



SUMMARY NOTE

dated 18 July 2019

This Summary Note is issued in accordance with the provisions of Chapter 4 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended.

In respect of an issue of:

€80,000,000 3.80% Unsecured Bonds 2029

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

HILI FINANCE COMPANY P.L.C.

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

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

ISIN:- MT0001891218

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

Sponsor

Legal Counsel

Manager & Registrar



Carmelo sive Melo Hili

Geoffrey Camilleri

Dorian Desira

Jacqueline Camilleri

Mario Vella

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

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

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



IMPORTANT INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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



SECTION A INTRODUCTION AND WARNINGS

A.1 Prospective investors are hereby warned that:

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

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

Prospective investors are hereby informed that:

- i. for the purposes of any subscription for Bonds through any of the Authorised Financial Intermediaries and any subsequent resale, placement or other offering of Bonds by such Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Directive, the Issuer consents to the use of this Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale or placement or other offering of Bonds, provided this is limited only:
 - a. in respect of Bonds subscribed for through Authorised Financial Intermediaries;
 - b. to any resale or placement of Bonds taking place in Malta;
 - c. to any resale or placement of Bonds taking place within the period of 60 days from the date of the Prospectus.
- ii. **in the event of a resale, placement or other offering of Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary shall be responsible to provide information to investors on the terms and conditions of the resale, placement or other offering at the time such is made.**

SECTION B ISSUER AND GUARANTOR

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

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

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

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

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

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

The outlook for Premier Capital's business across all six markets is positive. In the Baltic States, Malta and Romania, the McDonald's brand remains a market leader within the informal eating-out sector and Premier Capital continues to grow its market share and broaden its user base through improving overall customers' restaurant experience. This indication provides Premier Capital with opportunities to continue to expand the business in such markets in the coming years.

As to the Greek market, McDonald's still faces strong competition from key players in the informal eating-out sector which have a larger market share. Notwithstanding, Premier Capital has registered an increase in its share of the market and the financial results from the Greek operations have improved.

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

iSpot - The market in Poland and Hungary for Apple products and services is highly competitive. iSpot competes with other resellers of Apple products and services, and therefore competing factors include mainly price of products, as well as location of stores, quality of service provided and share of the business-to-business ('B2B') market. The challenge of the Apple Premium Reseller stores is to differentiate the total service experience beyond the product. Apple is, however, designing new ways to expand the



business generated from its retail platforms beyond the current business-to-consumer ('B2C') activity, which will likely create growth opportunities for the company's already strong portfolio in the market. iSpot is continuously driven to obtain the ultimate store portfolio and looking for ways to increase cost efficiencies.

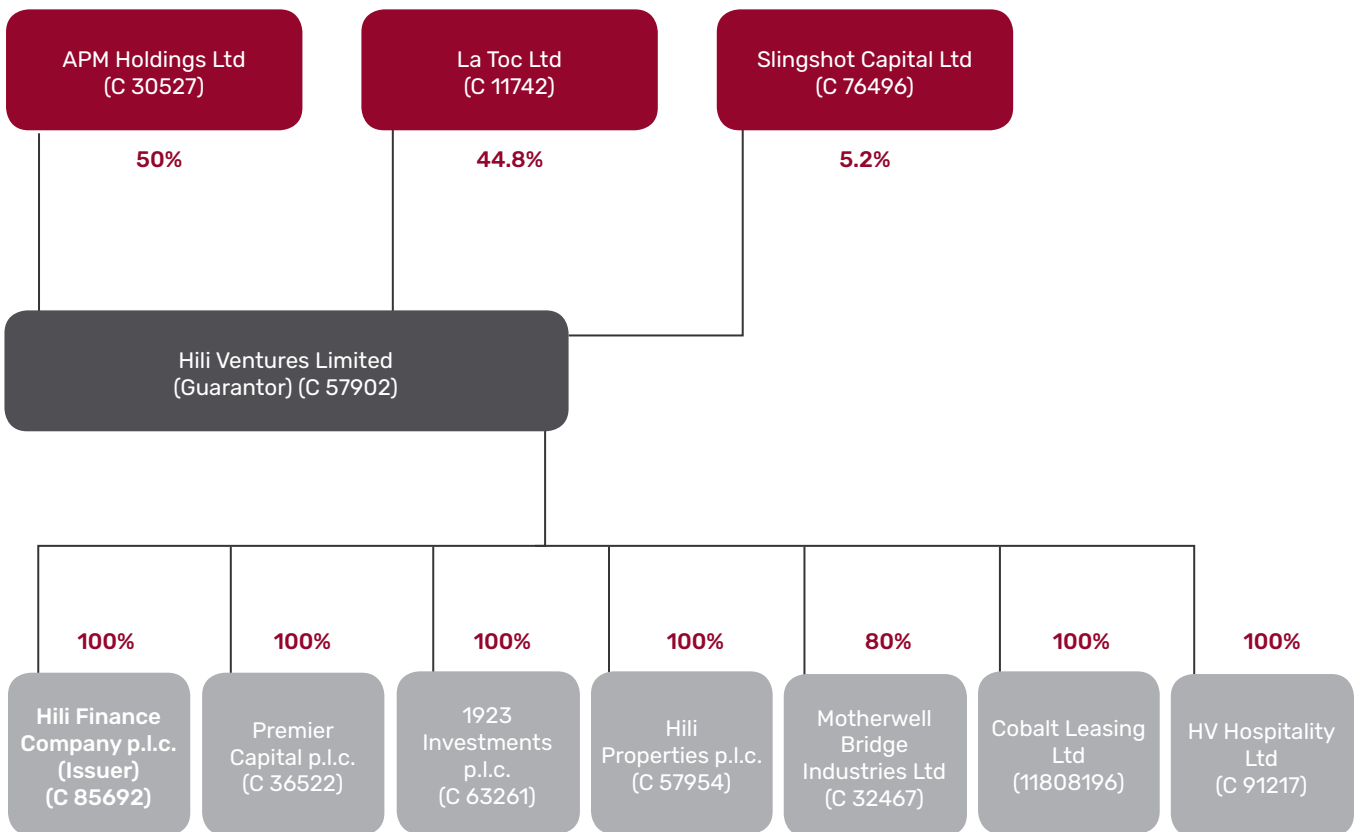
Harvest - The IT hardware, software and services industry is very fragmented and highly competitive. Harvest competes with a large number and wide variety of marketers and resellers of IT hardware, software and services. With reference to payment gateway solutions, management believes that electronic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

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

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

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

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





- B.9 (B.19) Not Applicable: the Registration Document does not contain any profit forecasts or estimates.
- B.10 (B.19) Not Applicable: the audit reports on the audited financial statements for the years ended 31 December 2016 to 2018 of the Guarantor do not contain any material qualifications.
- B.12 (B.19) The historical financial information of the Issuer is set out in the audited financial statements for the period 6 April 2018 to 31 December 2018. The historical financial information of the Guarantor is set out in the audited financial statements for the financial years ended 31 December 2016 to 2018. In relation to each of the Issuer and Guarantor, there were no significant changes to the financial or trading position since the date up to which the latest audited financial statements were prepared.

Extracts of the financial statements of the Issuer for the period 6 April 2018 to 31 December 2018

Hili Finance Company p.l.c. Statement of Comprehensive Income for the period 6 April 2018 to 31 December 2018

	€000
Finance income	817
Finance costs	(686)
Gross profit	131
Administrative expense	(30)
Profit before tax	101
Taxation	(46)
Total comprehensive income	55

Hili Finance Company p.l.c. Balance Sheet as at 31 December 2018

	€000
ASSETS	
Non-current assets	
Loans owed by parent company	41,931
	41,931
Current assets	
Trade and other receivables	829
Cash and cash equivalents	60
	889
Total assets	42,820
EQUITY	
Equity and reserves	2,055
LIABILITIES	
Non-current liabilities	
Debt securities	40,000
Current liabilities	
Trade and other payables	765
	40,765
Total equity and liabilities	42,820



Hili Finance Company p.l.c.
Cash Flow Statement
for the period 6 April 2018 to 31 December 2018

	€000
Net cash from operating activities	(9)
Net cash from investing activities	(41,931)
Net cash from financing activities	42,000
Net movement in cash and cash equivalents	60
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	60

The Issuer was incorporated in April 2018 with an issued share capital of €2 million. In July 2018, the Issuer successfully raised €40 million through the issuance of 3.85% unsecured bonds 2028 and thereafter, the amount of €41.2 million (being the net proceeds from the bond issue together with the accumulated cash balance) was on-lent to the Guarantor. During the six months ended 31 December 2018, interest receivable on the loan granted to the Guarantor amounted to €816,727, whilst accrued interest on outstanding debt securities and other finance costs amounted to €685,595. After accounting for administrative expenses and taxation, total comprehensive income amounted to €55,183.

Extracts of the consolidated financial statements of the Guarantor for the years ended 31 December 2016 to 2018

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

	2016	2017	2018
	€000	€000	€000
Revenue	341,239	396,488	427,410
Earnings before interest, tax, depreciation & amortisation	36,687	39,538	42,854
Total comprehensive income	3,537	10,973	13,706

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

	2016	2017	2018
	€000	€000	€000
Net cash from operating activities	27,835	10,875	36,261
Net cash from investing activities	(71,351)	(56,813)	(34,516)
Net cash from financing activities	105,007	2,582	8,484
Net movement in cash and cash equivalents	61,491	(43,356)	10,229
Cash and cash equivalents at beginning of year	6,415	67,544	23,707
Effect of movements in exchange	(362)	(481)	(104)
Cash and cash equivalents at end of year	67,544	23,707	33,832

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

	2016	2017	2018
	€000	€000	€000
Non-current assets	283,602	330,497	358,438
Current assets	118,637	77,707	96,674
Total assets	402,239	408,204	455,112
Equity and reserves	72,768	82,870	86,390
Non-current liabilities	204,967	234,377	274,336
Current liabilities	124,504	90,957	94,386
Total equity and liabilities	402,239	408,204	455,112



Revenue generated by Hili Ventures in FY2018 amounted to €427.4 million, a y-o-y increase of €30.9 million (8%) from FY2017, of which, circa 89% (FY2017: 88%) represented 'restaurant operations' revenue (being income derived from the operation of McDonald's restaurants through Premier Capital) and 'Sale of Apple products' revenue (primarily being income from retailing Apple products under the iSpot brand). Other than 'logistics and transport services' and 'engineering services', all business activities reported y-o-y increases (net of intra-group transactions which are eliminated on consolidation) as follows:

- (i) revenue generated from 'restaurant operations' increased by €30.1 million (+11%) to €293.6 million, principally due to an increase in restaurants from 140 outlets in 2017 to 146 in 2018 and growth in revenue per restaurant;
- (ii) turnover derived from 'Sale of Apple products', which includes 30 Apple stores in Poland, Hungary and Romania, increased by €5.8 million (+7%) to €89.8 million in FY2018;
- (iii) IT solutions and security systems increased by 21% y-o-y from €12.8 million in 2017 to €15.5 million, mainly on account of software sales, maintenance & support services and payment solutions;
- (iv) income from 'rental operations' increased from €4.6 million in FY2017 to €5.3 million, reflecting a full year's lease from a property in Romania acquired in Q2 2017;
- (v) turnover from 'logistics and transport services' decreased from €22.9 million in FY2017 to €16.4 million, mainly reflecting a decline in revenue generated from Allcom Sp. z.o.o.;
- (vi) income generated from 'engineering services' decreased by €2.0 million (y-o-y) to €6.8 million, due to the discontinuation of the marine division and company restructuring.

EBITDA for the year under review amounted to €42.9 million compared to €39.5 million reported in FY2017, being an increase of €3.4 million (+8%). The principal contributor to EBITDA is Premier Capital as it accounted for 90% of total EBITDA in FY2018 (FY2017: 89%). Net investment income amounted to €644,000 and principally comprised net gains on disposal of investment property of €1.0 million, interest income of €0.5 million and a net decrease in fair value of investment property of €0.9 million. In FY2018, the Group reported a net profit of €11.8 million compared to €6.9 million in FY2017, while total comprehensive income amounted to €13.7 million as compared to €11.0 million achieved in the prior year.

Non-current assets in the statement of financial position as at 31 December 2018 amounted to €358.4 million (2017: €330.5 million). Notable items include: (i) goodwill and other intangibles amounting to €101.4 million (2017: €104.5 million), which principally relate to goodwill on acquisitions of going concerns, support services license, acquired rights, franchise fees for restaurant operations, patents and trademarks for Apple products and computer software licenses; and (ii) property, plant and equipment and investment property amounting to €210.9 million (2017: €185.8 million), which comprises improvements to leased properties, equipment and properties owned by Hili Properties p.l.c.

Current assets as at 31 December 2018 amounted to €96.7 million (2017: €77.7 million) and primarily include inventory, trade receivables, other assets and cash balances. Current liabilities amounted to €94.4 million (2017: €91.0 million), made up of borrowings as to €20.0 million (2017: €30.0 million) and other liabilities of €74.4 million (2017: €60.9 million). Hili Ventures' liquidity ratio (which is measured by dividing current assets by current liabilities and indicates a company's ability to pay its current liabilities from its current assets), as at 31 December 2018, stood at 1.02 times (2017: 0.85 times).

Non-current liabilities at year end amounted to €274.3 million (2017: €234.3 million) and mainly comprised borrowings and bonds. The equity value of Hili Ventures as at 31 December 2018 totalled €86.4 million (2017: €82.9 million).

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

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

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

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

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



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

- B.16 (B.19) The Issuer is a wholly owned subsidiary of the Guarantor, save for 1 Ordinary Share which is held by APM Holdings Limited (C 30527). The ultimate controlling beneficial owner of the Guarantor is Melo Hilli.
- B.17 Not Applicable: neither the Issuer nor the Guarantor have sought the credit rating of an independent rating agency, and there has been no assessment by any independent rating agency of the Bonds issued by the Issuer.
- B.18 (B.19) For the purposes of the Guarantee, the Guarantor irrevocably and unconditionally guarantees to each Bondholder that if for any reason the Issuer fails to pay any sum payable by it to such Bondholder pursuant to the terms and conditions of the Bonds as and when the same shall become due under any of the foregoing, the Guarantor will pay to such Bondholder on written demand the amount payable by the Issuer to such Bondholder.

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

SECTION C SECURITIES

- C.1 The Issuer shall issue an aggregate of €80,000,000 in Bonds having a face value of €100 per bond, subject to a minimum subscription of €2,000 in Bonds. The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. On admission to trading, the Bonds will have the following ISIN: MT0001891218. The Bonds shall bear interest at the rate of 3.80% per annum.
- C.2 The Bonds are denominated in Euro (€).
- C.5 The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole (that is, in multiples of €100) in accordance with the rules and regulations of the MSE applicable from time to time.
- C.8 A Bondholder shall have such rights as are attached to the Bonds, including:
- the repayment of capital;
 - the payment of interest;
 - ranking with respect to other indebtedness of the Issuer and the Guarantor;
 - seeking recourse from the Guarantor pursuant to the Guarantee, in case of failure by the Issuer to pay any sum payable by it to Bondholders pursuant to the Terms and Conditions of the Bonds;
 - the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
 - enjoy all such other rights attached to the Bonds emanating from the Prospectus.

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

As at the date of this Summary Note, the Issuer does not have any subordinated indebtedness. As at 31 December 2018, Hili Ventures' indebtedness amounted to €287.7 million and comprised bank facilities, debt securities and other financial liabilities. As such, the indebtedness being created by the Bonds shall rank after the afore-mentioned bank facilities. In addition, the Bonds will also rank after any future debts which may be secured by a cause of preference such as a privilege and/or a hypothec.

- C.9 The Bonds shall bear interest from and including 27 August 2019 at the rate of 3.80% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The nominal value of the Bonds will be repayable in full upon maturity on the redemption date unless the Bonds are previously re-purchased and cancelled. The first interest payment will be effected on 27 August 2020 (covering the period 27 August 2019 to 26 August 2020). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. The gross yield calculated on the basis of the interest, the Bond Issue Price and the Redemption Value of the Bonds is 3.80% per annum. The remaining component of Element C.9 is Not Applicable, given that no representative of debt security holders has been appointed.
- C.10 Not Applicable: there is no derivative component in the interest payments on the Bonds.
- C.11 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 18 July 2019. Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on its Official List. The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 4 September 2019 and trading is expected to commence on 5 September 2019.

SECTION D RISKS

D.2 Key information on the key risks specific to the Issuer:

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

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



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

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

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

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

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

i. Risks relating to the Issuer and its business:

Issuer's dependence on Hili Ventures and its business

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

Issuer's exposure to Hili Ventures

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

Risks inherent in forecasts

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

ii. Risks relating to the business of Hili Ventures:

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

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

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

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

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

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

Litigation risk

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



Hili Ventures' insurance policies

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

Risks relative to changes in laws

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

Hili Ventures' indebtedness could adversely affect its financial position

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

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

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

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

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

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

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

A portion of operating expenses are fixed

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

Risks of integration and operation of acquired businesses

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

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

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

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

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

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

The McDonald's system in Malta, the Baltic countries, Greece and Romania is developed pursuant to the terms of franchises issued by McDonald's Corporation (in the case of Malta and Romania) or by McDonald's International Property Company Ltd, a subsidiary of McDonald's Corporation (in the case of the Baltic countries and Greece). Premier Capital Group has undertaken to develop restaurants under and in accordance with the McDonald's brand and standards as prescribed by the said master franchise (or franchise)



agreements. Furthermore, pursuant to master franchise (or franchise) agreements entered into with McDonalds Corporation (or its subsidiary McDonald's International Property Company Ltd, as applicable), Premier Capital Group has been granted the right to adopt and use the McDonald's restaurant system in accordance with the terms of such agreements.

In light of the aforesaid, Premier Capital Group's revenues are dependent on the continued existence of its contractual relationships with McDonald's, and in turn, of its right to operate McDonald's-branded restaurants in Malta, the Baltic countries, Greece and Romania. Furthermore, many factors and decisions in the business of Premier Capital Group are subject to restrictions, specifications or approval.

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

Risks relating to property investments and operations

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

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

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

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

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

Growth strategy

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

iii. Risks relating to the acquisition of the Comino Hotel and Bungalows:

Hili Ventures is subject to certain risks common to the hotel industry, certain of which are beyond its control

Hili Ventures plans to utilise part of the net proceeds from the Bond Issue to acquire the Comino Hotel and Bungalows. The business operations of the Comino Hotel and Bungalows and the results thereof are subject to a number of external factors that could adversely affect Hili Ventures' business, many of which are common to the hotel industry and beyond Hili Ventures' control. The impact of any of these factors (or a combination of them) may adversely affect room rates and occupancy levels at the Comino Hotel and Bungalows, or otherwise cause a reduction in Hili Ventures' income, which would have a material adverse impact on Hili Ventures' business, financial condition and results of operations.

Furthermore, the hotel industry is characterised by strong and increasing competition. Many of Hili Ventures' existing and potential competitors may have longer operating histories, greater name recognition, larger customer bases and greater financial and other resources than Hili Ventures. Severe competition in Malta and changes in economic and market conditions could adversely affect Hili Ventures' business and operating results.

Project risk

The acquisition of the Comino Hotel and Bungalows is being made with a view to developing the site into a mixed-use hospitality project including a luxury hotel and upmarket serviced bungalows. In this respect, Hili Ventures will be subject to a number of specific risks normally encountered in similar developments, including: the risk of delays in obtaining the necessary planning permissions; the risk of cost overruns; the risk of construction delays which particularly may entail logistical issues due to the unique location of the Comino Hotel and Bungalows on the island of Comino; and the risk of insufficiency of resources to complete.



Furthermore, Hili Ventures will be subject to various counter-party risks, such as contractors and subcontractors engaged in the demolition, excavation, construction and finishing of the subject development. Such parties may default or fail to perform on their obligations to Hili Ventures due to insolvency, lack of liquidity, market or economic downturns, operational failure or other reasons which are beyond Hili Ventures' control. If such risks were to materialise, they could have an adverse impact on Hili Ventures' revenue generation, cash flows and financial performance.

iv. Risks relating to the container leasing business:

Container leasing demand can be negatively affected by numerous market factors as well as external political and economic events that are beyond Hili Ventures' control

Hili Ventures has incorporated Cobalt Leasing Ltd, a company registered in the United Kingdom, which will be engaged in the acquisition and leasing of containers. Demand for containers depends largely on the rate of world trade and economic growth. Demand for leased containers is also driven by customers' "lease vs. buy" decisions. Cyclical recessions can negatively affect the operating results of container lessors, due to the fact that during economic downturns or periods of reduced trade, shipping lines and other customers tend to lease fewer containers, or lease containers only at reduced rates, and tend to rely more on their own fleets to satisfy a greater percentage of their requirements.

As a result, during periods of weak global economic activity, container lessors, such as Hili Ventures' proposed container leasing business, will typically experience lower leasing demand and consequently lower revenue, a decline in equipment utilisation, lower average rental rates, lower used container resale prices and significantly decreased profitability. The impact thereof could have a material adverse effect on Hili Ventures' business, financial condition and results of operations.

Competition in the container leasing business

Competition among container leasing companies depends upon many factors, including, among others, lease rates, lease terms (including lease duration, drop-off restrictions and repair provisions) and customer service. New entrants may be more aggressive in pricing and structuring leases and as a result, the entry of new market participants together with the already highly competitive nature of the container leasing industry, may undermine Hili Ventures' ability to maintain a high level of asset utilisation or, alternatively, could force Hili Ventures to reduce the pricing and accept lower revenue and profit margins in order to achieve its growth plans, which could adversely affect Hili Ventures' business and operating results.

v. Risks inherent in property valuations:

The valuation of property is inherently subjective, due to, among other things, the individual nature of the subject property and the assumptions upon which the valuation is carried out. Accordingly, there can be no assurance that the valuation of the Comino Hotel and Bungalows reflects actual values that could be achieved on a sale, even where any such sale were to occur shortly after the valuation date. Actual values may be materially different from any future values that may be expressed or implied by forward-looking statements set out in the valuation or anticipated on the basis of historical trends, as reality may not match the assumptions made. There can be no assurance that such valuation of property will reflect actual market values.

D.3 Key information on the key risks specific to the Bonds:

An investment in the Issuer and the Bonds may not be suitable for all recipients of the Prospectus and prospective investors are urged to consult an independent investment advisor licensed under the Investment Services Act (Cap. 370 of the Laws of Malta) as to the suitability or otherwise of an investment in the Bonds before making an investment decision.

An investment in the Bonds involves certain risks, including those set out below in this section. In deciding whether to make an investment in the Bonds, prospective investors are advised to carefully consider, with their own independent financial and other (including tax, accounting, credit, legal and regulatory) professional advisors, the following risk factors (not listed in order of priority) and other investment considerations, together with all the other information contained in the Prospectus:

- i. there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Nor can there be any assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price or at all. A public trading market depends on a number of factors over which the Issuer has no control;
- ii. investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely effect the value of the Bonds;
- iii. a Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different;
- iv. no prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time;
- v. even after the Bonds are admitted to trading on the MSE, the Issuer is required to remain in compliance with certain requirements relating, *inter alia*, to the free transferability, clearance and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the Listing Authority has the authority to suspend trading or listing of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The Listing Authority may discontinue the listing of the Bonds on the MSE. Any such trading suspensions or listing revocations / discontinuations could have a material adverse effect on the liquidity and value of the Bonds;
- vi. the Terms and Conditions of the Bond Issue are based on the requirements of the Listing Rules of the Listing Authority, the Companies Act and the Commission Regulation EC No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of the Prospectus;
- vii. in the event that the Issuer wishes to amend any of the Terms and Conditions of the Bond Issue, it shall call a meeting of Bondholders. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend



and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority;

- viii. the Bonds, as and when issued and allotted, shall constitute the general, direct, unsecured and unconditional obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantor jointly and severally. The Bonds shall at all times rank *pari passu* without any priority or preference among themselves and, in respect of the Guarantor, they shall rank without any priority or preference over its unsecured indebtedness, if any. In view of the fact that the Bonds are being guaranteed by the Guarantor on a joint and several basis, the Bondholders shall be entitled to request the Guarantor to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount, when due in terms of the Prospectus; and
- ix. the joint and several Guarantee also entitles the Bondholders to take action against the Guarantor without having to first take action against the Issuer. The strength of this undertaking on the part of the Guarantor and therefore, the level of recoverability by the Bondholders from the Guarantor of any amounts due under any of the Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor.

SECTION E OFFER

E.2b Following the Bond Issue, the Issuer shall enter into a loan agreement with the Guarantor pursuant to which the Issuer shall advance to the Guarantor the proceeds of Bond Issue which are expected to amount to *circa* €80,000,000. Accordingly, the Bond Issue expenses shall be borne by the Guarantor. The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €79,000,000, will be used by the Guarantor for the following purposes, in the amounts and order of priority set out below:

- i. an amount of *circa* €59,000,000 will be used for the purpose of financing the acquisition of 100% shareholding in Kemmuna Limited (C 15344), a company which owns the Comino Hotel and Bungalows. In terms of a share purchase agreement dated 24 May 2019, the final execution of the deed of purchase is dependent on a number of conditions precedent, including *inter alia* the successful completion of a due diligence exercise which is presently being conducted by Hili Ventures. Accordingly, in the event that the purchaser decides not to proceed with the transaction for any reason as contemplated in the share purchase agreement, the above amount of *circa* €59,000,000 shall be used to repay a number of bank loans of Hili Ventures;
- ii. the amount of €10,000,000 shall be advanced to Cobalt Leasing Ltd (a container leasing company forming part of Hili Ventures) in exchange for the issue and allotment of ordinary shares in favour of the Guarantor. The said company will utilise the funds to part-finance the acquisition of new containers for the purpose of leasing same to container shipping lines on a long term basis;
- iii. the remaining balance will be applied to fund Group-wide investment opportunities presently being considered, or which may arise in the near term, by the board of directors of the Guarantor, including, but not limited to, the setting up of a marine division.

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

E.3 The Bonds are open for subscription to all categories of investors, as follows:

- (i) The Issuer has reserved an aggregate amount of Bonds amounting to €40 million for subscription by Hili Ventures Bondholders and Hili Ventures Stakeholders ("Preferred Applicants"). In the event that the amount of €40 million reserved for the general public (detailed in clause (ii) below) is not fully taken up, the unutilised portion of this reserved amount shall become available for allocation to Preferred Applicants;
- (ii) The remaining balance of €40 million in Bonds shall be made available for subscription by the general public. In the event that the amount of €40 million reserved for Preferred Applicants (detailed in clause (i) above) is not fully taken up, the unutilised portion of this reserved amount shall become available for allocation to the general public.

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

1. Form, Denomination and Title

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

2. Interest

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

3. Status of the Bonds

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



4. *Payments*

Payment of the principal amount of a Bond will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to 27 August 2029 (the "Redemption Date"), by means of direct credit transfer into such bank account as the Bondholder may designate from time to time. Such payment shall be effected within seven (7) days of the Redemption Date. Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time. Such payment shall be effected within seven (7) days of the Interest Payment Date.

5. *Redemption*

Unless previously re-purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 27 August 2029.

6. *Events of Default*

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

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

7. *Transferability of the Bonds*

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

8. *Register of Bondholders*

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

9. *Further Issues*

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

10. *Meetings of Bondholders*

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

11. *Governing Law and Jurisdiction*

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



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

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

E.7 Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €1,000,000.

EXPECTED TIME-TABLE OF THE BOND ISSUE

1. Application Forms mailed to Hili Ventures Bondholders	23 July 2019
2. Application Forms available to Hili Ventures Stakeholders	24 July 2019
3. Application Forms available to the general public	30 July 2019
4. Closing of Preferred Applicants Offer Period	13 August 2019
5. Closing of Public Offer Period	20 August 2019
6. Commencement of interest on the Bonds	27 August 2019
7. Expected date of announcement of results of the Bond Issue	27 August 2019
8. Refunds of unallocated monies	3 September 2019
9. Expected date of notification of registration	4 September 2019
10. Expected date of admission of the securities to listing	4 September 2019
11. Expected date of commencement of trading in the securities	5 September 2019

The Issuer reserves the right to close the Public Offer Period before 20 August 2019 in the event of over-subscription, in which case, the events set out in steps 7 to 11 above shall be brought forward, although the number of working days between the respective events shall not also be altered.



NOTES

A series of horizontal dashed lines for writing notes.