEEDS

Pursuant to the Exchangeable Bond Transfer, an amount of €23,000,000 in Exchangeable Bonds which will be acquired via transfer to the Issuer by Existing Bondholders in consideration for the Secured Bonds, will result in the cancellation of such Exchangeable Bonds by the Issuer and shall give rise to obligations on the part of the Issuer under the Secured Bonds. As at the date of the Prospectus, the total value of Exchangeable Bonds in issue stands at €30,000,000.

The proceeds derived from the Intermediaries' Offer in respect of the balance of the Secured Bonds not subscribed for by Existing Bondholders by means of the Exchangeable Bond Transfer, if any, will be released by the Registrar to the Security Trustee upon closing of any such Intermediaries' Offer. Such proceeds will in turn be released by the Security Trustee in favour of the Issuer upon constitution of the Collateral. The Issuer shall use said proceeds for the redemption of the outstanding amount of 2014 Bonds remaining in issue on 6 November 2024, being the redemption date of the 2014 Bonds. Such proceeds shall be held by the Issuer in a segregated bank account to be known as the "2014 Bondholder Account", until the eventual redemption of the outstanding 2014 Bonds. The 2014 Bondholder Account shall be a bank account set up by the Issuer, segregated from any other bank account held by the Issuer. Cash deposits from the Issuer into the 2014 Bondholder Account shall only be applied for redeeming the amount of outstanding 2014 Bonds.

5.3 EXPENSES

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

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

6.1 ISSUE STATISTICS

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

Amount:	€23,000,000;
Bond Issue Price:	at par (€100 per Secured Bond);
Denomination:	Euro (€);
Form:	the Secured Bonds shall be issued in fully registered and dematerialised form and shall be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
Interest:	5.35% per annum;
Interest Payment Date/s:	annually on 26 July as from 26 July 2025 (the first Interest Payment Date);
ISIN:	MT0000811217;
Minimum Amount:	i) in respect of Applications submitted by Existing Bondholders subscribing for Secured Bonds through the Exchangeable Bond Transfer, no minimum amount shall be applicable subject to Applications being in multiples of €100; ii) in respect of subscription agreements submitted by Authorised Financial Intermediaries pursuant to the Intermediaries' Offer, if it occurs, a minimum of €2,000 and multiples of €100 thereafter;
Plan of Distribution:	the Secured Bonds are available for subscription to Existing Bondholders pursuant to the Exchangeable Bond Transfer. The balance of Secured Bonds not subscribed for by Existing Bondholders pursuant to the Exchangeable Bond Transfer, if any, is available for subscription by Authorised Financial Intermediaries (either for their own account or for the account of their underlying customers) pursuant to the Intermediaries' Offer;
Status of the Secured Bonds:	the Secured Bonds shall constitute the general, direct, secured, and unconditional obligations of the Issuer, to be secured in the manner described in section 6.4.3 of this Securities Note, and shall at all times rank <i>pari passu</i> and without any preference among themselves;
Listing:	the Malta Financial Services Authority has approved the Secured Bonds for admissibility to listing and subsequent trading on the Official List. Application has been made to the Malta Stock Exchange for the Secured Bonds to be listed and traded on the Official List;
Governing law of the Secured Bonds:	the Secured Bonds are governed by, and shall be construed in accordance with Maltese law; and
Jurisdiction:	the Maltese courts shall have exclusive jurisdiction to settle any disputes that may arise out of, or in connection with, the Secured Bonds.

6.2 REGISTRATION, FORM AND TITLE

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

The Secured Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD.

There will be entered in such electronic register, the names, addresses, identification numbers (in the case of natural persons), registration numbers (in the case of legal persons) and MSE account numbers of the Bondholders together with particulars of the Secured Bonds held by them. A copy of the Bondholder's entry in the CSD's electronic register will, at all reasonable times during business hours, be available for inspection by the Bondholders at the registered office of the Issuer. Title to the Secured Bonds shall be evidenced by an entry in the electronic register of Secured Bonds maintained by the CSD. The CSD will issue, upon a request by a Bondholder, a statement of holdings evidencing his or her entitlement to the Secured Bonds held in the electronic register at the CSD.

Any person in whose name a Secured 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 Secured Bond. Title to the Secured Bonds may be transferred as provided below under the heading "**Transferability of the Secured Bonds**" in section 6.13 of this Securities Note.

6.3 GENERAL

The principal terms of the Secured Bonds are set out below:

- 6.3.1 Each Secured Bond forms part of a duly authorised issue of 5.35% Secured Bonds 2031 – 2034 of a nominal value of €100 per Secured Bond issued by the Issuer at par for the principal amount of €23,000,000 (except as otherwise provided under section 6.14 entitled "**Further Issues**").
- 6.3.2 The Issue Date of the Secured Bonds is expected to be 9 August 2024.
- 6.3.3 The Bond Issue shall be secured with the Collateral.
- 6.3.4 The currency of the Secured Bonds is Euro (€).
- 6.3.5 The Secured Bonds are expected to be listed on the Official List on 9 August 2024 and dealing can be expected to commence thereafter.
- 6.3.6 Subject to admission to listing of the Secured Bonds to the Official List, the Secured Bonds are expected to be assigned ISIN: MT0000811217.
- 6.3.7 Unless previously purchased and cancelled, the Secured Bonds shall be redeemable at par on 26 July 2034, the last possible Redemption Date..
- 6.3.8 The issue of the Secured Bonds is made in accordance with the requirements of the Capital Markets Rules, the Companies Act, and the Prospectus Regulation.
- 6.3.9 The Bond Issue is not underwritten.
- 6.3.10 There are no special rights attached to the Secured Bonds other than the right of the Bondholders to the payment of capital and interest and in accordance with the ranking specified in section 6.4 hereunder.
- 6.3.11 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.
- 6.3.12 In view of the early redemption component referred above, the Secured Bonds are complex financial instruments for the purposes of MIFID II. Accordingly, the Secured Bonds may only be suitable for investors who have the knowledge and experience to understand the risk related to this type of financial instrument. Potential investors should consult an investment advisor before investing in the Secured Bonds.

6.4 RANKING OF THE SECURED BONDS AND THE COLLATERAL

6.4.1 Status of the Secured Bonds

The Secured Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional, and secured obligations of the Issuer. The Secured Bonds shall at all times rank *pari passu* without any priority or preference among themselves.

6.4.2 Security Trustee

The Issuer has entered into the Trust Deed with the Security Trustee which consists of the covenants of the Issuer to pay the principal amount under the Secured Bonds on the Redemption Date and interest thereon. The Trust Deed also regulates the constitution of the Collateral in favour of the Security Trustee.

6.4.3 The Collateral

6.4.3.1 The Hal Mann Lija Property

The Hal Mann Lija Property is split into various sections as detailed in the below diagram:

Lija Showroom	Site A	Site B (Including the Lija Factory and the ODA Lija Site)	Site D	E-Pantar Property	Navi Building
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Site A and Site B within the Hal Mann Lija Property (the areas shaded in green in the above diagram), and the Irgarr Land, shall constitute the Hypothecated Property.

6.4.3.2 The 2024 Security Package

The Collateral shall be constituted in favour of the Security Trustee for the benefit of all Bondholders registered from time to time in the register of Bondholders held at the CSD, as security for the payment of principal and interest under the Secured Bonds.

The Collateral shall comprise the following security interests:

- (a) a first-ranking special hypothec granted by the Issuer for the full nominal value of the Secured Bonds and interest thereon over the Hypothecated Property (and any developments and constructions thereon);
- (b) a second-ranking general hypothec for the full nominal value of the Secured Bonds and interest thereon over all the present and future property of the Issuer; and
- (c) the Pledge of Insurances.

6.4.3.3 The 2014 Security Package

For the purposes of securing the 2014 Bonds, the Issuer and Sudvel (in its capacity as guarantor) had constituted certain security interests in favour of the security trustee of the 2014 Bonds (collectively, the “**2014 Security Package**”). The security interests constituted by the Issuer consisted of the following:

- (a) a first-ranking general hypothec over all its assets, present and future, for the amount of €30,000,000, interest thereon and any other amounts due under the 2014 Bonds (the “**2014 Issuer GH**”); and
- (b) a first-ranking special hypothec over the Hal Mann Lija Property (the entire property set out in the diagram provided in section 6.4.3.1. of this Securities Note) for the amount of €30,000,000, interest thereon and any other amounts due under the 2014 Bonds (the “**2014 Issuer SH**”).

Pursuant to the Exchangeable Bond Transfer, Existing Bondholders may elect to transfer the amount of Exchangeable Bonds held by them as at the Cut-Off Date, in exchange for an equivalent amount of Secured Bonds, as further detailed in section 8.3 of this Securities Note. €23,000,000 in nominal value of Exchangeable Bonds may be exchanged for Secured Bonds. The remaining €7,000,000 or more, in nominal value of 2014 Bonds, which are not exchanged for Secured Bonds by the end of the Exchangeable Bond Transfer Period (the “**Residual 2014 Bonds**”), shall remain listed on the Official List until redemption on 6 November 2024.

Upon listing of the Secured Bonds on the Official List, the Exchangeable Bonds surrendered to the Issuer in exchange for Secured Bonds shall be cancelled. As a result, the debt due by the Issuer in respect of the 2014 Bonds shall be reduced to reflect the value of the Residual 2014 Bonds.

Aside from the reduced exposure under the 2014 Bonds following the Exchangeable Bond Transfer as aforesaid, it is pertinent to note that the value of the immovable property (Hal Mann Lija Property) secured by the 2014 Issuer SH has increased significantly. Part of the Hal Mann Lija Property consists of the E-Pantar Property (the area shaded in yellow in the diagram provided in section 6.4.3.1. of this Securities Note) which is reported in the audited financial statements of the Issuer for the financial year ended 31 December 2023 as having a fair value of €24,460,000.

With a view to reducing the security provided by the Issuer pursuant to the 2014 Security Package to reflect the aforesaid reduced debt due by the Issuer with respect to the 2014 Bonds, and in order to take into account the increase in value of the E-Pantar Property, in advance of the present issue of Secured Bonds, the Issuer and the security trustee of the 2014 Bonds have agreed to reduce the value of the 2014 Issuer GH and the 2014 Issuer SH to the value of the Residual 2014 Bonds. Accordingly, simultaneously with the constitution of the Collateral, which is expected to take place within approximately 21 Business Days following listing of the Secured Bonds, the 2014 Issuer SH, and the 2014 Issuer GH shall be reduced to reflect the total nominal value of Residual 2014 Bonds. For this purpose:

- (a) the 2014 Issuer GH shall be reduced by way of a note of reduction registered in the Public Registry, to reflect the value of the Residual 2014 Bonds; and

- (b) the 2014 Issuer SH shall be reduced by way of a note of reduction registered in the Public Registry to: (i) reflect the value of the Residual 2014 Bonds; and (ii) release and waive all hypothecary rights of the security trustee of the 2014 Bonds over the Hal Mann Lija Property, save with respect to the E-Pantar Property. As a result, following said reduction, the portion of the Hal Mann Lija Property which shall remain secured by the 2014 Issuer SH as security for the 2014 Bonds until redemption shall be limited to the E-Pantar Property.

On the redemption of the 2014 Bonds on 6 November 2024, all hypothecary rights constituted in favour of the security trustee of the 2014 Bonds by virtue of the 2014 Issuer SH shall be cancelled, resulting in the E-Pantar Property becoming free and unencumbered.

It is expected that within approximately 21 Business Days following listing of the Secured Bonds, the Collateral shall be constituted in favour of the Security Trustee. The Issuer shall appear on a public deed with the Security Trustee to grant and constitute in favour of the Security Trustee the Collateral over its respective assets, as further described in section 6.4.4. below. Simultaneously, the Issuer and the Security Trustee shall enter into the Pledge of Insurances Agreement for the purposes of constituting the Pledge of Insurances.

The Collateral shall be vested in the Security Trustee for the benefit of the Bondholders in proportion to their respective holding of Secured Bonds.

6.4.4 Ranking of Collateral

6.4.4.1 Second-ranking general hypothec granted by the Issuer

As explained in section 6.4.3. above, the Issuer shall secure its obligations under the Bond Issue by virtue of, *inter alia*, a second-ranking general hypothec for the full nominal value of the Secured Bonds and interest thereon over all its assets, present and future. A first-ranking general hypothec over the Issuer's assets, present and future, was constituted in favour of the security trustee of the 2014 Bonds. Accordingly, should the Issuer default under its obligations of the Secured Bonds, the holders of the 2014 Bonds shall be paid out of the assets of the Issuer in priority to the Bondholders.

In terms of Maltese law, hypothecary debts are paid according to the order of registration in the Public Registry. Privileged debts rank with priority over hypothecary debts and accordingly, privileged creditors shall be paid before those creditors in whose favour a hypothec has been registered.

Until such time as the 2014 Issuer GH is cancelled, the 2014 Issuer GH (as reduced in terms of section 6.4.3.3. above) will rank ahead of the general hypothec granted by the Issuer in favour of the Security Trustee, as security for the Issuer's obligations under the Secured Bonds which are the subject of the Prospectus. On the redemption of the 2014 Bonds on 6 November 2024, all hypothecary rights constituted in favour of the security trustee of the 2014 Bonds (including the 2014 Issuer GH and the 2014 Issuer SH) shall be cancelled in their entirety, at which point the 2014 Issuer GH (as reduced) shall be cancelled, resulting in the general hypothec granted by the Issuer in favour of the Security Trustee as security for the Issuer's obligations under the Secured Bonds, becoming first-ranking.

6.4.4.2 First-ranking special hypothec granted by the Issuer over the Hypothecated Property

The Issuer shall constitute a first-ranking special hypothec over the Hypothecated Property (and any developments and constructions thereon) for the full nominal value of the Secured Bonds and interest thereon. Should the Security Trustee declare that an Event of Default has occurred which is continuing, the Security Trustee (for the benefit of Bondholders) shall, by virtue of the special hypothec, be paid out of the funds received on the sale of the Hypothecated Property.

The special hypothec shall be registered as first-ranking special hypothec in the Public Registry. This means that the said hypothec will rank in priority to other creditors, except for privileged creditors. Whilst as at the date of the Prospectus, the Issuer has no specific plans to carry out any development and, or construction works on the Hypothecated Property, there is the possibility that throughout the term of the Secured Bonds, part of the Hypothecated Property is subject to construction and, or development works. As a result of such works, situations may arise whereby certain contractors or suppliers may become entitled by law to register a special privilege over the part of the Hypothecated Property, thereby obtaining a priority in ranking over the Security Trustee *vis-à-vis* that part of the Hypothecated Property. In accordance with the terms of the Trust Deed, the Issuer undertook to ensure that any contractors engaged for the development of any part of the Hypothecated Property, shall waive their right to register a special privilege over the relative site to secure amounts due to them for works carried out.

6.4.5 The Pledge of Insurances

In terms of the Trust Deed, the Issuer shall enter into the Pledge of Insurances Agreement for the purposes of constituting the Pledge of Insurances. A pledge creates a right of preference in favour of the collateral holder to be paid out of the asset so secured in priority to other creditors.

6.5 RIGHTS ATTACHING TO THE SECURED BONDS

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

- (i) the repayment of capital;
- (ii) the payment of interest;

- (iii) the benefit of the Collateral through the Security Trustee;
- (iv) the right to attend, participate in and vote at meetings of Bondholders in accordance with the terms of this Securities Note; and
- (v) all such other rights attached to the Secured Bonds emanating from the Prospectus.

6.6 INTEREST

The Secured Bonds shall bear interest from and including 26 July 2024 at the rate of 5.35% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment shall be effected on 26 July 2025 (covering the period commencing 26 July 2024 to 25 July 2025). Any Interest Payment Date which falls on a day other than a Business Day shall be carried over to the next following day that is a Business Day.

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.

6.7 THE LIMITS OF THE VALIDITY OF CLAIMS

In terms of article 2156 of the Civil Code, the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Secured Bonds is barred by the lapse of five years.

6.8 YIELD

The gross yield calculated on the basis of the interest, the Bond Issue Price and the Redemption Value of the Secured Bonds is 5.35% per annum. The gross yield to call as at the earliest possible Redemption Date is 5.35% per annum.

6.9 REGISTRATION, FORM, DENOMINATION AND TITLE

Certificates shall not be delivered to Bondholders in respect of the Secured Bonds. The entitlement to Secured Bonds shall be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There shall 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 Secured 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 shall issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his / her / its entitlement to Secured Bonds held in the register kept by the CSD.

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

The Secured Bonds shall be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100.

Any person in whose name a Secured 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 Secured Bond. Title to the Secured Bonds may be transferred as provided below under the heading entitled "**Transferability of the Secured Bonds**" in section 6.13 of this Securities Note.

6.10 PAYMENTS

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

In the case of Secured 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 Secured Bonds.

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

All payments with respect to the Secured Bonds are subject in all cases to any applicable fiscal or other laws and regulations prevailing in Malta. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Secured 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 Malta or any authority thereof or therein having power to tax.

No commissions or expenses shall be charged by the Issuer to Bondholders in respect of such payments.

6.11 REDEMPTION AND PURCHASE

Unless previously purchased and cancelled, the Secured Bonds shall be redeemed at their nominal value (together with interest accrued to the Redemption Date) on 26 July 2034 provided that the Issuer reserves the right to redeem all the Secured Bonds on an Early Redemption Date. The Issuer shall give at least 60 days' notice in writing to all Bondholders of its intention to effect such earlier redemption. Such notice may be revoked by the Issuer at its sole discretion by notice in writing, at any time, before the appointed Early Redemption Date.

Subject to the provisions of this section 6.11, the Issuer may, at any time, purchase Secured Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

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

6.12 EVENTS OF DEFAULT

Pursuant to the Trust Deed, the Security Trustee may, in its absolute and uncontrolled discretion, and shall upon the request in writing of not less than 75% in value of the Bondholders, by notice in writing to the Issuer declare the Secured Bonds to have become immediately due and repayable at their principal amount together with accrued interest, upon the happening of any of the following events (the “**Events of Default**”):

- (i) the Issuer fails to effect the payment of interest under the Secured Bonds on an Interest Payment Date and such failure continues for a period of 60 days after written notice thereof by the Security Trustee to the Issuer;
- (ii) the Issuer fails to pay the principal amount of a Secured Bond on the date fixed for its redemption, and such failure continues for a period of 60 days after written notice thereof by the Security Trustee to the Issuer;
- (iii) the Issuer fails to duly perform or shall otherwise be in breach of any other material obligation contained in the Prospectus and such failure shall continue for 60 days after written notice thereof shall have been given to the Issuer by the Security Trustee;
- (iv) the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or ceases or threatens to cease to carry on its business or a substantial part of its business;
- (v) the Issuer is unable, or admits in writing of its inability, to pay its debts within the meaning of article 214(5) of the Act, or any statutory modification or re-enactment thereof;
- (vi) any consent, permit, authorisation, licence or approval of, or registration with, or declaration to governmental, statutory or public bodies, or authorities or courts, required by the Issuer in connection with the operation of the Hypothecated Property, or required by the Issuer for the performance of its obligations hereunder or under the Prospectus, is substantially modified in the sole opinion of the Security Trustee, or is not granted, or is revoked, or terminated, or expires and is not renewed, or otherwise ceases to be in full force and effect;
- (vii) the Collateral is not constituted and perfected in accordance with the ranking set out in the Prospectus;
- (viii) the Collateral is not enforceable against the Issuer;
- (ix) a judicial or provisional administrator is appointed upon the whole or any part of the property of the Issuer and such appointment is certified by the Security Trustee to be prejudicial, in its opinion, to the Bondholders;
- (x) an order is made, or an effective resolution is passed for the winding up of the Issuer except for the purpose of a reconstruction, amalgamation or division, the terms of which have been approved in writing by the Security Trustee;
- (xi) the Issuer substantially changes the object or nature of business as currently carried on;
- (xii) the Issuer commits a breach of any of the covenants or provisions contained in the Trust Deed to be observed and performed by the Issuer, and the said breach still subsists for 30 days after having been notified by the Security Trustee (other than any covenant for the payment of interest or principal monies owing in respect of the Secured Bonds);
- (xiii) the security constituted by any hypothec, pledge, or charge upon the whole or any part of the undertakings or assets of the Issuer shall become enforceable, and steps are taken to enforce same and the taking of such steps shall be certified in writing by the Security Trustee to be in its opinion prejudicial to the Bondholders;
- (xiv) any representation or warranty made or deemed to be made or repeated by, or in respect of, the Issuer is or proves to have been incorrect in any material respect in the sole opinion of the Security Trustee;

- (xv) any material indebtedness of the Issuer is not paid when properly due or becomes properly due and payable or any creditor of the Issuer becomes entitled to declare any such material indebtedness properly due and payable prior to the date when it would otherwise have become properly due or any guarantee or indemnity of the Issuer in respect of indebtedness is not honoured when properly due and called upon; PROVIDED THAT for the purposes of this provision, material indebtedness shall mean an amount exceeding one million Euro (€1,000,000);
- (xvi) it becomes unlawful at any time for the Issuer to perform all or any of its obligations under the Prospectus or under the Trust Deed; and
- (xvii) in the sole opinion of the Security Trustee, a material part of the undertakings, assets, rights, revenues, shares or other ownership interests in the Issuer are seized, nationalised, expropriated or compulsorily acquired by, or under the authority of, any government.

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

Provided that in the event of any breach by the Issuer of any of the covenants, obligations or provisions herein contained due to any fortuitous event of a calamitous nature beyond the control of the Issuer, then the Security Trustee may, but shall be under no obligation so to do, give the Issuer such period of time to remedy the breach as in its sole opinion may be justified in the circumstances and if in its sole opinion the breach is remediable within the short term and without any adverse impact on the Bondholders. Provided further that in the circumstances contemplated by this proviso, the Security Trustee shall at all times act on, and in accordance with, any directions it may receive in a meeting of Bondholders satisfying the conditions set out in the Trust Deed. The Security Trustee shall not be bound to take any steps to ascertain whether any Event of Default or other condition, event or circumstance has occurred or may occur, and until it shall have actual knowledge or express notice to the contrary, the Security Trustee shall be entitled to assume that no such Event of Default or condition, event or other circumstance has happened and that the Issuer is observing and performing all its obligations, in terms of the conditions of Trust Deed and the Secured Bonds.

6.13 TRANSFERABILITY OF THE SECURED BONDS

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

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

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

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

The Issuer shall not register the transfer or transmission of Secured Bonds for a period of 15 days preceding an Interest Payment date.

6.14 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 as any outstanding debt securities of any series (including the Secured 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 Secured Bonds), or upon such terms as the Issuer may determine at the time of their issue, provided that no issue may be made that would rank senior to the Secured Bonds in respect of the Collateral.

6.15 MEETINGS OF BONDHOLDERS

Authority of the Bondholders' Meeting

6.15.1 The Bondholders' Meeting represents the supreme authority of the Bondholders in all matters relating to the Secured Bonds and has the power to make all decisions altering the Terms and Conditions..

6.15.2 A Bondholders' Meeting may be called 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 or the Trust Deed require the approval of a Bondholders' Meeting and to effect any change to the applicable Terms and Conditions, including any change to a material term of issuance of the Secured Bonds or the Prospectus.

6.15.3 Where the approval of the Bondholders is required for a particular matter, such resolution shall be passed at a Bondholders' Meeting. Resolutions passed at Bondholders' Meetings shall be binding upon all Bondholders and prevail for all the Secured Bonds.

Procedural Rules for Bondholders' Meetings

6.15.4 A Bondholders' Meeting shall be held at the written request of:

- (i) the Issuer; or
- (ii) the Security Trustee.

6.15.5 The Bondholders' Meeting shall be called by the Security Trustee. A request for a Bondholders' Meeting shall be made in writing to the Security Trustee and shall clearly state the matters to be discussed.

6.15.6 If the Security Trustee does not call the Bondholders' Meeting within 21 days from the receipt of the said request, the requesting party may call the Bondholders' Meeting itself.

6.15.7 The Security Trustee shall, by not less than 14 days' notice in writing, call such meeting by giving all Bondholders listed in the register of Bondholders as at a date being not more than 30 days preceding the date scheduled for the meeting. 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 or the terms of the Secured Bonds that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. If amendments to the Prospectus have been proposed, the main content of the proposal shall be contained in the notice.

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

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

6.15.10 The Bondholders' Meeting shall be held at the premises designated by the Security Trustee. The Bondholders' Meeting shall be chaired by the Security Trustee, unless otherwise decided by the Bondholders' Meeting.

6.15.11 Minutes of the Bondholders' Meeting shall be kept. The minutes shall state the numbers of Bondholders and Secured Bonds represented at the Bondholders' Meeting, the resolutions passed at the meeting and the result of the voting. The minutes shall be signed by the chairman of the meeting. The minutes shall be deposited with the Security Trustee.

6.15.12 The Bondholders and the Security Trustee have the right to attend the Bondholders' Meeting. The chairman may grant access to the meeting to other parties unless the Bondholders' Meeting decides otherwise. A Bondholder may attend by a representative holding a proxy.

6.15.13 The Security Trustee shall circulate proxy forms to Bondholders with the notice convening the Bondholders' Meeting.

6.15.14 Representatives of the Issuer have the right to attend the Bondholders' Meeting. The Bondholders' Meeting may resolve that the Issuer's representatives may not participate in particular matters. The Issuer has the right to be present when voting takes place.

6.15.15 The Trustee may provide for virtual or remote Bondholders' Meetings, provided that any such meetings allow Bondholders to ask questions and to exercise their right to vote at such meetings.

Resolutions passed at Bondholders' Meetings

6.15.16 Unless otherwise specified in the Prospectus and, or the Trust Deed, the proposal placed before a Bondholders' Meeting shall only be considered approved if at least 75% in nominal value of the Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.

6.15.17 At the Bondholders' Meeting each Bondholder may cast one vote for each Secured Bond held at close of business on the day prior to the date of the Bondholders' Meeting and as recorded on the register of Bondholders maintained by the CSD.

- 6.15.18** In all matters, the Issuer, the Security Trustee, and any Bondholder shall have the right to demand a poll.
- 6.15.19** The Bondholders' Meeting may not adopt resolutions which may give certain Bondholders an unreasonable advantage at the expense of other Bondholders.
- 6.15.20** The Security Trustee shall ensure that resolutions passed at the Bondholders' Meeting are properly implemented; however, the Security Trustee may refuse to carry out resolutions being in conflict with the Prospectus or any applicable law.
- 6.15.21** The Issuer and the Bondholders shall be notified of resolutions passed at the Bondholders' Meeting.

6.16 AUTHORISATIONS AND APPROVALS

The Directors authorised the Bond Issue pursuant to a resolution of the Board passed during a Board meeting on 12 June 2024.

6.17 NOTICES

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

6.18 GOVERNING LAW AND JURISDICTION

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

Any legal action, suit, or proceedings against the Issuer arising out of, or in connection with, the Secured 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 them in respect of the Secured Bonds, including their acquisition, holding and transfer as well as on any income derived therefrom or on any gains derived on the transfer of such Secured Bonds. The following is a summary of the anticipated tax treatment applicable to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive.

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

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

7.2 MALTA TAX ON ACQUISITION OF SECURED BONDS

The acquisition of Secured Bonds of the Issuer does not trigger any Maltese income tax or duty liability for the Bondholders.

7.3 MALTESE INCOME TAX ON INTEREST ARISING FROM THE HOLDING OF THE SECURED BONDS

Since interest is payable in respect of a bond which is the subject of a public issue and such interest should constitute "investment income" in terms of article 41(a)(iv)(1) of the Income Tax Act, unless the Bondholder elects, by means of an instruction in writing sent to the Issuer in terms of article 35 of the Income Tax Act, to receive the interest gross of any withholding tax, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act, interest shall be paid to such Bondholder net of a final withholding tax, currently at the rate of fifteen percent (15%) (ten percent (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 abovementioned "investment income" final withholding tax and should seek advice on the taxation of such income as special rules may apply.

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

The aforementioned withholding tax is considered a final tax and 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 respect of such income. Furthermore, such tax should not be available as a credit against the recipient's tax liability or for a refund, as the case may be, for the relevant year of assessment in Malta. The Issuer is required to submit to the Maltese Commissioner for Revenue, the tax withheld by the fourteenth day following the end of the month in which the payment is made. The Issuer will also render an account to the Maltese Commissioner for Revenue of all payments of qualifying "investment income" as well as an account of the amounts so deducted, including the identity of the recipient.

In the case of a valid election in terms of article 35 of the Income Tax Act made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his or her Maltese income tax return and be subject to tax on such interest at the standard rates applicable to such Bondholder at that time. Additionally, in this latter case the Issuer will advise the Maltese Commissioner for Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

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

7.4 EXCHANGE OF INFORMATION

In terms of the applicable Maltese legislation, the Issuer and/or its agent may be required to collect and forward certain information (including, but not limited to, information regarding payments made to certain Bondholders) to the 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. Relevant legislation includes, but is not limited to:

1. the agreement between the Government of the United States of America and the Government of the Republic of Malta to Improve International Tax Compliance and to Implement FATCA – incorporated into Maltese law through Legal Notice 78 of 2014 entitled the Exchange of Information (United States of America) (FATCA) Order (the "**FATCA Legislation**"). Under the FATCA Legislation, foreign financial institutions ("**FFIs**") in Malta (defined as such for the purposes of FATCA) are obliged to identify and report financial accounts held by Specified U.S. persons, as defined under the FATCA Legislation, and certain non-U.S. entities which are controlled by U.S. Controlling Persons, as defined under the FATCA Legislation, to the Maltese tax authorities. The Maltese Government and the Government of the U.S. shall annually exchange the information obtained pursuant to the FATCA Legislation on an automatic basis. Financial account information in respect of Bondholders could fall within the scope of FATCA and they may therefore be subject to reporting obligations; and
2. Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU on Administrative Cooperation in the field of Taxation which provides for the implementation of the regime known as the Common Reporting Standard ("**CRS**") – incorporated into Maltese law through Legal Notice 384 of 2015 entitled the Cooperation with Other Jurisdiction on Tax Matters (Amendment) Regulations, 2015. The CRS has been proposed by the OECD as a new global standard for the automatic exchange of financial account information between tax authorities in participating jurisdictions. Malta based financial institutions ("**FIs**") (defined as such for the purposes of CRS) are obliged to identify and report to the Maltese tax authorities financial accounts held by a Reportable Person, as defined under the Maltese CRS legislation, and certain entities with one or more Controlling Persons, as defined under the Maltese CRS legislation, which is classified as a Reportable Person. Financial information relating to Bonds and the holders of the Bonds may fall within the purview of CRS and may be subject to reporting and information exchange provisions.

Investors are advised to seek professional advice in relation to the CRS and FATCA Legislation. Not complying with the legislation may give rise to certain fines or closure of financial accounts.

7.5 MALTESE INCOME TAX ON CAPITAL GAINS ARISING ON TRANSFER OF THE SECURED BONDS

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

7.6 DUTY ON DOCUMENTS AND TRANSFERS ON TRANSFER OF THE SECURED BONDS

In terms of the Duty on Documents and Transfers Act (Cap. 364 of the laws of Malta), (the "**Duty on Documents and Transfers Act**"), duty of 2% on the consideration or the real value (whichever is higher) is chargeable, *inter alia*, on the transfer *inter vivos* or transmission *causa mortis* of a "marketable security". However, on the basis that the Secured Bonds should not fall within the definition of a "marketable security", defined in the Duty on Documents and Transfers Act as "*a holding of share capital in any company and any document representing the same*", the transfer / transmission of the Secured Bonds should not be chargeable to duty.

THE ABOVE INFORMATION IS BASED ON TAX LAW AND PRACTICE APPLICABLE AS AT THE DATE OF THE PROSPECTUS. INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF SECURED BONDS AS WELL AS INTEREST PAYMENTS MADE BY THE ISSUER. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE SECURED BONDS AND TO BONDHOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY AND DEPENDS, AMONG OTHER THINGS, ON THE PARTICULAR INDIVIDUAL CIRCUMSTANCES OF THE INVESTORS AND OF THE CLASSIFICATION OF THE SECURED BONDS FROM A MALTESE TAX PERSPECTIVE.

8 TERMS AND CONDITIONS OF THE OFFER OF SECURITIES TO THE PUBLIC

8.1 EXPECTED TIMETABLE OF THE BOND ISSUE

1.	Application Forms mailed to Existing Bondholders	3 July 2024
2.	Exchangeable Bond Transfer Period	8 July 2024 to 19 July 2024
3.	Intermediaries' Offer Date*	26 July 2024
4.	Commencement of interest on the Secured Bonds	26 July 2024
5.	Expected date of announcement of basis of acceptance	2 August 2024
6.	Expected dispatch of allotment advices	9 August 2024
7.	Expected date of admission of the Secured Bonds to listing	9 August 2024
8.	Cancellation of surrendered Exchangeable Bonds	9 August 2024
9.	Expected date of commencement of trading in the Secured Bonds	12 August 2024
10.	Latest date of constitution of Collateral	10 September 2024

* In the event that, following closing of the Exchangeable Bond Transfer Period, the total value of Secured Bonds subscribed for by Existing Bondholders exceeds €23,000,000, the Intermediaries' Offer will not take place and the events set out in step 5 onwards may be brought forward and take place in the same chronological order as set out above.

8.2 CONDITIONS TO WHICH THE BOND ISSUE IS SUBJECT

The following Terms and Conditions shall be read in conjunction with all other terms relative to, and regulating, the contractual relationship created between the Issuer and the Applicant.

- 8.2.1** The issue and allotment of the Secured Bonds is conditional upon the Secured Bonds being admitted to the Official List by no later than 9 August 2024. In the event that the Secured Bonds are not admitted to the Official List by the said date, no transfer of Exchangeable Bonds will take effect and the Issuer undertakes to procure that any monies received by the Manager & Registrar from Authorised Financial Intermediaries pursuant to the Intermediaries' Offer, if it takes place, will be returned without interest by direct credit into the bank account as indicated in the respective subscription agreement.
- 8.2.2** Existing Bondholders applying for Secured Bonds may elect to settle all or part of the amount due on the Secured Bonds applied for (whether in whole or in part consideration for the Secured Bonds being applied for) by completing the Application Form, indicating that the consideration for the Secured Bonds applied for shall be settled by way of transfer to the Issuer of all or part of the Exchangeable Bonds held as at the Cut-Off Date in an amount equivalent to the par value of the Secured Bonds applied for (this being, the Exchangeable Bond Transfer).
- 8.2.3** By submitting a completed Application Form indicating that the option of the Exchangeable Bond Transfer is being selected (whether in whole or in part consideration for the Secured Bonds being applied for), the Applicant is thereby confirming:
- that all or part (as the case may be) of the Exchangeable Bonds held by the Applicant as at the Cut-Off Date are being transferred to the Issuer;
 - that the completed Application Form constitutes the Applicant's irrevocable mandate to the Issuer to: (a) cause the transfer of said Exchangeable Bonds in the Issuer's name in consideration of the issue of Secured 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 said Exchangeable Bonds in the Issuer and fully and effectively vest title in the appropriate number of Secured Bonds in the Applicant; and
 - that the obligations of the Issuer with respect to the Exchangeable Bonds being transferred to the Issuer are extinguished, replaced by obligations on the part of the Issuer under the Secured Bonds to be issued upon acceptance by the Issuer of the Application in question.
- 8.2.4** Pursuant to the Exchangeable Bond Transfer, Existing Bondholders may surrender all or part of the Exchangeable Bonds held by them as at the Cut-Off Date. Existing Bondholders who wish to apply for an amount of Secured Bonds which exceeds the amount of Exchangeable Bonds held by them as at the Cut-Off Date may only subscribe for additional Secured Bonds through an Authorised Financial Intermediary, by participating in the Intermediaries' Offer, should this take place.
- 8.2.5** All Applications for Secured Bonds pursuant to the Exchangeable Bond Transfer must be submitted on the Application Form by not later than 12:00 hours on 19 July 2024. All Application Forms are to be lodged with any one of the Authorised Financial Intermediaries.

- 8.2.6** Pursuant to the Intermediaries' Offer, should this take place, the Issuer shall enter into a subscription agreement with each Authorised Financial Intermediary for any resultant balance of Secured Bonds remaining unallocated following closing of the Exchangeable Bond Transfer Period. As described in more detail under section 8.4 below, completed subscription agreements, together with evidence of payment, are to reach the Manager & Registrar by latest 12:00 hours on 26 July 2024.
- 8.2.7** The contract created by the Issuer's acceptance of a data file submitted by an Authorised Financial Intermediary shall be subject to all the terms and conditions set out in this Securities Note and the memorandum and articles of association of the Issuer. It is the responsibility of investors wishing to apply for the Secured 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.
- 8.2.8** If an Application Form is submitted on behalf of another person, whether legal or natural, the person submitting such Application Form will be deemed to have duly bound such other person, whether legal or natural, on whose behalf the Application Form has been submitted. The person submitting such Application Form shall 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, or resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer and the Registrar, but it shall not be the duty or responsibility of the Registrar or Issuer to ascertain that such representative is duly authorised to appear on the Application Form. Furthermore, in cases where the decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "**decision maker**") such as an individual that holds a power of attorney to trade on the Applicant's account or Applications under a discretionary account, details of the decision maker need to be included in the relative panel of the Application Form.
- 8.2.9** In the case of joint Applicants, reference to the Applicant in these Terms and Conditions is a reference to each of the joint Applicants, and liability therefor is joint and several. The person whose name shall be inserted in the field entitled "Applicant" on the Application Form, or first named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders whose names appear in the field entitled "Additional Applicants" in the Application Form or joint holders in the register, as the case may be. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Secured Bond/s so held.
- 8.2.10** In the case of corporate Applicants or Applicants having separate legal personality, the Application Form must be signed by a person/s authorized to sign and bind such Applicant. It shall not be incumbent on the Issuer or Registrar to verify whether the person or persons purporting to bind such an Applicant is or are in fact authorized. Applications by corporate Applicants have to include a valid legal entity identifier ("**LEI**") which must be unexpired. Applications without such information or without a valid LEI will not be accepted.
- 8.2.11** 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 Secured Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s subscribing for Secured Bonds on the minor's behalf, until such time as the minor attains the age of 18 years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of 18 years.
- 8.2.12** In respect of a Secured Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed *vis-à-vis* the Issuer to be the holder of the Secured Bond/s so held and shall have the right to receive interest on the Secured Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Secured Bond/s, have the right to dispose of the Secured Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Secured Bonds (which shall be due to the bare owner).
- 8.2.13** For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations (Subsidiary Legislation 373.01 of the laws of Malta), as amended from time to time, an Authorised Financial Intermediary is 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 Authorised Financial Intermediary is an MSE Member or not. Such information shall be held and controlled by the MSE in terms of the Data Protection Act (Cap. 586 of the laws of Malta) (the "**Data Protection Act**") and the General Data Protection Regulation (GDPR) (EU) 2016/679 ("**GDPR**"), as may be amended from time to time, for the purposes and within the terms of the MSE Data Protection Policy as published from time to time.
- 8.2.14** It shall be incumbent on an Authorised Financial Intermediary (if and when applicable) to ascertain that all other applicable regulatory requirements relating to subscription of Secured Bonds by an Applicant are complied with, including without limitation the obligation to comply with all applicable requirements set out in 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 ("**MiFIR**"), as well as applicable MFSA rules for investment services providers.
- 8.2.15** No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to such person, or such Application Form could lawfully be used without contravention of any registration or other legal requirements.
- 8.2.16** Subscription for Secured Bonds by persons resident in, or who are citizens of, or who are domiciled in, or who have a registered address in, a jurisdiction other than Malta, may be affected by the law of the relevant jurisdiction. Those persons should consult their professional advisors (including tax and legal advisors) as to whether they require any governmental or other consents, or need to observe any other formalities, to enable them to subscribe for the Secured Bonds. It is the responsibility of any person (including, without limitation, nominees, custodians, depositaries and trustees) outside Malta wishing to participate in the Bond Issue, to satisfy himself / herself / itself as to full observance of the applicable laws of

any relevant jurisdiction, including, but not limited to, obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes (of any nature whatsoever) due in such territories. The Issuer shall not accept any responsibility for the non-compliance by any person of any applicable laws or regulations of foreign jurisdictions.

8.2.17 The Secured 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.

8.2.18 All forms of Application are to be lodged with any of the Authorised Financial Intermediaries. The Secured Bonds are deemed to be complex instruments in accordance with the provisions of the COBR and the ESMA Guidelines. When providing advice or portfolio management services with respect to the Secured Bonds, Authorised Financial Intermediaries are required to carry out Suitability Testing. This is done to establish whether the Secured Bonds meet the objectives of the client, whether the client can withstand the proposed investment in the light of his/her financial circumstance, and whether the latter has sufficient knowledge and experience in the said financial instrument. When Authorised Financial Intermediaries offer services other than portfolio management and advice in relation to Secured Bonds, they are required to carry out an assessment to ensure that the client has sufficient knowledge and experience in the said Secured Bonds.

Authorised Financial Intermediaries shall be required to conduct an Appropriateness Test for all Applicants wishing to subscribe for Secured Bonds on a non-advisory basis. Authorised Financial Intermediaries shall be required to conduct Suitability Testing prior to the sale or exchange of Exchangeable Bonds for Secured Bonds, where the Secured Bonds are proposed to be sold or otherwise transferred to an Applicant in exchange for Exchangeable Bonds, on an advisory basis and, or pursuant to the provision of portfolio management services. The obligation of Authorised Financial Intermediaries to carry out an Appropriateness Test and, or Suitability Testing shall apply where the prospective Applicant is a retail client. The requirement to carry out an Appropriateness Test and, or Suitability Testing shall also apply when transfers of Secured Bonds are carried out on the secondary market.

The subscription of Secured Bonds by Professional Clients and, or Eligible Counterparties, including on the secondary market, shall be governed by the requirements set out in the COBR and the requirements set out in the above paragraph relating to the Appropriateness Test and Suitability Testing shall not apply in respect of such subscriptions.

8.2.19 On completing and delivering an Application Form, the Applicant:

- (a) accepts to be irrevocably contractually committed to acquire the number of Secured Bonds allocated to such Applicant in exchange for Exchangeable Bonds 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 and such irrevocable offer to surrender Exchangeable Bonds in exchange for Secured Bonds, being made subject to the provisions of the Prospectus, the Application Form and the memorandum and articles of association of the Issuer;
- (b) agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Secured Bonds contained therein;
- (c) acknowledges the processing of any personal data for the purposes specified in the privacy notice published by the Issuer, which is available on the Issuer's website: <https://www.hmvellagroup.com/privacy-policy/>. The Applicant hereby acknowledges that the processing of personal data may validly take place, even without the Applicant's consent, in the circumstances set out in the GDPR and the Data Protection Act and any applicable subsidiary legislation, as may be amended from time to time. The Applicant hereby confirms that he / she / it has been provided with and read the privacy notice;
- (d) authorises the Issuer (or its service providers, including the CSD, the Sponsor, and, or Manager & Registrar) to process the personal data provided by the Applicant for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act and the GDPR. The Applicant has the right to request access to and rectification of the personal data relating to him / her in relation to the Bond Issue. Any such requests must be made in writing and sent to the Issuer and then sent to the CSD at the MSE. The requests must be signed by the Applicant to whom the personal data relates;
- (e) confirms that in making such Application, no reliance was placed on any information or representation in relation to the Issuer or the issue of the Secured 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) warrants, in connection with the exchange of Exchangeable Bonds for Secured Bonds, 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 the exchange of Exchangeable Bonds for Secured Bonds in any territory, and that the Applicant has not taken any action which will or may result in the Issuer, the Sponsor and, or Manager & Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Secured Bonds;
- (g) agrees to provide the Registrar and, or the Issuer, as the case may be, with any information which may be requested in connection with an Application;
- (h) warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;

- (i) agrees that all Applications, acceptances of Applications and contracts resulting therefrom will be governed, and construed, in accordance with Maltese law, and to submit to the jurisdiction of the Maltese courts, and agrees that nothing shall limit the right of the Issuer to bring any action, suit or proceedings arising out of or in connection with any such Applications, acceptance of Applications and contracts resulting therefrom in any manner permitted by law in any court of competent jurisdiction;
- (j) represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the “**United States**”) or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- (k) agrees that the advisors to the Bond Issue (listed in section 3.3 of the Registration Document) will owe the Applicant no duties or responsibilities concerning the Secured Bonds or the suitability of the Applicant;
- (l) warrants that, where an Applicant submits a completed Application Form on behalf of another person or on behalf of a corporation or corporate entity or association of persons, the Applicant is duly authorised 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 the Terms and Conditions and accordingly will be deemed also to have given the confirmations, warranties and undertakings contained in the Terms and Conditions and undertake to submit your power of attorney or a copy thereto duly certified by a lawyer or notary public if so required by the Issuer or the Manager & Registrar; and
- (m) agrees that all documents in connection with the issue of the Secured Bonds will be sent at the Applicant’s own risk and may be sent by post at the address (or, in the case of joint Applicants, the address of the first named Applicant) as designated in the respective MSE account quoted by the Applicant.

8.3 PLAN OF DISTRIBUTION AND ALLOTMENT

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

- (a) an amount of €23,000,000 in nominal value of Secured Bonds, shall be made available for subscription by Existing Bondholders applying for Secured Bonds by way of Exchangeable Bond Transfer up to the extent of their respective holding of Exchangeable Bonds;
- (b) the balance of the Secured Bonds not subscribed for by Existing Bondholders by means of the Exchangeable Bond Transfer, if any, shall be made available for subscription by Authorised Financial Intermediaries through the Intermediaries’ Offer.

The allocation of the Secured Bonds is subject to the allocation policy of the Issuer set out in section 8.6 of this Securities Note.

Existing Bondholders applying for Secured Bonds are to submit the completed Application Form through any of the Authorised Financial Intermediaries and may elect to settle the amount due on the Secured Bonds applied for by completing an Application Form, indicating that the consideration for the Secured Bonds applied for shall be settled by way of transfer to the Issuer of all or part of the Exchangeable Bonds held as at the Cut-Off Date in an amount equivalent to the par value of the Secured Bonds applied for (this being, the Exchangeable Bond Transfer).

The transfer of Exchangeable Bonds to the Issuer in consideration for the subscribed Secured Bonds shall cause the obligations of the Issuer with respect to such Exchangeable Bonds to be extinguished, and shall give rise to obligations on the part of the Issuer under the Secured Bonds.

Subscriptions pursuant to the Intermediaries’ Offer shall be made through Authorised Financial Intermediaries, subject to a minimum subscription amount of €2,000 in nominal value of Secured Bonds and in multiples of €100 thereafter.

By not later than 2 August 2024, the Issuer shall announce the result of the Bond Issue through a company announcement. Dealings in the Secured Bonds shall not commence prior to the Secured Bonds being admitted to the Official List.

8.4 INTERMEDIARIES’ OFFER

In the event that following closing of the Exchangeable Bond Transfer Period there are Secured Bonds which remain unallocated, such Secured Bonds shall form part of an Intermediaries’ Offer and shall be made available for subscription by Authorised Financial Intermediaries participating in an Intermediaries’ Offer. In this regard, the Issuer shall enter into conditional subscription agreements with Authorised Financial Intermediaries for the subscription of the resultant balance of Secured Bonds, whereby it will bind itself to allocate Secured Bonds to an Authorised Financial Intermediary/ies up to any such amount as may not be taken up by Existing Bondholders pursuant to the Exchangeable Bond Transfer.

In terms of each subscription agreement entered into with an Authorised Financial Intermediary, the Issuer will be conditionally bound to issue, and each Authorised Financial Intermediary will be conditionally bound to subscribe for, up to the total amount of Secured Bonds as indicated therein, subject to the Secured Bonds being admitted to trading on the Official List. The subscription agreements, which will be subject to the Terms and Conditions, will become binding on each of the Issuer and the respective Authorised Financial Intermediaries upon delivery, provided that all subscription proceeds would have been paid to the Registrar in cleared funds on delivery of the subscription agreement.

In terms of the subscription agreements, Authorised Financial Intermediaries may subscribe for Secured Bonds either for their own account or for the account of underlying customers, including retail customers. The minimum amount which each Authorised Financial Intermediary may apply for in terms of the applicable subscription agreement is €2,000 and in multiples of €100 thereafter and such minimum and multiples shall also apply to each underlying Applicant.

Completed subscription agreements, together with evidence of payment, are to reach the Manager & Registrar by latest 12:00 hours on 26 July 2024. The Issuer, acting through the Manager & Registrar, shall communicate the amount allocated under each subscription agreement by 12:00 hours on 29 July 2024. Any unsatisfied amounts in terms of the subscription agreements shall be returned to the respective Authorised Financial Intermediary by direct credit to the account indicated in the respective subscription agreement by latest close of business on 29 July 2024. Authorised Financial Intermediaries shall be entitled to either: i) distribute to the underlying customers any portion of the Secured Bonds subscribed for upon commencement of trading; or ii) complete a data file representing the amount being allocated in terms of the respective subscription agreement as provided by the Manager & Registrar by latest 14:00 hours on 31 July 2024

8.5 PRICING

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

8.6 ALLOCATION POLICY

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

- (a) €23,000,000 shall first be allocated to Existing Bondholders applying for Secured Bonds by way of Exchangeable Bond Transfer up to the extent of their respective holding of Exchangeable Bonds; and
- (b) in the event that, following the allocations made pursuant to paragraph (a) above, there shall remain unallocated Secured Bonds, such Secured Bonds shall be allocated to Authorised Financial Intermediaries subscribing for Secured Bonds through the Intermediaries' Offer and shall be allocated in accordance with the allocation policy as determined by the Issuer.

In the event that the aggregate value of Secured Bonds applied for by Existing Bondholders by way of Exchangeable Bond Transfer exceeds the aggregate amount of Secured Bonds available for subscription as aforesaid, then the Issuer, acting through the Manager & Registrar, shall scale down each Application Form in accordance with an allocation policy without priority or preference between them. In such event, the Intermediaries' Offer shall not take place.

The Issuer shall announce the result of the Bond Issue through a company announcement by not later than 2 August 2024.

8.7 ADMISSION TO TRADING

The Malta Financial Services Authority has authorised the Secured Bonds as admissible to listing pursuant to the Capital Markets Rules by virtue of a letter dated 28 June 2024.

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

The Secured Bonds are expected to be admitted to the Malta Stock Exchange with effect from 9 August 2024 and trading is expected to commence on 12 August 2024.

8.8 ADDITIONAL INFORMATION

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

The financial analysis summary has been included in the form and context in which it appears with the authorisation of the Sponsor which has given and has not withdrawn its consent to the inclusion of such report herein.

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

The business address of the Sponsor is at 63, M.Z. House, St. Rita Street, Rabat RBT 1523, Malta.

ANNEX I – FINANCIAL ANALYSIS SUMMARY

FINANCIAL ANALYSIS SUMMARY

28 June 2024

ISSUER



HAL MANN VELLA GROUP P.L.C.

Prepared by:





MZ INVESTMENTS

MZ Investment Services Limited

63, 'MZ House', St Rita Street, Rabat RBT 1523, Malta

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

28 June 2024

Dear Board Members,

Financial Analysis Summary

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 in the following pages and which is being forwarded to you together with this letter.

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

- (a) Historical information for the most recent three financial years ended 31 December 2021, 31 December 2022, and 31 December 2023 has been extracted from the respective audited consolidated annual financial statements.
- (b) The forecast and projected financial information for the years ending 31 December 2024 and 31 December 2025 has been provided by the Issuer.
- (c) Our commentary on the financial performance, cash flows, and financial position of HMVG is based on explanations provided by the Group.
- (d) The ratios quoted in this Analysis have been computed by applying the definitions set out in Part 4 – Explanatory Definitions of this report.
- (e) Relevant financial data in respect of the companies included in Part 3 – Comparative Analysis of this Analysis has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Malta Business Registry, as well as other sources providing financial information.

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

Yours faithfully,

Evan Mohnani
Head of Corporate Broking

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PART 1 – INFORMATION ABOUT THE GROUP

1. KEY ACTIVITIES

Hal Mann Vella Group p.l.c. acts as a holding and financing company for a number of entities which are principally engaged in the manufacture and importation of stones and building materials, general contracting services, as well as property development and letting (as further described in Sections 1.1 and 1.2 below). Accordingly, HMVG is dependent on the operations and performance of its various subsidiaries.

The Group traces its origins in 1954 and grew extensively over the years to become one of the leading local players in its field. During this period, HMVG worked with some of the most renowned and established firms and was also heavily involved in public as well as private sector landmark projects including high-rise commercial and residential edifices, mixed-use complexes, industrial premises, upscale hotels, as well as buildings of national importance.

1.1 MANUFACTURING & GENERAL CONTRACTING SERVICES

The Group operates from two manufacturing plants located in Lija and Hal Far, utilising state-of-the-art technology and advanced equipment, and a purposely built stores, logistics, and distribution hub. Adjacent to its factory in Lija, HMVG has its flagship showroom and retail outlet situated next to the Group's head office and other property which is leased to independent third parties.

The activities carried out by the 'manufacturing and general contracting services' involve the Group's business in the supply of a vast selection of natural and composite stones as well as pre-cast elements¹, the distribution of top-tier ceramic brands and sanitary ware, the supply of kitchen tops, as well as the provision of services, tendering for contracts, and subcontracting work related to interior and exterior design, finishings, installation, laying, logistics, and maintenance.²

In Hal Far, the Group is currently extending its manufacturing and operational capabilities with a view of strengthening its core operations by introducing to the market a new range of products in the natural stone and terrazzo segments, niche screed and concrete supplies, landscaping products, as well as an innovative range of environmentally friendly solutions including reconstituted stone (the "**Hal Far Extension**").³ The *circa* €7 million project is now expected to be completed in Q3 2024, with operations ramping up within a period of 18 months, resulting in an increase in the size of the Group's manufacturing hub in Hal Far to nearly 22,500 sqm from just over 14,300 sqm at present.

1.2 PROPERTY DEVELOPMENT & LETTING

The Group is directly involved in real estate activities through the development of property for resale, and the ownership of a diversified portfolio of property held for the generation of rental income. The latter includes a mix of offices, hotels, restaurants, retail outlets, residential units, and storage space. Further information in this regard is provided in Section 4 – Principal Property Assets.

¹These include ceramic tiles, granite, marble, onyx, porphyry, quartz, terrazzo, and travertine amongst others.

²Projects requiring elements of non-core products and services are typically sub-contracted or bought in through the Group's extensive network of suppliers and contractors. These include joinery works, furniture, metal works, plastering, and painting works.

³In FY2015 and FY2021, the Group entered into long-term agreements with Indis Malta Ltd (previously Malta Industrial Parks Limited) for the lease on the basis of temporary emphyteusis the two adjacent sites and factories located in Hal Far.



2. DIRECTORS AND SENIOR MANAGEMENT

The Group's Board of Directors comprises the following six individuals who are entrusted with the overall development, direction, and strategy management of HMVG:

Martin Vella	Chairman & Executive Director
Joseph Vella	Executive Director
Mark Vella	Executive Director
Miriam Schembri	Non-Executive Director
Mario P. Galea	Independent Non-Executive Director
Arthur Galea Salomone	Independent Non-Executive Director

The Board of Directors is assisted by a Senior Management team, comprising the following four individuals, who are responsible for the execution of the Group's business strategy:

Kevin Rapinett	Chief Executive Officer
Chris Tonna	Chief Financial Officer
Owen Farrugia	Chief Commercial Officer – Retail
Hugh Vella	Chief Commercial Officer – Contracts

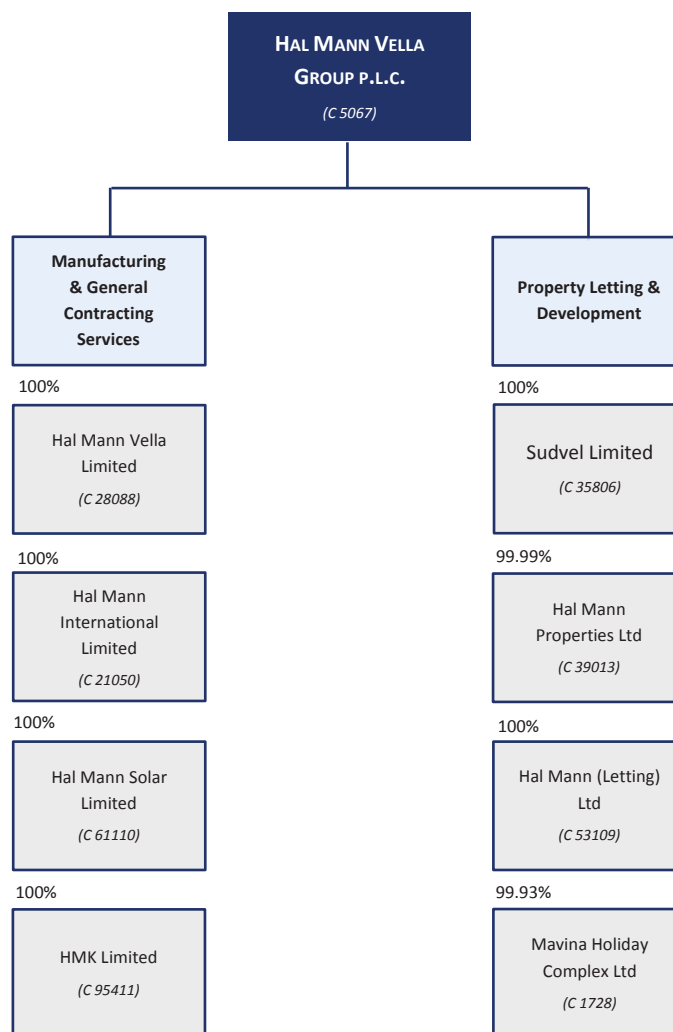
The Executive Directors and the Senior Management team are entrusted with the day-to-day running of the Group. Moreover, they are responsible for the identification and execution of new investment opportunities, as well as for the funding of the Group's capital expenditure requirements.

The principal role of the Non-Executive Directors is to monitor the operations of the Group and the performance of the Executive Directors, as well as to review any initiatives recommended by the Executive Directors. In addition, the Non-Executive Directors act as an important check on the possible conflicts of interest of the Executive Directors in view of their dual role as Executive Directors and members of the Senior Management team.



3. ORGANISATIONAL STRUCTURE

The chart below illustrates the organisational structure of the Group:



In addition to the operating companies above, the Issuer has a 50% shareholding in Hal Mann Holdings Ltd (C 2215) and a 12.5% shareholding in Klikk Finance p.l.c. (C 52833). The latter company is engaged in the sale, maintenance, and installation of computer software, as well as hardware and related ancillary products, through the operation of two retail outlets located in Birkirkara and Żejtun.

The Group also holds a 50% shareholding in each of HMK International Limited (C 46978) and Zokrija Limited (C 77908) and owns 20% of Hal Mann Projects Limited (C 11022). These companies are non-trading entities and are in the process of being liquidated. Furthermore, the Group holds a small nominal share in other non-operating companies namely, Baik Limited (C 19917) and Hal Mann Qawra Towers Limited (C 38517) and Hal Mann Construction Ltd (C 9762).

The average number of persons employed by the Group during FY2023 stood at 191 (FY2022: 185).



4. PRINCIPAL PROPERTY ASSETS

HMVG is the owner of various properties which are included in the Statement of Financial Position line items 'Property, plant and equipment' ("PPE"), 'Investment property', and 'Property held-for-sale'. The following is a list of the major property assets of the Group:

Hal Mann Vella Group p.l.c. Principal Property Assets As at 31 December		2021 €'000	2022 €'000	2023 €'000
<i>Commercial property & manufacturing facilities in Lija:</i>	▪ Hal Mann factory & offices	28,289	28,944	28,944
	▪ E-Pantar office block	24,201	24,460	24,460
	▪ NAVI Building - offices & warehouse (50% ownership)	2,455	2,530	2,642
		<u>54,945</u>	<u>55,934</u>	<u>56,046</u>
<i>Collective accommodation in Qawra:</i>	▪ Mavina Holiday Complex	4,950	5,800	5,800
	▪ Huli Aparthotel	2,625	2,625	2,634
		<u>7,575</u>	<u>8,425</u>	<u>8,434</u>
<i>Commercial property situated in Valletta:</i>	▪ Offices	2,579	4,015	4,015
	▪ Retail outlet	1,850	1,800	1,800
		<u>4,429</u>	<u>5,815</u>	<u>5,815</u>
<i>Residential property situated in:</i>	▪ Madliena	2,500	2,500	2,500
	▪ St Julian's	925	983	985
	▪ Tas-Sellum, Mellieha	675	705	705
	▪ Mġarr, Malta	840	890	890
	▪ Xaghra, Gozo	295	310	310
		<u>5,235</u>	<u>5,388</u>	<u>5,390</u>
<i>Land situated in:</i>	▪ Mġarr, Malta	1,000	1,054	1,438
	▪ Lija	975	1,031	1,031
		<u>1,975</u>	<u>2,085</u>	<u>2,469</u>
<i>Property held-for-sale:</i>	▪ Residential property in various locations in Malta & Gozo	6,307	4,746	5,334
		<u>80,466</u>	<u>82,393</u>	<u>83,488</u>

The **E-Pantar** office block is the major contributor to the Group's property rental division. Built on a footprint measuring 5,256 sqm, the building includes: (i) circa 14,000 sqm of office space spread over three levels; (ii) common areas and external space which, in aggregate, measure approximately 5,000 sqm; and (iii) an underlying basement with around 250 car spaces. Most of the property is currently leased to Transport Malta for a 10-year period expiring on 30 September 2027, albeit the tenant has the option to extend the agreement by a further 5 years.

Built on a footprint of circa 1,200 sqm, the **NAVI Building** consists of a two-storey building and two underground levels of car spaces and storage area. The ground floor is used for warehousing whilst the first floor is utilised as office space. A new mezzanine floor within the ground floor level of the building was recently introduced to increase the available rental area and thus improve the value of the property. Works on this mezzanine floor were completed during 2024. Most of building is currently leased to a number of independent third parties for the long term, with the earliest terminating lease agreement expiring on 30 April 2029.

The **Mavina Holiday Complex** is subject to a Promise of Sale ("PoS") agreement with an independent third party which expires on 31 August 2024. The sale, amounting to €7 million, is subject to a number of conditions including the issuance of the relevant Planning Authority permits for the redevelopment of the property.

The **Huli Aparthotel**, including the Lovage Bistro, is currently leased to independent third parties. The lease agreement covering most of the building expires in mid-July 2028.

The Group's commercial properties located in **Valletta** comprise: (i) a leased retail outlet which is sub-leased for the long term (sub-lease agreement expiring on 30 April 2031) to an independent third party; and (ii) an office building situated in Old Bakery Street offering almost 700 sqm of lease space currently occupied by the Ministry for Heritage for a term expiring on 31 July 2031. In Valletta, the Group also sub-leases the Merchant Suites boutique hotel which, in turn, is leased from independent third parties by title of temporary emphyteusis for a period of 20 years from 2018.



OTHER PROPERTIES

HMVG owns a number of plots and tracts of land situated in various locations around Malta and Gozo. Of these, a site in **Mġarr** measuring circa 855 sqm may be developed into a residential complex comprising 27 units. The Group is also currently developing six terraced houses on a plot of land in **Għajnsielem**, Gozo, of which two terraced houses shall be assigned to the vendors as part of the purchase consideration of the site. The other four residential units are expected to be finished by the end of FY2024 with sales to be accounted for in FY2025.

In addition, the Issuer is currently developing a residential building in **Attard** comprising one maisonette, three apartments, one penthouse, and two garages which are expected to be completed in Q1 2025. Elsewhere, a villa located in **Madliena** is soon expected to be disposed of as it subject to a PoS agreement which expires in June 2024. Meanwhile, in **Santa Venera**, the Group owns a plot of land and entered into a PoS agreement for the purchase of an adjacent site which expires in March 2025. Both sites are earmarked for a mixed-use development that will also include 44 residential units, and the entire project is scheduled to be completed by the end of 2027.

5. THE 2024 BONDS COLLATERAL

In terms of the Prospectus relating to the issuance of €23 million 5.35% secured bonds redeemable between 2031 and 2034 (the “**2024 Bonds**”), the Issuer will secure its obligations by virtue of:

- (1) A first-ranking special hypothec for the full nominal value of the 2024 Bonds and interest thereon, over the following property and any developments and constructions thereon (in aggregate valued at €24.52 million):
 - (a) Vacant plot of land situated in Mġarr located within development zone and having a total developable area of 855 sqm. Based on schematic designs, the site may be developed into three residential blocks accommodating four maisonettes, eighteen apartments, and five penthouses together with a number of car parking spaces and lock-up garages. The Group has not submitted an application with the Planning Authority for this site to be developed. The estimated value of the land in its existing state has been attributed at €2.55 million.
 - (b) A developed site with a footprint of circa 760 sqm located behind the main Hal Mann showroom in Lija which includes around 1,200 sqm of office space which is rented to independent third parties, and a basement and a ground-floor storage area which are used by the Group for its own operations. The value of the property has been estimated at €4.47 million.
 - (c) Plots of land, in aggregate having a total footprint of approximately 18,300 sqm, located in an area within, and adjacent to, the Group’s factory and offices in Lija. Around 48% of the property is within an ‘Area of Containment’ on which existing industrial properties are located (covering a total area of around 6,500 sqm), whilst the remaining part of the land, measuring circa 9,450 sqm, lies outside the ‘Area of Containment’. The estimated value of the property has been attributed at €17.50 million.
- (2) A second-ranking general hypothec for the full nominal value of the 2024 Bonds and interest thereon, over all the present and future property of the Issuer.
- (3) Pledge on insurance policies relating to the hypothecated property as are of an insurable nature.



6. MARKET OVERVIEW

6.1 ECONOMIC UPDATE⁵

The Maltese economy continues to grow robustly driven by strong exports and domestic demand. Tourism flows bounced back to well above pre-pandemic levels and the strong inflow of workers is boosting domestic demand. After reaching 5.60% GDP growth in 2023, the Maltese economy is expected to achieve a growth rate of 4.60% in 2024 and 4.30% in 2025. The government deficit stood at 4.90% of GDP in 2023, and it is expected to only gradually decrease in 2024 and 2025. Thanks to robust nominal GDP growth, the public debt-to-GDP ratio is forecast to increase only slightly despite the still high primary deficit.

In 2023, real GDP growth reached 5.60%, 1.6 percentage points higher than projected in autumn. Both private consumption and exports came much stronger than expected, resulting from significantly higher immigration and tourism flows. Besides exceptionally strong immigration, Malta's economy continues to benefit from a low pass-through of monetary policy to retail interest rates and from government measures that have kept energy prices stable at 2020 levels.

Tourism reached pre-pandemic levels in 2023. The number of tourist arrivals increased by more than 26% in the first two months of 2024, although tourism expenditure grew at a slightly slower pace. Strong growth is also forecast in exports of electronics and entertainment, professional and financial services.

Construction investment is expected to stabilise and recover moderately after a sharp fall in 2023, growing at 2.50% in 2024 and 3.90% in 2025. The increase of private consumption and activity in the service sector is expected to lead to higher imports of goods and services. Overall, the forecast for GDP growth was revised upward to 4.60% in 2024 and 4.30% in 2025.

With employment growth at 6.50% in 2023, Malta's labour market exceeded expectations. Employment growth is set to remain strong at 40% also in 2024 and 2025 as the country continues to attract foreign workers. Labour and skills shortages are still mentioned as the main limiting factors for the Maltese economy.

The unemployment rate was revised upwards from 2.90% to 3.50% in 2022 due to an updated demographic survey. In 2023, the unemployment rate fell to 3.10% and it is expected to drop marginally to 3% and 2.90% in 2024 and 2025. Nominal wages were, however, still growing at relatively weak rates in 2023 as employment expanded in the low wage sectors, resulting in negative real wage growth per head.

HICP inflation in 2023 reached 5.60% despite the government intervention to keep energy prices at 2020 levels. The Maltese authorities confirmed their commitment to limiting energy inflation in 2024 and 2025. Inflation in Malta slowed down in the first quarter of 2024 mainly due to lower services inflation. Headline inflation is forecast at 2.80% in 2024 and 2.30% in 2025, with food prices set to remain the fastest growing component.

In 2023, the debt-to-GDP ratio fell by 1.2 percentage points to 50.40% due to strong nominal growth and despite the high primary deficit. A positive stock-flow adjustment related to the equity injection in the national airline is expected to drive the increase of the public debt to 52% of GDP in 2024. For 2025, a smaller primary deficit and a favourable interest growth differential will lead to a smaller increase of public debt to 52.60% of GDP.

¹ Source: European Commission, 'European Economic Forecast Spring 2024', 15 May 2024.



Key Economic Indicators ¹	2021	2022	2023	2024	2025
	Actual	Actual	Forecast	Forecast	Projection
Malta					
Real GDP growth (% year-on-year)	12.50	8.10	5.60	4.60	4.30
Real GDP growth per capita (% year-on-year)	11.90	5.30	2.40	1.90	1.70
Inflation (% year-on-year) ²	0.70	6.10	5.60	2.80	2.30
Unemployment (%)	3.80	3.50	3.10	3.00	2.90
Primary balance (% of GDP)	(6.50)	(4.60)	(3.80)	(3.10)	(2.60)
General balance (% of GDP)	(7.60)	(5.50)	(4.90)	(4.30)	(3.90)
Gross public debt (% of GDP)	53.90	51.60	50.40	52.00	52.60
Current account balance (% of GDP)	5.70	0.60	4.20	3.40	3.60
Euro area (20)					
Real GDP growth (% year-on-year)	5.90	3.40	0.40	0.80	1.40
Real GDP growth per capita (% year-on-year)	5.90	2.90	(0.20)	0.50	1.10
Inflation (% year-on-year) ²	2.60	8.40	5.40	2.50	2.10
Unemployment (%)	7.80	6.80	6.60	6.60	6.50
Primary balance (% of GDP)	(3.80)	(2.00)	(1.90)	(1.10)	(0.90)
General balance (% of GDP)	(5.20)	(3.70)	(3.60)	(3.00)	(2.80)
Gross public debt (% of GDP)	96.60	92.40	90.00	90.00	90.40
Current account balance (% of GDP)	3.70	1.00	2.90	3.20	3.20
EU					
Real GDP growth (% year-on-year)	6.00	3.50	0.40	1.00	1.60
Real GDP growth per capita (% year-on-year)	6.10	3.30	0.00	0.80	1.50
Inflation (% year-on-year) ²	2.90	9.20	6.40	2.70	2.20
Unemployment (%)	7.10	6.20	6.10	6.10	6.00
Primary balance (% of GDP)	(3.40)	(1.80)	(1.80)	(1.20)	(0.90)
General balance (% of GDP)	(4.70)	(3.40)	(3.50)	(3.00)	(2.90)
Gross public debt (% of GDP)	89.00	84.80	82.90	82.90	83.40
Current account balance (% of GDP)	3.30	0.90	2.90	3.10	3.10

¹ Source: European Commission, 'European Economic Forecast Spring 2024, 15 May 2024.

² Harmonised Indices of Consumer Prices ("HICP")

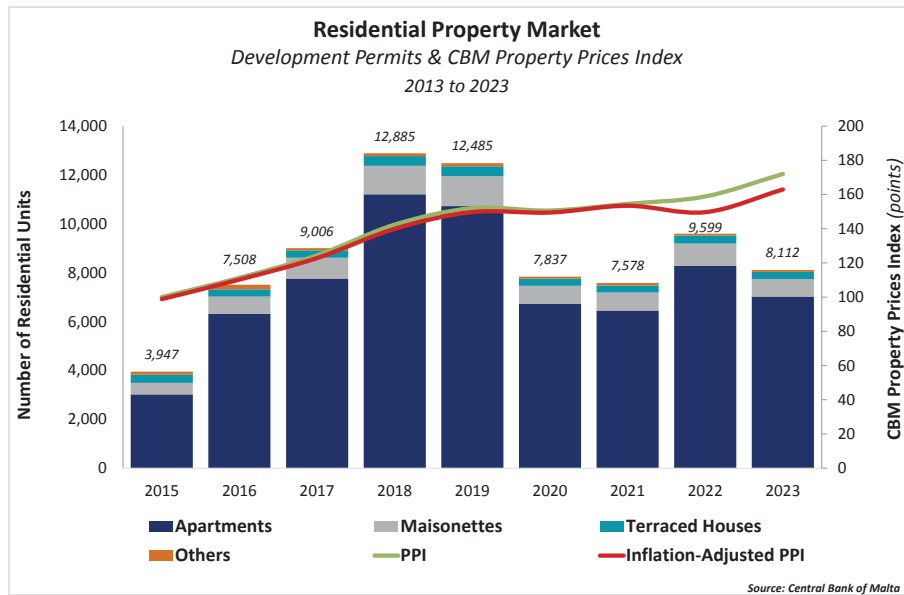
6.2 PROPERTY MARKET⁶

Data provided by the Central Bank of Malta ("CBM") and the National Statistics Office ("NSO") shows that in 2023, the total number of permits for the construction of new dwellings increased by 24.78% to 1,586 permits (2022: 1,271 permits). However, the total number of approved new residential units declined by 15.49% year-on-year to 8,112 units, mostly comprising apartments which totalled 7,026 units (2022: 8,280 apartments) representing 86.61% of the total number of approved new units in 2023. The sharpest year-on-year percentage decline in the number of approved residential units was for the construction of new maisonettes (-21.76% to 712 units), followed by apartments (-15.14%), and terraced houses (-12.31% to 292 units). On the other hand, other type of dwellings including villas, bungalows, and farmhouses increased by 7.89% to 82 units.

The highest ever number of approved new residential units in a single year took place in 2018 as 2,363 permits were issued for the construction of a total of 12,885 residential units. Between 2019 and 2021, the total number of approved new residential units trended lower each year, reaching a five-year low of 7,578 units in 2021 before rebounding strongly by 26.67% to 9,599 new units in 2022.

⁶ Sources: Central Bank of Bank and National Statistics Office online portals at <https://www.centralbankmalta.org/real-economy-indicators> and <https://nso.gov.mt/property> respectively.

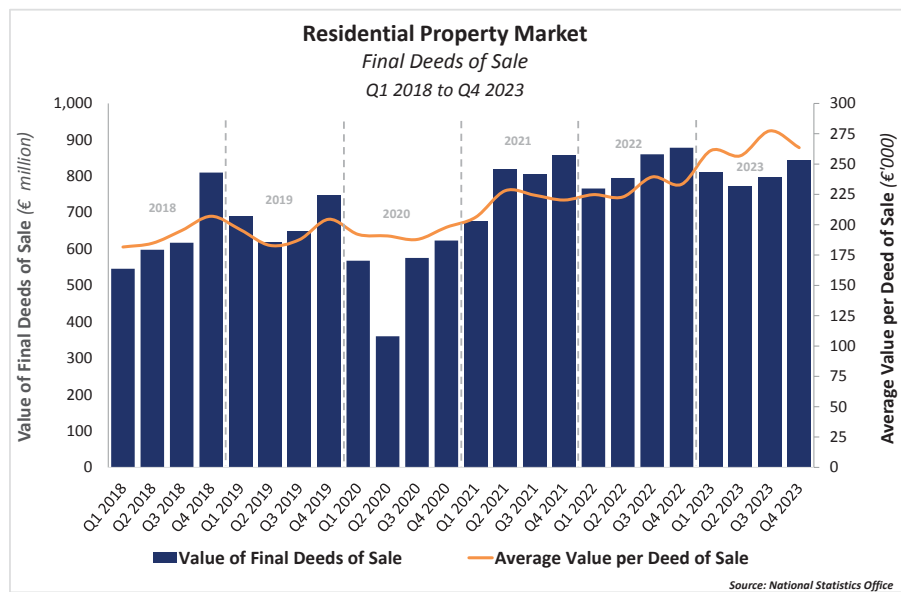




PROPERTY PRICES & TRANSACTIONS

In nominal terms, the **CBM Property Prices Index** – which is based on the advertised sale prices of apartments, maisonettes, terraced houses, and other types of dwellings – reached an all-time high of 172.01 points in 2023, representing a significant increase of 8.28% over the prior year (158.86 points). The sharpest year-on-year percentage increase took place in the prices of ‘other property’ comprising town houses, houses of character and villas, which saw their advertised prices increase by an aggregate 10.57% in 2023. The advertised prices of apartments and maisonettes also increased markedly in 2023 by 9.80% and 9.20% respectively, whilst the advertised prices of terraced houses contracted by a minimal 0.17%. In real terms, the CBM Property Prices Index increased by 8.86% in 2023 (the strongest uplift since 2018), thus erasing to prior year’s decline of 2.45% to reach an inflation-adjusted record reading of 162.95 points.

The **NSO Property Price Index** – which is based on actual transactions involving apartments, maisonettes, and terraced houses – reached an all-time high of 151.08 points as at the end of Q2 2023 – representing a year-on-year increase of 4.46% in nominal terms. During 2023, a total of 12,178 final deeds of sale were registered compared to 14,368 deeds in 2021 and 14,331 deeds in 2022. However, the total value of final deeds of sale dropped by only 2.35% in 2023 to €3.22 billion (or €3.05 billion in real terms) compared to the record of just under €3.30 billion (or €3.11 billion in real terms) registered in 2022. Furthermore, the average value per deed of sale reached an all-time high of €0.26 million (or €0.25 million in real terms) compared to €0.22 million in 2021 and €0.23 million in 2022.



PART 2 – GROUP PERFORMANCE REVIEW

7. FINANCIAL INFORMATION

The historical information is extracted from the audited consolidated annual financial statements of HMVG for the financial years ended 31 December 2021, 31 December 2022, and 31 December 2023.

The forecasts and projections are based on future events and assumptions which the Issuer believes to be reasonable. Accordingly, the actual outcome may be adversely affected by unforeseen circumstances and the variation between forecasts and projections with actual results may be material.

The estimates presented in this Analysis assume that the carrying values of the Group's investment properties will not be revalued upwards or impaired, and therefore no adjustments have been made to possible uplifts or impairments in the value of assets which can materially affect the values in the consolidated Income Statement and the consolidated Statement of Financial Position.

Hal Mann Vella Group p.l.c.					
Income Statement					
for the financial year 31 December					
	2021	2022	2023	2024	2025
	Actual	Actual	Actual	Forecast	Projection
	€'000	€'000	€'000	€'000	€'000
<i>Manufacturing and general contracting services</i>	19,321	18,215	19,438	21,710	24,294
<i>Property development</i>	3,750	3,163	3,119	3,734	3,576
<i>Rental activities</i>	2,189	2,468	2,526	2,787	2,837
Total revenue	25,260	23,846	25,083	28,231	30,707
Cost of sales	(17,022)	(15,557)	(15,655)	(17,905)	(19,733)
Gross profit	8,238	8,289	9,428	10,326	10,974
Other operating income	888	620	663	1,111	-
Other operating expenses	(3,018)	(3,187)	(4,307)	(4,277)	(4,513)
EBITDA	6,108	5,722	5,784	7,160	6,461
Depreciation	(1,313)	(1,270)	(1,410)	(1,582)	(1,563)
Operating Profit	4,795	4,452	4,374	5,578	4,898
Change in fair value of investment property	-	1,520	386	-	-
Share of results of joint ventures	15	(17)	-	-	-
Dividends income	-	-	1,310	-	-
Loss on derecognition of lease	(444)	-	-	-	-
Net finance costs	(2,353)	(2,365)	(2,611)	(2,775)	(2,449)
Profit before tax	2,013	3,590	3,459	2,803	2,449
Taxation	(822)	(1,909)	(2,181)	(192)	(1,265)
Profit after tax	1,191	1,681	1,278	2,611	1,184
Other comprehensive income:					
Revaluation on property, plant and equipment, net of deferred tax	-	114	-	-	-
Other comprehensive income	2	3	-	-	-
Total comprehensive income	1,193	1,798	1,278	2,611	1,184
EBITDA Analysis:					
<i>Manufacturing and general contracting services</i>	2,729	3,182	3,133	3,264	3,721
<i>Property development and letting</i>	3,380	2,540	2,651	3,896	2,740



Hal Mann Vella Group p.l.c.	FY2021	FY2022	FY2023	FY2024	FY2025
Key Financial Ratios	Actual	Actual	Actual	Forecast	Projection
Gross profit margin (%) <i>(Gross profit / revenue)</i>	32.61	34.76	37.59	36.58	35.74
EBITDA margin (%) <i>(EBITDA / revenue)</i>	24.18	24.00	23.06	25.36	21.04
Operating profit margin (%) <i>(Operating profit / revenue)</i>	18.99	18.67	17.44	19.76	15.95
Net profit margin (%) <i>(Profit after tax / revenue)</i>	4.71	7.05	5.10	9.25	3.86
Return on equity (%) <i>(Profit after tax / average equity)</i>	2.49	3.40	2.51	4.94	2.16
Return on assets (%) <i>(Profit after tax / average assets)</i>	0.97	1.35	1.00	2.02	0.93
Return on invested capital (%) <i>(Operating profit / average equity and net debt)</i>	4.71	4.29	4.15	5.42	4.88
Interest cover (times) <i>(EBITDA / net finance costs)</i>	2.60	2.42	2.21	2.58	2.64

INCOME STATEMENT

Total revenues increased by 7.66% (or +€1.80 million) in **FY2021** to €25.26 million as all three business lines of the Group reported growth. 'Manufacturing and general contracting services' contributed the lion's share of the increase in business as income from this segment rose by 6.18% (or +€1.12 million) to €19.32 million reflecting higher level of activity in a number of major projects. In parallel, income from property sales surged by 19.50% (or +€0.61 million) to €3.75 million whilst rental income increased by 2.91% to €2.19 million.

Despite the increase in net operating costs to €19.15 million, EBITDA still rose considerably to €6.11 million which translated into a margin of 24.18% and contributed to a rebound in the interest cover to 2.60 times. Similarly, operating profit increased by nearly 30% to €4.80 million and translated into a margin of just under 19% and a return on invested capital of 4.71%.

After accounting for a marginal share of profit from joint ventures, a loss of €0.44 million emanating from the derecognition of a lease, and net finance costs of €2.35 million, HMVG reported a profit before tax of €2.01 million. The tax charge for the year amounted to €0.82 million, thus leading to a net profit of €1.19 million. This translated into a margin of 4.71% and a return on equity and on assets of 2.49% and 0.97% respectively.

In **FY2022**, revenues dropped by 5.60% to €23.85 million amid lower level of property sales (-15.65% to €3.16 million) and manufacturing activity (-5.72% to €18.22 million). In contrast, rental income rose considerably to €2.47 million (+12.75%) reflecting the termination of the concessions provided to tenants during the COVID-19 pandemic. Furthermore, the rental income in FY2022 included a twelve-month contribution from the lease of the office building located in Old Bakery Street, Valletta, compared to just five months in FY2021.



Despite the year-on-year reduction in revenues, the Group's gross profit increased to €8.29 million (FY2021: €8.24 million) reflecting efficiency gains in the 'manufacturing and general contracting services' segment which filtered into lower cost of sales (-8.61% to €15.56 million). As a result, the gross profit margin trended higher to 34.76% compared to 32.61% in FY2021. On the other hand, the Issuer incurred a higher level of other operating expenses (net of other operating income) which amounted to €2.57 million compared to €2.13 million in the prior year. Thus, EBITDA dropped by 6.33% to €5.72 million albeit the relative margin remained virtually unchanged at 24%.

The depreciation charge stood at €1.27 million compared to €1.31 million in FY2021, thus leading to an operating profit of €4.45 million which, in turn, translated into a margin of 18.67% and a return on invested capital of 4.29%. Meanwhile, the interest cover trended lower to 2.42 times as net finance costs edged marginally higher to €2.37 million.

The financial performance of the Group was boosted by a €1.52 million gain in the fair value of investment property. As a result, the profit before tax surged to €3.59 million whilst the net profit for the year amounted to €1.68 million. The latter translated into a return on equity of 3.40% and a return on assets of 1.35%.

Total revenues increased by 5.19% in **FY2023** to €25.08 million. Income from 'manufacturing and general contracting services' grew by 6.71% to €19.44 million – representing 77.49% of the Group's total revenues. On the other hand, income from 'property development and letting' remained stable year-on-year and in aggregate amounted to €5.65 million.

Despite the increase in revenues, cost of sales edged higher by just 0.63% to €15.66 million, thus resulting in an upsurge of 13.74% in the gross profit to €9.43 million whilst the relative margin rose by almost 300 basis points to 37.59%. In contrast, net other operating costs increased substantially year-on-year to €3.64 million largely due to an increase in indirect wages to €2.34 million compared to €1.58 million in the prior year. Accordingly, EBITDA only edged higher by 1.08% to €5.78 million whilst the EBITDA margin retracted to 23.06%. Furthermore, given the higher level of net finance costs of €2.61 million, the interest cover eased to 2.21 times.

Depreciation charges increased by 11.02% to €1.41 million as during the year the Group implemented a new and comprehensive Enterprise Resource Planning system ('SAP Business ByDesign') with a view of further consolidating its market positioning and improve operational efficiencies. Furthermore, the Group continued to invest considerably in its machinery and equipment related to its core manufacturing activities. As a result, operating profit contracted by 1.75% to €4.37 million which, in turn, translated into a margin of 17.44% and a return on invested capital of 4.15%.

Meanwhile, the Group's financial performance was positively impacted by a €0.39 million uplift in the fair value of investment property, as well as by a one-off dividend income of €1.31 million received from an associate company. After accounting for a tax charge of €2.18 million, the net profit for the year amounted to €1.28 million which translated into a margin of 5.10% (FY2022: 7.05%). Moreover, the return on equity and on assets also drifted lower to 2.51% and 1% respectively.

For **FY2024**, HMVG is forecasting a strong increase of 12.55% in revenues to €28.23 million, mostly driven by the anticipated growth of almost 12% in income from 'manufacturing and general contracting activities' to €21.71 million which also includes the first impact from the completion of the Hal Far Extension project. Furthermore, the Group also foresees double-digit growth of 15.52% in income from 'property development and letting' activities to €6.52 million. The latter includes the sale of two villas in Kappara and six residential units forming part of development projects in Mğarr.

Cost of sales are expected to amount to €17.91 million (+14.37%), thus leading to a gross profit of €10.33 million (+9.52%) translating into a margin of 36.58%. EBITDA is also anticipated to rise notably to €7.16 million (+23.79%), boosted by the increase in other operating income to €1.11 million representing the expected gains to be registered from the sale of the Mavina Holiday Complex and a villa in Madliena.

After accounting for depreciation (€1.58 million), net finance costs (€2.78 million), and taxation (€0.19 million), the Issuer is forecasting a profit after tax of €2.61 million for the 2024 financial year. This would translate into a margin of 9.25% and a return on equity and on assets of 4.94% and 2.02% respectively.



For **FY2025**, total revenues are expected to climb by 8.77% to €30.71 million, driven by the Group's core manufacturing operations (+11.90% to €24.29 million) amid a full year impact of the new Hal Far plant. On the other hand, it is expected that the 'property development and letting' segment will register a marginal decline in income (-1.66% to €6.41 million) reflecting a slightly lower amount of expected property sales when compared to the previous year.

Cost of sales are expected to amount to €19.73 million (+10.21%), thus leading to a gross profit of €10.97 million (+6.28%) translating into a margin of 35.74%. On the other hand, EBITDA is anticipated to contract by 9.76% to €6.46 million which would translate into a margin of 21.04% compared to the estimated level of 25.36% in FY2024. The projected year-on-year decline in EBITDA is mostly due to the non-recurrence of the upsurge in other operating income expected to be generated in FY2024. Nonetheless, the Group's interest cover is still anticipated to trend higher to 2.64 times from 2.58 times in FY2024 on the back of the projected drop of 11.75% in net finance costs to €2.45 million.

After accounting for depreciation charges of €1.56 million, the estimated operating profit of €4.90 million would translate into a margin of 15.95% (FY2024: 19.76%) and a return on invested capital of 4.88% (FY2024: 5.42%).

Overall, HMVG is projecting a net profit of €1.18 million after taking into account tax charges of €1.27 million. The profit for the year would translate into a margin of 3.86% and a return on equity and on assets of 2.16% and 0.93% respectively.

Hal Mann Vella Group p.l.c.					
Statement of Cash Flows					
for the financial year 31 December	2021	2022	2023	2024	2025
	Actual	Actual	Actual	Forecast	Projection
	€'000	€'000	€'000	€'000	€'000
Net cash from operating activities	2,558	6,653	4,627	5,496	2,654
Net cash from / (used in) investing activities	(1,569)	(3,584)	(2,868)	6,410	(350)
Free cash flow	989	3,069	1,759	11,906	2,304
Net cash used in financing activities	(2,605)	(4,317)	(2,240)	(2,132)	(2,785)
Effect on ECL on cash in banks	(1)	(1)	1	-	-
Net movement in cash and cash equivalents	(1,617)	(1,249)	(480)	9,774	(481)
Cash and cash equivalents at beginning of year	1,588	(29)	(1,278)	(1,758)	8,016
Cash and cash equivalents at end of year	(29)	(1,278)	(1,758)	8,016	7,535

STATEMENT OF CASH FLOWS

In **FY2021**, net cash from operating activities amounted to €2.56 million – a decrease of €3.82 million from FY2020 – on account of adverse movements in working capital. On the other hand, net cash used in investing activities dropped to €1.57 million as the Group continued with the works on the Hal Far Extension project and completed the renovation of the office premises situated in Old Bakery Street, Valletta.

Cash outflows relating to financing activities amounted to €2.61 million and principally consisted of interest payments (€1.94 million), lease obligations (€0.36 million), and net movements in borrowings (€0.31 million). Accordingly, the Group recorded a negative movement of €1.62 million in cash and cash equivalents and ended the 2021 financial year with a marginally negative cash balance of €0.03 million.

In **FY2022**, net cash from operating activities increased substantially to €6.65 million largely on account of favourable movements in working capital. Conversely, the Group used higher amounts of cash for its investing (€3.58 million) and financing activities (€4.32 million), reflecting increased levels of outflows towards the purchase of PPE and investment property, as well as repayments of bank borrowings. Consequently, HMVG recorded an adverse movement of €1.25 million in its cash balances, thus ending the year with a negative position of €1.28 million.



Net cash generated from operating activities contracted by €2.03 million in **FY2023** to €4.63 million mostly on account of an adverse movement in working capital of €0.78 million compared to the positive change of €2.03 million recorded in the previous year. In contrast, the amount of net cash used in investing activities dropped by €0.72 million to €2.87 million as during the year the Group received a one-off dividend income of €1.31 million from an associate company. On the other hand, the amount of cash used for the acquisition of PPE and investment property increased by 10.44% to €4.18 million compared to €3.78 million in FY2022.

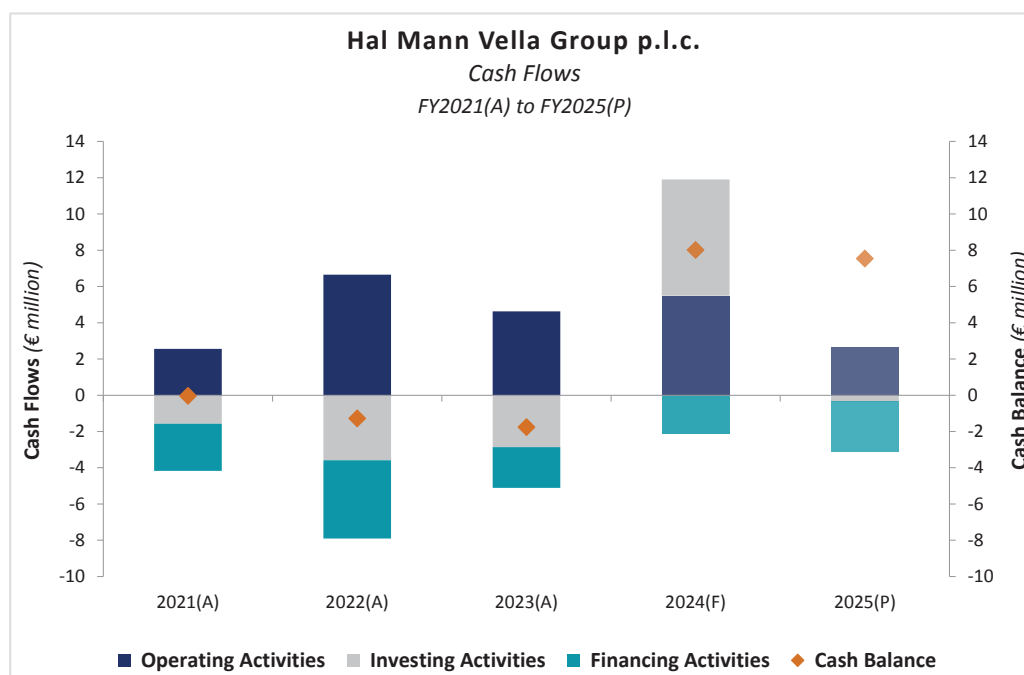
In terms of financing activities, during FY2023, the Group used €2.24 million mainly for the payment of interest. As a result, given the adverse movement of €0.48 million in cash and cash equivalents, HMVG ended the year with a higher negative cash balance of €1.76 million.

The Group is anticipating considerable improvement to its cash position in **FY2024** mostly due to the forecasted cash inflow of €6.41 million from its investing activities. In this regard, the anticipated outflow of €3 million for the purchase of PPE is forecasted to be materially outweighed by the estimated cash inflow of €9.41 million from the sale of the Mavina Holiday Complex and a villa situated in Madliena.

Meanwhile, the Group is also expecting favourable year-on-year movements in cash flows relating to operating (+€0.87 million to €5.50 million) and financing activities (-€0.11 million to €2.13 million), thus resulting in an overall net positive movement in cash and cash equivalents of €9.77 million.

The Group's cash and cash equivalents are projected to decrease by €0.48 million in **FY2025**. The amount of net cash to be generated from operating activities is expected to drop by €2.84 million year-on-year to €2.65 million reflecting adverse movements in working capital.

Cash outflows relating to investing and financing activities are estimated to amount to €0.35 million and €2.79 million respectively. Accordingly, HMVG is projecting to close the year with a positive cash balance of €7.54 million compared to the estimated figure of €8.02 million as at the end of FY2024.



Hal Mann Vella Group p.l.c.					
Statement of Financial Position					
as at 31 December					
	2021	2022	2023	2024	2025
	Actual	Actual	Actual	Forecast	Projection
	€'000	€'000	€'000	€'000	€'000
ASSETS					
Non-current assets					
Intangible assets	63	63	63	63	63
Investment properties	50,174	53,537	54,046	45,746	45,746
Property, plant and equipment	33,134	34,196	37,109	38,808	37,860
Investments in joint ventures	1,722	1,715	1,567	1,567	1,567
Financial assets	756	482	411	411	411
Finance lease receivables	-	175	-	-	-
Right-of-use assets	7,725	7,499	7,234	6,966	6,702
Deferred taxation	1,619	1,200	1,889	1,499	1,396
	95,193	98,867	102,319	95,060	93,745
Current assets					
Inventories	4,355	4,115	4,195	5,129	4,728
Property held-for-sale	6,308	4,746	5,334	3,704	5,224
Trade and other receivables	15,986	16,175	17,844	14,753	15,060
Other assets	91	91	91	91	91
Cash and cash equivalents	1,819	572	1,097	8,513	8,032
	28,559	25,699	28,561	32,190	33,135
Total assets	123,752	124,566	130,880	127,250	126,880
EQUITY					
Called up share capital	5,000	5,000	5,000	5,000	5,000
Other reserves	31,742	32,928	33,284	33,284	33,284
Retained earnings	11,770	12,382	13,305	15,916	17,100
	48,512	50,310	51,589	54,200	55,384
LIABILITIES					
Non-current liabilities					
Bonds	29,789	29,860	-	22,418	22,464
Bank borrowings	9,195	6,774	8,558	12,696	10,679
Finance lease liability	8,293	7,961	8,084	8,065	7,979
Other financial liabilities	2,218	2,217	2,218	2,218	2,218
Other non-current liabilities	4,717	5,291	6,826	4,696	4,712
	54,212	52,103	25,686	50,093	48,052
Current liabilities					
Bonds	-	-	29,935	-	-
Bank borrowings	3,752	3,969	4,628	6,162	7,923
Finance lease liability	-	330	139	83	86
Other financial liabilities	3,396	3,625	2,395	2,395	2,395
Other current liabilities	13,880	14,229	16,508	14,317	13,040
	21,028	22,153	53,605	22,957	23,444
Total liabilities	75,240	74,256	79,291	73,050	71,496
Total equity and liabilities	123,752	124,566	130,880	127,250	126,880
<i>Total debt</i>	<i>56,643</i>	<i>54,736</i>	<i>55,957</i>	<i>54,037</i>	<i>53,744</i>
<i>Net debt</i>	<i>54,733</i>	<i>54,073</i>	<i>54,769</i>	<i>45,433</i>	<i>45,621</i>
<i>Invested capital (total equity plus net debt)</i>	<i>103,245</i>	<i>104,383</i>	<i>106,358</i>	<i>99,633</i>	<i>101,005</i>



Hal Mann Vella Group p.l.c. Key Financial Ratios	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Forecast	FY2025 Projection
Net debt-to-EBITDA (times) <i>(Net debt / EBITDA)</i>	8.96	9.45	9.47	6.35	7.06
Net debt-to-equity (times) <i>(Net debt / total equity)</i>	1.13	1.07	1.06	0.84	0.82
Net gearing (%) <i>(Net debt / net debt and total equity)</i>	53.01	51.80	51.49	45.60	45.17
Debt-to-assets (times) <i>(Total debt / total assets)</i>	0.46	0.44	0.43	0.42	0.42
Leverage (times) <i>(Total assets / total equity)</i>	2.55	2.48	2.54	2.35	2.29
Current ratio (times) <i>(Current assets / current liabilities)</i>	1.36	1.16	0.53	1.40	1.41

STATEMENT OF FINANCIAL POSITION

Total assets as at 31 December **2021** stood at €123.75 million, largely comprising investment property (€50.17 million), PPE (€33.13 million), trade and other receivables (€15.99 million), inventories and property held-for-sale (€10.66 million), as well as right-of-use assets (€7.73 million). The latter reflect the present value of the Group's lease contracts for properties and other assets used in its operations.

The Group's equity base stood at €48.51 million whilst total liabilities amounted to €75.24 million. The largest liability component was debt (€56.64 million) comprising bonds (€29.79 million), bank borrowings (€12.95 million), lease liabilities (€8.29 million) and other financial liabilities (€5.61 million). The latter mainly consist of amounts due to related companies and shareholders' loans.

During **FY2022**, total assets increased by 0.66% to €124.57 million as the increase in the value of investment properties (+€3.36 million to €53.54 million) and PPE (+€1.06 million to €34.20 million) marginally offset the drop in property held-for-sale (-€1.56 million to €4.75 million) and cash balances (-€1.25 million to €0.57 million).

Total liabilities contracted by 1.31% to €74.26 million reflecting the 3.37% reduction in total debt to €54.74 million. Nonetheless, in view of the drop in EBITDA, the net debt-to-EBITDA multiple deteriorated to 9.45 times from 8.96 times in FY2021. Conversely, the net debt-to-equity ratio eased to 1.07 times compared to 1.13 times as at the end of FY2021. Likewise, the net gearing ratio and the debt-to-assets ratio trended lower to 51.80% (31 December 2021: 53.01%) and 0.44 times (31 December 2021: 0.46 times) respectively.

The Group's asset base expanded by 5.07% (or +€6.31 million) in **FY2023** to €130.88 million mostly due to the increase in the value of PPE (+€2.91 million to €37.11 million) and trade and other receivables (+€1.67 million to €17.84 million).

Similarly, total liabilities increased by 6.78% (or +€5.04 million) to €79.29 million. During the year, the Group added €1.22 million in total debt to €55.96 million reflecting the increase of €2.44 million in bank borrowings to €13.19 million (31 December 2022: €10.74 million) which outweighed the drop of €1.23 million in other financial liabilities to €4.61 million (31 December 2022: €5.84 million). Nonetheless, as total equity trended higher to €51.59 million (31 December 2022: €50.31 million), the net debt-to-equity ratio and net gearing ratio eased slightly to 1.06 times and 51.49% respectively. On the other hand, the net debt-to-EBITDA multiple and the debt-to-assets ratio remained virtually unchanged year-on-year at 9.47 times and 0.43 times respectively.



The major changes in the composition of the Group's financial position over the forecast period covering **FY2024** and **FY2025** are expected to be as follows:

- (4) A reduction in the value of investment property to €45.75 million (-€8.30 million) principally reflecting the sale of the Mavina Holiday Complex and a villa situated in Madliena in FY2024.
- (5) The increase in the Group's cash position – as highlighted in the analysis appertaining to the Statement of Cash Flows.
- (6) The continued strengthening of the Issuer's equity base, reflecting the accumulated projected profits to be registered in FY2024 (€2.61 million) and FY2025 (€1.18 million).
- (7) A reduction of €7.80 million in total liabilities to €71.50 million by the end of FY2025 reflecting the estimated drop in debt (-€2.21 million to €53.74 million) and other liabilities (-€5.58 million to €17.75 million).

Principally as a result of the factors mentioned above, the Group is anticipating a marked improvement in most of its credit metrics over the forecast period, with the net debt-to-EBITDA multiple and the net gearing ratio approaching close to 7 times and 45% respectively. Similarly, the net debt-to-equity ratio and the leverage ratio are expected to trend lower year-on-year and reach 0.82 times and 2.29 times respectively by the end of FY2025. On the other hand, the debt-to-assets ratio is projected to remain stable at 0.42 times whilst the current ratio is expected to revert to historical levels in view of the proposed bond issue which proceeds are intended to refinance the existing 5.00% secured bonds maturing on 6 November 2024.

8. VARIANCE ANALYSIS

The following is an analysis of the major variances between the forecast financial information for the year ended 31 December 2023 included in the Analysis dated 21 June 2023, and the audited consolidated annual financial statements for the year ended 31 December 2023.

Hal Mann Vella Group p.l.c. Income Statement for the financial year 31 December	2023 Actual €'000	2023 Forecast €'000	
<i>Revenue - manufacturing and general contracting services</i>	19,438	20,402	
<i>Revenue - property development</i>	3,119	3,190	
<i>Revenue - rental activities</i>	2,526	2,460	
Total revenue	25,083	26,052	
Other operating income	663	557	
Cost of sales and other operating charges	(19,962)	(21,440)	
EBITDA	5,784	5,169	(1)
Depreciation	(1,410)	(1,249)	
Operating Profit	4,374	3,920	(2)
Change in fair value of investment property	386	-	(3)
Dividends income	1,310	-	(4)
Net finance costs	(2,612)	(2,409)	
Profit before tax	3,458	1,511	(5)
Taxation	(2,180)	45	(6)
Profit after tax	1,278	1,556	(7)
Total comprehensive income	1,278	1,556	



Although HMVG generated a marginally lower level of revenues of €25.08 million in FY2023 compared to the forecasted figure of €26.06 million, EBITDA **(1)** exceeded forecasts by 11.90% (or +€0.62 million). This was mainly due to the better-than-expected margins achieved by the Group's 'manufacturing and general contracting services' segment reflecting both the favourable impact of product/service mix as well as the creation of internal operational efficiencies. As a result, the Group's EBITDA margin for the year stood at 23.06% compared to the targeted level of 19.84%.

The issuer also exceeded its forecasted operating profit **(2)** (+€0.45 million) and pre-tax profit **(5)** (+€1.95 million) despite the slight adverse variances in depreciation charges and net finance costs as these were outweighed by a €0.39 million positive movement in the fair value of investment property **(3)** and a one-off dividend income of €1.31 million **(4)** which were not previously anticipated. On the other hand, HMVG registered a tax charge of €2.18 million **(6)** compared to the estimated tax income of €0.05 million, thus resulting in a lower net profit for the year of €1.28 million **(7)**.

Hal Mann Vella Group p.l.c.			
Statement of Cash Flows			
for the financial year 31 December			
	2023	2023	
	Actual	Forecast	
	€'000	€'000	
Net cash from operating activities	4,627	7,320	(1)
Net cash used in investing activities	(2,867)	(3,477)	(2)
Free cash flow	1,760	3,843	
Net cash used in financing activities	(2,240)	(1,016)	(3)
Net movement in cash and cash equivalents	(480)	2,827	(4)
Cash and cash equivalents at beginning of year	(1,278)	(1,278)	
Cash and cash equivalents at end of year	(1,758)	1,549	(5)

The Issuer registered a negative movement in cash and cash equivalents of €0.48 million compared to the estimated positive figure of €2.83 million **(4)**. Although net cash used in investing activities were lower than anticipated by €0.61 million **(2)**, the Group's cash flows were adversely impacted by a lower level of net cash generated from operating activities **(1)** (-€2.69 million) and a higher amount of net cash used in financing activities **(3)** (+€1.22 million). As a result, HMVG ended the 2023 financial year with a negative cash balance of €1.76 million (when excluding the bank overdraft balance of €2.86 million) compared to the positive forecasted figure of €1.55 million **(5)**.

Meanwhile, the material variances between the actual and forecast Statement of Financial Position as at 31 December 2023 were as follows:

- (a) Within total assets **(5)** (+€3.08 million), the higher-than-estimated balances of property-held-for-sale **(2)** (+€2 million) and trade and other receivables **(3)** (+€4.44 million) outweighed the lower level of deferred taxation **(1)** (-€1.98 million) and cash balances **(4)** (-€1.82 million). As a result, the Group's asset base stood at €130.88 million compared to the forecasted figure of €127.80 million.
- (b) Total liabilities exceeded forecasts by €3.31 million **(7)**, largely reflecting the higher level of trade and other payables (including tax liabilities) as these amounted to €23.33 million compared to the estimated figure of €20.88 million **(6)**.



Hal Mann Vella Group p.l.c.
Statement of Financial Position
as at 31 December

	2023 Actual €'000	2023 Forecast €'000	
ASSETS			
Non-current assets			
Intangible assets	63	63	
Investment properties	54,046	53,537	
Property, plant and equipment	37,109	36,706	
Investments in joint ventures	1,567	1,715	
Financial assets	411	228	
Finance lease receivables	-	175	
Right-of-use assets	7,234	7,230	
Deferred taxation	1,889	3,872	(1)
	<u>102,319</u>	<u>103,526</u>	
Current assets			
Inventories	4,195	4,522	
Property held-for-sale	5,334	3,339	(2)
Trade and other receivables	17,844	13,402	(3)
Other assets	91	91	
Cash and cash equivalents	1,097	2,920	(4)
	<u>28,561</u>	<u>24,274</u>	
Total assets	<u>130,880</u>	<u>127,800</u>	(5)
EQUITY			
Called up share capital	5,000	5,000	
Other reserves	33,284	32,929	
Retained earnings	13,305	13,893	
	<u>51,589</u>	<u>51,822</u>	
LIABILITIES			
Non-current liabilities			
Bonds	-		
Bank borrowings	8,558	14,940	
Other financial liabilities	2,218		
Finance lease liability	8,084	8,223	
Other non-current liabilities	6,826	6,811	(6)
	<u>25,686</u>	<u>29,974</u>	
Current liabilities			
Bonds	29,935		
Bank borrowings	4,628	31,585	
Other financial liabilities	2,395		
Finance lease liability	139	350	
Other current liabilities	16,508	14,069	(6)
	<u>53,605</u>	<u>46,004</u>	
Total liabilities	<u>79,291</u>	<u>75,978</u>	(7)
Total equity and liabilities	<u>130,880</u>	<u>127,800</u>	
<i>Total debt</i>	55,957	55,098	
<i>Net debt</i>	54,769	52,087	
<i>Invested capital (total equity plus net debt)</i>	106,358	103,909	



PART 3 – COMPARATIVE ANALYSIS

The table below provides a comparison between the Group and its bonds with other debt issuers listed on the Malta Stock Exchange and their respective debt securities. Although there are significant variances between the activities of the Group and other issuers (including different industries, principal markets, competition, capital requirements etc.), and material differences between the risks associated with the Group's business and that of other issuers, the comparative analysis serves as an indication of the financial strength and creditworthiness of the Group.

Comparative Analysis*	Amount Issued (€'000)	Yield-to-Maturity / Worst (%)	Interest Cover (times)	Net Debt-to-EBITDA (times)	Net Gearing (%)	Debt-to-Assets (times)
5.00% Hal Mann Vella Group p.l.c. Secured 2024	30,000	3.81	2.21	9.47	51.49	0.43
4.25% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2024	1,267	4.17	57.57	9.38	69.21	0.64
5.75% International Hotel Investments p.l.c. Unsecured 2025	45,000	5.75	1.61	10.49	43.07	0.41
5.10% 6PM Holdings p.l.c. Unsecured 2025**	13,000	6.86	16.04	0.65	17.79	0.20
4.50% Hili Properties p.l.c. Unsecured & Guaranteed 2025	37,000	4.11	1.80	8.70	46.06	0.45
4.35% Hudson Malta p.l.c. Unsecured & Guaranteed 2026	12,000	4.63	5.64	6.37	77.20	0.60
4.25% CPHCL Finance p.l.c. Unsecured & Guaranteed 2026	40,000	4.25	1.45	11.49	43.52	0.41
4.00% International Hotel Investments p.l.c. Secured 2026	55,000	3.99	1.61	10.49	43.07	0.41
5.00% Dizz Finance p.l.c. Unsecured & Guaranteed 2026	8,000	4.99	2.27	8.24	80.39	0.57
3.75% Premier Capital p.l.c. Unsecured 2026	65,000	4.38	10.89	2.16	65.14	0.57
4.00% International Hotel Investments p.l.c. Unsecured 2026	60,000	5.34	1.61	10.49	43.07	0.41
3.25% AX Group p.l.c. Unsecured 2026	15,000	3.33	1.24	21.28	39.42	0.36
3.90% Gap Group p.l.c. Secured & Guaranteed 2024-2026	16,702	3.89	n/a	3.15	52.66	0.56
4.00% Hili Finance Company p.l.c. Unsecured & Guaranteed 2027	50,000	3.62	4.60	4.44	69.59	0.61
4.35% SD Finance p.l.c. Unsecured & Guaranteed 2027	65,000	4.26	4.68	1.74	22.08	0.26
4.00% Eden Finance p.l.c. Unsecured & Guaranteed 2027	40,000	4.04	5.43	4.21	26.73	0.24
5.25% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2027	30,000	5.24	5.42	2.67	20.40	0.19
4.00% Stivala Group Finance p.l.c. Secured & Guaranteed 2027	45,000	3.99	5.67	4.17	22.93	0.21
4.75% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2025-2027	15,000	5.06	57.57	9.38	69.21	0.64
4.75% Gap Group p.l.c. Secured & Guaranteed 2025-2027	23,000	4.74	n/a	3.15	52.66	0.56
3.85% Hili Finance Company p.l.c. Unsecured & Guaranteed 2028	40,000	4.27	4.60	4.44	69.59	0.61
5.85% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2028	20,000	5.19	5.42	2.67	20.40	0.19
5.75% PLAN Group p.l.c. Secured & Guaranteed 2028	12,000	4.62	7.37	9.26	54.58	0.48
3.65% Stivala Group Finance p.l.c. Secured & Guaranteed 2029	15,000	3.78	5.67	4.17	22.93	0.21
3.80% Hili Finance Company p.l.c. Unsecured & Guaranteed 2029	80,000	4.87	4.60	4.44	69.59	0.61
3.75% AX Group p.l.c. Unsecured 2029	10,000	3.75	1.24	21.28	39.42	0.36
5.25% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2024	15,000	4.98	57.57	9.38	69.21	0.64
6.25% GPH Malta Finance p.l.c. Unsecured & Guaranteed 2030	18,144	6.24	1.73	7.63	94.01	0.75
3.65% International Hotel Investments p.l.c. Unsecured 2031	80,000	4.69	1.61	10.49	43.07	0.41
3.50% AX Real Estate p.l.c. Unsecured 2032	40,000	5.10	2.04	12.44	49.30	0.45
5.00% Mariner Finance p.l.c. Unsecured 2032	36,930	4.85	4.89	6.08	50.77	0.50
5.85% AX Group p.l.c. Unsecured 2033	40,000	5.19	1.24	21.28	39.42	0.36
6.00% International Hotel Investments p.l.c. Unsecured 2033	60,000	5.34	1.61	10.49	43.07	0.41
4.50% The Ona p.l.c. Secured & Guaranteed 2028-2034	16,000	4.63	3.09	16.34	74.89	0.65
5.35% Hal Mann Vella Group p.l.c. Secured 2031-2034	23,000	5.35	2.21	9.47	51.49	0.43
5.50% Juel Group p.l.c. Secured & Guaranteed 2035	32,000	5.20	3.35	11.26	55.24	0.51

*As at 15 May 2024

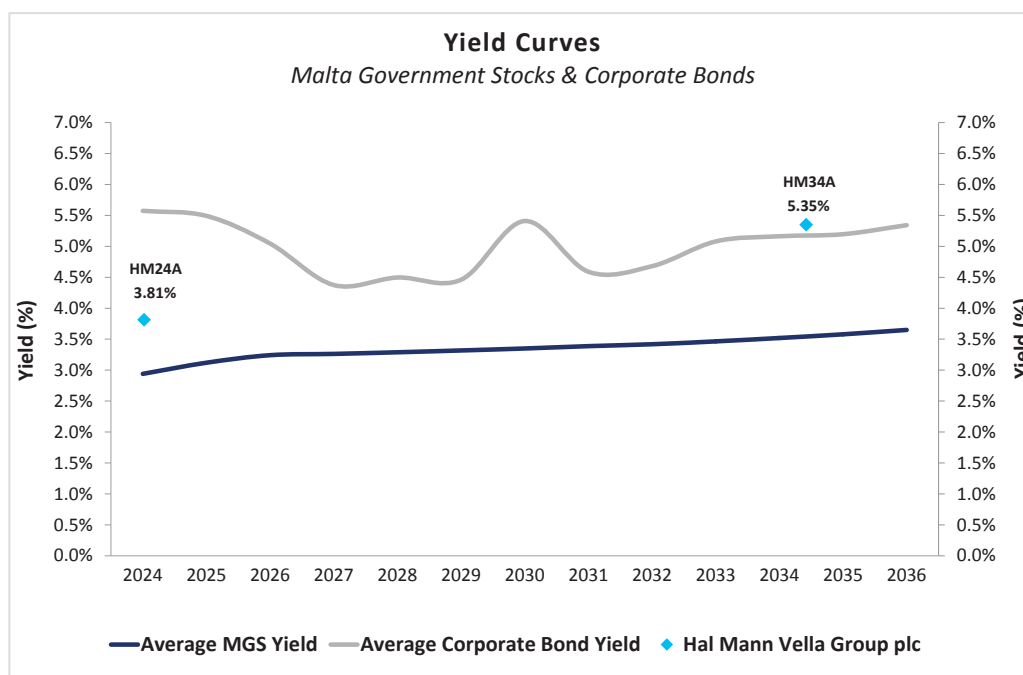
** The financial ratios pertain to Idox p.l.c.

Sources: Malta Stock Exchange

M.Z. Investment Services Limited

Most recent audited annual financial statements except for Juel Group p.l.c. (FY2024 forecast, as included in the Financial Analysis Summary dated 6 June 2023).





The closing market price as at 15 May 2024 for the 5.00% **Hal Mann Vella Group p.l.c. secured bonds 2024** (HM24A) was 100.50%. This translated into a yield-to-maturity (“YTM”) of 3.81% which was 176 basis points below the average YTM of 5.57% of other local corporate bonds maturing in the same year. The premium over the corresponding average Malta Government Stock (“MGS”) yield of equivalent maturity stood at 87 basis points.

The new 5.35% **Hal Mann Vella Group p.l.c. secured bonds 2031-2034** (HM34A) have been priced at a YTM which represent a premium of 19 basis points (as at 15 May 2024) over the average YTM of 5.16% of other local corporate bonds maturing in the same year. The spread over the corresponding MGS yield of equivalent maturity as at 15 May 2024 is 183 basis points.

PART 4 - EXPLANATORY DEFINITIONS

INCOME STATEMENT

<i>Revenue</i>	Total income generated from business activities.
<i>EBITDA</i>	Earnings before interest, tax, depreciation, and amortisation. It is a metric used for gauging operating performance excluding the impact of capital structure. EBITDA is usually interpreted as a loose proxy for operating cash flows.
<i>Adjusted operating profit / (loss)</i>	Profit (or loss) from core operations, excluding movements in the fair value of investment property, share of results of associates and joint ventures, net finance costs, and taxation.
<i>Operating profit / (loss)</i>	Profit (or loss) from operating activities, including movements in the fair value of investment property but excluding the share of results of associates and joint ventures, net finance costs, and taxation.
<i>Share of results of associates and joint ventures</i>	Share of profit (or loss) from entities in which the company does not have a majority shareholding.
<i>Profit / (loss) after tax</i>	Net profit (or loss) registered from all business activities.



PROFITABILITY RATIOS

<i>EBITDA margin</i>	EBITDA as a percentage of revenue.
<i>Operating profit margin</i>	Operating profit (or loss) as a percentage of total revenue.
<i>Net profit margin</i>	Profit (or loss) after tax as a percentage of total revenue.
<i>Return on equity</i>	Measures the rate of return on net assets and is computed by dividing the net profit (or loss) for the year by average equity.
<i>Return on assets</i>	Measures the rate of return on assets and is computed by dividing the net profit (or loss) for the year by average assets.
<i>Return on invested capital</i>	Measures the rate of return from operations and is computed by dividing operating profit (or loss) for the year by the average amount of equity and net debt.

STATEMENT OF CASH FLOWS

<i>Net cash from / (used in) operating activities</i>	The amount of cash generated (or consumed) from the normal conduct of business.
<i>Net cash from / (used in) investing activities</i>	The amount of cash generated (or consumed) from activities related to the acquisition, disposal, and/or development of long-term assets and other investments.
<i>Net cash from / (used in) financing activities</i>	The amount of cash generated (or consumed) that have an impact on the capital structure, and thus result in changes to share capital and borrowings.
<i>Free cash flow</i>	Represents the amount of cash generated (or consumed) from operating activities after considering any amounts of capital expenditure.

STATEMENT OF FINANCIAL POSITION

<i>Non-current assets</i>	These represent long-term investments which full value will not be realised within the next twelve months. Such assets, which typically include property, plant, equipment, and investment property, are capitalised rather than expensed, meaning that the amortisation of the cost of the asset takes place over the number of years for which the asset will be in use. This is done instead of allocating the entire cost to the accounting year in which the asset was acquired.
<i>Current assets</i>	All assets which could be realisable within a twelve-month period from the date of the Statement of Financial Position. Such amounts may include development stock, accounts receivable, cash and bank balances.
<i>Non-current liabilities</i>	These represent long-term financial obligations which are not due within the next twelve months, and typically include long-term borrowings and debt securities.
<i>Current liabilities</i>	Liabilities which fall due within the next twelve months from the date of the Statement of Financial Position, and typically include accounts payable and short-term debt.
<i>Total equity</i>	Represents the residual value of the business (assets minus liabilities) and typically includes the share capital, reserves, as well as retained earnings.

FINANCIAL STRENGTH / CREDIT RATIOS

<i>Interest cover</i>	Measures the extent of how many times a company can sustain its net finance costs from EBITDA.
<i>Net debt-to-EBITDA</i>	Measures how many years it will take a company to pay off its net interest-bearing liabilities (including lease liabilities) from EBITDA, assuming that net debt and EBITDA are held constant.
<i>Net debt-to-equity</i>	Shows the proportion of net debt (including lease liabilities) to the amount of equity.
<i>Net gearing</i>	Shows the proportion of equity and net debt used to finance a company's business and is calculated by dividing net debt by the level of invested capital.
<i>Debt-to-assets</i>	Shows the degree to which a company's assets are funded by debt and is calculated by dividing all interest-bearing liabilities (including lease liabilities) by total assets.
<i>Leverage</i>	Shows how many times a company is using its equity to finance its assets.
<i>Current ratio</i>	Measures the extent of how much a company can sustain its short-term liabilities from its short-term assets.



ANNEX II – LIST OF AUTHORISED FINANCIAL INTERMEDIARIES

NAME	ADDRESS	TELEPHONE
APS Bank p.l.c.	APS Centre, Tower Street, Birkirkara BKR 4012	2122 6644
Bank of Valletta p.l.c.	Premium Banking Centre, 475, Triq il-Kbira San Guzepp, St Venera SVR 1011 (Applications accepted from Wealth Management and Investment Centres)	2275 1732
Calamatta Cuschieri Investment Services Ltd	Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034	2568 8688
CiliaFormosa Financial Advisors Ltd	Triq id-Delu, Mosta MST 3355	2226 0200
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	2134 7331
FINCO Treasury Management Ltd	The Bastions, Office No 2, Ervin Cremona Street, Floriana FRN 1281	2122 0002
Hogg Capital Investments Ltd	NuBis Centre, Mosta Road, Lija LJA 9012	2132 2872
Jesmond Mizzi Financial Advisors Ltd	67 Level 3, South Street, Valletta VLT 1105	2122 4410
Lombard Bank Malta p.l.c.	67, Republic Street, Valletta VLT 1117	2558 1112
Medirect Bank (Malta) plc	The Centre, Tigne` Point, Sliema TPO 0001	2557 4400
Michael Grech Financial Investment Services Ltd	The Brokerage, Level 0, St Marta Street, Victoria, Gozo VCT 2550	2258 7000
MZ Investment Services Ltd	63, St Rita Street, Rabat RBT 1523	2145 3739
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Fourth Floor, High Street, Sliema SLM 1551	2258 3000
Timberland Invest Ltd	Level 7, CF Business Centre, Gort Street, St Julians STJ 9023	2090 8100

ANNEX III – SPECIMEN APPLICATION FORM



HAL MANN VELLA GROUP P.L.C. €23,000,000 5.35% SECURED BONDS 2031-2034 APPLICATION FORM - EXISTING BONDHOLDERS

This Application Form is not transferable and entitles you to subscribe for the Hal Mann Vella Group p.l.c. 5.35% Secured Bonds 2031-2034 as an Existing Bondholder (as defined in the Prospectus dated 28 June 2024).

A APPLICANT <small>(see notes 2 to 8)</small>			
		I.D. CARD / PASSPORT	MSE A/C NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
LEI (Legal Entity Identifier) <small>(if applicant is NOT an Individual)</small>		PLEASE REGISTER ME FOR E-PORTFOLIO <input type="checkbox"/>	MOBILE NO. <small>(mandatory for e-portfolio)</small>
B ADDITIONAL (JOINT) APPLICANTS <small>(see note 3)</small> <small>(please use Addendum to Application Form if space is not sufficient)</small>			
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 <small>(see notes 4, 7 & 8) (to be completed ONLY if applicable)</small>			
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 Exchangeable Bonds		AMOUNT IN FIGURES Box 1 €	
<p>BOX 2 - I/We wish to purchase and acquire the amount set out in Box 2 (which cannot exceed the amount set out in Box 1) in Bonds at the Bond Issue price (at par) pursuant to the Prospectus dated 28 June 2024 (the "Prospectus").</p>			
AMOUNT IN WORDS		TOTAL AMOUNT IN FIGURES Box 2 €	
E RESIDENT - FINAL WITHHOLDING TAX ("FWT") DECLARATION <small>(see notes 9) (to be completed ONLY if the Applicant is a resident of Malta)</small>			
<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 <small>(see notes 2 & 10) (to be completed ONLY if the Applicant is a non-resident)</small>			
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 <small>(see notes 11 & 12) (completion of this panel is MANDATORY)</small>			
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 <small>(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)</small>			Date
AUTHORISED FINANCIAL INTERMEDIARY'S STAMP	AUTHORISED FINANCIAL INTERMEDIARY'S CODE <div style="text-align: center;"> </div>	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 28 June 2024 regulating the Bond Issue

This Application Form is not transferable and entitles you to a preferential treatment as holder of the 5.00% Hal Mann Vella Group p.l.c. Secured Bonds 2024 (the “Exchangeable Bonds”) and is to be submitted as a method of payment where the Applicant selects to apply for the 5.35% Hal Mann Vella Group p.l.c. Secured Bonds 2031-2034 (the “Bonds”) so as to transfer to the Issuer all or part of the holding in the Exchangeable 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, Existing Bondholders shall be deemed to:

- i. cause the transfer of the said Exchangeable 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 Exchangeable 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 28 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 Existing Bondholders, has been preprinted in Panel A and reflects the MSE account number on the bond register of the Exchangeable Bonds held at the CSD as at 25 June 2024 (trading session of the 21 June 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. **EXISTING 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 tax advisors in case of doubt.

11. Interest 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 Exchangeable Bond Transfer Period will open at 08:30 hours on 8 July 2024 and will close at 12:00 hours on 19 July 2024. Application for Bonds may be lodged with any Authorised Financial Intermediary listed in Annex II of the Securities Note and must be accompanied by the relevant subscription amount in Euro. 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 Exchangeable Bond Transfer Period 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 a financial advisor, licensed under the Investment Services Act (Cap. 370 of the laws of Malta), for advice.