

Securities Note

This Securities 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 Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

Dated 18 June 2020

In respect of an issue of

€14,000,000 4% Secured Bonds 2026

having a nominal value of €100 per Bond issued at par (the 'Series A Bonds')
ISIN: MT0002351204

and

€26,000,000 4.5% Secured Bonds 2032

having a nominal value of €100 per Bond issued at par (the 'Series B Bonds')
ISIN: MT0002351212

(collectively, the 'Bonds' or 'Secured Bonds')

SHORELINE MALL P.L.C.

a public limited liability company registered and incorporated in terms of the Companies Act with company registration number C 84005 and having its registered office at Suite 407, Level 4, Block SCM 01, Smart City Malta, Ricasoli, Kalkara SCM 1001, Malta

Sponsor, Manager & Registrar



Legal Counsel



THE PROSPECTUS HAS BEEN APPROVED BY THE LISTING AUTHORITY, AS COMPETENT AUTHORITY UNDER REGULATION (EU) 2017/1129. THE LISTING AUTHORITY ONLY APPROVES THIS PROSPECTUS AS MEETING THE STANDARD OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY REGULATION (EU) 2017/1129 AND SUCH APPROVAL SHOULD NOT BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER OR THE QUALITY OF THE SECURITIES THAT ARE THE SUBJECT OF THIS SECURITIES NOTE. PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN ASSESSMENT AS TO THE SUITABILITY OF INVESTING IN THE SECURITIES AND SHOULD BE AWARE THAT THE VALIDITY OF THIS PROSPECTUS WILL EXPIRE AND THAT THE OBLIGATION TO SUPPLEMENT A PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES DOES NOT APPLY WHEN A PROSPECTUS IS NO LONGER VALID.

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Approved by the Directors

Robert Ancilleri

Kevin Deguara

Jean C. Farrugia

Benjamin Muscat

Ryan Edward Otto

Roderick Psaila

Charles Scerri

IMPORTANT INFORMATION

THIS SECURITIES NOTE CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION IN RELATION TO SHORELINE MALL PLC IN ITS CAPACITY AS ISSUER. THIS DOCUMENT INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH: (A) THE COMPANIES ACT, (CHAPTER 386 OF THE LAWS OF MALTA) AND REGULATION (EU) 2017/1129 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 14 JUNE 2017 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET, AND REPEALING DIRECTIVE 2003/71/EC (THE 'REGULATION'); 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 OR ITS 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 AUTHROSIED BY THE ISSUER, ITS DIRECTORS, OR ADVISERS.

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

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

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 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.

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

IN THE CASE OF OFFERS MADE BY AN AUTHORISED FINANCIAL INTERMEDIARY, THE AUTHORISED FINANCIAL INTERMEDIARY WILL PROVIDE INFORMATION TO INVESTORS ON THE TERMS AND CONDITIONS OF THE OFFER AT THE TIME THE OFFER IS MADE.

ALL THE ADVISERS TO THE ISSUER HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS PUBLIC OFFER AND PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY TOWARDS ANY OTHER PERSON. NONE OF THE ADVISERS ACCEPT ANY RESPONSIBILITY TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE CONTENTS OF, ANY INFORMATION CONTAINED IN AND THE TRANSACTIONS PROPOSED IN THE PROSPECTUS, ITS COMPLETENESS OR ACCURACY OR ANY OTHER STATEMENT MADE IN CONNECTION THEREWITH. THE CONTENTS OF THE ISSUER'S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S WEBSITE DO NOT FORM PART OF THIS 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. 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 GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS.

AUTHORISED FINANCIAL INTERMEDIARIES MAKING USE OF THE PROSPECTUS HAVE TO STATE ON THEIR WEBSITE THAT THEY ARE USING THE PROSPECTUS IN ACCORDANCE WITH THE CONSENT AND THE CONDITIONS ATTACHED THERETO.

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DEFINITIONS

In this Securities Note, the following words and expressions shall bear the following meaning except where the context otherwise requires:

Aggregate Offer	the aggregate amount of Bonds subject of this Bond Issue;
Applicant/s	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
Application/s	an application to subscribe for Bonds made by an Applicant on an Application Form and submitted to the Authorised Financial Intermediary;
Authorised Financial Intermediaries	the licensed stockbrokers and financial intermediaries listed in Annex I of this Securities Note;
Elective Professional Client	<p>An Authorised Financial Intermediary may treat a client as an Elective Professional Client if it complies with (a), (b) and (c) below:</p> <ol style="list-style-type: none">the Authorised Financial Intermediary undertakes an adequate assessment of the expertise, experience and knowledge of the client, undertaken by the Authorised Financial Intermediary, gives reasonable assurance, in the light of the nature of the transactions or services envisaged, that the client is capable of making his own investment decisions and of understanding the risks involved; andin the course of the assessment referred to (a) above, as a minimum, two of the following criteria shall be satisfied:<ol style="list-style-type: none">the client has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter of the previous four quarters;the size of the client's instrument portfolio, defined as including cash deposits and instruments exceeds €500 000;the client works or, which requires knowledge of the transactions or services envisaged;the client has worked in the financial sector for at least one year in a professional position; andThe following procedure is followed:<ol style="list-style-type: none">they shall state in writing to the Authorised Financial Intermediary that they wish to be treated as a Professional Client, either generally or in respect of a particular service or transaction or type of transaction or product;the Authorised Financial Intermediary shall give such clients a clear written warning of the protections and investor compensation rights they may lose;clients shall state in writing in a separate document from the contract, that they are aware of the consequences of losing such protections.
Eligible Counterparty	means investment firms, credit institutions, insurance companies, UCITS schemes and their management companies, pension funds and their management companies, other financial institutions authorised or regulated under laws of the European Union or under Maltese law, national governments and their corresponding offices including public bodies that deal with public debt at national level, central banks and supranational organisations;
Interest Buffer	Initially, an amount equivalent to four (4) years' coupon payments on the aggregate nominal value of Bonds outstanding. Provided that the Interest Buffer may be reduced by an amount equivalent to two (2) years' coupon payments on the aggregate nominal amount of Bonds outstanding at the time upon the earlier of the third (3rd) anniversary from the commencement of interest on Bonds or upon the commencement of the letting operations by the Company;
Interest Payment Date	<p>with respect to the:</p> <ol style="list-style-type: none">Series A Bonds, means 1 August of each year between and including each of the years 2021 and the year 2026; andSeries B Bonds, means 1 August of each year between and including each of the years 2021 and the year 2032; <p>provided that, in either case, if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;</p>

Per Se Professional Client

A client who possesses the experience, knowledge and expertise to make its own investment decisions and properly assess the risks that it incurs. The following should all be regarded as professionals in all investment services and activities and with respect to all the financial instruments mentioned in Schedule 2 to the Investment Services Act (Chapter 370 of the Laws of Malta):

1. Entities which are required to be authorised or regulated to operate in the financial markets. The list below should be understood as including all authorised entities carrying out the characteristic activities of the entities mentioned: entities authorised by a Member State under a Directive, entities authorised or regulated by a Member State without reference to a Directive, and entities authorised or regulated by a Non-Member State:
 - i. Credit institutions
 - ii. Investment firms
 - iii. Other authorised or regulated financial institutions
 - iv. Insurance companies
 - v. Collective investment schemes and management companies of such schemes
 - vi. Pension funds and management companies of such funds
 - vii. Commodity and commodity derivatives dealers
 - viii. Locals
 - ix. Other institutional investors
2. Large undertakings meeting two of the following size requirements on a company basis:
 - i. balance sheet total: €20,000,000
 - ii. net turnover: €40,000,000
 - iii. own funds: €2,000,000
3. National and regional governments, public bodies that manage public debt, central banks, international and supranational institutions such as the World Bank, the IMF, the ECB, the EIB and other similar international organisations.
4. Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions.

Professional Client

a client which is either a Per Se Professional Client or an Elective Professional Client;

Retail Client

a client other than a Professional Client or Eligible Counterparty;

Suitability Test

shall have the meaning assigned to it under section 6.2.1 of this Securities Note;

Terms and Conditions

The terms and conditions of issue of the Bonds as set out in section 6.2 of this Securities Note.

Unless it appears otherwise from the context:

- a. Words and expressions and capitalised terms used in this Securities Note shall, except where the context otherwise requires and except where otherwise defined herein, bear the same meaning as the meaning given to such words, expressions and capitalised terms as indicated in the Registration Document forming part of the Prospectus;
- b. Words importing the singular shall include the plural and *vice-versa*;
- c. Words importing the masculine gender shall include the feminine gender and *vice-versa*;
- d. The word "may" shall be construed as permissive and the word "shall" shall be construed as imperative;
- e. Any reference to a person includes natural persons, firms, partnerships, companies, corporations, associations, organizations, governments, states, foundations or trusts;
- f. Any reference to a person includes that person's legal personal representatives, successors and assigns;
- g. 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;
- h. Any reference to a law, legislative act, and/or other legislation shall mean that particular law, legislative act and/or legislation as in force at the time of issue of the Prospectus.

1 PERSONS RESPONSIBLE

Each and all of the Directors of the Issuer whose names appear in section 8.1 of the Registration Document, accept responsibility for the information contained in this Securities Note. The Issuer has given its consent for drawing up this Prospectus and to its use also with respect to the subsequent resale or final placement of the Bonds by any Authorised Financial Intermediaries.

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 statements and representations. The Sponsor (acting also as the Manager and the Registrar) and the Issuer's respective advisers have advised and assisted the Issuer in the preparation of this document, but none make any representation or statement, unless otherwise expressly stated in the Prospectus, and each of them disclaims any responsibility for any representations and other statements made in the Prospectus.

2 RISK FACTORS

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

THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY ON THE REDEMPTION DATE UNLESS THE BONDS ARE PREVIOUSLY RE-PURCHASED AND CANCELLED.

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

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

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

2.1 FORWARD-LOOKING STATEMENTS

This Prospectus 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, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the intentions, beliefs or current expectations of the Issuer and its Directors concerning, amongst other things, the Issuer's and the Shoreline Group's strategies and business plans, results of operations, financial condition, liquidity and prospects of the Issuer and the markets in which it operates.

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 a guarantee of future performance and should therefore not be construed as such. The actual results of operations, financial condition, liquidity and the strategic development of the Issuer and the Shoreline Group may differ materially from the forward-looking statements contained in this Prospectus. In addition, even if the results of operations, financial condition and liquidity of the Issuer and/or the Shoreline Group are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include:

- i. Continued, sustained or worsening global economic conditions and particularly economic weakness in the areas in which the Issuer and/or the Shoreline Group operates;
- ii. Increased competition; and
- iii. Increased regulation.

Potential investors are advised to read this Prospectus in its entirety and in particular this Section titled “Risk Factors” for a further discussion of the factors that could affect the Issuer’s and/or the Shoreline Group’s future performance. In view of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this Prospectus may not occur. All forward-looking statements contained in this Prospectus are made only as at the date hereof. The Issuer and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

2.2 SUITABILITY OF INVESTMENT

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

- a. each prospective investor has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this document or any applicable supplement;
- b. each prospective investor has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the prospective investor’s currency;
- c. each prospective investor understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets;
- d. each prospective investor 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/its investment and his/her/its ability to bear the applicable risks; and
- e. the investment in the bonds is in line with the investment objectives of the prospective investor.

Authorised Financial Intermediaries providing investment advice and/or discretionary portfolio management shall distribute the Bonds to Retail Clients and/or Elective Professional Clients on an advisory basis or discretionary portfolio management basis only. The referred Authorised Financial Intermediaries are therefore required to conduct a Suitability Test in respect of Applicants that qualify as Retail Clients and/or Elective Professional Clients. This requirement shall also be applicable with regard to secondary trading.

2.3 RISKS RELATING TO THE BONDS

An investment in the Bond includes certain risks including, but not limited to, the following:

- a. **Risks related to the offer to the public and/or admission of the securities to trading on a regulated market**
 - i. **No assurance of an active secondary market**

The existence of an orderly and liquid market for the Bonds depends on a number of factors, including but not limited to the presence of willing buyers and sellers of the Issuer’s Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. The recent events surrounding the COVID-19 pandemic and the ensuing global health crisis, have led to a massive impact on the global capital markets and general investor sentiment. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Accordingly, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price at all.
 - ii. **Interest rate risk**

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.
 - iii. **Exchange rate risk**

An investor in the Bonds will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the investor’s currency of reference, if different.
 - iv. **Effect of future change in shareholding**

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. **Ongoing compliance requirement of the Issuer**

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 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 trading of the Bonds on the MSE. Any such trading suspension or discontinuance described above could have a material adverse effect on the liquidity and value of the Bonds.

vi. No independent credit rating of the Bonds has been sought

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

b. Risks related to the nature of the securities

The Issuer is entitled to issue bonds bearing a fixed rate of interest. Investment in such fixed rate bonds involves the risk that subsequent changes in market interest rates may adversely affect the market value of the said bonds. Investors should also be aware that the price of bonds moves adversely to changes in interest rates.

Should the Issuer wish to amend any of the Terms and Conditions of Issue of the Bonds, it shall call a meeting of Bondholders in accordance with the provisions of section 4.14 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.

c. Risks related to the underlying

- i. The Secured Bonds shall at all times rank *pari passu* without any priority or preference among themselves and, save for such exceptions as may be provided by applicable law, they shall rank without priority or preference over all unsecured indebtedness of the Issuer, if any, by virtue and to the extent of the first ranking special hypothecs over the Shoreline Mall Complex which the Issuer has agreed to constitute in favour of the Security Trustee for the benefit of the Bondholders of the Series A Bonds and the Series B Bonds.

In terms of the Security Trust Deed, the Security Trustee retains the discretion to substitute any one of the immovable properties subject to the Special Hypothec with another immovable property owned by the Issuer or some affiliated company, subject to a property valuation report by an independent architect to be appointed by the Issuer with the consent of the Security Trustee, confirming that the value of the property substituting and being added to the immovable properties subject to the Special Hypothec is at least equal to the value of the immovable property on which the charge has been lifted.

Notwithstanding that the Bonds constitute the general, direct, unconditional and secured obligations, there can be no guarantee that privileges accorded by law in specific situations will not arise during the course of the business of the Issuer which may rank with priority or preference to the Special Hypothec. Moreover, whilst this special hypothec grants the Security Trustee a right of preference and priority for repayment of the relevant Series over the creditors of the Issuer in respect of the Shoreline Mall Complex, there can be no guarantee that the value of the said Shoreline Mall Complex over the term of the relevant Series of Secured Bonds will be sufficient to cover the full amount of interest and principal outstanding under the said Series of Bonds.

This loss in value may be the result of various factors, including general economic factors that could have an adverse impact on the value of the Shoreline Mall Complex. If such circumstances were to arise or subsist at the time that the Special Hypothec is to be enforced by the Security Trustee, it could have a material adverse effect on the recoverability of all the amounts that may be outstanding under the Secured Bonds.

Whilst the independent valuation opines that the value of the Shoreline Mall Complex, once developed and the commercial element thereof being operational, actually exceeds the aggregate nominal value of the relevant Series of Bonds, there is no guarantee that such value determined in the independent valuation would be achieved, particularly if the Special Hypothec is enforced at a time when the Shoreline Mall Complex is still not completed and unfinished or, in the case of the commercial element, not yet operational, in which case various pressures in the market may push the price down (including the perceived weakness in the financial situation of the Group by potential buyers, the hesitation of potential buyers to take up the commitments, efforts and challenges of completing the same, the lost opportunity of fetching a good price typically offered by an immovable which is finished and which can be operated immediately).

The valuation of property is inherently subjective, due to, among other things, the individual nature of each property and the assumptions upon which the valuation is carried out. Accordingly, there can be no assurance that the valuation of properties, including of the Shoreline Mall Complex, referred to in the Prospectus reflects actual values that could be achieved on a sale, even where any such sale was 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. The global economic downturn may have a material adverse effect on the marketability and saleability of the Bonds

The global capital and credit markets have experienced increased volatility and disruption over the recent months particularly due to the COVID-19 pandemic, making it more difficult for companies to access capital markets. The issuance of the Bonds

depends, in part on stable, liquid and well-functioning capital and credit markets. There can be no assurance that continued or increased volatility and disruption in the capital and credit markets will not impair the marketability and saleability of the Bonds.

3 ESSENTIAL INFORMATION

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

Without prejudice to the potential conflicts of interest of Directors disclosed in section 8.2 of the Registration Document, and save for the subscription for Bonds by the Authorised Financial Intermediaries (which include the Sponsor, Manager & Registrar), and any fees payable in connection with the Bond Issue to the Sponsor, Manager & Registrar, so far as the Issuer is aware no person involved in the Bond Issue has an interest material to the Bond Issue.

3.2 REASONS FOR THE OFFER AND USE OF PROCEEDS

The net proceeds from the Bond Issue, are expected to amount to approximately €39,200,000. The proceeds will be utilised for the development of the Project as follows:

- a. €20,490,000 for direct civil and construction costs of the Project;
- b. €14,010,000 for direct finishing costs of the Project; and
- c. €4,700,000 for other costs related to the Project such as excavation works and professional fees.

Bond Issue expenses for a total of €800,000 will consist of:

- a. Selling commission of €400,000; and
- b. Professional, MSE, regulatory and other ancillary fees of €400,000.

All proceeds from the Bond Issue shall be held by the Security Trustee and will be drawn down against the presentation of invoices, in accordance with the provisions of the Security Trust Deed. In terms of the Prospectus and Security Trust Deed, the Security Trustee shall not release any of the Bond Issue proceeds (after receiving same from the Registrar), except for the payment of invoices directly related to the development of the Shoreline Mall Complex.

4 INFORMATION CONCERNING THE SECURITIES TO BE OFFERED TO THE PUBLIC AND ADMITTED TO TRADING

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

4.1 GENERAL

Each Series A Bond forms part of a duly authorised issue of 4% Secured Bonds 2026 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €14,000,000 (except as otherwise provided under section 4.13 "Further Issues"). Each Series B Bond forms part of a duly authorised issue of 4.5% Secured Bonds 2032 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €26,000,000 (except as otherwise provided under section 4.13 "Further Issues"). The Bonds are created under Maltese law.

- a. The currency of the Bonds is Euro (€).
- b. Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned ISIN: MT0002351204 for Series A Bonds and ISIN: MT0002351212 for Series B Bonds.
- c. Unless previously purchased and cancelled, the Bonds shall be redeemable at par on the respective Redemption Date.
- d. The issue of the Bonds is made in accordance with the requirements of the Listing Rules, the Act, and the Regulation.
- e. The Bond Issue is not underwritten.
- f. There are no special rights attached to the Bonds other than the right of the Bondholders to the payment of capital and interest and in accordance with the ranking specified in section 4.3 hereunder.

In the event that the Bond Issue is not fully subscribed and provided that the amount received from any of the Series A Bonds and/or Series B Bonds is not less than €30,000,000, the Issuer will proceed with the listing thereof. Any amounts required by the Issuer for the purposes of the use specified in this Prospectus which shall not have been raised through the Bond Issue shall be financed from the Shoreline Group's general cash flow and/or bank financing. In the event that the proceeds received on closure of the Offer Period amounts to below €30,000,000, no allotment of the Bonds shall be made, the Subscription of Bonds shall be deemed not to have been accepted by the Issuer and all money received from Applicants shall be refunded accordingly.

4.2 REGISTRATION, FORM, DENOMINATION AND TITLE

Certificates will not be delivered to Bondholders in respect of the Bonds. The entitlement to Bonds will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There will be entered in such electronic register the names, addresses, identity card numbers (in the case of natural persons),

registration numbers (in the case of companies) and MSE account numbers of the Bondholders and particulars of the Bonds held by them respectively, and the Bondholders shall have, at all reasonable times during business hours, access to the register of bondholders held at the CSD for the purpose of inspecting information held on their respective account. The CSD will issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/her/its entitlement to Bonds held in the register kept by the CSD. Upon submission of an Application Form, Bondholders who opt to subscribe for the online e-portfolio account with the CSD, by marking the appropriate box on the Application Form, will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-portfolio is found on the afore-mentioned website.

The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiples €100 in the case of both the Series A Bonds and the Series B Bonds, provided that on subscription the Bonds will be issued for a minimum of €2,000 in the case of both the Series A Bonds and the Series B Bonds 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 (including the Issuer) and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below in section 4.12 of this Securities Note.

4.3 RANKING OF THE BONDS

The Secured Bonds, as and when issued and allotted, shall constitute the general, direct and unconditional obligations of the Issuer and shall at all times, rank *pari passu*, without any priority or preference among themselves. The Secured Bonds shall rank with priority or preference to all other present and future unsecured obligations of the Issuer, save for such exceptions as may be provided by applicable law, by virtue and to the extent of the Special Hypothec. Pursuant to the Trust Deed, the Issuer has agreed to constitute in favour of the Security Trustee for the benefit of Bondholders as beneficiaries, the Special Hypothec. The Special Hypothec will secure the claim of the Security Trustee, for the benefit and in the interest of Bondholders as beneficiaries, for the repayment of the principal and interest under the Bonds by a preferred claim over the Shoreline Mall Complex.

4.4 RIGHTS ATTACHING TO THE BONDS

This Securities Note in its entirety contains the Terms and Conditions of issue of the Bonds, which constitute the terms and conditions of the contract between the Issuer and a Bondholder. A Bondholder shall have such rights as are, pursuant to this Securities Note, attached to the Bonds, including:

- a. the repayment of capital;
- b. the payment of interest;
- c. the benefit of enforcing the Special Hypothec through the Security Trustee;
- d. the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
- e. enjoy all such other rights attached to the Bonds emanating from the Prospectus.

4.5 INTEREST

The Secured Bonds shall bear interest:

- i. in the case of the Series A Bonds, from and including 1 August 2020 at the rate of 4% per annum on the nominal value thereof; and
- ii. in the case of the Series B Bonds, from and including 1 August 2020 at the rate of 4.5% per annum on the nominal value thereof,

payable annually in arrears on each respective Interest Payment Date. The first interest payment for both Series A and Series B Bonds will be effected on 1 August 2021 (covering the period 1 August 2020 to 31 July 2021).

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.

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.

4.6 THE SECURITY INTEREST

4.6.1 THE SPECIAL HYPOTHEC

The Bonds shall be secured, upon Completion, by the Special Hypothec which shall be registered in favour of the Security Trustee, in terms of the Security Trust Deed. Details of the Security Trust Deed are contained in section 4.7 of this Securities Note.

The Special Hypothec may be varied or reduced from time to time, as provided for in clauses 9.7 and 9.8 of the Security Trust Deed, insofar as the value of the property charged by the Special Hypothec from time to time shall not be less than the aggregate nominal amount of the Bonds outstanding at the time together with the Interest Buffer. The Security Trustee, if it is deemed to be in the interest of the Bondholders, may provide its consent for security to be granted by the Issuer which shall rank prior to the Special Hypothec in terms of and under the conditions set out in clauses 9.7 and 9.8 of the Security Trust Deed, described in section 4.7 of this Securities Note. In such cases, the Security Trustee shall, in giving its consent, act for the benefit of Bondholders as he is obliged to do in terms of law (Article 3.1 of the Trusts and Trustees Act (Chapter 331 of the Laws of Malta)).

In terms of Article 1995 of the Civil Code (Chapter 16 of the Laws of Malta), the property of a debtor is the common guarantee of his creditors, all of whom have an equal right over such property unless there exist between them 'lawful causes of preference'. Hypothecs are 'lawful causes of preference'.

A hypothec is a right created over the property of a debtor or of a third party for the benefit of the creditor, as security for the fulfilment of an obligation (Article 2011 of the Civil Code); a special hypothec is a hypothec which affects particular immovables (Article 2012 of the Civil Code).

The Special Hypothec created in favour of the Security Trustee for the benefit of the Bondholders shall secure the principal amount of the Bonds still outstanding together with accrued interest thereon. However, in the event of enforcement, the Special Hypothec would be subordinate to the security interests indicated (below):

- A. The special privilege for the amount of sixty-five thousand Maltese Lira (Lm65,000) (equivalent to one hundred and fifty-one thousand, four hundred and nine Euro (€151,409)), burdening the Emphyteutical Land (including the Shoreline Mall Site), registered in the Public Registry as Note of Privilege number eight thousand, three hundred and sixty-three of the year two thousand and seven (I.8363/2007), which special privilege is also registered in the Land Registry as charge one thousand and thirty four of the year two thousand and seven (LRC1034/2007), as security in favour of the Government of Malta (as creditor) for payment of the annual temporary ground-rent burdening the Emphyteutical Land (set at sixty five thousand Maltese Lira (Lm65,000) equivalent to one hundred and fifty-one thousand, four hundred and nine Euro (€151,409)) and the due observance of all other obligations arising out of the deed of emphyteusis in the records of Notary Vincent Miceli of the 22 April 2007 by virtue of which the Government of Malta granted the Emphyteutical Land unto Smart City (Malta) Limited by title of temporary emphyteusis for a period of ninety-nine (99) years commencing on the 22 April 2007;
- B. The special privilege for the amount of three thousand, five hundred and forty-three Euro and seventy-five cents (€3,543.75) burdening the Designated Area (including the Shoreline Mall Site), registered in the Public Registry as Note of Privilege number eight thousand four hundred and seventy-seven of the year two thousand and nineteen (I.8477/2019) which special privilege is also registered in the Land Registry as charge two thousand six hundred and ninety-one of two thousand nineteen (cc 2691/2019) as security in favour of Smart City (Malta) Limited for payment of the "Increase in Ground Rent" (as such term is defined in the deed in the records of Notary Joseph Smith La Rosa of the 17 April 2019) set at three thousand, five hundred and forty-three Euro and seventy-five cents (€3,543.75) and the due observance of all other obligations, imposed by and emanating from the said deed whereby the Designated Area was transferred by Smart City (Malta) Limited unto Shoreline Residence by title of sub-emphyteusis;
- C. The special hypothec for the amount of five hundred thousand Euro (€500,000) burdening the Shoreline Mall Site, to be registered, on or about the date of the Issue of the Bonds, in the Public Registry and Land Registry as security in favour of Smart City (Malta) Limited for the due observance by the Issuer of its obligations under the "Smart City Facilities Agreement" including the "Community Fee" (as such terms are defined in the Shoreline Mall Site Deed);
- D. Any security interest which may arise by operation of law in favour of third parties over the Shoreline Mall Site, which in terms of applicable law may rank prior to the Special Hypothec.

4.6.2 THE CASH COLLATERAL

Furthermore, the Security Trustee shall, upon Completion, retain the Cash Collateral as additional security for the benefit of the Bondholders. The Cash Collateral shall be held on escrow by the Security Trustee for the financing of the development costs of the Project. The Security Trustee shall release the Cash Collateral upon the presentation of the relative requests for payment for the development costs of the Project by the Company.

In terms of the Security Trust Deed, the Security Trustee may retain and pay to itself out of any monies or the proceeds of any investment in its hands upon the trusts of the Trust Deed all sums owing to it in respect of remuneration costs, charges, expenses or interest or by virtue of any release or indemnity granted to it and all such sums as aforesaid shall be so retained and paid in priority to the claims of the Bondholders.

4.7 THE SECURITY TRUST DEED

The following does not purport to constitute an exhaustive summary of the Security Trust Deed. This Section 4.7 is simply intended to give an overview of the more salient provisions of the Security Trust Deed. For more information on the provisions of the Security Trust Deed, please refer to the Security Trust Deed which is available for inspection as indicated in section 13 of the Registration Document.

Terms in this section 4.7 have the meaning assigned to them in the Security Trust Deed.

4.7.1 GENERAL PROVISIONS

The trust is constituted in terms of Article 2095E of the Civil Code (Chapter 16 of the Laws of Malta), and is to be treated as constituted in the context of a commercial transaction in terms and for the purposes of the Trusts and Trustees Act (Chapter 331 of the Laws of Malta).

4.7.2 SAFEGUARDS FOR THE APPLICANTS

4.7.2.1 Conditions

The net proceeds from the issue of the Bonds shall be held by the Security Trustee for the payment therefrom of the development costs in relation to the Project, against the presentation by the Issuer to the Security Trustee of documentation to the satisfaction of the Security Trustee evidencing that the funds requested are required and shall be utilised in connection with the Project. Release of funds by the Security Trustee shall be subject to the fulfilment by the Issuer of the following:

- i. The publication of the deed of special hypothec;
- ii. Completion.

4.7.2.2 Registration of the Special Hypothec

The Issuer shall, upon Completion, register a special hypothec in favour of the Security Trustee, over the Shoreline Mall Complex, which shall be constituted for the aggregate amount of Bonds outstanding on the Completion Date.

4.7.2.3 Transfer of the net proceeds of the Bonds

Upon the satisfaction of the conditions indicated in section 4.7.2.1 above, the Security Trustee shall retain the net proceeds from issue of the Bonds on escrow for the benefit of the Bondholders, for the sole use to fund, against the presentation to it of the relevant invoices by the Issuer, the development costs of the Issuer.

4.7.3 VARIATION OR REDUCTION OF THE SPECIAL HYPOTHEC

The Security Trust Deed makes provision for the following:

- i. In the event that any of the Bonds are either redeemed or purchased and cancelled by the Issuer, the value of the Special Hypothec is to be reduced by an amount equivalent to the principal amount of the Bonds so redeemed or purchased and cancelled.
- ii. The Issuer has the right to have a part or parts of the property being secured by the Special Hypothec to be released from the effects of the Special Hypothec and/or to have the relative Special Hypothec waived or postponed, without substituting other property or money, provided that the property remaining immediately after such release or waiver shall have an aggregate value as shown by a valuation of not less than the aggregate nominal amount of the Bonds and the Interest Buffer. The Security Trust Deed defines 'valuation' as a valuation made by such professional valuer as may be nominated or approved by the Security Trustee (the 'Valuer') on the basis of applicable international standards or such other basis as the Security Trustee may approve, in the case of immovable property. The Issuer and the Security Trustee have the right to require a valuation at any time, at the Issuer's expense, and may require the release, waiver or postponement of the Special Hypothec as aforesaid within twelve (12) months of the date of the valuation. The Security Trustee may, subject to agreement with the Issuer, instead of requiring a valuation, treat the value of the property as being its proposed sale price.

4.7.4 COVENANTS AND REPRESENTATIONS AND WARRANTIES

The Issuer has covenanted various obligations with the Security Trustee which apply for the duration of the continuance of the Security Interest. These covenants may be enforced by the Security Trustee. Moreover, the Issuer has made a number of representations and warranties to the Security Trustee.

4.7.5 FUNCTIONS AND POWERS OF THE SECURITY TRUSTEE

The Security Trust Deed grants the Security Trustee various powers. Most notably, the Security Trustee may, by notice in writing to the Issuer, declare the Bonds to have become immediately due and repayable in the case of an Event of Default in terms of Section 4.11 of this Securities Note and may take any proceedings against the Issuer as it may deem fit including the enforcement of the Security Interest if the Issuer fails to pay the principal amount as and when the Bonds are due to be redeemed and failure continues for 30 days after written notice is given to the Issuer or at any time after the Bonds have become immediately due and payable. The functions and powers of the Security Trustee shall not be liable for any error of judgement committed in good faith unless it is proved that it was grossly negligent in ascertaining the pertinent facts and the Security Trustee, its officer, employees and agents are entitled to be indemnified out of the property subject to the Security Interest so far as may be lawful in respect of all liabilities incurred in the execution of the trusts of the Security Trust Deed.

The Security Trustee may pay to itself out of the funds held on trust by it, all sums owing to it in respect of remuneration costs, charge, expenses or interest, or by virtue of any indemnity from the Issuer to which it is entitled under the Security Trust Deed or by law or by virtue of any release of indemnity granted to it, out of any monies or the proceeds of any investments in its hands upon the trusts of the Security Trust Deed. All such sums shall be retained and paid in priority to the claims of the Bondholders and shall constitute an additional charge upon the property charged with the Security Interest.

4.7.6 RESIGNATION AND REMOVAL OF SECURITY TRUSTEE

The Security Trustee may resign as security trustee by giving not less than three (3) months' notice in writing to the Issuer. The Issuer may remove the Security Trustee by giving at least one (1) months' notice.

In the event of the Security Trustee giving notice of its resignation or being removed, the Issuer undertakes to procure a new trustee to be appointed (the 'Successor Trustee'). The retirement or removal of the Security Trustee shall not become effective until such time as a Successor Trustee is appointed and the Security Interest is transferred to the Successor Trustee. Upon appointment of the Successor Trustee, references contained in the Security Trust Deed and this Prospectus to the Security Trustee shall be deemed to refer to the Successor Trustee.

The terms and conditions of the Security Trust Deed shall, upon subscription or purchase of any Bonds, be binding on such subscriber or purchaser as a beneficiary under the trust as if the Bondholder had been a party to the Security Trust Deed and as if the Security Trust Deed contained covenants on the part of each Bondholder to observe and be bound by all the provisions thereof, and the Security Trustee is authorised and required to do the things required of it by the Security Trust Deed.

4.8 YIELD

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds is:

- i. in the case of Series A Bonds, 4% per annum; and
- ii. in the case of Series B Bonds, 4.5% per annum.

4.9 REDEMPTION AND PURCHASE

Unless previously purchased and cancelled:

- i. the Series A Bonds will be redeemed at their nominal value (together with interest accrued to the respective date fixed for redemption) on 1 August 2026; and
- ii. the Series B Bonds will be redeemed at their nominal value (together with interest accrued to the respective date fixed for redemption) on 1 August 2032.

Subject to the provisions of this section the Issuer may at any time purchase Bonds of any Series in the open market or otherwise at any price.

Any purchase by tender shall be made available to all Bondholders of the relevant Series alike.

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

4.10 PAYMENTS

Payment of the principal amount of Bonds will be made in Euro (€). The Issuer will effect payments to the person in whose name the Bonds are registered, with interest accrued up to the Redemption Date. Payments shall be made by means of direct credit transfer into such bank account as the Bondholder designates in the Application Form and/or such other bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro and held with any licensed bank in Malta. Such payment shall be made within seven (7) 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 Bonds shall be redeemed and the appropriate entry made in the electronic register of the Bonds at the CSD.

In the case of Bonds held subject to usufruct, payment of the principal amount will be made against the joint instructions of all bare owners and usufructuaries. Before effecting payment the Issuer and/or the CSD shall be entitled to request any legal documents deemed necessary concerning the entitlement of the bare owner/s and the usufructuary/ies to payment of the Bonds. Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) 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 Bonds are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable fiscal or other laws and regulations. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made net of any amount which the Issuer is or may become compelled by law to deduct or withhold for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Malta or any authority thereof or therein or of any other applicable jurisdiction having power to tax.

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

In terms of article 2156 of the Civil Code (Cap. 16 of the Laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five years.

4.11 EVENTS OF DEFAULT

Pursuant to the Trust Deed, the Security Trustee may in its absolute discretion, and shall upon the request in writing of not less than 75% in value of the registered Bondholders or (as the case may be) of the registered Bondholders of the relevant Series at the relevant time, by notice in writing to the Issuer declare the Bonds, or either the Series A Bonds or the Series B 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 ("Events of Default"):

- a. the Issuer fails to pay any interest under the Bonds or under Bonds of any Series when due and such failure continues for a period of sixty (60) days after written notice thereof by the Security Trustee to the Issuer;
- b. the Issuer fails to pay the Redemption Value of a Bond when due and such failure continues for a period of sixty (60) days after written notice thereof by the Security Trustee to the Issuer;
- c. the Issuer fails 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 the Security Trustee;
- d. there shall have been entered against the Issuer a final judgment by a court of competent jurisdiction from which no appeal may be made or is taken for the payment of money in excess of €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;
- e. the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent, within the meaning of Article 214(5) of the Act;
- f. an order is made, or an effective resolution passed for the dissolution, termination of existence, liquidation or winding up of the Issuer, except for the purpose of a reconstruction, amalgamation or division;
- g. a judicial or provisional administrator is appointed upon the whole or any part of the property of the Issuer;
- h. the Issuer ceases or threatens to cease to carry on its business or a substantial part thereof;
- i. the Issuer commits a breach of any covenants or provisions contained in the Trust Deed and on its part to be observed and performed and the said breach still subsists for sixty (60) days after having been notified by the Security Trustee (other than any covenant for the payment of interests or principal monies owing in respect of the Bonds);
- j. it becomes unlawful at any time for the Issuer to perform all or any of its obligations hereunder or under the Trust Deed;
- k. the Issuer repudiates, or does or causes or permits to be done any act or thing evidencing an intention to repudiate the Bonds and/or the Trust Deed;
- l. all, or in the sole opinion of the Security Trustee, a material part, of the undertakings, assets, rights, or revenues of or shares or other ownership interests in the Issuer are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government, provided that in the case of paragraphs (c), (d) and (g) to (l) the Security Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Bondholders.

Upon any such declaration being made as aforesaid the said principal monies and interest accrued under the Bonds or, as the case may be, under the Bonds of the relevant Series, shall be deemed to have become immediately payable at the time of the event 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 contained herein or in the Trust Deed 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, to the extent deemed to be in the best interests of Bondholders, act on and in accordance with any directions it may receive in a meeting of Bondholders or (as the case may be) of the Bondholders of the relevant Series 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 are each observing and performing all the obligations, conditions and provisions on their respective parts contained in the Bonds and the Trust Deed.

4.12 TRANSFERABILITY OF THE BONDS

The Bonds are freely transferable and, once admitted to the Official List of the MSE, 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. The minimum subscription amount of €2,000 for the Secured Bonds shall only apply during the Offer Period. As such, no minimum holding requirement shall be applicable once the Bonds are admitted to listing on the Official List of the MSE and commence trading thereafter subject to trading in multiples of €100.

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

4.13 FURTHER ISSUES

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

4.14 RESOLUTIONS AND MEETINGS OF BONDHOLDERS

The Issuer may from time to time call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of the Prospectus require the approval of a Bondholders' meeting and to effect any change to the applicable Terms and Conditions of the Bonds. The Security Trust Deed also provides for the power of the Security Trustee, at the cost of the Issuer and at its own initiative to call meetings of Bondholders prior to exercising any power or discretion under such Deed or to write to all Bondholders requesting their directions. Furthermore, the Security Trust Deed provides for an obligation of the Security Trustee to call a meeting of Bondholders upon a request made at any time by one or more Bondholders holding at least ten per cent (10%) of the outstanding value of the Bonds.

The Security Trust Deed provides that the Security Trustee shall not be bound to act on behalf of the Bondholders under such Deed unless it receives duly authorised directions as stipulated in the said Deed, and in such case only to the extent deemed to be in the best interests of Bondholders. Where the matter to be consulted upon or requiring consent or approval of Bondholders or the change to the Terms and Conditions relates exclusively to one Series of Bonds, to the rights attaching to one such Series and/or the holder of one such Series, then the matter shall be discussed, resolved and voted upon at a meeting called solely for the holders of the relevant Series, and in such case all the provisions of this section or any other provision of the Prospectus relating to meetings of Bondholders shall apply 'mutatis mutandis' to such Series specific meeting and references therein to Bonds and Bondholders (including quorum and voting thresholds or majorities calculated by reference to a percentage of the nominal value of Bonds) shall be construed as references to the relevant Series of Bonds and to the holders thereof respectively.

A meeting of Bondholders shall be called by the Directors by giving all Bondholders listed on the register of Bondholders as at a date being not more than thirty (30) days preceding the date scheduled for the meeting, not less than fourteen (14) days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment to the Terms and Conditions of the Bonds in terms of this Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld.

Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this section at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer. The amendment or waiver of any of the Terms and Conditions of the Bonds, or in any other part of the Prospectus, may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof. A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. At least two Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the relevant Series of Bonds then outstanding, shall constitute a quorum. If a quorum is not present within thirty (30) minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Bondholders of the relevant Series of Bonds present at that meeting. The Issuer shall within two (2) days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven (7) days, and not later than fifteen (15) days, following the original meeting. At an adjourned meeting: the number of Bondholders of the relevant Series of Bonds 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.

Any person who in accordance with the Memorandum and Articles of Association of the Issuer is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders. Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions which are required to be taken at the meeting, the Directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the

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

The voting process shall be managed by the company secretary of the Issuer under the supervision and scrutiny of the auditors of the Issuer. Unless otherwise expressly stated and required in respect of a specific issue/s herein, the proposal placed before a meeting of Bondholders shall only be considered approved if at least 60% 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.

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

4.15 BONDS HELD JOINTLY

In respect of a Bond held jointly by several persons (including husband and wife), the joint holders shall nominate one of their number as their representative and his/her name will be entered in the register with such designation. The 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 the joint holders of the relevant Bond/s. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.

4.16 BONDS HELD SUBJECT TO USUFRUCT

In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. Without prejudice to what is provided in section 4.10 regarding payment of principal, the usufructuary shall, for all intents and purposes, be deemed *vis-a-vis* the Issuer to be the holder of the Bond so held and shall have the right to receive interest on the Bond and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond, have the right to dispose of the Bond so held without the consent of the bare owner.

4.17 AUTHORISATIONS AND APPROVALS

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a Board of Directors' resolution passed on 19 October 2019.

4.18 REPRESENTATIONS AND WARRANTIES

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

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

The Prospectus contains all relevant material information with respect to the Issuer and all information contained in the Prospectus is in every material respect true and accurate and not misleading, and there are no other facts in relation to the Issuer, its businesses and financial position, the omission of which would, in the context of the issue of the Bonds, make any statement in the Prospectus misleading or inaccurate in any material respect.

4.19 COMMITMENT BY RELATED ENTITIES

Should the need arise during the term of the Bonds or on maturity of the Bonds, Shoreline Holdings has committed in favour of the Issuer to fund the Issuer's financial obligations arising from the Bonds up to an amount of €7,497,700. Such funding shall be provided via the injection of additional equity or quasi-equity in the capital of the Issuer. The Issuer's Audit Committee shall in its ongoing assessment of the Issuer's financial position based on the quarterly management accounts and projections, make its determination as to when and if such funding is required thereby submitting to the Board its recommendation as to the mode and quantum of the financing required to be injected from Shoreline Holdings for the relevant financial year.

4.20 NOTICES

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

4.21 GOVERNING LAW AND JURISDICTION

The Bonds, all the rights and obligations of the Bondholders and the Issuer, and any non-contractual matters arising out of or in connection therewith, shall be governed by and construed in accordance with Maltese law. Any dispute, legal action,

suit or proceedings against the Issuer arising out of or in connection with the Bonds and/or the Prospectus and/or any non-contractual matters arising out of or in connection therewith shall be brought exclusively before the Maltese courts. The Issuer and each Bondholder therefore irrevocably submits to the exclusive jurisdiction of the Courts of Malta to hear and determine any dispute, action, suit or proceedings as aforesaid.

5 TAXATION

INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION WHICH MAY BE APPLICABLE TO THEM IN RESPECT OF THE BONDS, INCLUDING THEIR ACQUISITION, HOLDING AND TRANSFER AS WELL AS ON ANY INCOME DERIVED THEREFROM OR ON ANY GAINS DERIVED ON THE TRANSFER OF SUCH BONDS. THE FOLLOWING IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO BONDHOLDERS IN SO FAR AS TAXATION IN MALTA IS CONCERNED. THIS INFORMATION DOES NOT CONSTITUTE LEGAL OR TAX ADVICE AND DOES NOT PURPORT TO BE EXHAUSTIVE. THE INFORMATION BELOW IS BASED ON AN INTERPRETATION OF TAX LAW AND PRACTICE RELATIVE TO THE APPLICABLE LEGISLATION, AS KNOWN TO THE ISSUER AT THE DATE OF THE PROSPECTUS, IN RESPECT OF A SUBJECT ON WHICH NO OFFICIAL GUIDELINES EXIST. INVESTORS ARE REMINDED THAT TAX LAW AND PRACTICE AND THEIR INTERPRETATION AS WELL AS THE LEVELS OF TAX ON THE SUBJECT MATTER REFERRED TO IN THE PRECEDING PARAGRAPH, MAY CHANGE FROM TIME TO TIME. THIS INFORMATION IS BEING GIVEN SOLELY FOR THE GENERAL INFORMATION OF INVESTORS. THE PRECISE IMPLICATIONS FOR INVESTORS WILL DEPEND, AMONG OTHER THINGS, ON THEIR PARTICULAR CIRCUMSTANCES AND ON THE CLASSIFICATION OF THE BONDS FROM A MALTESE TAX PERSPECTIVE, AND PROFESSIONAL ADVICE IN THIS RESPECT SHOULD BE SOUGHT ACCORDINGLY.

Malta tax on interest

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is instructed by a Bondholder to receive the interest gross of any withholding tax, or if the Bondholder does not fall within the definition of “recipient” in terms of Article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), interest shall be paid to such Bondholder net of a final withholding tax, currently at the rate of 15% (10% in the case of certain types of collective investment schemes) of the gross amount of the interest, pursuant to Article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta).

Bondholders who do not fall within the definition of a “recipient” do not qualify for the said rate and should seek advice on the taxation of such income as special rules may apply. This withholding tax is considered as a final tax and a Maltese resident individual Bondholder is not obliged to declare the interest so received in his income tax return (to the extent that the interest is paid net of tax). No person shall be charged to further tax in respect of such income.

The Issuer will render an account to the Maltese Commissioner for Revenue of all amounts so deducted but will not specify the identity of the recipient. In the case of a valid election made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his income tax return and be subject to tax 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 unless the beneficiary is a non-resident of Malta. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

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

Exchange of information

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

Maltese tax on capital gains on transfer of the Bonds

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

Duty on documents and transfers

In terms of the Duty on Documents and Transfers Act (Cap. 364 of the Laws of Malta), duty is chargeable inter alia on the transfer or transmission causa mortis of marketable securities. A marketable security is defined in the said legislation as “a holding of share capital in any company and any document representing the same”. Consequently, the Bonds should not be treated as constituting marketable securities within the meaning of the legislation and therefore, the transfer/transmission thereof should not be chargeable to duty.

Furthermore, even if the Bonds are considered marketable securities for the purposes of the Duty on Documents and Transfers Act, in terms of article 50 of the Financial Markets Act (Cap. 345 of the Laws of Malta) since the Bonds constitute financial instruments of a quoted company (as defined in such Act), redemptions and transfers of the Bonds should, in any case, be exempt from duty.

INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF BONDS AS WELL AS INTEREST PAYMENTS MADE BY THE ISSUER. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE BONDS AND TO BONDHOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.

6 TERMS AND CONDITIONS OF THE BOND ISSUE

6.1 EXPECTED TIMETABLE

1. Application Forms available to the general public	1 July
2. Offer Period (may be closed earlier as determined by the Issuer)	6 July 2020 - 31 July 2020
3. Commencement of interest on Bonds	1 August 2020
4. Announcement of basis of acceptance	3 August 2020
5. Refunds of unallocated monies	3 August 2020
6. Dispatch of allotment letters	3 August 2020
7. Listing of Bonds on the MSE	6 August 2020
8. Commencement of trading on MSE	7 August 2020

The Issuer reserves the right to close the Offer Period before 31 July 2020 in the event over-subscription, in which case the remaining events set out in section 4.11 above, will be brought forward and will take place in the same chronological order as set out above. However, listing of the Bonds and commencement of trading on the MSE may only take place provided that security for the benefit of Bondholders has been duly perfected within a maximum of 15 Business Days from closing of the Offer Period (refer to section 5.5 of Registration Document entitled 'Closing Dynamics').

6.2 TERMS AND CONDITIONS OF APPLICATION

6.2.1 Applicants may subscribe for Series A Bonds by completing Application Form 'A' and for Series B Bonds by completing Application Form 'B', specimens of which can be found in Annex II and Annex III to this Securities Notes, respectively. Such Application Forms may be submitted to any Authorised Financial Intermediary by latest 31 July 2020, or such earlier date as may be determined by the Issuer in case of oversubscription.

Authorised Financial Intermediaries providing investment advice and/or discretionary portfolio management shall distribute the Bonds to Retail Clients and/or Elective Professional Clients on an advisory basis or discretionary portfolio management basis only. The referred Authorised Financial Intermediaries are therefore required to conduct a Suitability Test in respect of Applicants that qualify as Retail Clients and/or Elective Professional Clients. This requirement shall also be applicable with regard to secondary trading.

The referred Authorised Financial Intermediaries have to be satisfied that based on the outcome of the suitability test, the Bond/s is/are suitable for the Applicant. In this context, the Authorised Financial Intermediaries are expected to assess that the risk profile of the Bond/s as detailed in this Prospectus fits within the Applicant's risk profile and risk of bearing economic losses.

This requirement does not apply to Applicants that qualify as "Per Se Professional Clients" or "Eligible Counterparties".

For the purpose of this Prospectus, the term 'Suitability Test' means the process through which Authorised Financial Intermediaries who shall provide investment advice or portfolio management services (as the case may be) in relation to the subscription for and trading of Bonds, obtain such information from the Applicant or prospective transferee, as is necessary, to enable the Authorised Financial Intermediary to recommend to or, in the case of portfolio management, to effect for, the Applicant or prospective transferee, the investment service and trading in Bonds that are considered suitable for him/her, in accordance with the Conduct of Business Rulebook as issued by the MFSA.

The information obtained pursuant to this test must be such as to enable the licensed financial intermediary to understand the essential facts about the Applicant or prospective transferee and to have a reasonable basis for believing, giving due consideration to the nature and extent of the service provided, that the specific transaction to be recommended, or to be entered into in the course of providing a portfolio management service, satisfies the following criteria:

- it meets the investment objectives of the Applicant or prospective transferee in question;
- it is such that the Applicant or prospective transferee is able financially to bear any related investment risks consistent with the investment objectives of such Applicant or prospective transferee; and
- it is such that the Applicant or prospective transferee has the necessary experience and knowledge.

- 6.2.2** The Offer shall be deemed to have closed upon the earlier occurrence of either subscriptions reaching the aggregate Offer at any point in time during the Offer Period, or upon closing of the Offer Period where the Issuer would have received subscriptions equivalent to at least the Minimum Total Subscription Amount ('Closing').
- 6.2.3** The issue and allotment of the Bonds is conditional upon: (i) security for the benefit of Bondholders has been duly perfected within a maximum of 15 Business Days from the closing of the Offer Period and (ii) the Secured Bonds being admitted to the Official List of the MSE ("Completion"). In the event that Completion does not occur, any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant's bank account indicated by the Applicant on the relative Application Form. The Issuer shall not be responsible for any charges, loss or delay in transmission to the extent that the said Issuer has acted diligently and with the expected reasonable due standard of care.
- 6.2.4** It is the responsibility of Investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying, including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.
- 6.2.5** The contract created by the Issuer's acceptance of an Application filed by a prospective Bondholder shall be subject to all the terms and conditions set out in this Securities Note and the Memorandum and Articles of Association of the Issuer.
- 6.2.6** Any person, whether natural or legal, shall be eligible to submit an Application and any one (1) person, whether directly or indirectly, should not submit more than one (1) Application Form in any one Series. If an Application Form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have duly bound his principal, or the relative corporation, corporate entity, or association of persons, and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions on their behalf. Such representative is requested to submit the relative power of attorney/ resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer and/or 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 and bind the Applicant. In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each of the joint Applicants, and liability thereof is joint and several.

Applications in the name of a corporation or corporate entity or association of persons, need to include a valid Legal Entity Identifier ("LEI") in the space provided on the Application Form. Failure to include a valid LEI code, will result in the Application being cancelled by the Issuer acting through the Registrar and subscription monies will be returned to the Applicant in accordance with section 6.2.20 below.

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

- 6.2.7** 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 Form shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents/legal guardian/assigning the application form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
- 6.2.8** The Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and, accordingly, may not be offered or sold within the United States or to or for the account or benefit of a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended).
- 6.2.9** 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.
- 6.2.10** It is the responsibility of any person outside Malta, wishing to make any Application, to satisfy himself/herself/itself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consent, observing any other formality required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- 6.2.11** Subject to all other terms and conditions set out in the Prospectus, the Issuer reserves the right to reject, in whole or in part, or to scale down, any Application, including multiple or suspected multiple applications, and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Issuer is not properly completed in all respects in accordance with the instructions, and/or the Prospectus, and/or is not accompanied by the required documents. Only original Application Forms will be

accepted, and photocopies/facsimile copies will not be accepted. In the case of joint Applications, reference to the Applicant is a reference to each Applicant, and liability therefor is joint and several.

- 6.2.12** The Issuer has not sought assessment of the Bonds by any independent credit rating agency.
- 6.2.13** The Bonds will be issued in multiples of €100. The minimum amount of Bonds that can be subscribed for in the aggregate by each Applicant is €2,000.
- 6.2.14** Subject to all other terms and conditions set out in the Prospectus, the Issuer reserves the right to revoke the issue at any time before the closing of the Offer Period. The circumstances in which such revocation might occur are expected to be exceptional, for example where a significant change in market conditions occurs.
- 6.2.15** The Offer Period shall close immediately upon attaining full subscription or on the last day of the Offer Period whichever is the earliest. Within five (5) Business Days from closing of the Offer Period, the Issuer shall announce the results of the Bond Issue and shall announce the basis of acceptance of Applications and the allocation policy.
- 6.2.16** In the event that an Applicant has not been allocated any Bonds or has been allocated a number of Bonds which is less than the number applied for, the Applicant shall receive a full refund or, as the case may be, the balance of the price of the Bonds applied for but not allocated, without interest, by credit transfer to such amount, indicated in the Application Form, at the Applicant's sole risk within ten (10) Business Days from closing of the Offer Period. The Issuer shall not be responsible for any charges, loss or delay in transmission. Completed Application Forms are to be lodged with any of the Authorised Financial Intermediaries.
- 6.2.17** All Application Forms must be accompanied by the full price of the Bonds applied for in Euro. Payment may be made either in cash or by cheque payable to the respective Authorised Financial Intermediary. In the event that cheques accompanying Application Forms are not honoured on their first presentation, the respective Authorised Financial Intermediary or the Issuer acting through the Registrar reserve the right to invalidate the relative Application.
- 6.2.18** For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations (Legal Notice 180 of 2008), as amended from time to time, all appointed Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the "Members' Code of Conduct" appended as Appendix 3.6 to Chapter 3 of the Malta Stock Exchange Bye-Laws, irrespective of whether the said appointed Authorised Financial Intermediaries are Malta Stock Exchange members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the GDPR and the Data Protection Act (Chapter 586 of the Laws of Malta) for the purposes and within the terms of the Malta Stock Exchange Data Protection Policy as published from time to time.
- 6.2.19** Authorised Financial Intermediaries may use this Prospectus in Malta.
- 6.2.20** In the event that an Applicant fails to submit full information and/or documentation required with respect to an Application, the Applicant shall receive a full refund without interest, by credit transfer to such account indicated in the Application Form at any time before the Bonds are admitted to listing on the Official List of the MSE. The Issuer shall not be responsible for any charges, loss or delay arising in connection with such credit transfer.
- 6.2.21** It shall be incumbent on the respective Authorised Financial Intermediary to ascertain that all other applicable regulatory requirements relating to subscription of Bonds by an Applicant are complied with, including without limitation the obligation to comply with all applicable 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.
- 6.2.22** By completing and delivering an Application Form, the Applicant:
- i. agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;
 - ii. warrants that the information submitted by the Applicant in the Application Form is true and correct in all respects. All Applications need to include a valid MSE account number in the name of the Applicant/s. Failure to include an MSE account number will result in the Application being cancelled by the Issuer acting through the Registrar and subscription monies will be returned to the Applicant in accordance with 6.2.18 above. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the Application Form and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;
 - iii. authorises the Registrar and the Directors of the Issuer to include his/her/its name or, in the case of joint Applications the first named Applicant, in the register of debentures of the Issuer in respect of the Bonds allocated to such Applicant and further authorises the Issuer and the MSE to process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Chapter 586 of the Laws of Malta). The Applicant has

the right to request access to and rectification of the personal data relating to him/her/it as processed by the Issuer and/or the MSE. Any such requests must be made in writing and sent to the Issuer at the address indicated in the Prospectus. The requests must further be signed by the Applicant to whom the personal data relates;

- iv. 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 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;
- v. agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her/its remittance and any verification of identity as required by the Prevention of Money Laundering Act (Chapter 373 of the Laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
- vi. agrees to provide the Registrar and/or the Issuer (as the case may be) with any information which it/they may request in connection with the Application;
- vii. warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her/its Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bonds or his/her/its Application;
- viii. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- ix. represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) and that he/she/it is not accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the "United States") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- x. agrees that all documents in connection with the issue of the Bonds and any returned monies including refunds of all unapplied Application monies, will be sent at the Applicant's own risk and may be sent, in the case of documents, by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form and in the case of monies by direct credit, into the Applicant's bank account as indicated by the Applicant on the Application Form;
- xi. renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds;
- xii. irrevocably offers to purchase the number of Bonds specified in his/her/its Application Form (or any smaller number for which the Application is accepted by the Issuer) at the Bond Issue Price subject to the Prospectus, the terms and conditions thereof, and the Memorandum and Articles of Association of the Issuer;
- xiii. warrants that his/her/its remittance will be honoured on first presentation and agrees that if such remittance is not so honoured he/she/it will not be entitled to receive a registration advice, or be registered in the register of debentures or enjoy or receive any rights in respect of such Bonds unless and until payment in cleared funds for such Bonds is received and accepted by the Issuer and/or the Registrar (which acceptance shall be made in the absolute discretion of the Issuer and/or the Registrar and may be on the basis that the Issuer and/or the Registrar is indemnified against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of such remittance to be honoured on first presentation) and that, at any time prior to unconditional acceptance by the Issuer and/or the Registrar of such late payment in respect of such Bonds, the Issuer and/or the Registrar may (without prejudice to other rights) treat the agreement to allocate such Bonds as void and may allocate such Bonds to some other person, in which case the Applicant will not be entitled to any refund or payment in respect of such Bonds (other than return of such late payment);
- xiv. agrees that all Applications, acceptances of Applications and contracts resulting therefrom will be governed by, and construed in accordance with, Maltese Law and that he/she/it submits to the exclusive jurisdiction of the Maltese courts and agrees that nothing shall limit the right of the Issuer to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of Applications and contracts in any other manner permitted by law in any court of competent jurisdiction;
- xv. warrants that if he/she signs the Application Form on behalf of another party or on behalf of a corporation or corporate entity or association of persons, he/she has due authority to do so and such person, corporation, corporate entity or association of persons will also be bound accordingly, and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions;
- xvi. warrants that he/she is not under the age of eighteen (18) years or if he/she is lodging an Application in the name and for the benefit of a minor, warrants that he/she is the parent/s or legal guardian/s of the minor;

xvii. confirms that in the case of a joint Application submitted in joint names, the first named Applicant shall be deemed the holder of the Bonds; and

xviii. agrees that, in all cases, any refund of unallocated Application monies will be sent to the Applicant by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form. No interest shall be due or refunds. The Issuer shall not be responsible for any damages, loss or delay in transmission.

6.3 PRICING

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

6.4 PLAN OF DISTRIBUTION AND ALLOTMENT

The Bonds are open for subscription by all categories of investors including the general public. Subscriptions shall be made through any of the Authorised Financial Intermediaries, subject to a minimum subscription amount of €2,000 in nominal value of Bonds in any of the Series A and/or Series B Bonds and in multiples of €100 thereafter.

It is expected that an allotment letter will be issued by the Issuer to Applicants by latest 3 August 2020. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the Laws of Malta), and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

Dealings in the Bonds shall not commence prior to the Bonds being admitted to the Official List of the Malta Stock Exchange.

6.5 ALLOCATION POLICY

The Issuer shall allocate the Bonds in accordance with an allocation policy for each of Series A Bonds and Series B Bonds *pari passu* without any priority or preference amongst applicants in each of the respective Series of Bonds.

The Issuer shall announce the result of the Bond Issue on 3 August 2020 and shall determine and announce the basis of acceptance of Applications and the allocation policy to be adopted through a company announcement. This date may, however, vary in accordance with the terms of section 6.1 of this Securities Note ('Expected Timetable').

6.6 ADMISSION TO TRADING

The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 18 June 2020.

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

The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 6 August 2020 and trading is expected to commence on 7 August 2020, however these dates may vary in accordance with the terms of section 6.1 of this Securities Note ("Expected Timetable").

7 ADDITIONAL INFORMATION

The Financial Analysis Summary dated 18 June 2020 has been included in Annex IV of this Securities Note in the form and context in which it appears with the authorisation of Calamatta Cuschieri Investment Services Limited of Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta, which has given, and has not withdrawn, its consent to the inclusion of said report herein. Calamatta Cuschieri Investment Services Limited does not have any beneficial interest in the Issuer. The Issuer confirms that the Financial Analysis Summary has been accurately reproduced in the Prospectus and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

ANNEX I – AUTHORISED FINANCIAL INTERMEDIARIES

NAME	ADDRESS	TELEPHONE
Calamatta Cuschieri Investment Services Ltd	Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034	25688688
FINCO Treasury Management Ltd	The Bastions Office No. 2, Emvin Cremona Street, Floriana FRN 1289	21220002
Michael Grech Financial Investment Services Limited	The Brokerage, Level O A, St Marta Street, Victoria VCT 2550, Gozo	21554492
MZ Investment Services Limited	65, Triq Santa Rita, Rabat	21453739
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Fourth Floor, High Street, Sliema SLM 1551	22583000
Zenith Finance Limited	220, Immaculate Conception Street, Msida	21332200

ANNEX II – SPECIMEN APPLICATION FORM SERIES A



SHORELINE MALL P.L.C.
€14,000,000 4% SECURED BONDS 2026
APPLICATION FORM 'A' - SERIES A BONDS

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

APPLICANT (see notes 2 to 7)			
<input type="checkbox"/> Non-Resident	<input type="checkbox"/> Minor (under 18)	<input type="checkbox"/> Body Corporate/ Body of Persons	<input type="checkbox"/> CIS-Prescribed Fund
A			
B	TITLE (Mr/Mrs/Ms/...)		
FULL NAME AND SURNAME / REGISTERED NAME			
ADDRESS			
			POSTCODE
MSE A/C NO. (mandatory)	I.D. CARD / PASSPORT / COMPANY REG. NO.	DOCUMENT TYPE	COUNTRY OF ISSUE
LEI (Legal Entity Identifier) (If applicant is NOT an Individual)	DATE OF BIRTH	NATIONALITY	MOBILE NO.
<input type="checkbox"/> PLEASE REGISTER ME FOR E-PORTFOLIO (mobile number is mandatory for e-portfolio registration)			
ADDITIONAL (JOINT) APPLICANTS (see note 3) (please use Addendum to Application Form if space is not sufficient)			
C	TITLE (Mr/Mrs/Ms/...)		
FULL NAME AND SURNAME			I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
DECISION MAKER/MINOR'S PARENTS / LEGAL GUARDIAN(S) (see notes 4 & 7) (to be completed ONLY if applicable)			
D	TITLE (Mr/Mrs/Ms/...)		
FULL NAME AND SURNAME			I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
I/WE APPLY TO PURCHASE AND ACQUIRE (see note 8):			
E	AMOUNT IN FIGURES		
€	AMOUNT IN WORDS		
Shoreline Mall p.l.c. 4% Secured Bonds 2026 (the "Bonds") (minimum subscription of €2,000 and in multiples of €100 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 18 June 2020 (the "Prospectus"), payable in full upon application under the Terms and Conditions of the Bonds as set out in the Prospectus. (See note 9)			
RESIDENT - FINAL WITHHOLDING TAX ("FWT") DECLARATION (see notes 9) (to be completed ONLY if the Applicant is a resident of Malta)			
F	<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.)
NON-RESIDENT - DECLARATION FOR TAX PURPOSES (see notes 2 & 10) (to be completed ONLY if the Applicant is a non-resident)			
G	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			
INTEREST, REFUND AND REDEMPTION MANDATE (see note 11 & 12) (completion of this panel is MANDATORY)			
H	BANK		
IBAN			
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.			
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.			
*Authorised Financial Intermediaries providing investment advice and/or discretionary portfolio management shall distribute the Bonds to Retail Clients and/or Elective Professional Clients on an advisory basis or discretionary portfolio management basis only. The referred Authorised Financial Intermediaries are therefore required to conduct a Suitability Test in respect of Applicants that qualify as Retail Clients and/or Elective Professional Clients. This requirement shall also be applicable with regard to secondary trading.			
Signature/s of Applicant/s			Date
(Parent/s or legal guardian/s are/s to sign if Applicant is a minor) (All parties are to sign in the case of a joint Application) (Bare owner/s and usufructuary/es to sign in the case of holdings that are subject to usufruct)			
AUTHORISED FINANCIAL INTERMEDIARY'S STAMP		AUTHORISED FINANCIAL INTERMEDIARY'S CODE	APPLICATION NUMBER

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 18 June 2020 regulating the Bond Issue

1. This Application is governed by the Terms and Conditions of Application contained in section 6.2 of the Securities Note dated 18 June 2020 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. Applicants who are non-residents in Malta for tax purposes, must indicate their passport number in Panel B and complete Panel G. The relative box in Panel A must also be marked appropriately.
3. Applicants are to insert full personal details in Panel B. In the case of an Application by more than one person (including husband and wife) full details of all individuals must be given in Panels B and C but the person whose name appears in Panel B 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 B), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/help>.
4. Applications in the name and for the benefit of minors shall be allowed provided that the applicant already holds an account on 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 Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. Panel D must be inserted with full details of the parents/legal guardians.
5. In the case of a body corporate, the name of the entity exactly as registered and the registration number are to be inserted in Panel B. A valid Legal Entity Identifier ("LEI") needs to be inserted in Panel B. Failure to include a valid LEI code, will result in the Application being cancelled by the Registrar. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
6. APPLICANTS ARE TO INSERT AN MSE ACCOUNT NUMBER IN THE SPACE PROVIDED IN PANEL B, AND FAILURE TO DO SO WILL RESULT IN REJECTION OF THE APPLICATION FORM. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM 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 AFFECTED.
7. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in Panel D.
8. Applications must be for a minimum subscription of €2,000 and thereafter in multiples of €100 and must be accompanied by the relevant subscription amount in Euro.
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 Issuer will render an account to the Maltese Commissioner for Revenue of all interest paid, all amounts of tax deducted by the payor in respect of the interest paid and of the identity of all such recipients. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund (having indicated their status in the appropriate box in Panel A) will have final withholding tax (currently 10%), deducted from interest payments.

In terms of Section 5 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 123 of the laws of Malta), interest shall be paid to such person net of final withholding tax, (currently 15%) of the gross amount of interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the laws of Malta).
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 Issuer and Applicants are to consult their own independent tax advisors in case of doubt.
11. Interest and redemption proceeds will be credited to the account indicated in Panel H or as otherwise amended by the Bondholder/s during the term of the Bond.
12. The Offer Period will open at 08:30 hours on 6 July 2020 and will close at 16:00 hours on 31 July 2020, or earlier in case of over-subscription. Completed Application Forms are to be delivered to any Authorised Financial Intermediary listed in Annex I of the Securities Note during regular office hours. Remittances by post are made at the risk of the Applicant and the Company disclaims all responsibility for any such remittances not being received by the date of closing of the subscription lists. If any Application is not accepted after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies equivalent to the number of Bonds not being accepted will be returned by direct credit into the IBAN specified in Panel H.
13. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
 - a. the Issuer or its duly appointed agents including the CSD and the Registrar, may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679 as amended from time to time;
 - b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer.

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

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

ANNEX III – SPECIMEN APPLICATION FORM SERIES B



SHORELINE MALL P.L.C.
€26,000,000 4.5% SECURED BONDS 2032
APPLICATION FORM 'B' - SERIES B BONDS

Please read the notes overleaf before completing this Application Form. Mark 'X' where applicable.

APPLICANT (see notes 2 to 7)			
<input type="checkbox"/> Non-Resident	<input type="checkbox"/> Minor (under 18)	<input type="checkbox"/> Body Corporate/ Body of Persons	<input type="checkbox"/> CIS-Prescribed Fund
A			
B	TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME / REGISTERED NAME	
ADDRESS			
			POSTCODE
MSE A/C NO. (mandatory)	I.D. CARD / PASSPORT / COMPANY REG. NO.	DOCUMENT TYPE	COUNTRY OF ISSUE
LEI (Legal Entity Identifier) (If applicant is NOT an Individual)	DATE OF BIRTH	NATIONALITY	MOBILE NO.
<input type="checkbox"/> PLEASE REGISTER ME FOR E-PORTFOLIO (mobile number is mandatory for e-portfolio registration)			
ADDITIONAL (JOINT) APPLICANTS (see note 3) (please use Addendum to Application Form if space is not sufficient)			
C	TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME	I.D. CARD/PASSPORT NO.
	DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH
			NATIONALITY
DECISION MAKER/MINOR'S PARENTS / LEGAL GUARDIAN(S) (see notes 4 & 7) (to be completed ONLY if applicable)			
D	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
I/WE APPLY TO PURCHASE AND ACQUIRE (see note 8):			
E	AMOUNT IN FIGURES €	AMOUNT IN WORDS	
Shoreline Mall p.l.c. 4.5% Secured Bonds 2032 (the "Bonds") (minimum subscription of €2,000 and in multiples of €100 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 18 June 2020 (the "Prospectus"), payable in full upon application under the Terms and Conditions of the Bonds as set out in the Prospectus. (See note 9)			
RESIDENT - FINAL WITHHOLDING TAX ("FWT") DECLARATION (see notes 9) (to be completed ONLY if the Applicant is a resident of Malta)			
F	<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.)
NON-RESIDENT - DECLARATION FOR TAX PURPOSES (see notes 2 & 10) (to be completed ONLY if the Applicant is a non-resident)			
G	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
INTEREST, REFUND AND REDEMPTION MANDATE (see note 11 & 12) (completion of this panel is MANDATORY)			
H	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> <p>*Authorised Financial Intermediaries providing investment advice and/or discretionary portfolio management shall distribute the Bonds to Retail Clients and/or Elective Professional Clients on an advisory basis or discretionary portfolio management basis only. The referred Authorised Financial Intermediaries are therefore required to conduct a Suitability Test in respect of Applicants that qualify as Retail Clients and/or Elective Professional Clients. This requirement shall also be applicable with regard to secondary trading.</p>			
Signature/s of Applicant/s			Date
(Parent/s or legal guardian/s are/s to sign if Applicant is a minor) (All parties are to sign in the case of a joint Application) (Bare owner/s and usufructuary/es to sign in the case of holdings that are subject to usufruct)			
AUTHORISED FINANCIAL INTERMEDIARY'S STAMP	AUTHORISED FINANCIAL INTERMEDIARY'S CODE	APPLICATION NUMBER	

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 18 June 2020 regulating the Bond Issue

1. This Application is governed by the Terms and Conditions of Application contained in section 6.2 of the Securities Note dated 18 June 2020 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. Applicants who are non-residents in Malta for tax purposes, must indicate their passport number in Panel B and complete Panel G. The relative box in Panel A must also be marked appropriately.
3. Applicants are to insert full personal details in Panel B. In the case of an Application by more than one person (including husband and wife) full details of all individuals must be given in Panels B and C but the person whose name appears in Panel B 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 B), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/help>.
4. Applications in the name and for the benefit of minors shall be allowed provided that the applicant already holds an account on 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 Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. Panel D must be inserted with full details of the parents/legal guardians.
5. In the case of a body corporate, the name of the entity exactly as registered and the registration number are to be inserted in Panel B. A valid Legal Entity Identifier ("LEI") needs to be inserted in Panel B. Failure to include a valid LEI code, will result in the Application being cancelled by the Registrar. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
6. APPLICANTS ARE TO INSERT AN MSE ACCOUNT NUMBER IN THE SPACE PROVIDED IN PANEL B, AND FAILURE TO DO SO WILL RESULT IN REJECTION OF THE APPLICATION FORM. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM 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 AFFECTED.
7. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in Panel D.
8. Applications must be for a minimum subscription of €2,000 and thereafter in multiples of €100 and must be accompanied by the relevant subscription amount in Euro.
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 Issuer will render an account to the Maltese Commissioner for Revenue of all interest paid, all amounts of tax deducted by the payor in respect of the interest paid and of the identity of all such recipients. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund (having indicated their status in the appropriate box in Panel A) will have final withholding tax (currently 10%), deducted from interest payments.

In terms of Section 5 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 123 of the laws of Malta), interest shall be paid to such person net of final withholding tax, (currently 15%) of the gross amount of interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the laws of Malta).
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 Issuer and Applicants are to consult their own independent tax advisors in case of doubt.
11. Interest and redemption proceeds will be credited to the account indicated in Panel H or as otherwise amended by the Bondholder/s during the term of the Bond.
12. The Offer Period will open at 08:30 hours on 6 July 2020 and will close at 16:00 hours on 31 July 2020, or earlier in case of over-subscription. Completed Application Forms are to be delivered to any Authorised Financial Intermediary listed in Annex I of the Securities Note during regular office hours. Remittances by post are made at the risk of the Applicant and the Company disclaims all responsibility for any such remittances not being received by the date of closing of the subscription lists. If any Application is not accepted after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies equivalent to the number of Bonds not being accepted will be returned by direct credit into the IBAN specified in Panel H.
13. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
 - a. the Issuer or its duly appointed agents including the CSD and the Registrar, may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679 as amended from time to time;
 - b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer.

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

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

Financial Analysis Summary

SHORELINE MALL P.L.C.
18 June 2020



Calamatta Cuschieri
YOUR PARTNER IN FINANCIAL SERVICES

The Directors
Shoreline Mall Plc
Suite 407, Level 4, Block SMC 01,
Smart City, Ricasoli
Kalkara, Malta

18 June 2020

Dear Sirs,

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

The purpose of the financial analysis is that of summarising key financial data appertaining to Shoreline Mall Plc (C 84005) as explained in part 1 of the Analysis. The data is derived from various sources or is based on our own computations as follows:

- a. Historical financial data for the financial year ending 30 April 2019 has been extracted from the audited financial statements of the Issuer.
- b. The forecast data for the financial year ending 2020 – 2022 have been provided by management.
- c. Our commentary on the Issuer's results and financial position is based on the explanations set out by the Issuer in the Prospectus and Listing Authority Policies.
- d. The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions set out in Part 4 of the Analysis.
- e. The principal relevant market players listed in Part 3 of the document have been identified by management. Relevant financial data in respect of competitors has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

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

Yours sincerely,



Nick Calamatta

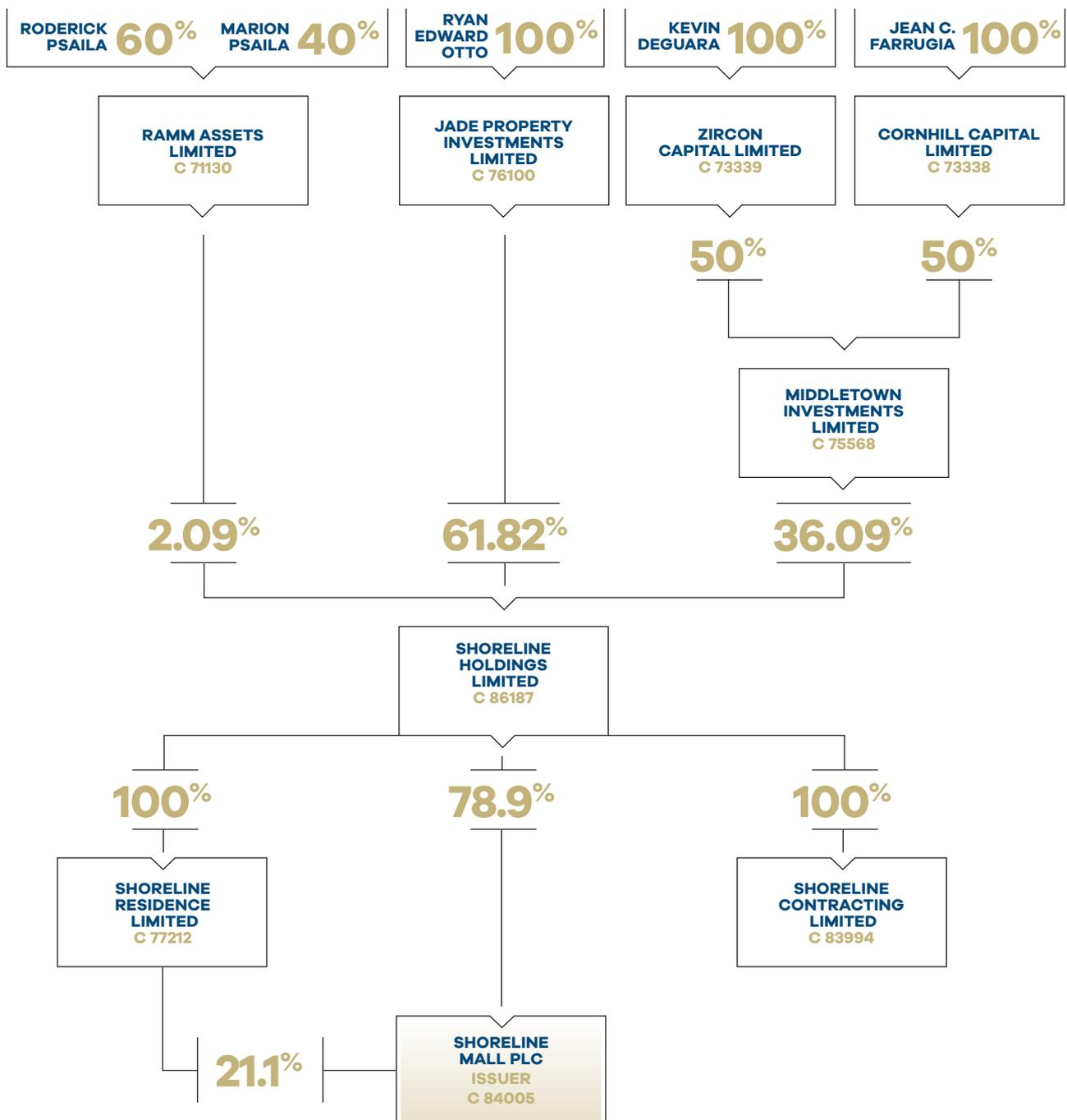
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PART 1 - INFORMATION ABOUT THE GROUP

1.1 ISSUER AND GROUP'S SUBSIDIARIES KEY ACTIVITIES AND STRUCTURE

The Group structure is as follows:



The "Group" of companies or the "Shoreline Group", consists of the "Issuer", Shoreline Holdings Limited acting as the "Holding" company of the Issuer and its fellow subsidiaries being: Shoreline Residence Limited and Shoreline Contracting Limited. The principal activity of the Group is the development of a shopping mall, seven luxury residential units and a car park complex in Smart City. Upon completion, the residential apartments will be sold, whereas the retail areas within the shopping mall will be leased out to third parties.

The “**Issuer**”, Shoreline Mall Plc (SMP), was incorporated on 15 December 2017 and registered under Maltese Law as a public liability company with registration number C 84005. The Issuer is, except for 4,424,002 Ordinary A Shares and 1 Ordinary B Share, which are held by Shoreline Residence Limited, a subsidiary of Shoreline Holdings Limited. SMP was established to carry out the “**Shoreline Project**”, being the development of a mall complex, seven luxury residences and a car park complex in Smart City. The Issuer has an authorised share capital of €21,000,000 divided into 20,999,999 Ordinary A Shares and 1 Ordinary B Share all having a nominal value of €1 each. The issued share capital of the Issuer is of €21,000,000 divided into 16,575,997 Ordinary A Shares of €1 each, fully paid up, 4,424,002 Ordinary A Shares of €1 each 33.9% paid up and 1 Ordinary B Share of €1 euro, fully paid up.

Shoreline Holdings Limited (SHL), company registration number C 86187, was set up on 8 May 2018 and acts as the holding company of the Shoreline Group. SHL has an authorised share capital of €15,000,000 divided into 15,000,000 ordinary shares all having nominal value of €1 each. The issued share capital is of €11,497,700 divided into 11,497,700 ordinary shares, which are divided into 5,108,183 Ordinary A Shares 100% paid up, 2,000,000 Ordinary A Shares 25% paid up, 239,926 Ordinary B Shares 100% paid up, 2,149,591 Ordinary C Shares 100% paid up and 2,000,000 Ordinary C Shares 25% paid up. The main shareholders are; Jade Property Investments Limited (61.82%), Middletown Investments Limited (36.09%) and RAMM Assets Limited (2.09%).

Shoreline Residence Limited (SRL) and Shoreline Contracting Limited (SCL) were incorporated on 12 September 2016 and 15 December 2017 respectively. SRL will own the airspace above ground level which will encompass the residential development. SCL will engage third-party contractors and recharge these services to both SRL and SMP in order to execute the development programme.

1.2 MAJOR ASSETS OWNED BY THE GROUP

SRL acquired the Designated Area (as defined in the Registration Document) from Smart City (Malta) Limited, in virtue of a deed in the records of Notary Joseph Smith La Rosa of the 17 April 2019 by title of sub-emphyteusis. On the 24 October 2019, the Issuer acquired the Shoreline Mall Site (as defined in the Registration Document) from SRL for a consideration of €13 million. Up until August 2019, SHL and its subsidiaries incurred €2.6 million in costs related to the development of the mall components on behalf of SMP. This has contributed towards an overall total value of €15.6 million concerning the site. As a result, SHL capitalised the amounts due from SMP into 15,575,998 ordinary shares with a nominal value of €1 each.

This site is located in Smart City, Kalkara and is bounded on the South by third party property, West by the Northern Urban Ring Road and on the North East by the promenade area and on the South East in part by the Laguna area and in part by the divided portion of land which forms part of the Emphyteutical Land.

Further detail concerning the Shoreline Project may be found in section 1.4 of the Analysis.

1.3 DIRECTORS AND KEY EMPLOYEES

Board of Directors - Issuer

As at the date of the prospectus, the board of directors of the Issuer is constituted by the following persons:

NAME	OFFICE DESIGNATION
Mr. Benjamin Muscat	Chairman and independent non-executive Director
Mr. Ryan Edward Otto	Executive Director
Dr. Jean Carl Farrugia	Executive Director
Dr. Kevin Deguara	Executive Director
Mr. Roderick Psaila	Executive Director
Mr. Robert Ancilleri	Independent non-executive Director
Mr. Charles Scerri	Independent non-executive Director

The business address of all of the directors is the registered office of the Issuer. Refer to section 8 of the Registration Document for the curriculum vitae of the Issuer’s directors. Dr Jean Carl Farrugia is the company secretary of the Issuer.

The board is composed of seven directors who are entrusted with the overall direction and management of the Issuer. The executive directors are entrusted with the decision making and the day-to-day management of the Issuer, whereas the three non-executive directors, all of whom are independent of the Issuer, monitor the executive activity of the Issuer and contribute to the development of its corporate strategy, by providing objective and impartial scrutiny. The Issuer does not have any employees other than the directors and the company secretary.

1.4 OPERATIONAL DEVELOPMENTS

As discussed above, the principal activity of the Issuer is concerned with the development of the Shoreline Project, being a shopping mall, seven luxury residential units and a car park complex in Smart City. The Issuer is proposing a total bond issue of €40 million split into two tranches:

- Tranche A amounting to €14 million (4%) and having a term of six years
- Tranche B amounting to €26 million (4.5%) and having a term of twelve years

The net proceeds of the bond issue, which are expected to amount to approximately €39.2 million, will be used by the Issuer for the construction of the Shoreline Project. The bond will be secured by a Special Hypothec over the value of the Shoreline Project, which has been valued by an independent architect, as per valuation attached to the Registration Document as Annex I.

The proposed development will comprise a commercial component consisting of a shopping mall with a total gross area of 25,000 sqm spread over two floors, of which 14,000 sqm consist of various rental retail spaces. Management expect the development of the mall to be completed by December 2021, with operations commencing in 2022.

The Shoreline project will also comprise the development of seven foreshore luxury residential units which shall be retained for sale purposes. Management expect these residential units to be completed by end of September 2021, with contracts expected to be signed in January 2022.

In terms of the development of the car park, SMP is intended to develop 848 car parking spaces split between 532 parking spaces complementing the shopping mall which shall be retained and operated by the Issuer and 316 parking spaces complementing the residential component for sale purposes. The former will be made available for use by customers at reduced rates and the latter, has been committed by the Issuer to SRL for resale upon completion.

Development costs of the mall and mall car park are estimated at €48.6 million, including allocated costs and overheads projected over the course of the development. On completion, the combined value of the mall and mall car park is estimated at €70 million, with the combined value of the residential units and the residential car park estimated at €23.5 million.

The Mall components, being the in-scope components for the proposed bond issue, which will be referred to throughout this Analysis include: (i) the mall (the commercial component), (ii) the seven residential units, (iii) the mall car park and (iv) the residential car park.

PART 2 - HISTORICAL PERFORMANCE AND FORECASTS

The Issuer was incorporated on 15th December 2017 and, has yet to commence operations and, accordingly has no trading record or history of operations.

As per the requirements of the Companies Act Chapter 386 of the Laws of Malta, Art 174 (3) following the admission of the prospective bond issue to the Malta Stock Exchange ('MSE'), financial statements have to be prepared for the issuer of the bond. Given that the whole operation of the Shoreline Project will be undertaken by the Issuer, the financial projections also relate to the Issuer, SMP.

For the purpose of this document, the focus is on a review of the performance of the Issuer. Furthermore, the historical financial information pertaining to FY 2019 (reflecting the full results of the Issuer since incorporation), together with the interim historical data relating to H1 FY2019 (01/05/2018 – 30/10/2018) and H1 FY2020 (01/05/2019 - 30/10/2019) of the Issuer, are set out from section 2.1 to section 2.3 of this Analysis. Forecasts pertaining the Issuer for the period ending 30th April 2020 to 30th April 2022 are based on management projections and are set out in section 2.4 of this Analysis.

2.1 ISSUER'S STATEMENT OF COMPREHENSIVE INCOME

INCOME STATEMENT			
€'000s	Apr-2019 Audited	Oct-2018 Management	Oct-2019 Management
Revenue	-	-	10
Administrative expenses	(7)	-	(4)
(Loss)/ Profit before tax	(7)	-	6
Income tax	-	-	-
(Loss)/ Profit after tax	(7)	-	6

Apart from €10k in other income generated during 2019, the Issuer did not recognise any material revenue since incorporation as the project is still at a pre-development stage. Expenses incurred by the Issuer since incorporation relate to €7k in administrative expenses relating to the development of the mall components which were not capitalised. As at H1 2020 (October 2019), the Issuer registered a profit after tax amounting to €6k.

2.2 ISSUER'S STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION		
€'000s	Apr-2019A Audited	Oct-19 Management
ASSETS		
NON-CURRENT ASSETS		
Investment property under construction	1,965	16,683
	1,965	16,683
CURRENT ASSETS		
Other receivables	59	99
Cash and cash equivalents	-	370
Total current assets	59	469
Total assets	2,024	17,152
EQUITY		
Share capital	1	15,576
Shareholders' contributions	1,246	-
Accumulated losses	(7)	(1)
Total equity	1,240	15,575
LIABILITIES		
NON-CURRENT LIABILITIES		
	-	-
CURRENT LIABILITIES		
Other payables	7	27
Amounts due to related parties	777	1,550
Total current liabilities	784	1,577
Total liabilities	784	1,577
Total equity and liabilities	2,024	17,152

The assets of the Issuer are mainly composed of investment property under construction, representing 97.1% of total assets as at April 2019. These reflect the capitalised costs incurred so far on the development of the mall components. As per H1 2020 results, the land over which the mall components are being developed was transferred from SRL to the Issuer, resulted in increase in investment property under construction to €16.7 million.

The share capital of the Issuer increased from €1 million as at April 2019 to €15.6 million as per H1 2020 results. This increase is mainly attributable to the transfer of the mall components from SRL to SMP as discussed above. Out of the Issuer's total equity, €13 million relate to a contribution in kind of the Shoreline Mall Site, including the underlying car park and site for luxury residence, whereas the rest relate to a cash contribution of €2.6 million.

Total liabilities for FY2019 amounted to €0.8 million and are mainly composed of amounts due to related parties. The investment carried out until 30 April 2019 has been funded in full through €1.2 million of loans from SHL (quasi equity) and €0.8 million from related companies within the Shoreline Group. As at 30 April 2019, the Issuer did not have debt due to third parties outside the Shoreline Group. Total liabilities as per H1 2020 amount to €1.6 million.

2.3 ISSUER'S STATEMENT OF CASH FLOWS

CASH FLOWS STATEMENT			
€'000s	Apr-2019A Audited	Oct-18 Management	Oct-19 Management
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation	(7)	(0)	6
Adjustments for:			
Movement in other receivables	(59)	(11)	(40)
Allowance in other payables	7	11	21
Net cash flows generated from/(used in) operating activities	(59)	(0)	(13)
CASH USED IN INVESTING ACTIVITIES			
Movement in investment property under construction	(1,965)	(947)	(14,718)
Net cash flows generated from/(used in) investing activities	(1,965)	(947)	(14,718)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	1	-	15,575
Financing from parent and related parties	2,023	947	(474)
Net cash flows generated from / (used in) financing activities	2,024	947	15,101
MOVEMENT IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at start of year	-	-	-
Cash and cash equivalents at end of year	(0)	(0)	370

Movement in receivables over FY2019 led to an overall deterioration in net cash flows from operating activities. Net cash flows used in investing activities relate to the costs incurred so far on the development of the mall components. Furthermore, the Issuer's financing activities during FY2018 are mainly composed of movements in related party loans. In line with the transfer of the mall site from SRL to SMP the Issuer registered a cash balance of €0.4 million during H1 2020.

2.4 ISSUER'S FINANCIAL FORECAST

INCOME STATEMENT - CONSOLIDATED			
€'000s	Apr-2020F	Apr-2021F	Apr-2022F
Revenue - retail space	-	-	348
Revenue - carpark	-	-	1,748
Revenue - luxury residences	-	-	14,700
Total Revenue	-	-	16,796
Cost of Sales	-	-	(7,903)
Gross Profit	-	-	8,893
Administrative expenses	(17)	(13)	(773)
EBITDA	(17)	(13)	8,120
Depreciation	-	-	(421)
EBIT	(17)	(13)	7,699
Amortisation of bond issue costs	-	(90)	(90)
Investment income on excess cash	9	194	124
Interest expense on short-term negative cash balance	(1)	(1)	-
Finance Costs	-	(1,730)	(1,730)
Capitalised interest	-	1,730	1,238
Profit before tax	(9)	90	7,241
Tax	(3)	(68)	(1,118)
Profit/ (loss) for the year	(12)	22	6,123
Other comprehensive income:			
Net Revaluation of Mall	-	-	7,695
Comprehensive Income	(12)	22	13,818

RATIO ANALYSIS

	Apr-2020F	Apr-2021F	Apr-2022F
PROFITABILITY			
Gross Profit Margin (Gross Profit / Revenue)	n/a	n/a	52.9%
EBITDA Margin (EBITDA / Revenue)	n/a	n/a	48.3%
Net Margin (Profit for the year / Revenue)	n/a	n/a	36.5%
Growth in Revenue (YoY Revenue Growth)	n/a	n/a	n/a
Operating (EBIT) Margin (EBIT / Revenue)	n/a	n/a	45.8%
Return on Common Equity (Net Income / Total Equity)	-0.1%	0.1%	24.5%
Return on Assets (Net Income / Total Assets)	-0.1%	0.0%	7.7%
Interest Coverage ¹ (EBITDA / Cash interest paid)	n/a	(0.0)x	4.7x

Management expect the commercial and car park (mall) operations to commence in January 2022 and as such the Issuer is not expected to generate any income in 2020 and 2021 respectively. Moreover, both the residential units and residential car park spaces are expected to be completed by September 2021 whereon sales of these assets will commence from 2022 onwards.

¹ The interest coverage ratio was worked on the actual interest that will be paid on the bonds, rather than on the net interest expense given the capitalised interest during the development phase of the Shoreline Project.

Given that the financial year of the Issuer ends on 30th April, the revenue figure pertaining to the retail space for 2022 only captures three months of the retail mall operations. Management confirmed that the Issuer will provide discounts to tenants in the first and second year of operation, hence resulting into a lower level of revenue generation from the mall in the initial years of operation.

Additionally, the issuer has already signed several letters of intent (LOIs) pertaining to 80.1% of the total available retail space. The majority of LOIs contemplate an annual rent of €300 per sqm as a base rate (subject to 3% annual increases) or 10% of outlet turnover, whichever is the higher. Management expect the retail mall to be 95% occupied as from the date of opening. All luxury residential units are expected to be sold in FY22, at an average price of €2.1 million per unit. All residential car parking spaces are expected to be sold by FY24 at an expected average price of €30k per unit.

The cost of sales figure for FY22 include the land cost, capital expenditure and capitalised interest relating to the development of the residential units and the respective car parking spaces. These are expected to amount to €7.9 million in FY22.

Administrative expenses consist primarily of, agency fees on the residential units together with mall operating costs and ground rent. Agency fees will not be charged on the sale of car spaces as these assets will be sold directly to SRL. Mall operating costs represent general overheads which are not expected to be recharged to tenants and are assumed to be incurred once the mall commences operations in FY22. Management expect administrative expenses to amount to €0.8 million in FY22.

The depreciation charge reflected in FY22 relates to depreciation incurred on the mall and mall car park. No depreciation charges will be incurred on assets under development.

Finance costs are projected to reach €1.7 million in FY21 and remain constant thereafter. The expected finance costs are composed of interest costs of 4.0% charged on the €14 million 6-year bond and 4.5% charged on the €26 million 12 year bond. Finance costs are presented net of capitalised interest throughout the forecasted period.

Tax is projected at the lower of 35% on rental income net of 20% maintenance allowance and interest expenses, or 15% of rental income. Tax incurred on the sale of the residential units is projected at 8% payable on the total sales value, net of agency fees.

The net revaluation of the mall amounting to €7.7 million reflected in FY22 under other comprehensive income is deemed to be line with the expected completion of the whole Shoreline Project.

STATEMENT OF FINANCIAL POSITION

€'000s	Apr-2020F	Apr-2021F	Apr-2022F
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11,811	31,963	62,744
CURRENT ASSETS			
Inventory	7,479	10,593	5,684
Cash and cash equivalents	-	17,579	11,484
Total current assets	7,479	28,172	17,168
Total assets	19,290	60,135	79,912
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	18,076	18,076	18,076
Retained earnings	(2)	20	13,794
Total equity	18,074	18,096	31,870
LIABILITIES			
NON-CURRENT LIABILITIES			
Debt securities in issue	-	39,290	39,380
Deferred tax liability	-	-	5,019
Total non-current liabilities	-	39,290	44,399
TOTAL CURRENT LIABILITIES			
Development costs payable	430	1,258	1,752
Deposits	709	1,491	1,891
Short-term funding	77	-	-
Total current liabilities	1,216	2,749	3,643
Total liabilities	1,216	42,039	48,042
Total equity and liabilities	19,290	60,135	79,912

RATIO ANALYSIS

	Apr-2020F	Apr-2021F	Apr-2022F
FINANCIAL STRENGTH			
Gearing 1 (Net Debt / Total Equity)	0.0%	120.0%	87.5%
Gearing 2 (Total Liabilities / Total Assets)	6.3%	69.9%	60.1%
Net Debt / EBITDA	0.0x	(1,670.1)x	3.4x
Current Ratio (Current Assets / Current Liabilities)	6.15x	10.25x	4.71x

Total assets in 2020, which mainly comprise property, plant and equipment and inventory. Property, plant and equipment reflects the land cost attributable to the mall and mall car park, capital expenditure on these properties, and capitalised interest.

Inventory reflects the land cost attributed to the residential units and the residential car spaces, any capital expenditure on these properties, and capitalised interest. Following the receipt of the bond proceeds, cash and cash equivalents are anticipated to amount to €17.6 million during FY20 and are expected to decline on a yearly basis in line respective stage of completion of the Shoreline Project. In line with the profitability which is expected to be achieved during 2022, total equity is anticipated to amount to €31.9 million during the period.

Non-current liabilities are expected to stand at 93.5% of SMP's total liabilities during FY21, mainly reflecting the undertaking of the bond issue. Also listed under non-current liability for FY22 is a deferred tax liability arising on property valuation, concerning the mall and mall car park property value.

Current liabilities are mainly composed of development costs payable and deposits. Development costs payable are based on the projected balance of works carried out, which have not yet been settled. Management expect these balances to be settled in full by April 2022, four months after the development of the mall is completed. Furthermore, deposits includes cash received from third parties as deposits on the luxury residences, and deposits attributed to SMP from SRL.

CASH FLOWS STATEMENT

€'000s	Apr-2020F	Apr-2021F	Apr-2022F
Deposits and receipts on property held for sale	709	782	16,754
Rental income from commercial operations	-	-	443
Total cash inflows from operations	709	782	17,197
Acquisition of airspace	(13,000)	-	-
Development costs	(5,860)	(20,708)	(19,733)
Recurring capital expenditure	-	-	(18)
Overheads	(17)	(13)	(38)
Agency Fees	-	-	(735)
Taxation paid	(3)	(68)	(1,160)
Net cash flows from operating activities	(18,880)	(20,789)	(21,684)
Cash used from investing activities	-	-	-
Cash flows from financing activities			
Equity injection	18,086	-	-
Net proceeds from proposed bond issue	-	39,200	-
Repayment of bond interest	-	(1,730)	(1,730)
Interest received on excess cash	8	193	123
Net cash flows generated from / (used in) financing activities	18,094	37,663	(1,607)
Movement in cash and cash equivalents	(77)	17,656	(6,094)
Cash and cash equivalents at start of year	-	(77)	17,579
Cash and cash equivalents at end of year	(77)	17,579	11,485

RATIO ANALYSIS

	Apr-2020F	Apr-2021F	Apr-2022F
CASH FLOW			
Free Cash Flow (Net cash from operations - Capex)	€(18,880)	€(20,789)	€(21,684)

Deposits and receipts on property held for sale in FY20 and FY21 reflect deposits received on the residential car parking spaces and residential units. Management expect the majority of the contracts concerning both the residential car parking spaces and the luxury residences to be signed in FY22 and FY23 respectively.

During FY20 the Issuer is expected to acquire the airspace over which the mall components will be developed from the Shoreline Group for €13 million. Management confirmed that this will be entirely financed through shareholders equity. Development costs also included under cash outflows from operating activities, reflect the total projected cash outlay on the development of the project, including allocated costs, overheads and VAT on the residential components. No VAT is expected to be incurred on development costs related to the mall as this is expected to be recovered. Recurring capital expenditure reflects annual projected capital expenditure on the Mall, required to maintain the mall in an operational and up to date state.

The equity injection listed under financing activities refers to the equity contribution implemented within the Shoreline Group as described in section 1.4 and section 2.4 of this Analysis. The net proceeds from the proposed bonds are expected to amount to €39.2 million after deducting 2% issue costs. The projected bonds include a €14 million 6-year facility incurring interest at 4% per annum and €26 million 12-year facility incurring interest at 4.5% per annum. As a result of the above, the

closing cash and cash equivalents balance over FY20 to FY22 are anticipated to amount to €17.6 million and €11.5 million during FY21 and FY22 respectively.

PART 3 - KEY MARKET AND COMPETITOR DATA

3.1 GENERAL MARKET CONDITIONS

The Issuer is subject to general market and economic risks that may have a significant impact on its current and future property developments and their timely completion within budget. These include factors such as the health of the local property market, inflation and fluctuations in interest rates, exchange rates, property prices and rental rates. In the event that general economic conditions and property market conditions experience a downturn, which is not contemplated in the Issuer's planning during development, this shall have an adverse impact on the financial condition of the Issuer and may therefore affect the ability of the Issuer to meet its obligations under the Bonds.

Economic Update²

In March 2020, the Bank's Business Conditions' Index (BCI) fell when compared with the previous month, and continued to suggest that economic conditions remain below their long-term average. The European Commission's Economic Sentiment Indicator (ESI) also decreased. Sentiment weakened in all sectors, except construction, with the retail and services sectors recording the largest falls. In February, annual growth in the number of tourist arrivals remained strong and close to that recorded a month earlier, while nights stayed and expenditure by tourists rose at a faster pace. The volume of retail trade also rose at a quicker rate. Meanwhile growth in industrial production slowed down, while remaining robust. Conditions in the labour market remained favourable, with the number of registered unemployed and the unemployment rate lower than year ago levels. The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) eased to 1.1% in February. Inflation based on the Retail Price Index (RPI) fell to 1.0%.

Economic Projections Pre COVID-19 Outbreak in Malta³

The latest economic projections implemented by the Central Bank of Malta were based on information available until 28 February 2020. This was prior to the first case of COVID-19 in Malta. Hence, the baseline projections do not include the containment measures introduced by the Maltese authorities to limit the spread of COVID-19.

Economic activity in Malta was expected to remain robust but moderate over the projection horizon. GDP growth was projected to ease from 4.4% in 2019 to 3.8% in 2020, and further to 3.6% in 2021 and 3.5% in 2022. Compared with the Bank's previous projections, published in December 2019, GDP growth was revised downwards in 2020 due to lower private consumption and export growth.

Domestic demand was expected to be the main driver of economic growth over the projection horizon reflecting positive contributions from all components. Although net exports were also set to contribute to GDP growth over the next three years, their contribution was assessed to be much lower than that of domestic demand. The supply-side of the economy was also foreseen to be supportive of growth. The positive output gap was seen to gradually close and turn marginally negative by 2022.

Investment growth was expected to decelerate over the projection horizon, mirroring the projected easing of economic activity, and an expected moderation in growth of residential investment. Nevertheless, the timing of large-scale outlays on infrastructural projects were expected to continue conditioning the path of investment.

As economic activity was projected to moderate over the projection horizon, the pace of job creation was foreseen to slow down, while remaining well above the historical average. Consequently, the unemployment rate was expected to edge up marginally from record lows, ending the projection horizon at 3.8%. As regards wage growth, this was projected to pick-up due to the expected rise in consumer price in inflation and elevated labour market tightness.

With regards to consumer prices, HICP inflation in Malta was set to rise slightly to 1.6% in 2020, from 1.5% in 2019. Thereafter, consumer price inflation was expected to accelerate gradually, reaching 1.9% in 2022. The pick-up in HICP inflation over 2020 to 2022 was largely driven by expected movements in HICP excluding energy. This was mainly underpinned by faster growth in services prices, reflecting some intensification of demand and wage pressures. Non-energy industrial goods (NEIG) inflation was also set to pick up, mirroring a recovery in imported inflation. Food in inflation was projected to remain robust over the projection horizon.

² Central Bank of Malta – Economic Update: Issue 4/ 2020
³ Central Bank of Malta – Economic Projections 2020-2022

Economic Projections Post COVID-19 Outbreak in Malta⁴

COVID-19 has caused a public health emergency throughout the world. In response to these events, governments have put in place a number of containment measures to stem the spread of the virus. The economic impact is likely to be substantial, though mainly concentrated in 2020. The Organisation for Economic Co-operation and Development (OECD) has estimated that the outbreak could lead to world GDP growth being between 0.5 percentage point and 1.5 percentage points lower in 2020 than previously projected. The ECB statistical projections released on 12 March foresee an impact of between 0.8 and 1.4 percentage points on euro area GDP growth in 2020.

The situation is unprecedented and fluid and hence it is very challenging to quantify the economic impact at this juncture, given the high uncertainty concerning the duration of this pandemic. The Central Bank of Malta has built a scenario which attempts to cater for the impact of COVID-19 on the Maltese economy. It is based on external developments, the announcements made by the Maltese Government up to 15 March and a number of assumptions.

In particular, the scenario assumes a severe drop in tourist expenditure due to the travel ban and extension of quarantine to all visitors to Malta, shocks related to possible supply-chain disruptions, lower employment hours, and a drop in confidence due to the environment of acute uncertainty.

GDP growth in Malta is estimated to be around 3.5 percentage points lower in 2020, when compared to previous projections. The sectors that are expected to bear the largest drops are the accommodation and food service sector, travel agency-related services, sports and other recreational activities, the transport sector and firms involved in the production of food products. However, almost all other sectors are expected to experience a negative impact due to COVID-19.

The government balance is expected to remain in surplus, but is expected to be around 0.8 percentage points lower than that projected in previous projections, as a result of the assumed lower economic activity. The impact of COVID-19 reported depends on the duration of this pandemic. Measures addressing the financial sector and any fiscal support the Maltese Government may offer to the private sector in Malta should mitigate the negative economic impact of COVID-19.

Retail Sector

The retail sector in Malta has lately undergone a gradual transformation, whereby it was fragmented with small businesses and a limited number of importers, wholesalers and distributors. Subsequent to Malta's entry into European Union (EU) in 2004, the liberalisation of the market greatly encouraged foreign chains to set up in Malta, forcing local traders to come up with more convenient and unique distribution strategies. The 'all-under-one-roof' concept has been gaining popularity among the general public, as witnessed by the opening of a number of shopping destinations in Malta such as The Point Shopping Mall, The Plaza Shopping Centre and D-Mall. This concept has allowed individuals to cater for all their shopping requirements under one roof rather than having to go to different retail shops in multiple locations. Growing consumer expectations has resulted in shops remaining open for longer hours, instead of closing during lunch hours, as occurs in the majority of the other Mediterranean countries.

Rental rates achievable within these type of shopping malls vary according to location, the profile of the tenants within the mall and is also linked to tenant sales performance. Of note, rental rates achievable at the above-mentioned shopping malls are demonstrated in the table below.

MALL	TOTAL SQM	€/ SQM
The Point Shopping Mall	14,800	429 ⁵
The Plaza Shopping Centre	4,500	260 ⁵
D-Mall	1,164	650 ⁶

The Retail Sector is expected to be negatively impacted as a result of the measures employed by the Government to prevent the virus spread. In line with the easing of several restrictions recently announced by the Government, the retail sector is however expected to gradually recover from the negative consequences brought about by the COVID-19 outbreak.

⁴ Central Bank of Malta – Economic Projections 2020-2022

⁵ Rental rates on The Point Shopping Complex and The Plaza Shopping Complex are worked out from the audited financial statements and may include legacy rates

⁶ Rental rates of D-Mall are derived from D Shopping Mall Finance plc – Admission Document

Luxury Property Sector

The strong economic growth sustained by the Maltese economy in recent years has contributed to a rise in the employment rate and the influx of foreign workers within the Maltese workforce. Nevertheless, it is evident that Malta has over recent years completely evolved and has attracted a numerous amount of foreign companies related to sectors within the financial services, gaming and IT related fields. The country's ability to continue attracting these type of businesses to Malta has significantly contributed towards the sustainability of the luxurious residential and rental sector. Enterprises within these type of areas have thrived in recent years, making Malta an attractive investment alternative. In fact, during 2018 the financial services, gaming and IT industries, collectively amounted to 25.9%⁷ of Malta's overall economic activity. An indication of the high-end market being healthy is that the buyers in these developments are made up of a mix of locals and foreigners.

Of note, there are several traditional high-end residential areas in Malta. For instance, localities such as Gharghur, Tal-Virtu in Rabat and Madliena all boast magnificent sea or country views. One may also find several luxury villas within the central area of Malta such as Lija, Attard, Balzan, Naxxar, Sliema and Saint Julian's. Another area in Malta being popular for its high density of villas is Santa Marija Estate in Mellieha, overlooking Mellieha Bay. In furtherance, there also top quality high-end residential and rental developments within the proximity of Marsascala, Marsaxlokk and in other parts of the south of Malta including Smart City in Ricasoli which also boasts impressive and spectacular sea views.

The Luxury Property Sector is not immune to the current negative economic environment. However, in line with our comments above the situation is expected to start recovering once the economic sphere stabilises.

3.2 COMPARATIVE ANALYSIS

The purpose of the table below compares the proposed debt issuance of the Group to other debt instruments. One must note that given the material differences in profiles and industries, the risks associated with the Group's business and that of other issuers is therefore different.

SECURITY	NOM VALUE	YIELD TO MATURITY (%)	INTEREST COVERAGE (EBITDA)	TOTAL ASSETS	TOTAL EQUITY	TOTAL LIABILITIES / TOTAL ASSETS (%)	NET DEBT / TOTAL EQUITY (%)	NET DEBT / EBITDA	CUR-RENT RATIO	RETURN ON COMMON EQUITY (%)	NET MARGIN	REVENUE GROWTH (YOY)
	€'000s	(%)	(times)	€' millions	€' millions	(%)	(%)	(times)	(times)	(%)	(%)	(%)
5.75% International Hotel Investments plc Unsecured € 2025	45,000	5.97%	3.2x	1,617.9	877.6	45.8%	58.7%	7.6x	11x	1.0%	3.3%	5.7%
4.5% Hilli Properties plc Unsecured € 2025	37,000	4.60%	1.6x	154.7	52.2	66.2%	172.6%	16.6x	0.4x	4.7%	29.0%	15.0%
5.25% Central Business Centres plc Unsecured € 2025 S2T1	3,000	5.35%	0.2x	29.0	16.1	44.6%	72.5%	113.2x	0.8x	-0.7%	-33.3%	8.2%
4.0% Shoreline Mall Plc Secured € 2026 **	14,000	4.00%	4.7x	19.3	18.1	60.1%	87.5%	3.4x	4.7x	24.5%	36.5%	100.0%
4% MIDI plc Secured € 2026	50,000	3.80%	10.2x	220.6	97.4	55.8%	47.0%	2.4x	2.7x	12.6%	22.2%	1031.7%
4% International Hotel Investments plc Secured € 2026	55,000	4.00%	3.2x	1,617.9	877.6	45.8%	58.7%	7.6x	11x	1.0%	3.3%	5.7%
3.9% Plaza Centres plc Unsecured € 2026	8,500	3.85%	4.6x	46.0	28.0	39.1%	41.8%	4.5x	0.5x	3.9%	33.5%	-0.2%
4% International Hotel Investments plc Unsecured € 2026	60,000	4.27%	3.2x	1,617.9	877.6	45.8%	58.7%	7.6x	11x	1.0%	3.3%	5.7%
3.25% AX Group plc Unsec Bds 2026 Series I	15,000	3.00%	6.9x	325.2	214.6	34.0%	22.9%	2.3x	1.0x	16.5%	56.6%	23.1%
3.75% Mercury Projects Finance plc Secured € 2027	11,500	3.75%	7.7x	38.0	0.8	97.9%	663.5%	4.8x	0.6x	101.2%	12.3%	261.0%
4.4% Central Business Centres plc Unsecured € 2027 S1/17 T1	6,000	4.40%	0.2x	29.0	16.1	44.6%	72.5%	113.2x	0.8x	-0.7%	-33.3%	8.2%
3.75% Turnas Investments plc Unsecured € 2027	25,000	3.67%	23.0x	266.9	154.5	42.1%	19.6%	0.5x	3.2x	37.3%	36.1%	128.6%
4% Stivala Group Finance plc Secured € 2027	45,000	4.00%	3.7x	202.4	115.8	42.8%	54.1%	5.8x	0.3x	99.8%	587.9%	51.3%
3.85% Hilli Finance Company plc Unsecured € 2028	40,000	4.59%	4.0x	455.1	86.4	81.0%	284.3%	5.7x	1.0x	14.0%	2.8%	7.8%
4% Exalco Finance plc Secured € 2028	15,000	4.00%	4.5x	68.3	37.9	44.5%	49.9%	6.6x	1.4x	11.6%	47.2%	39.4%
4% SP Finance plc Secured EUR Bonds 2029	12,000	4.00%	6.4x	20.9	16.0	23.6%	15.0%	2.7x	0.5x	2.5%	28.0%	6.9%
3.75% TUM Finance plc Secured € 2029	20,000	3.75%	2.1x	60.1	32.1	46.6%	53.0%	11.1x	4.5x	41.9%	773.6%	n/a
3.65% Stivala Group Finance plc Secured € 2029	15,000	3.68%	3.7x	202.4	115.8	42.8%	54.1%	5.8x	0.3x	99.8%	587.9%	51.3%
3.8% Hilli Finance Company plc Unsecured € 2029	80,000	4.45%	4.0x	455.1	86.4	81.0%	284.3%	5.7x	1.0x	14.0%	2.8%	7.8%
3.75% AX Group plc Unsec Bds 2029 Series II	10,000	3.63%	6.9x	325.2	214.6	34.0%	22.9%	2.3x	1.0x	16.5%	56.6%	23.1%
4.25% Mercury Projects Finance plc Secured € 2031	11,000	3.92%	7.7x	38.0	0.8	97.9%	663.5%	4.8x	0.6x	101.2%	12.3%	261.0%
4.5% Shoreline Mall Plc Secured € 2032 **	26,000	4.50%	4.7x	19.3	18.1	60.1%	87.5%	3.4x	4.7x	24.5%	36.5%	100.0%
Average		4.13%	5.4x	389.5	195.9	52.8%	138.5%	16.6x	1.2x	28.9%	11.6%	102.2%

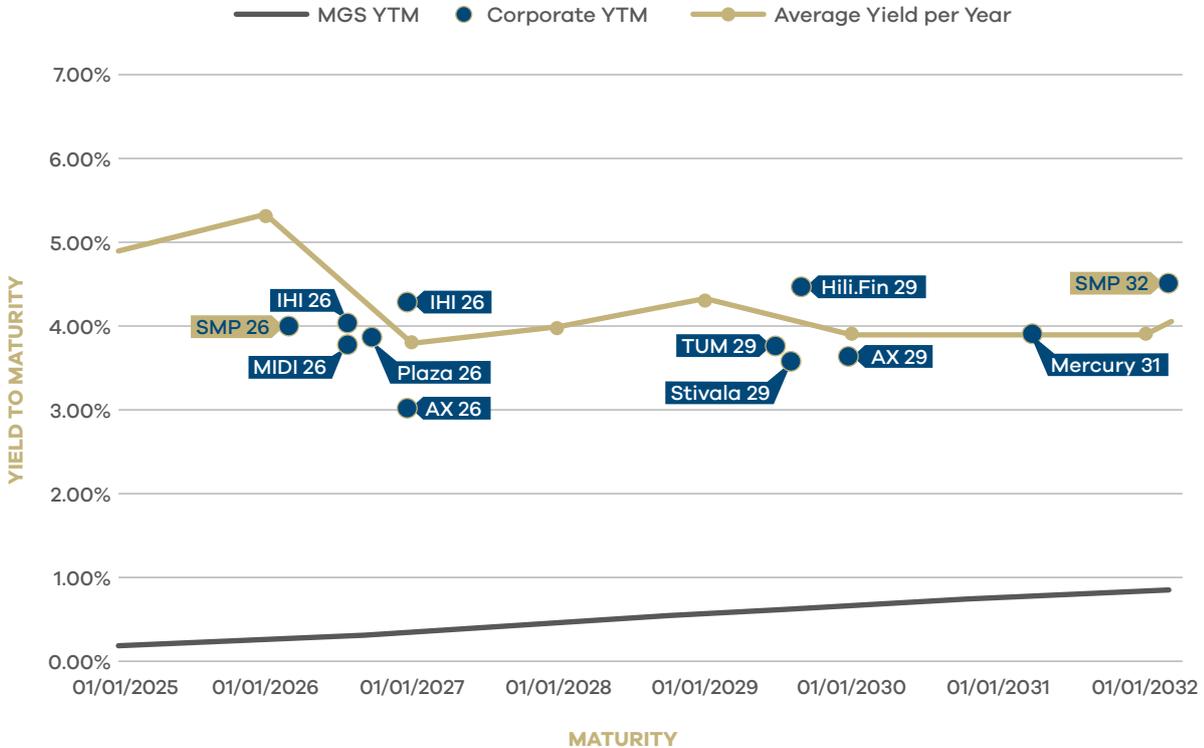
Source: The financial position of comparable issuers are for the year ending 31st December 2018.

* Last closing price as at 12/05/2020

** The financial analysis of Shoreline Mall Plc reflects the financial position of the issuer for the year ended 30th April 2022.

*** Average figures do not capture the financial analysis of the issuer

YIELD CURVE ANALYSIS



Source: Malta Stock Exchange, Central Bank of Malta and Calamatta Cuschieri Estimates

The graph illustrates the yield of each issuer as well as the yield of MGSs (Y-axis) vs the maturity of both Issuers and MGSs (X-axis), in their respective maturity bucket, to which the spread premiums can be noted. The graph illustrates on a stand-alone basis, the yield of comparable issuers maturing during 2026, 2029 and 2031 respectively.

In line with the new 2026 Shoreline Mall Plc bond, the best comparable Issuer is Plaza Centres Plc (2026), whereas the best comparable Issuer in terms of the new 2032 Shoreline Mall Plc bond is TUM Finance plc (2029).

As at 13 May 2020, the average spread over the Malta Government Stock (MGS) for corporates with maturity range of 5 to 7 years (2025-2027) was 391 basis points. The new 2026 Shoreline Mall Plc bond is being priced with a 4.0% coupon issued at par, meaning a spread of 377 basis points over the equivalent MGS.

As at 13 May 2020, the average spread over the Malta Government Stock (MGS) for corporates with maturity range of 9 to 12 years (2029-2032) was 331 basis points. The new 2032 Shoreline Mall Plc bond is being priced with a 4.5% coupon issued at par, meaning a spread of 367 basis points over the equivalent MGS.

PART 4 - GLOSSARY AND DEFINITIONS

INCOME STATEMENT

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

PROFITABILITY RATIOS

Growth in Revenue (YoY)	This represents the growth in revenue when compared with previous financial year.
Gross Profit Margin	Gross profit as a percentage of total revenue.
EBITDA Margin	EBITDA as a percentage of total revenue.
Operating (EBIT) Margin	Operating margin is the EBIT as a percentage of total revenue.
Net Margin	Net income expressed as a percentage of total revenue.
Return on Common Equity	Return on common equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing the net income by the average common equity (average equity of two years financial performance).
Return on Assets	Return on assets (ROA) is computed by dividing net income by total assets.

CASH FLOW STATEMENT

Cash Flow from Operating Activities (CFO)	Cash generated from the principal revenue producing activities of the Group/Company less any interest incurred on debt.
Cash Flow from Investing Activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Group/Company.
Cash Flow from Financing Activities	Cash generated from the activities that result in change in share capital and borrowings of the Group/Company.
Capex	Represents the capital expenditure incurred by the Group/Company in a financial year.
Free Cash Flows (FCF)	The amount of cash the Group/Company has after it has met its financial obligations. It is calculated by taking Cash Flow from Operating Activities less the Capex of the same financial year.

BALANCE SHEET

Total Assets	What the Group/Company owns which can be further classified into Non-Current Assets and Current Assets.
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Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Inventory	Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale.
Cash and Cash Equivalents	Cash and cash equivalents are Group/Company assets that are either cash or can be converted into cash immediately.
Total Equity	Total Equity is calculated as total assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.
Total Liabilities	What the Group/Company owes which can be further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Total Debt	All debt obligations inclusive of long and short-term debt.
Net Debt	Total debt of a Group/Company less any cash and cash equivalents.
Current Liabilities	Obligations which are due within one financial year.

FINANCIAL STRENGTH RATIOS

Current Ratio	The Current ratio (also known as the Liquidity Ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares current assets to current liabilities.
Quick Ratio (Acid Test Ratio)	The quick ratio measures a Group's/Company's ability to meet its short-term obligations with its most liquid assets. It compares current assets (less inventory) to current liabilities.
Interest Coverage Ratio	The interest coverage ratio is calculated by dividing EBITDA of one period by cash interest paid of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance total assets.
Gearing Ratio Level 1	Is calculated by dividing Net Debt by Total Equity.
Gearing Ratio Level 2	Is calculated by dividing Total Liabilities by Total Assets.
Net Debt / EBITDA	The Net Debt / EBITDA ratio measures the ability of the Group/Company to refinance its debt by looking at the EBITDA.

OTHER DEFINITIONS

Yield to Maturity (YTM)	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.
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