



SECURITIES NOTE

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Listing Rules published by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended by Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015. This Securities Note is issued pursuant to the requirements of Listing Rule 4.14 of the Listing Rules and contains information about the bonds being issued by Melite Finance p.l.c. Application has been made for the admission to listing and trading of the Bonds on the Official List of the Malta Stock Exchange. This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Issuer.

Dated 12 November 2018

In respect of an Issue of €9,250,000 4.85% Secured Bonds 2028
of a nominal value of €100 per bond issued at par
by

MELITE FINANCE PLC

(a public limited liability company registered under the laws of Malta
with company registration number C 88405)

*Prospective investors are to refer to section 4.5 of this Securities Note for a description of the scope, nature and term of the Collateral. Reference should also be made to the sections entitled "Risk Factors" contained in the Registration Document and in this Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds.

ISIN:- MT0002031202

Sponsor & Co-Manager

Legal Counsel

Registrar & Co-Manager



CAMILLERI PREZIOSI
ADVOCATES



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

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

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

Approved by the directors of Melite Finance p.l.c

Andrew Ganado

Paul Mercieca

*Signing in their capacity as directors of the company and on behalf each of Christian Ganado,
Jacqueline Briffa, Alan Frendo Jones and Dr Stanley Portelli.*

IMPORTANT INFORMATION

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY MELITE FINANCE P.L.C. (THE "ISSUER") OF €9,250,000 SECURED BONDS 2028 OF A NOMINAL VALUE OF €100 PER BOND, ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 4.85% PER ANNUM, PAYABLE ANNUALLY ON 23 NOVEMBER OF EACH YEAR (OR THE NEXT BUSINESS DAY WHERE THE 23 NOVEMBER FALLS ON A DAY WHICH IS NOT A BUSINESS DAY IN MALTA). THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 23 NOVEMBER 2028. THE ISSUER SHALL REDEEM THE BONDS ON SUCH DATE UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION.

THIS SECURITIES NOTE CONTAINS INFORMATION ABOUT THE ISSUER AND THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES, THE ACT AND THE REGULATION, AND SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER.

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 THE BONDS OF THE ISSUER OTHER THAN THOSE CONTAINED IN THE PROSPECTUS AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS OR ADVISERS.

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

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR THE PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR THE BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION.

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 APPLICANTS FOR ANY SECURITIES 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 COUNTRY OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE ISSUE IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE BONDS OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, NO BONDS MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS OR ANY BONDS MAY COME MUST INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING AND SALE OF THE BONDS.

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

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

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

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

ALL THE ADVISERS TO THE ISSUER NAMED IN THE PROSPECTUS UNDER THE HEADING "ADVISERS TO THE ISSUER" UNDER SECTION 3.2 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS ISSUE AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

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. 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 BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS.

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| 1 | DEFINITIONS

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

Act	the Companies Act (Cap. 386 of the laws of Malta);
Applicant/s	an Authorised Financial Intermediary or any person or persons, natural or legal, who subscribes for the Bonds;
Authorised Financial Intermediaries	the licensed stockbrokers and financial intermediaries listed in Annex I of this Securities Note;
Bond/s	the €9,250,000 secured bonds of a nominal value of €100 per bond redeemable at their nominal value on 23 November 2028 bearing interest at the rate of 4.85% per annum, being issued pursuant to the Prospectus;
Bond Issue	the issue of the Bonds;
Bond Issue Price	the price of €100 per Bond;
Bondholder	a holder of Bonds;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
Collateral	shall have the meaning set out in section 4.5 of this Securities Note;
CSD	the Central Securities Depository of the Malta Stock Exchange, having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Euro or €	the lawful currency of the Republic of Malta;
Exchange, Malta Stock Exchange or MSE	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
GDPR	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC;
Group Company	any one of the companies forming part of the Melite Finance Group. The term 'Group Companies' shall be construed accordingly;
Independent Expert's Report	the independent expert's report commissioned by the Issuer in relation to the rights over immovable properties which are enjoyed by Melite Properties as explained in section 4.3.1 of the Registration Document, being the investments of the Melite Finance Group, prepared by Rustioni & Partners Srl dated 18 September 2018;
Interest Payment Date	23 November of each year between and including each of the years 2019 and the year 2028, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
Issue Date	expected on 23 November 2018;
Issuer or Company	Melite Finance p.l.c., a public limited liability company registered in Malta with company registration number C 88405 and having its registered office at Level 3, Valletta Buildings, South Street, Valletta VLT 1103, Malta;

Listing Authority	the Board of Governors of the MFSA, appointed as Listing Authority for the purposes of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta) and the Financial Markets Act (Cap. 345 of the laws of Malta) by virtue of Legal Notice 1 of 2003;
Listing Rules	the listing rules of the Listing Authority;
Melite Finance Group or Group	the group of companies consisting of the Issuer as the parent and Melite Properties as the subsidiary;
Melite Properties	Melite Properties Srl, a private limited liability company registered in Italy with company fiscal and VAT number 10510270969 and having its registered office at Via Vittor Pisani 20, 20124, Milano (MI), Italia;
Memorandum and Articles of Association	the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus. The terms “Memorandum”, “Articles” and “Articles of Association” shall be construed accordingly;
Official List	the list prepared and published by the MSE as its official list in accordance with the MSE Bye-Laws;
Perfection of the Collateral	shall have the meaning set out in section 4.5 of this Securities Note;
Prospectus	collectively the Registration Document, Summary Note and this Securities Note (each as defined in this Securities Note);
Redemption Date	23 November 2028;
Redemption Value	the nominal value of each Bond (€100 per Bond);
Registrar and Co-Manager	Lombard Bank Malta plc, a public limited liability company registered in Malta with company registration number C 1607 and having its registered office at 67, Republic Street, Valletta VLT 1117, Malta;
Registration Document	the registration document issued by the Issuer dated 12 November 2018, forming part of the Prospectus;
Regulation	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards the regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards the regulatory technical standards for publication of the prospectus and dissemination of advertisements;
Securities Note	this document in its entirety, forming part of the Prospectus;
Security Trust Deed	the security trust deed entered into between the Security Trustee, the Issuer and Melite Properties, dated 7 November 2018;

Security Trustee

Alter Domus Trustee Services (Malta) Limited, a private limited liability company registered in Malta with company registration number C 63887 and having its registered office at Vision Exchange Building, Territorials Street, Mriehel, Birkirkara BKR 3000, Malta, duly authorised to act as a trustee or co-trustee in terms of Article 43(3) of the Trusts and Trustees Act (Cap. 331 of the laws of Malta);

Sponsor and Co-Manager

Rizzo, Farrugia & Co. (Stockbrokers) Ltd., a private limited liability company registered in Malta with company registration number C 13102 and having its registered office at Airways House, Fourth Floor, High Street, Sliema SLM 1551, Malta. Rizzo, Farrugia & Co. (Stockbrokers) Ltd. is an authorised financial intermediary licensed by the Malta Financial Services Authority and a member of the Malta Stock Exchange;

Summary Note

the summary note issued by the Issuer dated 12 November 2018, forming part of the Prospectus; and

Terms and Conditions

the terms and conditions of the Bond Issue specified in sections 4.3, 5 and 7 of this Securities Note.

All references in the Prospectus to **“Malta”** are to the **“Republic of Malta”**:

Unless it appears otherwise from the context:

- a. words importing the singular shall include the plural and *vice versa*;
- b. words importing the masculine gender shall include the feminine gender and *vice versa*; and
- c. the word “may” shall be construed as permissive and the word “shall” shall be construed as imperative.

| 2 | RISK FACTORS

2.1 GENERAL

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 IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

NEITHER THIS SECURITIES NOTE, NOR ANY OTHER PARTS OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BONDS: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION; OR (II) 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.

2.2 FORWARD-LOOKING STATEMENTS

This Securities Note contains “forward-looking statements” which include, among others, statements concerning matters that are not historical facts and which may involve projections of future circumstances. These forward-looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the Issuer’s Directors. No assurance is given that the future results or expectations will be achieved.

2.3 SUITABILITY OF INVESTMENT

An investment in the Bonds may not be suitable for all recipients of the Prospectus. In so far as prospective investors seek advice from Authorised Financial Intermediaries concerning an investment in the Bonds, Authorised Financial Intermediaries are to determine the suitability or otherwise of prospective investors’ investment in the Bonds before making an investment decision. In particular, Authorised Financial Intermediaries should determine whether each prospective investor:

- a. 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 the Prospectus or any applicable supplement;
- b. 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. understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets; and
- d. is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

2.4 RISKS RELATING TO THE BONDS

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

- Prior to the Bond Issue, there has been no public market or trading record for the Bonds within or outside Malta. Due to the absence of any prior market for the Bonds, there can be no assurance that the Bond Issue Price will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue.
- 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. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price or at all.

- An investment in the Issuer may not be suitable for all recipients of this Prospectus and investors are urged to consult a licensed stockbroker or investment adviser licensed under the Investment Services Act (Cap. 370 of the laws of Malta) as to the suitability or otherwise of an investment in any of the Bonds before making an investment decision. An informed investment decision can only be made by investors after they have read and fully understood the risk factors associated with an investment in the Bonds and the inherent risks associated with the Issuer's business. In the event that an investor in the Bonds does not seek professional advice and/or does not read and fully understand the provisions of this Prospectus, there is a risk that such investor may acquire an investment which is not suitable for his or her profile.
- The Bonds bear a fixed rate of interest. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. Investors should also be aware that the price of fixed rate bonds moves adversely to changes in interest rates. When prevailing market interest rates are rising, the price of fixed rate bonds declines. Conversely, if market interest rates are declining, the price of fixed rate bonds rises. This is referred to as market risk and would be relevant to a Bondholder electing to sell the Bonds before maturity on the secondary market.
- A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different.
- 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.
- The Issuer may incur further borrowing or indebtedness and may create or permit to subsist other security interests upon the whole or any part of its present or future undertakings, assets, or revenues (including uncalled capital).
- The Bonds constitute the general, direct, unconditional and secured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves, but they shall rank with priority or preference over all unsecured indebtedness of the Issuer, if any. Notwithstanding this, there can be no guarantee that privileges or security accorded by law in specific situations will not arise during the course of the Issuer's business which may rank with priority or preference to the Collateral.
- The attention of prospective investors in the Bonds is drawn to the concluding paragraph of section 4.5 of this Securities Note, which provides that the issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List and the Collateral being properly constituted in favour of the Security Trustee, and that in the event that either of the aforesaid conditions is not satisfied, the Security Trustee shall return the Bond Issue proceeds to Bondholders via the Registrar and the Authorised Financial Intermediaries.
- The valuations of the rights over immovable property enjoyed by Melite Properties referred to in the Prospectus have been prepared by an independent real estate advisory firm which is experienced in the real estate industry and market in Italy, Rustioni & Partners Srl. In providing a market value for the rights over immovable property held with respect to each respective property, the independent real estate advisory firm has made certain assumptions which ultimately may cause the actual value to be materially different from any future values that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends as reality may not match the assumptions. There can be no assurance that such valuations of rights over immovable property and property-related assets will reflect actual market values.
- In the event that the Issuer wishes 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 5.12 of this Securities Note. These provisions permit defined majorities to bind all Bondholders including Bondholders who do not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority.
- The terms and conditions of this Bond Issue are based on the requirements of the Listing Rules, the Act and the Regulation in effect as at the date of the Prospectus. No assurance can be given as to the impact on the Bonds of any possible judicial decision or change in law or administrative practice after the date of the Prospectus.
- Even after the Bonds are admitted to the Official List, the Issuer is required to remain in compliance with certain requirements relating to, *inter alia*, 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 power to suspend trading or listing of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The Listing Authority may discontinue the listing of the Bonds on the MSE. Any such trading suspensions or listing revocations or discontinuations described above could have a material adverse effect on the liquidity and value of the Bonds.
- 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.

- The minimum investment amount for the subscription of the Bonds is €50,000 per Applicant. Furthermore, each investor is required to maintain a minimum holding of €50,000 throughout the lifetime of his/her/its investment. This could affect the ability of Bondholders to sell the Bonds on the secondary market.

| 3 | PERSONS RESPONSIBLE AND CONSENT FOR USE OF PROSPECTUS

3.1 PERSONS RESPONSIBLE

This document includes information given in compliance with the Listing Rules for the purpose of providing prospective investors with information with regard to the Issuer. All of the Directors, whose names appear under the sub-heading “Directors” under the heading “Identity of Directors, Senior Management, Advisers and Auditors of the Issuer” in section 3 of the Registration Document, accept responsibility for the information contained in this Securities Note. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

All representations and other statements made in the Prospectus are made by the Issuer, and the Directors take sole responsibility for all such representations and statements. The Sponsor, Co-Managers and Registrar, and the Issuer’s 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.

3.2 CONSENT FOR USE OF THE PROSPECTUS

For the purposes of any subscription for Bonds through any of the Authorised Financial Intermediaries in terms of this Securities Note and any subsequent resale, placement or other offering of Bonds by such Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Directive (Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC), the Issuer consents to the use of this Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale or placement or other offering of Bonds, provided this is limited only:

- i. in respect of Bonds subscribed for through the Authorised Financial Intermediaries listed in Annex I of this Securities Note: pursuant to the placement agreements as detailed in section 7.4 of this Securities Note;
- ii. to any resale or placement of Bonds subscribed for as aforesaid, taking place in Malta;
- iii. to any resale or placement of Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus.

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

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

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

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

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

Any resale, placement or other offering of the Bonds to an investor by an authorised financial intermediary will be made in accordance with any terms and other arrangements in place between such authorised financial intermediary and such investor including as to price, allocations and settlement arrangements. Where such information is not contained in the Prospectus, it will be the responsibility of the applicable authorised financial intermediary at the time of such resale, placement or other offering to provide the investor with that information and neither the Issuer nor the Sponsor has any responsibility or liability for such information.

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

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

| 4 | ESSENTIAL INFORMATION

4.1 REASONS FOR THE ISSUE AND USE OF PROCEEDS

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €8.9 million, will be used by the Issuer for the following purposes:

- i. the amount of €3.0 million shall be paid to Melite Retail in part settlement of the *circa* €8.6 million consideration due for the transfer of the entire issued share capital of Melite Properties to the Issuer following its earlier acquisition by Melite Retail from Melite Italia, the remaining *circa* €5.6 million of the said consideration due by the Issuer in respect of such share transfer having been capitalised by Melite Retail on 5 November 2018;
- ii. the amount of *circa* €5.9 million will be lent to Melite Properties, pursuant to the terms of a loan agreement entered into between the Issuer and Melite Properties on 31 October 2018 (the **"Loan Agreement"**), for the following purposes:
 - a. an amount of €3.0 million will be utilised by Melite Properties for settlement of a debt owed to Melite Retail, which debt was originally due by Melite Italia but, as a result of the restructuring set out in section 4.1.2 of the Registration Document, was assumed by Melite Properties. The debt being refinanced relates to bank financing that had been drawn down to finance, *inter alia*, the acquisition of property rights by Melite Italia;
 - b. an amount of *circa* €2.5 million will be utilised by Melite Properties for the purpose of re-furbishing and embellishing retail outlets located in leading locations in Italy over which, from time to time, it enjoys the rights attached to the lease of such immovable property described in section 4.3 of the Registration Document, and, or for acquiring such rights over additional retail outlets, for sub-leasing, over the next one to two years; and
 - c. the remaining balance of *circa* €0.4 million will be retained by Melite Properties for general corporate funding purposes.

For such time as the proceeds from the Bond Issue outlined for utilisation for the purpose set out in section 4.1(ii)(b) above have not been utilised as set out therein, the Security Trustee shall, with the prior approval of the Issuer, be empowered to invest such funds in such securities and, or in such manner as permitted in terms of the Security Trust Deed.

4.2 EXPENSES

Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €320,000. There is no particular order of priority with respect to such expenses.

4.3 ISSUE STATISTICS

Amount:	€9,250,000;
Form:	The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
Denomination:	Euro (€);
ISIN:	MT0002031202;
Minimum amount per subscription and holding:	Minimum of €50,000 per individual Bondholder and a subsequent minimum holding of €50,000 per individual Bondholder maintained throughout his/her/its investment;
Redemption Date:	23 November 2028;

Plan of Distribution:	The Bonds are being made available for subscription to Authorised Financial Intermediaries, either for their own account or for the account of underlying customers.
Bond Issue Price:	At par (€100 per Bond);
Status of the Bonds:	The Bonds constitute the general, direct, unconditional and secured obligations of the Issuer and shall at all times rank <i>pari passu</i> , without any priority or preference, among themselves and, save for such exceptions as may be provided by applicable law, with priority or preference to all present and future unsecured obligations of the Issuer and with first ranking and priority over the Collateral;
Listing:	Application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the MSE for the Bonds to be listed and traded on its Official List;
Placement Agreements:	The Issuer has entered into conditional placement agreements whereby a maximum amount of €9,250,000 in value of Bonds has been made available for subscription by Authorised Financial Intermediaries, details of which placement agreements can be found in section 7.4 of this Securities Note;
Placement Date:	22 November 2018;
Interest:	4.85% per annum;
Interest Payment Date(s):	Annually on 23 November as from 25 November 2019 (the first interest payment date, being the first Business Day following 23 November 2019, which does not fall on a Business Day);
Governing Law of Bonds:	The Bonds are governed by and shall be construed in accordance with Maltese law;
Jurisdiction:	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds; and
Legal Entity Identifier (LEI):	4851008I23RYV6SIM845.

4.4 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any subscription for Bonds by Rizzo, Farrugia & Co. (Stockbrokers) Ltd. and Lombard Bank Malta p.l.c, and any fees payable in connection with the Bond Issue, so far as the Issuer is aware no person involved in the Issue has an interest material to the Issue.

4.5 COLLATERAL

Security for the fulfilment of the Issuer's obligations under the Bonds is to be granted in favour of the Security Trustee for the benefit of Bondholders, in the form of the following security, together the **"Collateral"**:

- a. A first ranking general hypothec over all of the Issuer's immovable and movable assets, both present and future; and
- b. A pledge over the shares held by the Issuer in Melite Properties.

The value of the Collateral is susceptible to variation during the term of the Bonds. As at 30 September 2018, the Collateral may be considered to amount to €8.6 million, which reflects the fair value of the assets and liabilities held by Melite Properties, as follows:

- a. intangible assets, with a current valuation of €10.3 million, in the form of property rights attaching to the lease contracts relating to a number of retail outlets in Italy (the **"Existing Outlets"**), as described in section 4.3.1 of the Registration Document;
- b. investments in liquid assets and cash balances for a value of €0.7 million held by Melite Italia as security deposits in connection with the lease contracts pertaining to the Existing Outlets;
- c. fixed assets having a value of €0.6 million in the form of the improvement works that had been carried out by Melite Italia on the Existing Outlets. The improvements transferred by Melite Italia to Melite Properties were limited to works of an immovable nature and hence affixed to the Existing Outlets. The value of works relating to the brand fit-out of the individual Existing Outlets was retained by Melite Italia; and
- d. a liability amounting to €3.0 million due by Melite Italia to Melite Retail, its parent company.

The Collateral will secure the claim of the Security Trustee, for the benefit and in the interest of Bondholders, for the repayment of the principal and interest under the Bonds. Following the Bond Issue and application of the Bond Issue proceeds in accordance with the terms of this Securities Note, the Security Trustee will have the benefit of a first ranking general hypothec over all the present and future, movable and immovable assets of the Issuer, together with a first ranking pledge over the shares held by the Issuer in Melite Properties, for the full amount of €9,250,000 and interest thereon.

The salient features of the first ranking general hypothec and share pledge may be summarised as:

- i. *General Hypothec*: the general hypothec shall grant the Security Trustee, acting for the benefit of Bondholders, with a first ranking security over all present and future, movable and immovable assets of the Issuer. As at the date of the Prospectus, while the Issuer does not own any immovable assets, its movable assets consist of the shares it owns in the issued share capital of Melite Properties, being the entire issued share capital thereof, and the receivable of €6.0 million which it shall be due from Melite Properties pursuant to the loan agreement to be entered into between the Issuer and Melite Properties in relation to the lending of part of the Bond Issue proceeds. The general hypothec will be subject to Maltese law;
- ii. *Share pledge*: the share pledge agreement was entered into by the Issuer and the Security Trustee, acting for the benefit of Bondholders, on the 7 November 2018, with respect to the shares held by the Issuer in Melite Properties. The share pledge vests the Security Trustee with the right, in the case of a breach by the Issuer of the conditions of the pledge (which conditions are, in turn linked *inter alia* to the Events of Default set out in section 5.9 of this Securities Note), to assume all rights associated with the shares in Melite Properties, including the right to exercise voting rights at the level of Melite Properties and the right to obtain payment out of the pledged shares (whether through a sale, disposal or appropriation thereof or otherwise) with preference over other creditors. The share pledge agreement is governed by Italian law.

While the transfers of the shares in Melite Properties from Melite Italia to Melite Retail, and immediately thereafter from Melite Retail to the Issuer, were both completed on 31 October 2018, both share transfers were effected subject to the resolutive condition that, in the event that payment of the consideration due for the transfer of shares in Melite Properties from Melite Italia to Melite Retail is not effected within three months from the date of the share transfer agreement entered into between Melite Italia and Melite Retail, the share transfers (both that from Melite Italia to Melite Retail, and that from Melite Retail to the Issuer) will be reversed, and Melite Italia shall be re-instated as the sole shareholder of Melite Properties. Such resolutive condition would no longer apply upon payment of the cash component of the consideration due and the granting of security sufficient to cover the outstanding balance. The consideration payable for the transfer of the shares in Melite Properties from Melite Italia to Melite Retail is to be settled, in part, through the Bond Issue proceeds, upon payment by the Issuer to Melite Retail of €3.0 million as set out in section 4.1(i) of this Securities Note. The balance of the payment due shall be secured by a first demand bank guarantee to be issued by Lombard Bank Malta p.l.c. in favour of Melite Retail upon the date of approval by the Listing Authority of the admission to listing of the Bonds.

Upon the said guarantee being issued and the said payment of €3.0 million referred to in section 4.1(i) of this Securities Note being effected, the abovementioned resolutive condition shall be waived unconditionally and irrevocably, and accordingly the shares forming the subject of the share pledge agreement constituting part of the Collateral as set out in this section 4.5 of the Securities Note shall no longer be susceptible to reverting to Melite Italia - for the purposes of this Prospectus, the effects explained in this paragraph shall be referred to as the **"Perfection of the Collateral"**.

The Security Trust Deed entered into between the Issuer, Melite Properties and the Security Trustee sets out the covenants of the Issuer to pay the principal amount under the Bonds on the Redemption Date and interest thereon, the hypothecary rights under the deed of hypothec, the rights under the share pledge agreement and all the rights and benefits under the Security Trust Deed, and provides for covenants on the part of Melite Properties with respect to the acquisition, release and/or liquidation of property rights during the term of the Bonds. In terms of the Security Trust Deed, Melite Properties has undertaken towards the Issuer and Security Trustee not to dispose of any rights over immovable property which are held by it from time to time during the term of the Bonds without the prior written consent of the Issuer and the Security Trustee, subject to a materiality threshold of €2.0 million.

Pursuant to the provisions of the Security Trust Deed, save for the amount of €3 million required for the payment by the Issuer to Melite Retail referred to in section 4.1(i) of this Securities Note, the Security Trustee shall retain all proceeds from the Bonds until such time as the share pledge referred to in (ii) above is no longer subject to the resolutive condition in terms of which the transfer of shares in Melite Properties from Melite Italia to Melite Retail (and in turn the transfer of shares from Melite Retail to the Issuer) is susceptible to being reversed. No Bonds shall be issued and allotted until the Perfection of the Collateral and the admission of the Bonds to the Official List.

The rights under the Collateral will be vested in the Security Trustee for the benefit of the Bondholders in proportion to their respective holding of the Bonds. The Security Trustee's role includes holding the rights under the Collateral for the benefit of the Bondholders and the enforcement of those rights upon the happening of certain events. The Security Trustee shall have no payment obligations to Bondholders under the Bonds, which remain exclusively the obligations of the Issuer.

| 5 | INFORMATION CONCERNING THE SECURITIES TO BE ISSUED AND ADMITTED TO TRADING

5.1 GENERAL

- 5.1.1** Each Bond forms part of a duly authorised issue of 4.85% secured Bonds 2028 of a nominal value of €100 per Bond issued by the Issuer at par for the principal amount of €9,250,000. The expected Issue Date of the Bonds is 28 November 2018.

- 5.1.2** The currency of the Bonds is Euro (€).
- 5.1.3** Subject to admission to listing of the Bonds to the Official List, the Bonds are expected to be assigned ISIN MT0002031202.
- 5.1.4** All outstanding Bonds not previously purchased and cancelled shall be redeemed by the Issuer at par on the Redemption Date.
- 5.1.5** The issue of the Bonds is made in accordance with the requirements of the Listing Rules, the Act and the Regulation.
- 5.1.6** The Bond Issue is not underwritten.

5.2 RANKING OF THE BONDS

The Bonds constitute the general, direct, unconditional and secured obligations of the Issuer, and shall at all times rank *pari passu*, without any priority or preference among themselves. The Bonds shall rank with first priority and preference over all present and future unsecured obligations of the Issuer. The payment of the principal under the Bonds and interest thereon shall be secured through the Collateral.

Pursuant to the Security Trust Deed, the Issuer has agreed to constitute the Collateral in favour of the Security Trustee for the benefit of Bondholders as beneficiaries thereunder. The Collateral will secure the claim of the Security Trustee, for the benefit and in the interest of Bondholders, for the repayment of the principal and interest under the Bonds by a preferred claim over the Melite Properties shares over which the Collateral has been constituted. In addition, the general hypothec forming part of the Collateral will also grant to the Security Trustee, as additional and further security for the repayment of the Bonds, a preferred and prior ranking claim over all the assets present and future of the Issuer.

The Melite Finance Group's indebtedness following the restructuring explained in section 4.1.2 of the Registration Document amounts to €3.0 million, as the outstanding amount due to Melite Retail as part of the consideration thereto for the transfer of the entire issued share capital of Melite Properties to the Issuer following its earlier acquisition by Melite Retail from Melite Italia. Following deployment of the Bond proceeds, such indebtedness of the Melite Finance Group to Melite Retail will be settled in full, and the Melite Finance Group's remaining indebtedness shall be equivalent to the principal amount of the Bonds together with any interest accruing thereon, due to Bondholders.

5.3 RIGHTS ATTACHED TO THE BONDS

There are no special rights attached to the Bonds other than the right of the Bondholders to:

- i. the repayment of capital;
- ii. the payment of interest;
- iii. the benefit of the Collateral through the Security Trustee;
- iv. attend, participate in and vote at meetings of the Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
- v. enjoy all such other rights attached to the Bonds emanating from this Prospectus.

5.4 INTEREST

- 5.4.1** The Bonds shall bear interest from and including 23 November 2018 at the rate of 4.85% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 25 November 2019 (covering the period from 23 November 2018 to 24 November 2019). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the following day that is a Business Day. In terms of article 2156 of the Civil Code (Cap. 16 of the Laws of Malta), the right of the Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five years.
- 5.4.2** 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.

5.5 YIELD

The gross yield, calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date, is 4.85%.

5.6 REGISTRATION, FORM, DENOMINATION AND TITLE

- 5.6.1** Certificates will not be delivered to Bondholders in respect of the Bonds by virtue of the fact that the entitlement to the Bonds will be represented in an uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There will be entered in such electronic register the names, addresses, identity card numbers (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.
- 5.6.2** The CSD will issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/her/its entitlement to the Bonds held in the register kept by the CSD.
- 5.6.3** The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription, the Bonds will be issued for a minimum of €50,000 per individual Bondholder and subject to a subsequent minimum holding of €50,000 per individual Bondholder maintained throughout his/her/its investment. Accordingly, each transfer of Bonds which would result in a Bondholder holding less than such minimum amounts is not permitted unless as a result of the said transfer, the Bondholder shall have disposed of all of his/her/its holding in the Bonds.
- 5.6.4** Authorised Financial Intermediaries subscribing for Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €50,000 to each underlying client and subject to the minimum holding referred to in section 5.6.3. The minimum holding requirement of €50,000 per Bondholder (and per underlying client, in the case of Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients as aforesaid) will also apply during secondary market trading.
- 5.6.5** Any person in whose name a Bond is registered may (to the fullest extent permitted by any applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading "*Transferability of the Bonds*" in section 5.10 of this Securities Note.
- 5.6.6** Applicants may opt to subscribe for the online e-portfolio of the MSE. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further details on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.

5.7 PAYMENTS

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

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

- 5.7.2** Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business 15 days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate from time to time. Such payment shall be effected within seven days of the Interest Payment Date. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith.
- 5.7.3** All payments with respect to the Bonds are subject in all cases to any applicable fiscal or other laws and regulations prevailing in Malta. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made net of any amount which the Issuer is compelled by law to deduct or withhold for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Malta or any authority thereof or therein having power to tax.
- 5.7.4** No commissions or expenses shall be charged by the Issuer to the Bondholders in respect of such payments. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

5.8 REDEMPTION AND PURCHASE

- 5.8.1** Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 23 November 2028.
- 5.8.2** Subject to the provisions of this section 5.8, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.
- 5.8.3** All Bonds so purchased will be cancelled forthwith and may not be re-issued or re-sold.

5.9 EVENTS OF DEFAULT

Without prejudice to the provisions of the Security Trust Deed, the Bonds shall be considered immediately due and repayable at their principal amount together with any accrued interest, if any of the following events (“**Events of Default**”) were to occur:

- 5.9.1** the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for 30 days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- 5.9.2** the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the terms and conditions of the Bonds and such failure shall continue for 60 days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- 5.9.3** an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer (or Melite Properties, save in the case of a reorganisation or restructuring of the Melite Finance Group, or the merger, amalgamation or division of Melite Properties); or
- 5.9.4** the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or
- 5.9.5** the Issuer or Melite Properties is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- 5.9.6** there shall have been entered against the Issuer and/or Melite Properties a final judgment by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of €2.0 million or its equivalent and 90 days shall have passed since the date of entry of such judgment without it having been satisfied or stayed, or confirmation received to the effect that such claim shall be covered by existing insurance cover; or
- 5.9.7** the Issuer or Melite Properties commits a breach of any of the covenants or provisions contained in the Security Trust Deed as may be applicable, and on its part to be observed and the said breach still subsists for 30 days after having been notified by the Security Trustee (other than any covenant for the payment of interest or principal monies owing with respect to the Bonds).

5.10 TRANSFERABILITY OF THE BONDS

- 5.10.1** The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole in accordance with the rules and regulations of the MSE as may be applicable from time to time.
- 5.10.2** Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Issuer or the CSD, elect either to be registered himself as the holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person.
- 5.10.3** All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.
- 5.10.4** 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 transferee and/or transferor, as applicable.
- 5.10.5** The Issuer will not register the transfer or transmission of the Bonds for a period of 15 days preceding an Interest Payment Date.

5.11 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 Collateral.

5.12 MEETINGS OF BONDHOLDERS

- 5.12.1** The Issuer may, through the Security Trustee, 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 Terms and Conditions of the Bonds. A meeting of Bondholders shall be called by the Directors by giving the Security Trustee not less than 21 days' notice in writing. Upon receiving due notice from the Directors, the Security Trustee shall call such meeting by giving all Bondholders listed on the register of Bondholders as at a date being not more than 30 days preceding the date scheduled for the meeting, not less than 14 days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval of the Bondholders in accordance with the provisions of this section 5.12 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.
- 5.12.2** The amendment or waiver of any of the Terms and Conditions of the Bond Issue contained in this Securities Note may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof, subject to section 5.12.8 below.
- 5.12.3** A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, at least two Bondholders present, in person or by proxy, representing not less than 51% in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within 30 minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Bondholders present at that meeting. The Issuer shall within two days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven days, and not later than 15 days, following the original meeting. At an adjourned meeting: the number of Bondholders present, in person or by proxy, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.
- 5.12.4** 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.
- 5.12.5** 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 being required at the meeting, the Directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to the 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.
- 5.12.6** The voting process shall be managed by the company secretary of the Issuer under the supervision and scrutiny of the auditors of the Issuer.
- 5.12.7** The proposal placed before a meeting of Bondholders shall only be considered approved if at least 75% in nominal value of the Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.
- 5.12.8** 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.

5.13 AUTHORISATIONS AND APPROVALS

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a Board of Directors' resolution passed on 30 October 2018.

5.14 REPRESENTATIONS AND WARRANTIES

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

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

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 business and financial position, the omission of which would, in the context of issue of the Bonds, make any statement in the Prospectus misleading or inaccurate in any material respect.

5.15 NOTICES

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

| 6 | TAXATION

6.1 GENERAL

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Bonds, including their acquisition, holding and transfer as well as on any income derived therefrom or on any gains derived on the transfer of such Bonds. The following is a summary of the anticipated tax treatment applicable to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive.

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

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

6.2 MALTA TAX ON INTEREST

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is 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, hereinafter, the "**Income Tax Act**"), interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% (10% in the case of certain types of collective investment schemes) of the gross amount of the interest, pursuant to article 33 of the Income Tax Act. Bondholders who do not fall within the definition of a "recipient" do not qualify for the said rate and should seek 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 should be charged to further tax in respect of such income. Furthermore, such tax should not be available as a credit against the recipient's tax liability or for a refund, as the case may be, for the relevant year of assessment in Malta. The Issuer will render an account to the Maltese Commissioner for Revenue of all amounts so deducted, including 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 Maltese income tax return and be subject to tax on such interest at the standard rates applicable to such Bondholder at that time. Additionally, in this latter case the Issuer will advise the Maltese Commissioner for Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

In terms of article 12(1)(c) of the Income Tax Act, Bondholders who are not resident in Malta satisfying the applicable conditions set out 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.

6.3 EXCHANGE OF INFORMATION

In terms of applicable Maltese legislation, the Issuer and/or its agent are required to collect and forward certain information (including, but not limited to, information regarding payments made to 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.

6.4 MALTESE TAXATION ON CAPITAL GAINS ON A 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 tax on capital gains should be chargeable in respect of a transfer of the Bonds.

6.5 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) as the Bonds constitute financial instruments of a company quoted on a regulated market exchange, as is the MSE, 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.

| 7 | TERMS AND CONDITIONS OF THE BOND ISSUE

7.1 EXPECTED TIMETABLE OF THE BOND ISSUE

1. Placement date	22 November 2018
2. Commencement of interest on the Bonds	23 November 2018
3. Expected date of Perfection of the Collateral	27 November 2018
4. Expected date of admission of the Bonds to listing	28 November 2018
5. Expected date of commencement of trading in the Bonds	29 November 2018

7.2 GENERAL TERMS AND CONDITIONS

The following are the general terms and conditions applicable to any subscription for the Bonds by any person, legal or natural, through any of the Authorised Financial Intermediaries:

- 7.2.1** The contract created by the acceptance of a subscription for the Bonds shall be subject to the terms and conditions set out in this Securities Note and the Memorandum and Articles of Association of the Issuer. It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.
- 7.2.2** If the subscription is made on behalf of another person, legal or natural, the person making such subscription will be deemed to have bound that person and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such Applicant may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Registrar or the Authorised Financial Intermediary.
- 7.2.3** In the case of joint Applicants, reference to the Bondholder in these Terms and Conditions is a reference to each Bondholder, and liability therefor is joint and several. 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-à-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 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.
- 7.2.4** 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.
- 7.2.5** No person receiving a copy of the Prospectus in any territory other than Malta may treat the same as constituting an invitation or offer to such person, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person without contravention of any registration or other legal requirements.
- 7.2.6** It is the responsibility of any person outside Malta wishing to subscribe for the Bonds to satisfy himself/herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- 7.2.7** The Bonds will be issued in Euro (€). The aggregate principal amount of the Bond Issue is of €9,250,000.
- 7.2.8** Any Bonds held by minors shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s until such time as the minor attains the age of 18 years, following which all interest and redemption monies shall be paid directly to the registered holder. This is provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of 18 years. In the case of joint Bondholders, 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 first named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all the joint Applicants. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.
- 7.2.9** The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by Applicants is €50,000.
- 7.2.10** The issue and allotment of the Bonds is conditional upon: (i) the Bonds being admitted to the Official List and (ii) the Perfection of the Collateral. In the event that either of the aforesaid conditions is not satisfied within 15 Business Days of the close of the Offer Period, any application monies received by the Issuer will be returned without interest to the Applicants via the Authorised Financial Intermediaries through which the Applicant would have subscribed for the Bonds.
- 7.2.11** For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations (Subsidiary Legislation 373.01 of the laws of Malta), as amended from time to time, all appointed Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the "Members' Code of Conduct" appended as Appendix 3.6 to Chapter 3 of the MSE Bye-Laws. Furthermore, such information shall be held and controlled by the MSE in terms of the Data Protection Act (Cap. 586 of the laws of Malta) and/or the GDPR, as amended from time to time (as applicable), for the purposes, and within the terms of the MSE's Data Protection Policy as published from time to time.
- 7.2.12** Any Applicant applying for the Bonds:
- a. agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;
 - b. acknowledges the processing of any personal data for the purposes specified in the privacy notice published by the Issuer, which is available on the Issuer's website at www.meliteproperties.com. The Applicant hereby acknowledges that the processing of personal data may validly take place, even

without the Applicant's consent, in the circumstances set out in the GDPR and the Data Protection Act (Cap. 586 of the laws of Malta) and any applicable subsidiary legislation, as may be amended from time to time. The Applicant hereby confirms that he/she/it has been provided with and read the privacy notice;

- c. warrants that the information submitted by the Applicant when subscribing for the Bonds is true and correct in all respects. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) provided by the Applicant and those held by the MSE in relation to the MSE account number indicated by the Applicant, the details held by the MSE shall be deemed to be the correct details of the Applicant;
- d. authorises the Issuer (or its service providers, including the CSD and/or the Registrar) and/or the relevant Authorised Financial Intermediary, as applicable, to process the personal data provided by the Applicant, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the GDPR. The Applicant has the right to request access to and rectification of the personal data relating to him/her in relation to the Bond Issue. Any such requests must be made in writing and addressed to the Issuer and sent to the CSD at the Malta Stock Exchange. The requests must be signed by the Applicant to whom the personal data relates;
- e. confirms that in making such application, no reliance was placed on any information or representation in relation to the Issuer or the Bond Issue other than what is contained in the Prospectus and accordingly agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
- f. agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
- g. agrees to provide the Authorised Financial Intermediary, Registrar and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;
- h. warrants, in connection with the application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her application for the Bonds in any territory, and that the Applicant has not taken any action which will or may result in the Issuer, Authorised Financial Intermediary or the Registrar, as applicable, acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bond and/or his/her Application;
- i. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- j. represents that s/he is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- k. agrees that the advisers to the Bond Issue (listed in section 3.2 of the Registration Document) will owe the Applicant no duties or responsibilities concerning the Bonds or their suitability for the Applicant;
- l. agrees that all documents in connection with the issue of the Bonds will be sent at the Applicant's own risk to the address indicated by the Applicant on the Application Form; and
- m. renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds.

7.3 PLAN OF DISTRIBUTION AND ALLOTMENT

The Bond Issue, which has a total value of €9,250,000, will be distributed via the Authorised Financial Intermediaries pursuant to the conditional placement agreements entered into with Issuer, pursuant to which the Issuer bound itself to allocate, in favour of these Authorised Financial Intermediaries, the total amount of €9,250,000 as aforesaid in accordance with the terms of such placement agreements. Further information on the said placement agreements may be found in section 7.4 below. Accordingly, the Bond Issue has been fully placed with the Authorised Financial Intermediaries. Applications not made through the Authorised Financial Intermediaries will not be entertained.

In terms of the placement agreements, the Authorised Financial Intermediaries party thereto may subscribe for Bonds for their own account or for the account of underlying customers, including retail customers, and shall in addition be entitled to either distribute to the underlying customers any portion of the Bonds subscribed for upon commencement of trading, or instruct the Issuer and the Registrar to issue a portion of the Bonds subscribed by them directly to their underlying customers. In each case, subscription amounts made by Applicants through Authorised Financial Intermediaries, including those made under nominee holdings, shall be in multiples of €100 Bonds, subject to a minimum subscription amount of €50,000 in Bonds by each individual Bondholder/underlying customer and a subsequent minimum holding of €50,000 per individual Bondholder/underlying customer is maintained throughout his/her investment, unless disposed of in its entirety.

It is expected that an allotment advice will be made available to Applicants by the CSD shortly after listing of the Bonds. The registration advice and other documents may be retained pending clearance of the remittance and any verification of identity as required in terms of 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.

7.4 PLACEMENT AGREEMENTS

As indicated in section 7.3 above, the Issuer has entered into conditional placement agreements with the Authorised Financial Intermediaries, whereby the Issuer bound itself to allocate the Bonds to such Authorised Financial Intermediaries in accordance with the terms of such agreements. The Authorised Financial Intermediaries in turn bound themselves to subscribe to a specified amount of Bonds subject to, and conditional upon, the Perfection of the Collateral and the Bonds being admitted to the Official List.

In terms of each conditional placement agreement entered into with an Authorised Financial Intermediary, which agreement is subject to the terms of the Prospectus, the Issuer is conditionally bound to allocate, and each Authorised Financial Intermediary is conditionally bound to subscribe for, the number of Bonds as indicated therein, subject to the Bonds being admitted to the Official List. The conditional placement agreements will become binding on each of the Issuer and the respective Authorised Financial Intermediaries on the respective placement agreement date, provided that these intermediaries would have paid to the Issuer all subscription proceeds in cleared funds on the Placement Date. Such agreements shall become unconditional upon the Perfection of the Collateral and the admission of the Bonds to trading on the Official List.

The placement date is 22 November 2018, by which date the Authorised Financial Intermediary has to forward to the Registrar the value of the Bonds so allocated to them pursuant to the respective placement agreement.

7.5 ALLOCATION POLICY

The Issuer shall allocate the Bonds to Authorised Financial Intermediaries pursuant to the placement agreements entered into with the Issuer, details of which can be found in section 7.4 above.

Subsequently, the Authorised Financial Intermediaries shall be responsible for the allocation of their respective share of the Bonds amongst their respective Applicants. Such allocation shall at all times be subject to the minimum investment amount for the subscription of the Bonds, set at €50,000 per underlying Applicant and may be subject to scaling down of the subscription for Bonds by Applicants up to €50,000 per individual Bondholder/underlying customer. The scaling down of applications may also be complemented or substituted, as the case may be, by a ballot should the Authorised Financial Intermediary determine it to be necessary.

7.6 PRICING

The Bonds are being issued at par, that is, at €100 per Bond.

7.7 ADMISSION TO TRADING

- 7.7.1** The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 12 November 2018.
- 7.7.2** Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List.
- 7.7.3** The Bonds are expected to be admitted to the Official List with effect from 28 November 2018 and trading is expected to commence thereafter.

7.8 ADDITIONAL INFORMATION

The Securities Note does not contain any statement or report attributed to any person as an expert.



ANNEXES

| ANNEX I | AUTHORISED FINANCIAL INTERMEDIARIES

Name	Address	Telephone
Lombard Bank Malta p.l.c.	67 Republic Street Valletta VLT 1117, Malta	25581112
Rizzo, Farrugia & Co (Stockbrokers) Ltd.	Airways House, Fourth Floor High Street Sliema SLM 1551, Malta	22583000

