

SUMMARY

DATED 31 MAY 2022

In respect of an issue of up to
€16,000,000 4.50% secured bonds 2028 – 2034
of a nominal value of €100 per bond, issued and redeemable at par by

THE ONA P.L.C.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF MALTA
WITH COMPANY REGISTRATION NUMBER C 101370

with the joint and several guarantee of
The Ona Real Estate Ltd (C 83842)
The Ona Property Development Ltd (C 82490)
The Ona Hospitality Ltd (C 101371)

ISIN: MT0002661206



Sponsor, Manager & Registrar



MZ INVESTMENT SERVICES

Security Trustee

EQUINOX INTERNATIONAL
LIMITED

Legal Counsel

Dr Chris Cilia

YOU ARE ABOUT TO PURCHASE SECURITIES THAT ARE NOT SIMPLE AND MAY BE DIFFICULT TO UNDERSTAND. THIS SUMMARY HAS BEEN APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY, AS COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MALTA FINANCIAL SERVICES AUTHORITY ONLY APPROVED THIS SUMMARY AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER AND THE SECURITIES THAT ARE THE SUBJECT OF THIS SUMMARY.

THIS SUMMARY IS VALID FOR A PERIOD OF TWELVE (12) MONTHS FROM THE DATE THEREOF. FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD, THE ISSUER IS NOT OBLIGED TO SUPPLEMENT THIS SUMMARY IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES.

APPROVED BY THE BOARD OF DIRECTORS

Cliona Muscat

George Muscat

Signing in their own capacity as directors of the Issuer
and on behalf of each of Alfred Attard, Francis X Gouder and Ann Marie Agius as their duly appointed agents.

1. INTRODUCTION AND WARNINGS

This Summary is prepared in accordance with the requirements of the Prospectus Regulation and the delegated acts issued thereunder. This Summary contains key information which investors require in order to understand the nature and the risks of the Issuer and the Secured Bonds. Except where the context otherwise requires, the capitalised words and expressions used in this Summary shall bear the meanings assigned to them in the Registration Document and, or the Securities Note, as the case may be.

This Summary contains key information on the Issuer, the Guarantors and the Secured Bonds, summarised details of which are set out below:

Issuer	The Ona p.l.c., a public limited liability company registered under the laws of Malta, bearing company registration number C 101370 and legal entity identifier (LEI) number 48510040FDCT4Q97XG85.
Address	GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema, SLM 3060, Malta.
Telephone number	+356 2327 1000
Issuer Website	www.theonagroup.mt
LEI number	48510040FDCT4Q97XG85
Competent authority approving the Prospectus	The MFSA, established in terms of the Financial Markets Act (Cap. 345 of the laws of Malta).
Address of the MFSA	Malta Financial Services Authority, Triq l-Imdina, Zone 1, Central Business District, Birkirkara CBD 1010, Malta.
Telephone number of the MFSA	+356 2144 1155
MFSA Website	https://www.mfsa.mt/
Name of the securities	4.50% Secured Bonds due 2028-2034 issued by the Issuer
ISIN number of the Secured Bonds	MT0002661206
Prospectus approval date	31 May 2022

Prospective investors are hereby warned that:

- (i) this Summary should be read as an introduction to the Prospectus. It is being provided to convey the key characteristics and risks associated with the Issuer and the Secured Bonds being offered pursuant to the Prospectus. It is not and does not purport to be exhaustive and investors are warned that they should not rely on the information contained in this Summary in making a decision as to whether to invest in the securities described in this document;
- (ii) any decision of the investor to invest in the Secured Bonds should be based on a consideration of the Prospectus as a whole by the investor;
- (iii) an investor may lose all or part of the capital invested in subscribing for Secured Bonds;
- (iv) where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of Malta, have to bear the costs of translating the Prospectus before the legal proceedings are initiated;
- (v) civil liability attaches only to those persons who have tabled the Summary, including any translation thereof, but only if the Summary, when read together with the other parts of the Prospectus, is misleading, inaccurate, or inconsistent or does not provide key information in order to aid investors when considering whether to invest in the Secured Bonds; and
- (vi) you are about to purchase securities that are not simple and may be difficult to understand.

2. KEY INFORMATION ON THE ISSUER

2.1 Who is the Issuer of the Secured Bonds?

2.1.1 Domicile and Legal Form, its LEI and Country of Incorporation

The Issuer is The Ona p.l.c., a public limited liability company registered in Malta in terms of the Companies Act (Cap. 386 of the laws of Malta). The Issuer was incorporated and is domiciled in Malta, with legal entity identifier (LEI) number 48510040FDCT4Q97XG85.

2.1.2 Principal Activities of the Issuer

The Issuer is the holding and finance company of the Group and was incorporated for the purpose of financing its Subsidiaries' respective projects. The Issuer does not carry out any trading activities of its own and its revenue is limited to the dividends it receives from its Subsidiaries and interest receivable due under intra-group loan agreements.

2.1.3 Organisational Structure of the Group

The Issuer is the holding company of the Group and holds 100% of the shareholding in its Subsidiaries – The Ona Property Development Ltd (C 82490) (“**TOPD**”), The Ona Real Estate Ltd (C 83842) (“**TORE**”) and The Ona Hospitality Ltd (C 101371) (“**TOH**”).

2.1.4 Major Shareholders of the Issuer

The Issuer's majority shareholder is Cliona Muscat who holds 99.9% of the issued share capital of the Issuer.

2.1.5 Key Managing Directors

The board of Directors of the Issuer is composed of the following persons: Cliona Muscat (Executive Director), George Muscat (Non-Executive Director), Alfred Attard (Independent Non-Executive Director), Francis X Gouder (Independent Non-Executive Director), and Ann Marie Agius (Independent Non-Executive Director).

2.1.6 Statutory Auditors

The auditors of the Issuer as of the date of this Summary are TACS Malta Limited (C 84698) of 1, Tal-Providenza Mansions, Main Street Balzan, Malta. The Accountancy Board registration number of TACS Malta Limited is AB/2/17/22.

2.2 What is the key financial information regarding the Issuer?

The Issuer is a newly incorporated company and has not published its first set of audited financial statements. The Group came into existence in April 2022 following the acquisition of TORE, TOPD and TOH by virtue of a share for share exchange process. The financial information set out below represents key pro forma consolidated financial information. This pro forma information presents what the Issuer's consolidated statement of financial position would have looked like had the Group existed in its current form, comprising all its current constituent components, as at 31 December 2021.

Pro Forma Consolidated Statement of Financial Position	31 December 2021 €'000
Total assets	11,547
Equity	7,721
Net debt	1,505
Breakdown as follows:	
Bank loans	2,548
Cash and cash equivalents	(1,043)

2.3 What are the key risks that are specific to the Issuer?

The most material risk factors specific to the Issuer and the Group which may adversely impact the operations and financial position of the Issuer and, or the Group, should the circumstances mentioned therein materialise, are as follows:

2.3.1 The Issuer is dependent on the performance of its Subsidiaries

The Issuer is a finance and holding company of the Group and does not carry out any trading activities of its own. The Issuer is therefore economically dependent on the performance and financial position of its Subsidiaries. The underperformance of any of the Issuer's Subsidiaries may have an adverse effect on the performance of the Issuer which may affect its ability to service payments under the Secured Bonds of both principal and interest.

2.3.2 Risks relating to the economic repercussions of the COVID-19 pandemic

As a direct result of the spread of COVID-19, global economic activity has experienced a general downturn, with certain industry sectors and market segments having been affected more harshly than others. The tourism and hospitality sectors have emerged as two of the sectors most severely impacted by the COVID-19 pandemic. Consequently, the Group's business, operations, and financial performance remain susceptible to the risk relating to the uncertainty surrounding the constantly changing circumstances within which it finds itself operating in, as well as the risks of the effects of the corresponding restrictive or prohibitive measures that have been, and may in the future, be introduced as a result thereof or in connection therewith.

2.3.3 Risks relating to the financing of the Group's projects

The Group's projects have been part-financed through bank financing with local banks. The Group plans to incur additional debt for the purposes of financing future development projects. Should a Group company significantly increase its debt obligations, this may have an adverse effect on the profitability of the respective company and the Group as a whole.

Changes in banking risk appetite as a result of financial turmoil may decrease the willingness of banks to provide loans to companies and the terms thereof and accordingly, a Group company may not be able to obtain the capital and financing it requires for the completion of a project and, or the operation of its business, on commercially viable terms, or at all.

2.3.4 Risks relating to rising costs for materials, resources, and utilities

From the start of the COVID-19 pandemic to date, the prices of raw materials have been subject to substantial increases caused by a combination of heightened market demand and low availability, ongoing global supply chain challenges, increase in shipping costs, shortages in containers, ships, and human resources. Should the volatility in prices continue in an upward trajectory over the rest of the year as well as subsequent years, the Group may be negatively affected if these increased costs are not capable of being reflected in increased charges for the delivery of certain products and services of the Group.

2.3.5 Risks relating to the Franchise Agreement

The Franchise Agreement entitles TOH to operate the Hotel under the “AC Hotels by Marriott” brand, subject to certain terms and conditions as detailed therein. Accordingly, the success of the Hotel operations is dependent on the continuity of the contractual relationship with the Franchisor and subsequently, the ability of the Group to benefit from the reputation and standards of the “AC Hotels by Marriott” brand.

2.3.6 Risks relating to the ability of the Group to secure approvals and licences

Once completed, the Hotel requires a license from the Malta Tourism Authority to operate as a Class 4 hotel. Should the Malta Tourism Authority consider that all applicable licensing conditions have not been satisfied, there may be delays in the opening of the Hotel, which in turn could result in a breach of the Franchise Agreement. The development of the Birkirkara Project and the Mellieha Project have not yet been approved by the Planning Authority. In the event that these two projects are not approved in accordance with the plans submitted to the Planning Authority, the Group may need to alter their plans or seek new development opportunities in substitution of the aforementioned projects. This could result in delays and, or affect the projected revenue of the Group.

2.3.7 Risks relating to the property development and construction industry

The Group undertakes activities in the property development and construction industry. Pursuant to such activities, the Group is subject to several specific risks which could have a material adverse effect on the Group’s business, financial condition, and results of operations, including the increase of projected costs and times for completion of ongoing development projects.

2.3.8 Risks relating to competing projects

Once completed, the Hotel may compete with local hotels and facilities offering various types of lodging options and related services to the public. The Group’s activities in the property development and rental sectors are also susceptible to competitive forces given the large number of properties and developments available on the local market. A reduction in reservations for hotel accommodation and, or the sale of units and prices which are lower than that projected may adversely effect the Group’s business, financial condition, and results of operations.

3. KEY INFORMATION ON THE SECURITIES

3.1 What are the main features of the securities?

The Secured Bonds are being issued in an aggregate amount of up to €16,000,000 with a nominal value of €100 per Secured Bond issued at the rate of 4.5% per annum and redeemable at par on 21 June 2034 or, at the sole option of the Issuer, any date falling between 21 June 2028 and 20 June 2034. The first interest payment shall be effected on 21 June 2023 (covering the period from 21 June 2022 to 20 June 2023).

The Secured Bonds shall be issued in fully registered and dematerialised form and shall be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. On admission to trading, the Secured Bonds shall have the following ISIN: MT0002661206.

The Secured Bonds constitute the general, direct, unconditional, and secured obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount by the Guarantors on a joint and several basis (the “**Guarantees**”). The Secured Bonds shall at all times rank *pari passu* without any priority or preference among themselves. The Secured Bonds are secured by the following collateral constituted in favour of the Security Trustee for the benefit of Bondholders:

- (i) the first-ranking general hypothec for the full nominal value of the Secured Bonds and interest thereon over all the present and future property of each of the Issuer, TORE and TOH;
- (ii) the first-ranking special hypothec granted by TORE for the full nominal value of the Secured Bonds over the Paceville Site (and any developments and constructions thereon);
- (iii) the first-ranking special privilege over the Paceville Site for the amount of €6 million; and
- (iv) a pledge over insurance policy proceeds as security for the full nominal value of the Secured Bonds and interest thereon (the “**Pledge Agreement**”).

There are no special rights attached to the Secured Bonds other than the right of Bondholders to: (i) attend, participate in and vote at meetings of Bondholders in accordance with the terms and conditions of the Secured Bonds; (ii) payment of capital and interest in accordance with the ranking of the Secured Bonds; (iii) the benefit of the Guarantees and the Collateral; and (iv) such other rights attached to the Secured Bonds emanating from the Securities Note.

There are no restrictions on the free transferability of the Secured Bonds.

3.2 Where will the securities be traded?

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

3.3 Is there a guarantee attached to the securities?

The Secured Bonds are guaranteed by the Guarantors on a joint and several basis. Accordingly, the Bondholders shall be entitled to request the Guarantors to pay both the interest due and the principal amount under said Secured Bonds on first demand (subject to the terms of the Guarantees) if the Issuer fails to meet any amount when due in terms of the Prospectus. The joint and several Guarantees also entitle the Bondholders to demand payment from any or all of the Guarantors without having to first take action against the Issuer.

3.3.1 The Guarantors

The Guarantors are TOH, TORE and TOPD.

TOH was established on 20 January 2022 as a private limited liability company registered in Malta in terms of the Companies Act (Cap. 386 of the laws of Malta) with company registration number C 101371. The LEI of TOH is 485100RELU3CJG7ROO57. TOH was incorporated with the purpose of managing the Hotel in accordance with the terms and conditions of the Franchise Agreement.

TORE was established on 5 December 2017 as a private limited liability company registered in Malta in terms of the Companies Act (Cap. 386 of the laws of Malta) with company registration number C 83842. The LEI of TORE is 485100XELPKN88BUBY54. TORE operates in the property development and property rental sectors and has entered into a promise of sale agreement for the purchase of the Paceville Site which will be developed into the Hotel.

TOPD was established on 11 September 2017 as a private limited liability company registered in Malta in terms of the Companies Act (Cap. 386 of the laws of Malta) with company registration number C 82490. The LEI of TOPD is 485100CA2BE8KDYF5U90. TOPD operates in the property development and property rental sectors. TOPD owns a commercial property located in Birkirkara ("CE House") which it leases to a third party on a long-term basis.

3.3.2 Key Financial Information of the Guarantors

TOH was incorporated in January 2022 and, accordingly, has not published its first set of audited financial statements. The key financial information of TORE and TOPD is set out below:

	FY2021	FY2020	FY2019
	€'000	€'000	€'000
TORE			
Income Statement			
Operating profit	2,873	137	54
Statement of Financial Position			
Net financial debt	1,435	2,053	2,137
<i>Breakdown as follows:</i>			
Borrowings and other financial liabilities	2,362	2,192	2,260
Cash and cash equivalents	(927)	(139)	(123)
Cash Flow Statement			
Cash flows from (used in) operating activities	(3,767)	(43)	75
Cash flows from (used in) financing activities	(445)	59	-
Cash flows from (used in) investing activities	5,000	-	(1)
TOPD			
Income Statement			
Operating profit	309	87	84
Statement of Financial Position			
Net financial debt	3,991	4,236	3,484
<i>Breakdown as follows:</i>			
Borrowings and other financial liabilities	4,080	4,270	3,591
Cash and cash equivalents	(89)	(34)	(107)
Cash Flow Statement			
Cash flows from (used in) operating activities	244	(736)	(1,387)
Cash flows from (used in) financing activities	(189)	663	1,422

3.3.3 Key Risks that are Specific to the Guarantors and the Collateral

3.3.3.1 Risks relating to the Ranking of Collateral

The Collateral shall rank after the claims of privileged creditors should a note of inscription of a special privilege be registered with the Public Registry securing the privileged creditor's claim. The Security Trustee will be paid out of the assets of the Issuer after privileged creditors and those creditors which are given priority over the relevant Collateral by law. Accordingly, in the case of a competition of creditors, Bondholders may not recover their investment in the Secured Bonds, whether in full or in part.

3.3.3.2 Enforcement of security

Although the Secured Bonds are secured, there can be no assurance that the Collateral will be sufficient to cover the Issuer's payment obligations under the Secured Bonds in case of a default.

3.3.3.3 Risks relating to the Guarantees granted by the Guarantors

The strength of the undertakings given under the Guarantees and, accordingly, the level of recoverability by the Security Trustee from the Guarantors of any amounts due under any of the Secured Bonds, is dependent upon, and directly linked to, the financial position and solvency of the Guarantors.

3.4 What are the Key Risks that are specific to the Securities?

3.4.1 Complex financial instrument and suitability assessment

In view of the early redemption component, the Secured Bonds are complex financial instruments for the purposes of MIFID II and may not be suitable for all recipients of the Prospectus. In the event that an investor 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 risk profile.

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

If Secured Bonds are redeemed on a Designated Early Redemption Date, a Bondholder would not receive the same return on investment that it would have received if they were redeemed on the Redemption Date. In addition, Bondholders may not be able to re-invest the proceeds from an early redemption at yields that would have been received had they not been redeemed. This optional redemption feature may also have a negative impact on the market value of the Secured Bonds.

3.4.3 No prior market for the Secured Bonds

Prior to the Bond Issue and Admission, there has been no public market for the Secured Bonds within or outside Malta. Due to the absence of any prior market for the Secured Bonds, there can be no assurance that the price of the Secured Bonds will correspond to the price at which the Secured Bonds will trade in the market subsequent to the Bond Issue.

3.4.4 Amendments to the Terms and Conditions of the Secured Bonds

If the Issuer wishes to amend any of the Terms and Conditions of the Secured Bonds, it may call a meeting of Bondholders. Defined majorities of Bondholders may 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. Moreover, this must be considered in light of the power of each Guarantor to veto any changes to the Terms and Conditions of the Secured Bonds which are issued with the benefit of its Guarantee.

4. KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND THE ADMISSION TO TRADING ON A REGULATED MARKET

4.1. Under which conditions and timetable can I invest in this security?

4.1.1 The Intermediaries' Offer

Pursuant to the Intermediaries' Offer, the Issuer shall enter into subscription agreements with Authorised Financial Intermediaries whereby the Issuer shall bind itself to allocate a total amount of up to €16,000,000 in nominal value of Secured Bonds to such Authorised Financial Intermediaries, which in turn shall bind themselves to subscribe to, for their own account or for the account of their underlying clients, a specified number of Secured Bonds. Authorised Financial Intermediaries must effect payment to the Issuer for the Secured Bonds subscribed to by not later than the closing of the Offer Period.

4.1.2 Expected Timetable of the Bond Issue

1. Offer Period	6 June 2022 to 17 June 2022
2. Commencement of interest on the Secured Bonds	21 June 2022
3. Expected date of announcement of basis of acceptance	21 June 2022
4. Refunds of unallocated monies (if any)	28 June 2022
5. Expected dispatch of allotment advices	28 June 2022
6. Expected date of admission of the securities to listing	28 June 2022
7. Expected date of commencement of trading in the securities	30 June 2022
8. Expected date of constitution of Collateral	not later than 29 July 2022

4.1.3 Plan of Distribution, Allotment and Allocation Policy

The Secured Bonds shall be made available for subscription to all categories of investors. The Secured Bonds shall be offered exclusively to the Authorised Financial Intermediaries. Applications may be made through any of the Authorised Financial Intermediaries pursuant to the Intermediaries' Offer. The allocation of the Secured Bonds shall be conditional upon the Secured Bonds being admitted to the Official List.

The Issuer has established a minimum aggregate subscription amount of €11.8 million on which the Bond Issue is conditional. In the event that the Bond Issue is not fully taken up, but the said minimum is satisfied or exceeded, the Issuer shall issue Secured Bonds up to the amount subscribed for by the Authorised Financial Intermediaries.

The Issuer shall announce the result of the Bond Issue through a company announcement by not later than 21 June 2022. Dealings in the Secured Bonds shall not commence prior to the Secured Bonds being admitted to the Official List.

4.2 Total estimated 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 in the aggregate. There is no particular order of priority with respect to such expenses.

4.3 Why is this Prospectus being produced?

4.3.1 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 €15.68 million shall be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

- (a) €11.8 million shall be used to finance the acquisition of the Paceville Site by TORE;
- (b) €1.8 million shall be used to finance costs required to develop and complete the Hotel Project in accordance with approved planning permits. The amount of €1.8 million shall be released by the Security Trustee in a corresponding value contained in an architect's confirmation of value of works; and
- (c) €2.08 million shall be used to part finance costs required to finish and furnish the Hotel Project. The amount of €2.08 million shall be released by the Security Trustee in a corresponding value contained in an architect's confirmation of value of works of finishing and furnishing or against evidence that such costs were incurred.

Should the Bond Issue not be fully subscribed to pursuant to the Intermediaries' Offer, the proceeds from the Bond Issue shall first be utilised for the purposes set out in section (a) above. Any remaining balance shall be utilised for the purposes set out in sections (b) and (c) above, in the order of priority indicated above.

4.4 Underwriting

The Bond Issue is not subject to an underwriting agreement on a firm commitment basis.

4.5 Conflicts of interest

Cliona Muscat is a director of the Issuer as well as the Guarantors, whilst George Muscat (who is the father of Cliona Muscat) is a director of the Issuer as well as a director of TORE and TOPD.

Other than as stated above, so far as the Issuer is aware, there are no other conflicts of interest or potential conflicts of interest between the duties of the Directors and the directors of the Guarantors and their private interests.

REGISTRATION DOCUMENT

DATED 31 MAY 2022

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

By

THE ONA P.L.C.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF MALTA
WITH COMPANY REGISTRATION NUMBER C 101370



THIS REGISTRATION DOCUMENT HAS BEEN APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY AS THE COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MALTA FINANCIAL SERVICES AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THE SECURITIES AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT THE MALTA FINANCIAL SERVICES AUTHORITY HAS APPROVED THIS REGISTRATION DOCUMENT AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY AS PRESCRIBED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT HOWEVER BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER THAT IS THE SUBJECT OF THIS REGISTRATION DOCUMENT. IN PROVIDING THIS AUTHORISATION, THE MALTA FINANCIAL SERVICES 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 INSTRUMENTS.

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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.

Sponsor, Manager & Registrar



MZ INVESTMENT SERVICES

Security Trustee

EQUINOX INTERNATIONAL
LIMITED

Legal Counsel

Dr Chris Cilia

APPROVED BY THE BOARD OF DIRECTORS

Cliona Muscat

George Muscat

Signing in their own capacity as directors of the Issuer
and on behalf of each of Alfred Attard, Francis X Gouder and Ann Marie Agius as their duly appointed agents.

1. IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ON THE ISSUER AND THE GUARANTORS IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES OF THE MALTA FINANCIAL SERVICES AUTHORITY, THE ACT AND THE PROSPECTUS REGULATION.

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

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

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

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

SAVE FOR THE OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE SECURITIES DESCRIBED IN THE SECURITIES NOTE OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, NO SECURITIES MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER 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 SECURITIES MAY COME MUST INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING AND SALE OF SECURITIES.

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

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

ALL THE ADVISERS TO THE ISSUER NAMED IN THIS REGISTRATION DOCUMENT UNDER THE HEADING “ADVISERS” IN SECTION 4.5 HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THE PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

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 PROSPECTUS UNLESS SUCH CONTENTS ARE INCORPORATED BY REFERENCE INTO 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 SECURITIES.

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

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2. DEFINITIONS

In this Registration Document the following words and expressions shall bear the following meanings except where the context otherwise requires:

Act	the Companies Act (Cap. 386 of the laws of Malta);
Birkirkara Project	the property development project in Birkirkara, Malta, as better described in section 6.1 of this Registration Document;
Bond Issue	the issue of the Secured Bonds;
Capital Markets Rules	the capital markets rules issued by the Malta Financial Services Authority as amended from time to time;
Directors or Board of Directors	the directors of the Issuer whose names are set out in section 4.1 of this Registration Document under the heading “ Directors of the Issuer ”;
Early Redemption Date	has the same meaning assigned to it in the Securities Note;
Euro or €	the lawful currency of the Republic of Malta;
Financial Markets Act	the Financial Markets Act (Cap. 345 of the laws of Malta);
Franchise Agreement	the franchise agreement between the Franchisor (as franchisor) and The Ona Hospitality Ltd (as franchisee), further details of which are included in section 6.3.4 of this Registration Document;
Franchisor	ACHM Global Hospitality Licensing S.À.R.L., a private company with limited liability, organised and existing under the laws of Luxembourg with its registered office at 33 rue du Puits Romain, L-8070 Bertrange, Grand-Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register under number B 157.487;
Group	the Issuer and its Subsidiaries;
Guarantor	each of: (i) The Ona Property Development Ltd; (ii) The Ona Real Estate Ltd; and (iii) The Ona Hospitality Ltd, and the term “ Guarantors ” shall collectively refer to the said companies;
Hotel	the four-star hotel to be developed on the Paceville Site, to be operated as a “AC Hotels by Marriott” hotel, as better described in section 6.3 of this Registration Document;
Hotel Project	the construction, development and finishing of the Hotel, as better described in section 6.3 of this Registration Document;
Issuer	The Ona p.l.c., a public limited liability company registered under the laws of Malta, bearing company registration number C 101370, and having its registered office at GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema, SLM 3060, Malta;
Malta Financial Services Authority or MFSA	the Malta Financial Services Authority, established in terms of the Financial Markets Act as the competent authority to approve prospectuses of any offer of securities to the public in Malta;
Malta Stock Exchange or MSE	Malta Stock Exchange plc, as originally constituted in terms of the Financial Markets Act, bearing company registration number C 42525, and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Marsascala Project	the development consisting of 20 residential units and 20 lock-up garages developed on the Marsascala Site, as better described in section 6.1 of this Registration Document;
Marsascala Site	the site located in Kappara Street in Marsascala, Malta, measuring approximately 924 square metres, as better described in section 6.1 of this Registration Document;
Mellieha Project	the property development project in Mellieha, Malta, as better described in section 6.1 of this Registration Document;
Mellieha Site	the site located in North Street in Mellieha, Malta, measuring approximately 225.75 square metres, as better described in section 6.1 of this Registration Document;
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;
Paceville Site	the vacant site in Lourdes Lane, in Swieqi, in the limits of St. Julian’s Malta, measuring approximately 586 square metres, as better described in section 6.3 of

	this Registration Document;
Prospectus	collectively, this Registration Document, the Securities Note and the Summary;
Prospectus Regulation	Regulation (EU) No. 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, as amended, and in accordance with the provisions of Commission Delegated Regulation No. 2019/979 and Commission Delegated Regulation No. 2019/980 issued thereunder;
Qawra Project	the development consisting of 15 residential units over seven floors and nine lock-up garages over the Qawra Site, as better described in section 6.1 of this Registration Document;
Qawra Site	the site having a façade and direct access from the unnamed street which abuts unto Andrew Cunningham Street in Qawra, in the limits of St. Paul's Bay, Malta, measuring approximately 1,008 square metres, as better described in section 6.1 of this Registration Document;
Redemption Date	has the same meaning assigned to it in the Securities Note;
Registration Document	this document in its entirety;
Secured Bonds	the €16,000,000 secured bonds of a nominal value of €100 per bond payable in full upon subscription, redeemable at their nominal value on the Redemption Date or an Early Redemption Date and bearing interest at the rate of 4.50% per annum, as described in further detail in the Securities Note;
Securities Note	the securities note issued by the Issuer dated 31 May 2022, forming part of the Prospectus;
Sponsor, Manager and Registrar or MZI	M.Z. Investment Services Limited, a private limited liability company registered in Malta bearing company registration number C 23936 and having its registered office at 61, M.Z. House, St. Rita Street, Rabat RBT 1523, Malta, licensed by the MFSA and a member of the MSE;
Subsidiaries	an entity over which the parent has control. In terms of the International Financial Reporting Standards adopted by the European Union, a group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The term " Subsidiary " shall be construed accordingly. The term " Subsidiaries " shall collectively refer to the said entities;
Summary	the summary issued by the Issuer dated 31 May 2022, forming part of the Prospectus;
The Ona Hospitality Ltd or TOH	The Ona Hospitality Ltd, a private limited liability company registered in Malta bearing company registration number C 101371 and having its registered office at GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema, SLM 3060, Malta;
The Ona Property Development Ltd or TOPD	The Ona Property Development Ltd (formerly known as Cliventi (I) Limited), a private limited liability company registered in Malta bearing company registration number C 82490 and having its registered office at GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema, SLM 3060, Malta;
The Ona Real Estate Ltd or TORE	The Ona Real Estate Ltd (formerly known as Cliventi (II) Limited), a private limited liability company registered in Malta bearing company registration number C 83842 and having its registered office at GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema, SLM 3060, Malta;
Trust Deed	the trust deed signed by and between the Issuer, the Guarantors and the Security Trustee dated 31 May 2022; and
Valuation Report	has the meaning assigned to it in section 15 of this Registration Document.

Unless it appears otherwise from the context:

- a. words importing the singular shall include the plural and *vice versa*;
- b. words importing the masculine gender shall include the feminine gender and *vice versa*;
- c. the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative;
- d. all references in this Registration Document to "Malta" shall be construed as defined in article 124 (1) of the Constitution of Malta;
- e. any phrase introduced by the terms "including", "include", "in particular" or any similar expression is illustrative only and does not limit the sense of the words preceding those terms; and
- f. any reference to a law, legislative act, and, or other legislation shall mean that particular law, legislative act and, or legislation as in force at the date of this Registration Document.

3. RISK FACTORS

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 THIS PROSPECTUS, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS A VIEW ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

THE RISK FACTORS BELOW HAVE BEEN CATEGORISED UNDER TWO MAIN CATEGORIES, ACCORDING TO WHETHER THE RISK FACTORS RELATE TO: (I) THE ISSUER; OR (II) THE GROUP. THE RISK FACTOR FIRST APPEARING UNDER EACH CATEGORY CONSTITUTES THAT RISK FACTOR WHICH THE DIRECTORS HAVE ASSESSED TO BE THE MOST MATERIAL RISK FACTOR UNDER SUCH CATEGORY AS AT THE DATE OF THIS REGISTRATION DOCUMENT. IN MAKING THIS ASSESSMENT OF MATERIALITY, THE DIRECTORS HAVE EVALUATED THE COMBINATION OF: (I) THE PROBABILITY THAT THE RISK FACTOR OCCURS; AND (II) THE EXPECTED MAGNITUDE OF THE ADVERSE EFFECT ON THE FINANCIAL CONDITION AND PERFORMANCE OF THE ISSUER, THE GUARANTORS AND, OR THE GROUP, IF THE RISK FACTOR WERE TO MATERIALISE.

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE GROUP'S FINANCIAL RESULTS, FINANCIAL CONDITION, OPERATIONAL PERFORMANCE, BUSINESS AND, OR TRADING PROSPECTS, AS WELL AS THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE SECURITIES ISSUED BY IT FROM TIME TO TIME. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS AS AT THE DATE OF THIS REGISTRATION DOCUMENT, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER OR GROUP FACES OR COULD FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL ADVERSE IMPACT ON THE GROUP'S FINANCIAL RESULTS, FINANCIAL CONDITION, OPERATIONAL PERFORMANCE, BUSINESS AND, OR TRADING PROSPECTS.

THE PROSPECTUS, THE DOCUMENTATION INCORPORATED BY REFERENCE HEREIN, AND, OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH SECURITIES ISSUED BY THE ISSUER: (I) IS NOT INTENDED TO PROVIDE THE BASIS FOR ANY CREDIT OR OTHER EVALUATION; (II) IS NOT AND SHOULD NOT BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER, THE DIRECTORS, ANY OF THE ADVISERS LISTED IN SECTION 4 BELOW, THE SPONSOR, OR ANY OF THE AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THE PROSPECTUS, THE DOCUMENTATION INCORPORATED BY REFERENCE HEREIN, OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY SECURITIES ISSUED BY THE ISSUER, INCLUDING THE SECURED BONDS, AND, THEREFORE, PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS, AND SHOULD CONSIDER ALL OTHER SECTIONS IN THE PROSPECTUS; AND (III) CONTAIN STATEMENTS THAT ARE, OR MAY BE DEEMED TO BE, "FORWARD LOOKING STATEMENTS".

3.1 FORWARD-LOOKING STATEMENTS

Forward-looking statements can be identified by the use of forward-looking terminology, including the terms "*believes*", "*estimates*", "*forecasts*", "*projects*", "*anticipates*", "*expects*", "*envisages*", "*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 within the Prospectus and include statements regarding the intentions, beliefs, or current expectations of the Issuer and, or the Directors concerning, amongst other things, the Issuer's strategy and business plans, financial condition and performance, results of operations, liquidity, prospects, investments, 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 guarantees of future performance and should therefore not be construed as such. The Issuer's and, or the Guarantors' actual operational results, financial condition and performance, and trading prospects may differ materially from the impression created by the forward-looking statements contained in the Prospectus. In addition, even if the operational results, financial condition and performance, and trading prospects of the Issuer or the Group are consistent with the forward-looking statements contained in the Prospectus, those results, or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to, those factors identified under this section and elsewhere in the Prospectus.

All forward-looking statements contained in the Prospectus are made only as at the date hereof. Subject to applicable legal and regulatory obligations, 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 such statement is based.

3.2 RISKS RELATING TO THE ISSUER

3.2.1 THE ISSUER IS DEPENDENT ON THE PERFORMANCE OF ITS SUBSIDIARIES

The Issuer is a finance and holding company of the Group and does not carry out any trading activities of its own. As a holding company, the majority of the Issuer's assets consist of the dividends and loan receivables it receives from its Subsidiaries. The distribution of dividends is dependent on the cash flows and earnings of the relevant Subsidiary. The Issuer is therefore economically dependent on the performance and financial position of its Subsidiaries. In the event that any Subsidiary underperforms in any one financial year or otherwise experiences adverse fluctuations or volatility in cash flows, liquidity strains or other financial difficulties, such underperformance and, or adverse financial position and operational results would adversely affect the operational and financial results of the Group as a whole and consequently, that of the Issuer.

Pursuant to the Bond Issue, the Issuer shall on-lend the Bond proceeds to The Ona Real Estate Ltd and to The Ona Hospitality Ltd to finance the acquisition of the Hotel and to part finance the construction, development and finishing thereof. For this purpose, the Issuer has entered into conditional loan agreements with The Ona Real Estate Ltd and The Ona Hospitality Ltd, whereby the Issuer undertook to advance the amounts of €13.6 million and €2.08 million to The Ona Real Estate Ltd and The Ona Hospitality Ltd, respectively, in accordance with the terms and conditions stipulated therein. The ability of each Subsidiary to make payments of principal and interest to the Issuer in repayment of the loan granted to it is dependent on the financial position of the respective Subsidiary.

In light of the above, the underperformance of any of the Issuer's Subsidiaries may have an adverse effect on the performance of the Issuer which may affect its ability to service payments under the Secured Bonds of both principal and interest.

3.3 RISKS RELATING TO THE GROUP

3.3.1 ECONOMIC AND FINANCIAL RISKS OF THE GROUP

3.3.1.1 Risks relating to the economic repercussions of the COVID-19 pandemic

As a direct result of the spread of COVID-19, global economic activity has experienced a general downturn, with certain industry sectors and market segments having been affected more harshly than others. The tourism and hospitality sectors have emerged as two of the sectors most severely impacted by the COVID-19 pandemic. The pandemic brought about a temporary decline in travel demand as a result of travel bans, travel restrictions, and a greater aversion to unnecessary travel. There can be no assurances as to when tourism will rebound to pre-COVID-19 levels since this will depend on a number of factors outside of the Group's control (including the lifting of travel restrictions, government policies and the rate of vaccinated individuals), as well as whether new strains of the virus will emerge at a future date. A decrease in inbound tourism may adversely affect the projected revenue and profits of the hotel operations of the Group.

Beyond the direct economic impact of the pandemic, the pandemic also poses significant challenges to the continuity, efficacy, and proper functioning of the day-to-day operations of the Group. A spread of such disease amongst the employees of the Group, as well as any self-quarantine measures affecting the employees of the Group or the Group's properties, may negatively impact the ability of the Group's personnel to carry out their work at full-functionality and, or capacity, and thereby negatively affect the Group's operations.

The exact depth and duration of the COVID-19 pandemic and its financial and economic effects are inherently difficult to predict with any degree of accuracy. Consequently, the Group's business, operations, and financial performance remain susceptible to the risk relating to the uncertainty surrounding the constantly changing circumstances within which it finds itself operating in, as well as the risks of the effects of the corresponding restrictive or prohibitive measures that have been, and may in the future, be introduced as a result thereof or in connection therewith.

3.3.1.2 Risks relating to the financing of the Group's projects

The Group's projects have been part-financed through bank financing with local banks. The Group plans to incur additional debt for the purposes of financing future development projects. Notwithstanding that the Group aims at maintaining its debt-to-equity ratio at prudent levels with corresponding equity being injected at levels considered to be adequate and prudent under current banking practices, a substantial portion of the cash flow generated by the Group is utilised to repay the respective company's debt obligations pursuant to the terms of the facilities provided. Should a Group company significantly increase its debt obligations, this may have an adverse effect on the profitability of the respective company and the Group as a whole.

The agreements regulating the bank debt of the companies forming part of the Group impose significant financial covenants on the borrowing companies. These covenants could limit the ability of the said companies to obtain future financing, make capital expenditure, withstand a future downturn in business or economic conditions generally or otherwise inhibit the ability to conduct necessary corporate activities. Changes in banking risk appetite as a result of financial turmoil may decrease the willingness of banks to provide loans to companies and the terms thereof. As a result of the factors detailed herein, a Group company may not be able to obtain the capital and financing it requires for the completion of a project and, on the operation of its business, on commercially viable terms, or at all.

3.3.1.3 Risks relating to rising costs for materials, resources, and utilities

The Group operates in both the property industry and the hospitality industry. As part of the property development component of the Group's business, the Group has plans to develop the: (i) Hotel; (ii) Mellieha Project; and (iii) Birkirkara Project. On completion of the aforementioned projects, the Group will seek additional property development opportunities. As part of the hospitality component of its business, the Group will operate the Hotel. Both industries necessitate the availability of certain resources (including human resources), materials and utilities, at cost-effective prices.

The Group's principal operational risks relate to its ability to deliver projects within agreed upon project deliverables, including project design specifications, quantity requirements, the involvement of qualified and skilled personnel, adequacy of resources and equipment, technical and industry standards, certification requirements, scheduled programme of works, fitting and finishing specifications and, ultimately, within project budgeted costs and stipulated project deadlines. Non-compliance with the Group's committed projected deliverables could result in significant penalties (including daily penalties for mere delay), fines, pre-liquidated damages, or other damages, and, or early termination of project contracts and related contracts. Furthermore, the Group may be susceptible to liability for costs, expenses, losses, the forfeit of or reduction in project revenue, or other liabilities incurred to remedy defects or repairs.

From the start of the COVID-19 pandemic to date, the prices of raw materials have been subject to substantial increases caused by a combination of heightened market demand and low availability, ongoing global supply chain challenges, increase in shipping costs, shortages in containers, ships, and human resources. Accordingly, a surge in prices has been witnessed for, *inter alia*, aluminium, steel, copper, oil, wood, and paper. Furthermore, in respect of the Group's hospitality arm, the Group is also exposed to an increase in food prices. Should the volatility in prices continue in an upward trajectory over the rest of the year as well as subsequent years, the Group may be negatively affected if these increased costs are not capable of being reflected in increased charges for the delivery of certain products and services of the Group.

The Group may be unable to maintain an adequate stock of the materials and resources it requires, including the appropriate workforce for the Group's development projects resulting in increased costs and project delays. The Group's inability to comply with its obligations in both the property development and hospitality sectors, could adversely impact the Group's relations with its customers and suppliers, prejudice its goodwill, prejudice its contractual commitments in terms of the Franchise Agreement and, or could result in a material adverse effect on the financial position, financial performance, and operational results of the Group.

3.3.1.4 Risks relating to aversion to travel due to the war in Ukraine

In response to the invasion of Ukraine by Russia, several industries implemented boycotts, bans and other forms of retaliation against Russia. With regards to the travel industry, a reduction in tourist arrivals (irrespective of nationality) may stem from a greater aversion to travel in times of political unrest and threats of conflict and war in other countries. Travellers may be reluctant to leave their home countries due to the uncertainty of the international situation and, or may postpone any travel arrangements to a future date amid the ongoing crisis. Other events which could bring about a reduction in travel include actual or threatened acts of terrorism and civil unrest.

The availability of flights at affordable rates may influence one's decision to travel to Malta over other destinations, specifically destinations which offer a similar experience. As a result of the invasion of Ukraine by Russia and the retaliatory efforts of other countries, the price of oil and gas soared and in turn fuel prices experienced an all-time high, potentially implying a greater cost for airlines. Increased costs for airlines may be subsequently borne by consumers through an increase in flight prices, rendering air travel more costly for interested travellers and thus serving as a deterrent for travel in general.

The exact duration and effects of the war in Ukraine and the financial and economic effects it will have on international travel and the local hospitality and tourism industry are inherently difficult to predict with any degree of accuracy. Consequently, the Group's business, operations, and financial performance remain susceptible to the risk of an increased aversion or appetite to travel directly or indirectly related to the effects of the war in Ukraine.

3.3.2 OPERATIONAL RISKS OF THE GROUP

3.3.2.1 *Risks relating to the Franchise Agreement*

The Hotel will form part of the “AC by Marriott Hotels” chain of hotels, a reputable international brand which has hotels across the globe. The Ona Hospitality Ltd is entitled to operate the Hotel under the “AC by Marriott Hotels” brand under a Franchise Agreement. Pursuant to the Franchise Agreement, the Franchisor granted a non-exclusive licence to The Ona Hospitality Ltd to use certain intellectual property of the Franchisor (including the “AC by Marriott Hotels” brand) as well as its systems. The Ona Hospitality Ltd (as franchisee) is required to comply with certain conditions as part of the Franchise Agreement, including but not limited to: (i) the timely construction, renovation and opening of the Hotel; (ii) the satisfaction of performance thresholds under quality assurance programs to which it is subject under the Franchise Agreement; and (iii) compliance with certain required standards under the Franchise Agreement. The breach of any of the conditions of the Franchise Agreement could result in the termination of the Franchise Agreement prior to the expiration of its term or the suspension thereof. Moreover, the Franchisor may impose penalties or seek to claim damages suffered as a result of the breach of any of the conditions of the Franchise Agreement. Accordingly, the success of the Hotel operations is dependent on the continuity of the contractual relationship with the Franchisor.

Should the Franchise Agreement be terminated or not renewed, the profitability and financial condition of the Group may be materially adversely affected in view of its inability to benefit from the reputation and standards of the “AC by Marriott Hotels” brand.

3.3.2.2 *Risks relating to the ability of the Group to secure approvals and licences*

Once completed, the Hotel requires a licence from the Malta Tourism Authority to operate as a Class 4 hotel. Although it is the intention of the Group to construct the Hotel in accordance with licensing requirements and the standards of the Franchise Agreement, should the Malta Tourism Authority consider that all applicable licensing conditions have not been satisfied, there may be delays in the opening of the Hotel, which in turn could result in a breach of the Franchise Agreement.

The development of the Birkirkara Project and the Mellieha Project has not yet been approved by the Planning Authority. In the event that these two projects are not approved in accordance with the plans submitted to the Planning Authority, the Group may need to alter their plans or seek new development opportunities in substitution of the aforementioned projects. Any delay in the approval of the Birkirkara Project and, or the Mellieha Project and, or the refusal of the Planning Authority to approve any of the aforementioned projects could affect the projected revenue of the Group.

3.3.2.3 *Risks relating to the loss of senior management and other key personnel*

The Group believes that its growth is partially attributable to the efforts and abilities of its executive director, Cliona Muscat, and other key personnel, including members of senior management, sales, investment, and project management personnel and upon its ability to attract, develop and retain such key personnel to manage and grow the business.

If one or more of the members of this team were unable or unwilling to continue in their present position, particularly if such members are lost to competitors of the Group, the Group might not be able to replace them within the short term, which could have a material adverse effect on the Group's business, financial condition, and results of operations.

3.3.2.4 *Risks relating to competing projects*

The local hospitality industry is characterised by substantial competition given the variety of temporary accommodation available on the market. Accordingly, once completed, the Hotel may compete with local hotels and facilities offering various types of lodging options and related services to the public. Although the Directors are of the view that, as at the date of this Registration Document, there are no direct competitors of the Hotel, there can be no assurances that the Hotel will not have strong competitors in the future in the surrounding areas in which it operates.

The Group's activities in the property development and rental sectors are also susceptible to competitive forces given the large number of properties and developments available on the local market. Should there be an increase in similar property developments which are of a similar quality and type to those being constructed, sold, or leased by the Group, particularly where such competing developments are available at cheaper prices, the Group may be unable to sell or otherwise lease the units, garages and, or developments (as applicable) forming part of the Group's property portfolio, in a cost-effective and efficient manner.

A reduction in reservations for hotel accommodation and, or the sale of units and prices which are lower than that projected may adversely effect the Group's business, financial condition, and results of operations.

3.3.2.5 Risks relating to public relations, changes in consumer preferences and demand

The Group's success in the property development, rental and hospitality sectors is dependent on its ability to offer products and services that have a strong consumer appeal. Such sectors are susceptible to fluctuations in consumer trends because of changes in taste, consumer habits, general economic conditions, social trends, consumer attitude, consumer satisfaction and any other similar factors which are linked to consumer demand. The property market, whether for resale or letting purposes, is subject to changing preferences in the style and location of immovable properties. In the case of the hospitality sector, consumer preferences are largely determined by brand image and reputation. Brand images are key to the business of the Group and thus the inability to maintain a positive brand image could have a material adverse effect on the Group's revenue and results of operations. It cannot be predicted whether advertising, marketing and promotional programs will have the desired impact on its products' and services' branding and on consumer preferences.

The Group's success in such sectors is dependent on its ability to swiftly anticipate, capitalise and adapt to changes in consumer attitude and preferences. Should the Group fail to do so, it may experience a reduction in revenue which could have a material adverse effect on its operational results and financial condition.

3.3.2.6 Risks relating to the Group's insurance policies

The Group has maintained insurance and, or otherwise plans to maintain insurance at levels determined by the Group to be appropriate in light of the cost of cover and the risk profiles of the sectors in which the Group operates. Notwithstanding such insurance coverage, which insures against, *inter alia*, claims for damages, it may be difficult and may take time to recover such losses from insurers. In addition, the Group may not be able to recover the full amount from the insurer due to procedural restrictions or formalities, or due to substantive exclusions, exemptions, limitations on coverage, de minimis liability coverage limitations, prescriptive time periods and limitations, reporting or other disclosure requirements, licensing or other authorisation or registration requirements, breach of restrictive covenants or undertakings, breach of warranties and, or, representations, as well as restrictions or formalities relating to the initiation of, and control over, litigation, investigations or other proceedings relating thereto.

No assurance can be given that the Group's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates. In addition, changes in legislation or judicial interpretation, or the issuance or alteration of directives, orders, or other measures (whether interim or otherwise), by the relevant authorities may impact the ability to recoup losses under insurance coverage held by the Group. Furthermore, the actions or inactions of employees or other officials of the Group, or of contractors, sub-contractors, outsourcing parties, or other third-parties engaged by the Group from time to time, may affect the ability of the Group to successfully make a claim under its insurance policies.

3.3.3 RISKS SPECIFIC TO THE PROPERTY SECTOR

The Group is heavily invested in the property acquisition, development, and management markets, which are constantly evolving market segments characterised by specific risks and uncertainties. The Group is thus intrinsically susceptible to the risks associated with activities in these market segments.

The occurrence of any of the factors referred to below could negatively affect the Group's financial condition and results.

3.3.3.1 Risks relating to the property development and construction industry

The Group undertakes activities in the property development and construction industry. The Group has plans to develop the: (i) Hotel; (ii) Mellieha Project; and (iii) Birkirkara Project.

Pursuant to such activities, the Group is subject to several specific risks, including:

- (a) the risk of delays, including, albeit not limited to, delays (and, or refusals) in obtaining any necessary permits and cost overruns;
- (b) the possibility of delays pursuant to a strain on the availability of human and other capital resources required for the development and completion of such projects resulting from heightened levels of activity in the sector;
- (c) covenants, conditions, restrictions, and easements relating to the properties or their use, whether arising out of law, contractual arrangement, or orders or other decisions of the competent judicial or government authorities; and
- (d) government restrictions concerning the free movement of people and goods, which might result in delays or changes in terms of established trade supply routes, changes in macro-economic conditions, as well as market and regulatory changes affecting the construction and property development processes.

The occurrence of any of the risk factors described above could have a material adverse effect on the Group's business, financial condition, and results of operations, including the increase of projected costs and times for completion of ongoing development projects.

3.3.3.2 Risks relating to the sale of property

The Group's business contemplates the construction and finishing of property developments and the subsequent sale of the individual houses / units / garages / car spaces forming part of such property developments. Whilst the Group's activities in this sector have been largely successful, there can be no assurance that the Group will be able to sell future developments in a profitable and efficient manner on account of: (a) market conditions; (b) the size and, or value of the property development; (c) specific local market conditions; (d) regulatory risks including, albeit not limited to, the delay in obtaining or the inability to obtain the necessary permits and, or authorisations; or (e) other local or international economic factors influencing the Group's operations or assets. It may also prove necessary to dispose of houses / units / garages / car spaces at values which management considers to be reasonable in the circumstances prevailing at the time, but which represent discounts to book values or earlier property valuation reports, in order to meet long-term strategy and financing objectives.

3.3.3.3 Risks relating to the engagement and, or involvement of third parties in connection with the Group's business and associated counterparty risks

The Group relies upon third-party service providers such as architects, building contractors and suppliers for the construction and completion of each of its developments. The Group has engaged the services of third-party contractors (Elbros Construction Limited) for the purposes of the Hotel Project, including the excavation and construction of the Hotel in a timely manner and within agreed cost parameters. This gives rise to counter-party risks in those instances where such third parties including, albeit not limited to, Elbros Construction Limited, do not perform in line with the Group's expectations and in accordance with their contractual obligations. If these risks were to materialise, this will result in delays in the development and completion of the Hotel as well as other development projects undertaken by the Group, which could have an adverse impact on the Group's business, its financial condition, results of operations and prospects. Delays in the development and completion of the Hotel could have a material adverse impact on the Issuer's cash flows and revenue generation.

3.3.3.4 Risks relating to the rental income of the property located on Dun Karm Pirotta Street, Birkirkara

As detailed in section 6.2 of the Registration Document, The Ona Property Development Ltd owns a commercial property located in Birkirkara named "CE House". The Ona Property Development Ltd currently leases the property to a local service provider in accordance with the terms and conditions of a lease agreement. The revenue generated from this commercial property is dependent on the terms of the lease as well as the lessee's fulfilment of obligations under this agreement. The performance of the lessee's obligation under the lease agreement to make lease payments may be negatively impacted as a result of several reasons which are beyond The Ona Property Development Ltd's control, including the insolvency and lack of liquidity of the lessee. Moreover, The Ona Property Development Ltd is also susceptible to the risk that the lessee may terminate the lease agreement prior to the lease expiration date or elect not to renew the lease agreement.

In such instances, there is no guarantee that the new lessee will be able to lease the respective property in a timely manner and, or that, if the existing lease is terminated, any new lease agreement will be concluded on equally favourable terms. This could have a material adverse effect on the Group's profitability and its operational results as a whole.

3.3.3.5 Risks relating to property valuations and net realisable value

The Valuation Report is prepared by independent qualified architects in accordance with the valuation standards published by the Royal Institution of Chartered Surveyors ('RICS'). However, the valuation of property is intrinsically subjective and based on several assumptions at a given point in time. In providing a market value of the Hotel, the architect has made certain assumptions which ultimately may cause the actual values to be materially different from any future values that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends as reality may not match the assumptions. Moreover, property valuations are largely dependent on current and, or, expected market conditions which may fluctuate from time to time. Subsequently, the Group may purchase and, or have purchased property on the basis of inaccurate valuations. There can be no assurance that such property valuations and property-related assets will reflect actual market values.

3.3.4 RISKS SPECIFIC TO THE HOSPITALITY AND TOURISM INDUSTRY

3.3.4.1 Risks relating to the utilisation of reservation systems

The Hotel intends to utilise an online reservation system and other key technology platforms for the reservation of rooms at the Hotel. The Hotel's results of operations are partly derived from its ability to drive reservations through its reservation system and technology platforms which are highly integrated with internal processes and linked to multiple sales channels, including the Hotel's own website, call centre, third-party intermediaries, and travel agents. Lack of resilience and operational availability of these systems provided by the Group, or third-party technology providers could lead to prolonged service disruption and might result in significant business interruption, impact the guest booking experience and subsequently adversely impact the revenues and reputation of the Hotel and the Group, as the owner and operator of the Hotel.

3.3.5 LEGAL, REGULATORY AND COMPLIANCE RISKS

3.3.5.1 *Risks relating to the regulatory environment in which the Group operates*

The Group's activities in the construction and development industry as well as the Group's future activities in the hospitality industry, are subject to a vast array of rules and regulations, including but not limited to, environmental protection, construction, property acquisition, property development, consumer law, health, fire and safety, among others. Furthermore, the regulatory environment in which the Group operates is constantly evolving, with the introduction of new rules and regulations, or the amendment or overhaul of existing ones. In addition, the Group is susceptible to changes in the application and, or interpretation of such rules and regulations, whether as a result of judicial interpretation or due to decisions, orders, directives, and, or guidelines issued by the competent regulatory authorities.

Laws and regulations, which may be amended over time, may also impose liability for the presence of certain materials or substances or the release of certain materials or substances into the air, land or water or the migration of certain materials or substances from a property investment, including asbestos, and such presence, release or migration could form the basis for liability to third parties for personal injury or other damages. These environmental liabilities, if realized, could have a material adverse effect on the Group's business, financial condition, and results of operations in the property development sector.

3.3.5.2 *Risks relating to personal data protection and privacy laws*

In the ordinary course of its activities, the Group receives, processes, transmits and stores information relating to identifiable individuals ("**personal data**"). As a result, the Group is subject to various local laws and EU regulations relating to the collection and processing of personal data. These laws impose operational requirements for companies receiving or processing personal data and provide for significant penalties for non-compliance. These requirements with respect to personal data have subjected and may continue in the future to subject the Group to, among other things, additional costs and expenses and have required and may in the future require costly changes to their business practices and information security systems, policies, procedures, and practices.

Security controls over personal data, the training of employees on data privacy and data security, and the policies, procedures, and practices implemented, or which may be implemented in the future, may not prevent the improper disclosure of personal data by the Group. Unauthorized access or improper disclosure of personal data in violation of personal data protection or privacy laws could harm the reputation of the Group, cause loss of consumer confidence, subject it to regulatory enforcement actions (including fines), and result in private litigation against the Group and, or Group companies, which could result in loss of revenue, increased costs, liability for monetary damages, fines and, or criminal prosecution, all of which could negatively affect the business and operating results of the Group.

3.3.6 RISKS RELATING TO THE FAILURE TO IMPLEMENT SUSTAINABLE AND, OR ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONSIDERATIONS IN THE GROUP'S BUSINESS MODEL

There is a growing expectation for companies to implement sustainability as a feature in their business strategies to reflect changing social norms and practices. With an increased emphasis on environmental, social and governance ("**ESG**") considerations at global level, the implementation of sustainable factors in the Group's business model is likely to become under increased scrutiny by investors, regulators, and the public at large.

The Group's business entails two main sectors of operation: property development and hospitality. ESG considerations for the purposes of the Group's business may include, but are not limited to, energy performance, energy and resource efficiency, waste management, energy and water use, the use of renewables, as well as social and employment considerations of workers and the health and safety thereof.

Should the Group fail to operate its business in both the property development sector as well as the hospitality sector in a sustainable manner, this may have a material adverse effect on the Group's reputation and public image in both sectors as well as its relationship with clients, suppliers, business partners (including the Franchisor) and other stakeholders. This in turn, may have a material adverse impact on the Group's business activities, revenues, financial condition, and operations.

4. IDENTITY OF DIRECTORS, ADVISERS AND AUDITORS

4.1 DIRECTORS OF THE ISSUER

As at the date of this Registration Document, the Board of Directors of the Issuer is composed of the following persons:

Name	Designation	Date of Appointment
Cliona Muscat ID card number: 224996M	Executive Director	20 January 2022
George Muscat ID card number: 312355M	Non-Executive Director	20 January 2022
Alfred Attard ID card number: 481458M	Independent Non-Executive Director	19 May 2022
Francis X Gouder ID card number: 866550M	Independent Non-Executive Director	19 May 2022
Ann Marie Agius ID card number: 118784M	Independent Non-Executive Director	19 May 2022

The chairman of the Board of Directors is George Muscat (ID number: 312355M). The business address of the chairman and Directors is the same as that of the Issuer.

The *curriculum vitae* of each of the Directors is set out in section 8.5 of this Registration Document.

4.2 DIRECTORS OF THE GUARANTORS

4.2.1 DIRECTORS OF THE ONA PROPERTY DEVELOPMENT LTD

As at the date of this Registration Document, the board of directors of The Ona Property Development Ltd is composed of the following persons:

Name	Designation	Date of Appointment
Cliona Muscat ID card number: 224996M	Executive Director	13 March 2018
George Muscat ID card number: 312355M	Executive Director	11 September 2017

The business address of the directors of The Ona Property Development Ltd is the same as that of The Ona Property Development Ltd.

The *curriculum vitae* of each of the directors of The Ona Property Development Ltd is set out in section 8.5 of this Registration Document.

4.2.2 DIRECTORS OF THE ONA REAL ESTATE LTD

As at the date of this Registration Document, the board of directors of The Ona Real Estate Ltd is composed of the following persons:

Name	Designation	Date of Appointment
Cliona Muscat ID card number: 224996M	Executive Director	5 December 2017
George Muscat ID card number: 312355M	Executive Director	5 December 2017

The business address of the directors of The Ona Real Estate Ltd is the same as that of The Ona Real Estate Ltd.

The *curriculum vitae* of each of the directors of The Ona Real Estate Ltd is set out in section 8.5 of this Registration Document.

4.2.3 DIRECTORS OF THE ONA HOSPITALITY LTD

As at the date of this Registration Document, the board of directors of The Ona Hospitality Ltd is composed of the following persons:

Name	Designation	Date of Appointment
Cliona Muscat ID card number: 224996M	Executive Director	20 January 2022

The business address of the directors of The Ona Hospitality Ltd is the same as that of The Ona Hospitality Ltd.

The *curriculum vitae* of each of the directors of The Ona Hospitality Ltd is set out in section 8.5 of this Registration Document.

4.3 COMPANY SECRETARY OF THE ISSUER AND THE GUARANTORS

Justin Cutajar (ID card number: 302278M) is the company secretary of the Issuer.

George Muscat (ID card number: 312355M) is the company secretary of each of the Guarantors.

4.4 RESPONSIBILITY AND AUTHORISATION STATEMENT

The Directors are the persons responsible for the information contained in this Registration Document. To the best of the knowledge and belief of the Directors (who have all taken reasonable care to ensure such is the case), the information contained in this Registration Document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

This Registration Document has been approved by the Malta Financial Services Authority as the competent authority in Malta for the purposes of the Prospectus Regulation. The Malta Financial Services Authority has only approved this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Issuer and, or the Secured Bonds.

4.5 ADVISERS

The persons listed hereunder have advised and assisted the Directors in the drafting and compilation of the Prospectus.

Legal Advisers to the Issuer and Guarantors

Name: Dr **Chris Cilia**
Address: 54, Doni Street,
Rabat RBT 05, Malta

Financial Advisers to the Issuer and Guarantors

Name: **Deloitte Advisory and Technology Limited**
Address: Deloitte Place, Triq L-Intornjatur, Zone 3,
Central Business District, Birkirkara CBD 3050, Malta

Sponsor, Manager and Registrar

Name: **M.Z. Investment Services Limited**
Address: 61, M.Z. House, St. Rita Street,
Rabat RBT 1523, Malta

Security Trustee

Name: **Equinox International Limited**
Address: Level 3, Valletta Buildings, South Street,
Valletta VLT 1103, Malta

4.6 AUDITORS OF THE ISSUER AND THE GUARANTORS

The following are the auditors of the Issuer and the Guarantors:

(a) The Issuer – As of the date of this Registration Document, the auditors of the Issuer are TACS Malta Limited (C 84698), having its registered office at 1, Tal-Providenza Mansions, Main Street, Balzan BZN 1254, Malta. TACS Malta Limited are a registered audit firm with the Accountancy Board of Malta in terms of the Accountancy Profession Act (Cap. 281 of the laws of Malta) with registration number AB/2/17/22.

The Issuer is a newly incorporated company and has not published its first set of audited financial statements.

(b) The Ona Real Estate Ltd – As at the date of this Registration Document, the auditor of The Ona Real Estate Ltd is Ms Pamela Fenech, holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act (Cap. 281 of the laws of Malta), with warrant number 10795.

The annual statutory financial statements of The Ona Real Estate Ltd for the financial years ended 2019, 2020 and 2021 have been audited by Ms Pamela Fenech.

(c) The Ona Property Development Ltd – As at the date of this Registration Document, the auditor of The Ona Property Development Ltd is Ms Pamela Fenech, holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act (Cap. 281 of the laws of Malta), with warrant number 10795.

The annual statutory financial statements of The Ona Property Development Ltd for the financial years ended 2019, 2020 and 2021 have been audited by Ms Pamela Fenech.

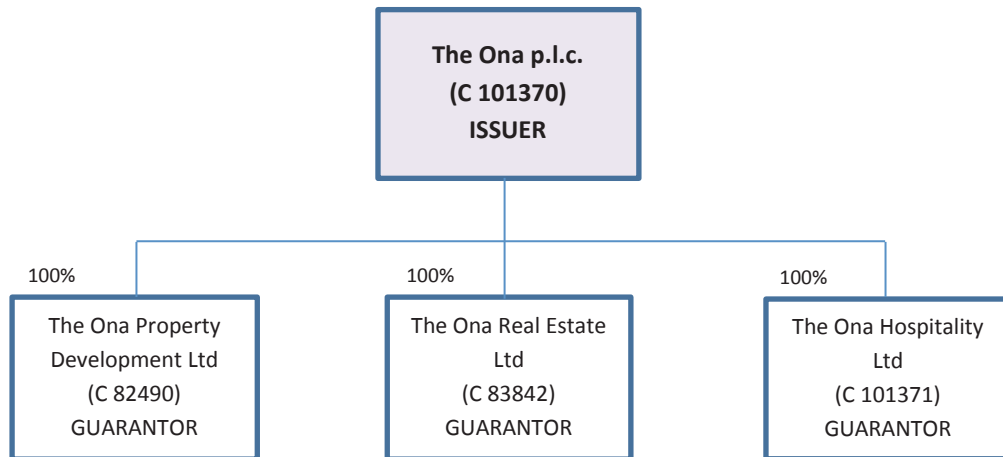
(d) The Ona Hospitality Ltd – As at the date of this Registration Document, the auditor of The Ona Hospitality Ltd is Ms Pamela Fenech, holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act (Cap. 281 of the laws of Malta), with warrant number 10795.

The Ona Hospitality Ltd is a newly incorporated company and has not published its first set of audited financial statements.

5. INFORMATION ABOUT THE ISSUER AND THE GUARANTORS

5.1 ORGANISATIONAL STRUCTURE OF THE GROUP

The Issuer was incorporated on 20 January 2022 and is the holding company of the Group. It holds 100% of the shareholding in its Subsidiaries, which act as the Guarantors. The organisational structure of the Group as at the date of this Registration Document is illustrated in the diagram hereunder:



5.2 THE ISSUER

5.2.1 HISTORY AND DEVELOPMENT OF THE ISSUER

Full legal and commercial name of the Issuer	The Ona p.l.c.
Registered address	GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema, SLM 3060, Malta
Place of registration and domicile	Malta
Company registration number	C 101370
Legal Entity Identifier ('LEI')	48510040FDCT4Q97XG85
Date of registration	20 January 2022
Legal form	The Issuer is lawfully existing and registered as a public limited liability company in terms of the Act.
Telephone number	+356 23271000
Email	info@theonagroup.mt
Website	www.theonagroup.mt

Unless otherwise incorporated by reference herein, the information on the Issuer's website does not form part of this Prospectus.

5.2.2 OVERVIEW OF THE ISSUER'S BUSINESS & PRINCIPAL ACTIVITIES

The Issuer was established on 20 January 2022. It acquired the entire share capital of The Ona Real Estate Ltd, The Ona Property Development Ltd and The Ona Hospitality Ltd in April 2022 through a share for share exchange process which enabled the Group's majority shareholder to consolidate the operations of the Guarantors through a holding structure. The principal business objectives of the Group are: (i) to hold investment property for rental; (ii) to acquire new sites for residential properties for resale; (iii) to develop and construct properties acquired; and (iv) the operation of the Hotel.

The Issuer is the holding and finance company of the Group and was incorporated for the purpose financing its Subsidiaries' respective projects. The Issuer does not carry out any trading activities of its own and its revenue is limited to the dividends it receives from its Subsidiaries and interest receivable due under intra-group loan agreements.

As at the date of this Registration Document, the Issuer (as lender) has entered into two conditional intra-group loan agreements with:

- The Ona Real Estate Ltd (as borrower) for the purposes of financing the acquisition as well as the development and construction costs of the Hotel; and
- The Ona Hospitality Ltd (as borrower) for the purposes of part financing the furnishing and finishing of the Hotel.

Further details of the said loan agreements are contained in section 5.1 of the Securities Note.

The Issuer may from time to time, enter into other loan agreements with its Subsidiaries to fund their operating requirements, as the case so requires. In view of the financing activities of the Issuer, it is economically dependent on the operational results, the financial position, and the financial performance of its borrowing companies.

5.3 THE GUARANTORS

5.3.1 THE ONA REAL ESTATE LTD

(a) History and Development of The Ona Real Estate Ltd

Full legal and commercial name of TORE	The Ona Real Estate Ltd
Registered address	GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema, SLM 3060, Malta
Place of registration and domicile	Malta
Company registration number	C 83842
Legal Entity Identifier ('LEI')	485100XELPKN88BUBY54
Date of registration	5 December 2017
Legal form	The Ona Real Estate Ltd is lawfully existing and registered as a private limited liability company in terms of the Act.
Telephone number	+356 23271000
Email	info@theonagroup.mt
Website	www.theonagroup.mt

(b) Overview of Business and Principal Activities of The Ona Real Estate Ltd

The Ona Real Estate Ltd operates in the property development and property rental sectors. Since the date of its incorporation, it has completed or is in the process of completing the following projects:

- In Q1 2021, The Ona Real Estate Ltd acquired the Qawra Site and is in the process of completing the Qawra Project. The project is further described in section 6.1 of this Registration Document.
- In Q3 2021, The Ona Real Estate Ltd entered into a promise of sale agreement for the purchase of the Paceville Site which will be developed into the Hotel. Following its acquisition, the Hotel will be leased to The Ona Hospitality Ltd for a period of approximately 30 years. The project as well as the management of the Hotel is further described in section 6.3 of this Registration Document.
- In Q4 2021, The Ona Real Estate Ltd sold a commercial property located in Valley Road, Birkirkara for the price of €5 million. The property, which consisted of a showroom space, an office space, storage facilities and a car parking area was previously leased to the purchaser of the property. The funds received by The Ona Real Estate Ltd from the sale of the property shall be re-invested by The Ona Real Estate Ltd to finance the completion of the Hotel.
- In Q4 2021, The Ona Real Estate Ltd entered into a promise of sale agreement for the purchase of the Mellieha Site. Following the conclusion of the final deed of sale, The Ona Real Estate Ltd plans to develop the Mellieha Site into two semi-detached terraced houses. The project is further described in section 6.1 of this Registration Document.

5.3.2 THE ONA PROPERTY DEVELOPMENT LTD

(a) History and Development of The Ona Property Development Ltd

Full legal and commercial name of TOPD	The Ona Property Development Ltd
Registered address	GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema, SLM 3060, Malta
Place of registration and domicile	Malta
Company registration number	C 82490
Legal Entity Identifier ('LEI')	485100CA2BE8KDYF5U90
Date of registration	11 September 2017
Legal form	The Ona Property Development Ltd is lawfully existing and registered as a private limited liability company in terms of the Act.
Telephone number	+356 23271000
Email	info@theonagroup.mt
Website	www.theonagroup.mt

(b) Overview of Business and Principal Activities of The Ona Property Development Ltd

The Ona Property Development Ltd operates in the property development and property rental sectors. Since the date of its incorporation, it has completed or is in the process of completing the following projects:

- In Q4 2017, The Ona Property Development Ltd acquired a commercial property named "CE House" located in Dun Karm Pirotta Street, Birkirkara. The Ona Property Development Ltd leases the property to a third party on a long-term basis. Further details on the lease agreement are set out in section 6.2 of this Registration Document.
- In Q3 2019, The Ona Property Development Ltd acquired the Marsascalea Site for development. It completed the residential development in Q4 2021. The project is further described in section 6.1 of this Registration Document.
- In Q1 2022, The Ona Property Development Ltd entered into two separate promise of sale agreements for the purchase of two adjacent houses in Ġuże Orlando Street, Birkirkara. The project is further described in section 6.1 of this Registration Document.

5.3.3 THE ONA HOSPITALITY LTD

(a) History and Development of The Ona Hospitality Ltd

Full legal and commercial name of TOPD	The Ona Hospitality Ltd
Registered address	GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema, SLM 3060, Malta
Place of registration and domicile	Malta
Company registration number	C 101371
Legal Entity Identifier ('LEI')	485100RELU3CJG7ROO57
Date of registration	20 January 2022
Legal form	The Ona Hospitality Ltd is lawfully existing and registered as a private limited liability company in terms of the Act.
Telephone number	+356 23271000
Email	info@theonagroup.mt
Website	www.theonagroup.mt

(b) Overview of Business and Principal Activities of The Ona Hospitality Ltd

The Ona Hospitality Ltd was incorporated with the purpose of managing the Hotel. It has entered into the Franchise Agreement with the Franchisor to operate the Hotel under the "AC Hotels by Marriott" brand. Following the acquisition of the Hotel by the Ona Real Estate Ltd, it will lease the Hotel from The Ona Real Estate Ltd. Further detail on the management of the Hotel and the expected principal terms of the lease agreement are set out in section 6.3 of this Registration Document.

6. THE PROJECTS

6.1 THE RESIDENTIAL PROJECTS

The operations of The Ona Property Development Ltd and The Ona Real Estate Ltd are focused on small to medium-sized projects with an individual value of approximately €4 million – €8 million in gross sales value.

This section provides an overview of the projects completed as well as the projects which are in the process of being completed by the The Ona Property Development Ltd and The Ona Real Estate Ltd.

(a) The Marsascala Project

On 27 September 2019, The Ona Property Development Ltd purchased the Marsascala Site. The Marsascala Project was fully developed and finished in Q4 2021. The Marsascala Project consists of a total of 20 residential units and 20 lock-up garages, however, four of the residential units and four of the garages will not be sold by the Group as ownership of the aforementioned units and garages was retained by the seller of the Marsascala Site.

The Marsascala Project comprises one block of residential units, with four maisonettes at ground floor level and 16 apartments at first, second, third and receded floor levels, four of the apartments being penthouses. In addition to the residential units, the development also has 20 lock-up garages spread over basement level of the block.

The Ona Property Development Ltd was responsible for the construction, development and finishing of this development. The residential units and garages owned by The Ona Property Development Ltd forming part of the Marsascala Project (16 residential units and 16 lock-up garages) were placed on the market in Q4 2021 and were primarily targeted at the medium segment of the market, specifically first-time buyers. As at the date of this Registration Document, only one garage is not yet subject to a promise of sale agreement. The aggregate net sales revenue from the Marsascala Project is expected to be in the region of €5.4 million.

The Marsascala Project was financed through bank financing with local banks and from the company's own funds.

(b) The Qawra Project

On 15 January 2021, The Ona Real Estate Ltd purchased the Qawra Site. The Qawra Site has a superficial area of approximately 1,008 square metres, of which only 358 square metres has been designated as building area.

The Ona Real Estate Ltd was responsible for the construction, development and finishing of the block. The construction of the Qawra Project commenced in Q2 2021 and was completed in Q1 2022.

The development consists of 15 residential units spread over seven floors and nine lock-up garages. The residential units include two maisonettes at ground floor level and 13 apartments and are all being sold in a finished state (without internal doors and bathrooms). The Qawra Project consists of a single block. All residential units are served with a passenger lift, which also accesses the underlying garage level. The Qawra Project will primarily target the medium segment of the market, specifically first-time buyers.

As at the date of this Registration Document, all of the units forming part of the Qawra Project are subject to a promise of sale agreement. All sales are expected to be finalised by Q3 2022. The aggregate net sales revenue from the Qawra Project is expected to be in the region of €3.3 million.

The Qawra Project was covered by a full development permit having permit number PA/3043/20 and was financed through bank financing with local banks and from the company's own funds.

(c) The Mellieha Project

On 14 December 2021, The Ona Real Estate Ltd entered into a promise of sale agreement for the purchase of the Mellieha Site, which it intends to develop into two semi-detached terraced houses. The Group intends to place the two houses on the market for resale once both houses are completed. The houses, which shall each have a garage, shall be sold in a finished state. The Group has since submitted an application for development permits with the Planning Authority which as at the date of this Registration Document has not yet been approved. The expected date of completion of the Mellieha Project is Q4 2023. The aggregate net sales revenue from the Mellieha Project is expected to be in the region of €1.8 million.

The Group expects to finance the development through a mix of bank financing from local banks and own funds.

(d) The Birkirkara Project

In Q1 2022, The Ona Property Development Ltd entered into two promise of sale agreements for the purchase of two adjacent houses in Ġuże Orlando Street, Birkirkara. The Group intends to demolish the two houses, which together have an area of approximately 695 square metres, and develop the site into a block of apartments having 19 residential units and 15 lock-up garages. The Group has submitted an application for a development permit with the Planning Authority which as at the date of this Registration Document has not yet been approved. If approved, the development shall comprise four maisonettes at basement level and 15 apartments at first, second, third and receded floor levels.

The Group intends to place such units and garages on the market for resale once the development is completed. The expected date of completion of the Birkirkara Project is Q1 2024. The aggregate net sales revenue from the Qawra Project is expected to be in the region of €5.4 million.

The total amount of development costs is expected to be in the region of €4 million. The Group expects to finance the development through a mix of bank financing from local banks and own funds.

6.2 THE LEASED PROPERTY

The Ona Property Development Ltd owns a commercial property located in Dun Karm Pirotta Street, Birkirkara named "CE House". The property has a total built-up area of approximately 953 square metres and comprises a corner commercial outlet on three levels, a receded floor, and a semi basement level. The layout of the property consists of a showroom at elevated ground floor level and offices with a separate entrance on the first, second and receded floor levels. The property is located in a prime location and enjoys a front garden onto Dun Karm Pirotta Street. The offices and showroom are in a finished state and the offices are serviced with a passenger lift which accesses all levels.

The property is currently being leased to a local service provider and is being utilised as office space and showroom space. The remaining duration of the lease agreement is for a period of approximately 11 years, with the lease terminating on 23 March 2033. The Group expects to generate a net revenue of €1.37 million for the remaining term of the lease.

6.3 THE HOTEL

The Group plans to enter the hospitality sector through the construction, development, and operation of the Hotel. The Hotel will form part of the "AC Hotels by Marriott" chain of hotels pursuant to the Franchise Agreement. The Hotel will be the first hotel in Malta forming part of this international chain of hotels which has over 150 hotels around the world and several new hotels currently in the pipeline. The hotels forming part of this chain are characterised by classic modern design stemming from the brand's Spanish roots, attracting both business and leisure clientele. The Hotel will include a wellness centre which shall comprise a gym and an indoor pool. For this purpose, the Hotel shall be equipped with state-of-the-art equipment and machinery, which meet the highest quality standards. Access to the wellness centre shall be available to Hotel patrons throughout their stay at the Hotel. In addition to the wellness centre, the Hotel shall also have one restaurant which shall be open exclusively to Hotel patrons and will be managed by The Ona Hospitality Ltd's own team of chefs and catering staff. The Hotel shall also have a board room and a meeting room to be utilised for corporate business purposes. As a result, the Hotel expects to attract corporate clientele in addition to its leisure guests.

The hospitality sector is one of the main pillars of the local economy and the tourism industry contributes substantially to the Maltese economy. Given the success and reputation of the "AC Hotels by Marriott" chain of hotels, management believes that the Hotel, once constructed, shall be a strong contender in the local hospitality market. Moreover, the location of the Hotel is largely popular with tourists given the availability of restaurants, beaches, and nightlife.

The Hotel is set to open its doors and commence operations in Q2 2023.

6.3.1 ACQUISITION OF PACEVILLE SITE

By virtue of a promise of sale agreement dated 6 September 2021, The Ona Real Estate Ltd undertook to purchase the Paceville Site from Bilom Properties Limited (C 48515) for a total consideration of €11 million, with an additional €0.8 million to be incurred in relation to purchase expenses and tax due. The deed of sale for the acquisition of the Paceville Site is anticipated to take place by Q2 2022. As at the date of this Registration Document, The Ona Real Estate Ltd paid €5 million to Bilom Properties Ltd on account of the purchase price. Accordingly, on the final deed of sale, The Ona Real Estate Ltd will be required to pay the vendor the balance of €6 million.

The site on which the Hotel shall be built has a direct façade and access on Sqaq Lourdes (also referred to as Lourdes Lane), located in Swieqi, in the limits of St. Julian's and has a total site area of 586 square metres. As detailed in promise of sale agreement, the respective vendor agreed to transfer the Paceville Site together with its subterrain and airspace on the final deed of sale. The Paceville Site will be purchased free and unencumbered from any security interests and freehold.

6.3.2 PERMITS

Following its acquisition, the Paceville Site shall be developed into a 4-star "hotel" as defined in the Malta Travel and Tourism Services Act (Cap. 409 of the laws of Malta). As at the date of this Registration Document, a full development permit (PA/3654/20) has been granted for 88 rooms, 18 of which are twin interconnected rooms. Accordingly, an amount of 106 rooms may be used as individual rooms.

In accordance with the full development permit with reference number PA/3654/20, on completion the Hotel will be structured as follows:

Level	Proposed Use
-4	Indoor pool, spa, and wellness area
-3	Back office, hotel administration and conference hall
-2	Parking area
-1	Parking area
Ground Floor	Hotel reception, lounge area, and parking area
Levels 1 - 8	Hotel rooms
Level 9	Dining area (comprising of a breakfast and bar lounge) and outdoor pool amenities

The Group has submitted an additional planning application to the Planning Authority with reference number PA/2278/22 which, as at the date of this Registration Document, has not yet been approved. The principal changes proposed under the aforementioned planning application are for the outdoor pool to be moved to Level 10 and for the amount of approved rooms to be increased from 88 to 97 rooms, nine of which will be interconnected. Accordingly, the amount of independent rooms which can be used as individual rooms shall remain unchanged at 106 rooms, however, by virtue of this permit application the number of interconnecting family rooms will be reduced from 18 to nine rooms. A final decision on the said application is expected in July 2022.

Construction of the Hotel commenced in Q1 2022. The construction, finishing and furnishing of the Hotel is expected to be completed by Q2 2023. The costs for the overall construction and finishing expenditure of the Hotel, both with respect to works to be completed and finished under the permit with reference number PA/3654/20 as well as the permit with reference number PA/2278/22 if so approved, are expected to be in the region of €9 million, as detailed below:

Construction	€1.8 million
Finishing and furnishing	€6.4 million
Contingency	€0.8 million

For the purposes of the development and construction of the Hotel, The Ona Real Estate Ltd has engaged a local construction company Elbros Construction Limited (C 10925) pursuant to a contract of works between The Ona Real Estate Ltd and Elbros Construction Limited (C 10925) for a value of approximately €1.8 million (excluding VAT). Finishing and furnishing of the Hotel will be carried out by The Ona Hospitality Ltd.

The acquisition and development costs of the Hotel shall be part-financed through the net proceeds of the Secured Bonds. The Issuer will on-lend the amount of €13.6 million of the net bond proceeds to The Ona Real Estate Ltd for the purposes of funding the full acquisition costs and development costs of the Hotel. The balance of €2.08 million of the net bond proceeds shall be on-lent by the Issuer to The Ona Hospitality Ltd to part finance the finishing and furnishing of the Hotel. The remaining balance required to complete the Hotel, will be financed through the Group's own funds.

Further information on the Paceville Site and the Hotel is included in the Valuation Report.

6.3.3 LICENSES

The Paceville Site is characterized as a class 3B site in terms of the Development Planning (Use of Classes) Regulations (S.L. 552.15). On the completion of the Hotel, the Hotel shall be required to obtain a license in terms of the Malta Travel and Tourism Services Act (Cap. 409 of the laws of Malta). The Group expects the license to be issued by Q2 2023, following completion of the Hotel.

6.3.4 THE FRANCHISE AGREEMENT

Pursuant to the Franchise Agreement, The Ona Hospitality Ltd has been granted a non-exclusive license to use the intellectual property, brand, and systems (including electronic systems, loyalty programs, training programs and sales and marketing programs) owned by the Franchisor and its affiliates for the purpose of operating the Hotel under the "AC Hotels by Marriott" brand. The non-exclusive license granted under the Franchise Agreement commenced on 31 January 2022 and is for a period of 20 years, renewable automatically for two additional five-year periods. In consideration for the grant of the non-exclusive license described in this section 6.3.4. The Ona Hospitality Ltd must pay the Franchisor fees which are computed in accordance with a percentage of gross sales revenue of hotel rooms and gross sales revenue of food and beverage sales at the Hotel.

The Franchise Agreement sets out requirements and restrictions on the design and finish of the Hotel as well as the expected standards of operation and maintenance of the Hotel once the Hotel opens its doors to guests. Marketing strategies adopted by the Hotel must also be in line with the standards and requirements of the Franchise Agreement and the Franchisor's material must be used for advertising and marketing purposes. Most of the marketing campaigns shall focus on the international market with limited marketing activities in the domestic market.

The Franchisor is entitled to carry out quality assurance inspections to ensure that the standards that were contractually agreed to in the Franchise Agreement are consistently maintained throughout the term of the Franchise Agreement and is entitled to terminate the Franchise Agreement should such standards not be maintained.

6.3.5 LEASE AND MANAGEMENT OF THE HOTEL

In terms of the Franchise Agreement, The Ona Real Estate Ltd undertook to lease the Hotel to The Ona Hospitality Ltd by 30 June 2023 for the duration of the Franchise Agreement. Once completed and operational, The Hotel (including its car park, pools, wellness centre and restaurant), shall be operated internally by a dedicated management team within The Ona Hospitality Ltd in accordance with the terms and conditions set out in the Franchise Agreement.

Management intends to employ a taskforce of approximately 50 employees for the operation of the Hotel. As at the date of this Registration document, the Hotel is not yet operational and will not open its doors until Q3 2023. For this reason, The Ona Hospitality Ltd has not yet selected the management team of the Hotel or employed Hotel staff. All management staff and employees of the Hotel are to be, however, of the requisite standard in line with the requirements set out in the Franchise Agreement. Although the employees and the management team of the Hotel are not subject to the approval of the Franchisor, prior to engaging a general manager of the Hotel, The Ona Hospitality Ltd is required to consult with the Franchisor to obtain its input. In addition, all Hotel staff are to be suitably qualified and must have completed mandatory training provided by the Franchisor, as applicable.

7. FUNDING STRUCTURE AND SOLVENCY

There are no recent events particular to the Issuer or the Guarantors which are to a material extent relevant to an evaluation of their respective solvency. The Directors are not aware of any material change in the Issuer's borrowing and funding structure since the date of its incorporation and of any material change in the Guarantors' borrowing and funding structure since the end of their latest financial year ending 31 December 2021 (excluding the Ona Hospitality Ltd which was incorporated in January 2022).

The Directors expect the Issuer's and the Guarantors' working capital and funding requirements to be met by a combination of the following sources of finance: (i) retained earnings and cash flow generated by the Group's operations; (ii) external bank credit and loan facilities; and (iii) the net proceeds from the Secured Bonds.

8. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

8.1 THE BOARD OF DIRECTORS OF THE ISSUER

The Board of Directors of the Issuer consists of five Directors who are entrusted with the overall direction, administration, and management of the Issuer and which currently consists of one executive director and four non-executive directors.

As at the date of this Registration Document, the Board of Directors is constituted of the names which appear under section 4.1 of this Registration Document.

8.2 EXECUTIVE DIRECTOR

Cliona Muscat is the sole executive director of the Issuer.

The executive director of the Issuer is entrusted with the day-to-day management of the Group. The executive director is supported in this role by several consultants and key management, and benefits from the know-how gained by members and officers of the Group.

8.3 NON-EXECUTIVE DIRECTORS

The non-executive directors' main functions are to monitor the operations and performance of the executive director, as well as to review any proposals tabled by the executive director, bringing to the Board the added value of independent judgment.

The non-executive directors are George Muscat, Alfred Attard, Francis X Gouder and Ann Marie Agius.

8.4 THE BOARD OF DIRECTORS OF THE GUARANTORS

As at the date of this Registration Document, the board of directors of the Guarantors is constituted of the names which appear under section 4.2 of this Registration Document.

8.5 CURRICULUM VITAE OF THE DIRECTORS OF THE ISSUER AND THE GUARANTORS

Ms Cliona Muscat *(Executive Director of the Issuer and director of the Guarantors)*

Cliona Muscat started her career as a brand manager of an international brand represented in Malta. In 2015, Cliventi Ltd C 77775) (a company fully owned by Ms. Muscat) and Marketing and Consultancy Limited (C 8171) established the Maltese company International Fashion Company Limited (C 70771), which is involved in the retail industry. International Fashion Company Limited (C 70771) has signed franchise agreements with "Tendam", one of the most important groups in the fashion sector in the premium mass market segment. Cliona currently holds office as director on the board of International Fashion Company Limited (C 70771)

International Fashion Company Limited (C 70771) currently operates eight shops, supplying brands such as "Springfield", "Women'secret", "Cortefiel" and "Bortex". The company plans to continue growing its portfolio and open additional shops in both established and new shopping destinations.

Through The Ona Real Estate Ltd and The Ona Property Development Ltd, Cliona manages a commercial property in Birkirkara and is currently involved in residential development projects in both Qawra and Marsascala.

Mr George Muscat *(Non-Executive Director of the Issuer, director of The Ona Real Estate Ltd and The Ona Property Development Ltd)*

George Muscat started his property development and construction business in the 1970s. Over the years, Mr Muscat has embarked on a variety of development projects, from single block residential apartments to large projects including Fort Cambridge in Sliema. George Muscat is a shareholder and director of several companies which do not form part of the Group, but which are involved in the construction, property development, and real estate business, including Gap Holdings Limited (C 27803) which has undertaken various property developments.

As at the date of this Registration Document, under the leadership of Mr Muscat, the GAP Group of companies has built a considerable portfolio of residential and commercial developments at prices which service all sectors of the market. George Muscat is also a director and the ultimate beneficial holder of 50% of the share capital of Bay Street Holdings Limited (C 12058) which owns, manages, and operates the Bay Street Entertainment Complex in Paceville, St Julian's. The Bay Street Entertainment Complex has today evolved into an entertainment hub with more than 70 retail outlets, restaurants, a language school, a 4-star hotel and a 5-star hotel.

Mr Alfred Attard *(Independent Non-Executive Director of the Issuer)*

Mr Attard spent 35 years employed with Bank of Valletta p.l.c. where he held several managerial and executive roles, but was mostly involved in business lending. Before his retirement from Bank of Valletta p.l.c. in 2021 Mr Attard held the post of Chief Officer Corporate Finance and was responsible for Bank of Valletta p.l.c.'s corporate finance unit which provides personalized attention and tailor-made financial solutions to the bank's high valued corporate clients. Throughout his career with the bank, Mr Attard was involved in the financing of several high-profile projects.

Mr Attard is an associate of the Institute of Financial Services and holds a diploma in banking. In 1995 he spent six months at Bank of Valletta p.l.c. representative offices in Australia and between April 2016 and April 2021 he served on the board of Mapfre Middlesea p.l.c. as one of the bank's nominated directors, where he also held the post of chairman of the audit committee.

Mr Francis X Gouder *(Independent Non-Executive Director of the Issuer)*

Francis X Gouder began his career at Barclays Bank DCO (later Mid-Med Bank and HSBC Bank Malta p.l.c.). For a short period of time, he was seconded to Lohombus Corporation. At HSBC Bank Malta p.l.c., Mr Gouder was responsible for the efficient running of all HSBC branches forming part of southern Malta. In May 2009, Mr Gouder joined Banif Bank Malta p.l.c. as consultant to the executive committee and head of executive banking. Francis X Gouder presently holds several non-executive directorships on listed entities.

Dr Ann Marie Agius *(Independent Non-Executive Director of the Issuer)*

Dr Ann Marie Agius is a Notary Public by profession. Her main practice areas apart from her notarial practice are trusts, fiduciaries, estate planning, corporate and contract law. Dr Agius worked for a number of years in the wealth management and trust department of one of Malta's major banks having been entrusted with legal and compliance duties. She has also worked with the Malta

Financial Services Authority for a number of years before returning to her private practice. She currently holds directorships on entities licensed by the MFSA (trustees and a corporate service provider) and also on the board of Stivala Group Finance p.l.c. (C 82218), a company which has its debt securities listed on the Official List of the Malta Stock Exchange.

8.6 MANAGEMENT STRUCTURE

The Issuer is a holding and finance company incorporated under the laws of Malta. The business of the Issuer is managed by its Board of Directors and does not separately employ any senior management. The Directors believe that the present organisational structure is adequate for the current activities of the Issuer. The Directors will maintain this structure under continuous review to ensure that it merits the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

The overall management of each Guarantor is entrusted to its board of directors who are the persons responsible for establishing the strategy of each Guarantor, including the responsibility for the appointment of all executive officers and other key members of management.

8.7 CONFLICTS OF INTEREST

Cliona Muscat is a director of the Issuer as well as the Guarantors. George Muscat, who is the father of Cliona Muscat, is a director of the Issuer as well as a director of The Ona Real Estate Ltd and The Ona Property Development Ltd. Such directorships are disclosed in section 4.2 of this Registration Document.

Other than as stated above, there are no other conflicts of interest or potential conflicts of interest between the duties of the Directors and the directors of the Guarantors and their private interests.

The Audit Committee of the Issuer has the task of ensuring that any potential conflicts of interest that may arise at any moment, pursuant to these different roles held by directors, are handled according to law. The presence of an audit committee has the task to ensure that any potential abuse is managed, controlled, and resolved in the best interests of the Issuer. The presence of independent non-executive directors on the board of the Issuer aims to minimise the possibility of any abuse of control by its major shareholder. Furthermore, in terms of the memorandum and articles of association of the Issuer, in the event that a director has a personal material interest, either directly or indirectly, in any contract or arrangement with the Issuer, such director is not entitled to vote on any decisions taken in connection therewith. This ensures that any director sitting on the boards of the Guarantors and the Issuer is precluded of using his or her vote on any decisions involving a contract or arrangement between the Guarantors and the Issuer.

8.8 BOARD PRACTICES

8.8.1 AUDIT COMMITTEE

The Audit Committee's primary objective is to assist the Board of Directors in fulfilling its oversight responsibilities over the financial reporting processes, financial policies, and internal control structure. The Audit Committee oversees the conduct of the internal and external audit and acts to facilitate communication between the Board, management, and the internal and external auditors. The external auditors are invited to attend the Audit Committee meetings. The Audit Committee reports directly to the Board.

The terms of reference of the Audit Committee include support to the Board in its responsibilities in dealing with issues of risk, control and governance, and associated assurance of the Issuer. The Board has set formal terms of establishment and the terms of reference of the Audit Committee which set out its composition, role and function, the parameters of its remit as well as the basis for the processes that it is required to comply with.

Briefly, the Audit Committee is expected to deal with and advise the Board of Directors on:

- (a) its monitoring responsibility over the financial reporting processes, financial policies, and internal control structures;
- (b) maintaining communications on such matters between the Board, management, and the external auditors; and
- (c) preserving the Issuer's assets by assessing the Issuer's risk environment and determining how to deal with those risks.

In addition, the Audit Committee has the role and function of evaluating any proposed transaction to be entered into by the Issuer and a related party to ensure that the execution of any such transaction is at arm's length, on a commercial basis and ultimately in the best interests of the Issuer.

Furthermore, the Audit Committee has the role of assessing any potential conflicts of interest between the duties of the Directors and their respective private interests or duties unrelated to the Issuer.

All Directors sitting on the Audit Committee are non-executive directors. Ann Marie Agius, Alfred Attard and Francis X Gouder are the independent non-executive directors sitting on the Audit Committee. Audit Committee members are appointed for a period of three years, unless terminated earlier by the Board.

Alfred Attard is the independent non-executive director who is competent in accounting and, or auditing matters in terms of the Capital Markets Rules. The Chairperson of the Audit Committee, appointed by the Board, is entrusted with reporting to the Board on the workings and findings of the Audit Committee. Francis X Gouder occupies the post of Chairperson of the Audit Committee.

Pursuant to its terms of reference, the Audit Committee's remit covers the Issuer and each of the Guarantors.

8.8.2 COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Prior to the date of the Prospectus, the Issuer was not regulated by the Capital Markets Rules and accordingly was not required to comply with the Code of Principles of Good Corporate Governance forming part of the Capital Markets Rules (the “Code”). As a consequence of the Bond Issue, in accordance with the terms of the Capital Markets Rules, the Issuer is required to comply with the provisions of the Code. The Issuer declares its full support of the Code and undertakes to fully comply with the Code to the extent that this is considered complementary to the size, nature, and operations of the Issuer.

The Issuer supports the Code and is confident that the application thereof shall result in positive effects accruing to the Issuer.

Going forward, in view of the reporting structure adopted by the Code, the Issuer shall, on an annual basis in its annual report, explain the level of the Issuer’s compliance with the principles of the Code, in line with the “comply or explain” philosophy of the Code, explaining the reasons for non-compliance, if any.

As at the date of this Registration Document, the Board considers the Issuer to be in compliance with the Code save for the following exceptions:

Principle 7 (Evaluation of the Board’s Performance): The Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board’s performance is evaluated on an ongoing basis by, and is subject to the constant scrutiny of the Board itself (more than half of which is composed by independent non-executive directors), the Issuer’s shareholders, the market and all the rules and regulations to which the Issuer is subject as a company with its securities listed on a regulated market.

Principle 8 (Committees): The Board considers that the size and operations of the Issuer do not warrant the setting up of remuneration and nomination committees. In particular, the Issuer does not believe it is necessary to establish a nomination committee as appointments to the Board are determined by the shareholders of the Issuer in accordance with the appointment process set out in the Memorandum and Articles of Association. The Issuer considers that the members of the Board possess the level of skill, knowledge and experience expected in terms of the Code.

Principle 9 (Relations with Shareholders and with the Market): currently there is no established mechanism disclosed in the Memorandum and Articles of Association to trigger arbitration in the case of conflict between the minority shareholders and the controlling shareholders. In any such cases, should a conflict arise, the matter is dealt with in the Board meetings and through the open channel of communication between the Issuer and the minority shareholders via the office of the company secretary.

9. MAJOR SHAREHOLDERS

9.1 THE ISSUER

As at the date of this Registration Document, the majority of the issued share capital of the Issuer is held by Cliona Muscat (99.9%) whilst one share is held by George Muscat.

To the best of the Issuer’s knowledge, there are no arrangements in place, as at the date of this Registration Document, the operation of which may at a subsequent date result in a change in control of the Issuer.

9.2 THE GUARANTORS

The entire issued share capital of: (i) The Ona Real Estate Ltd; (ii) The Ona Property Development Ltd; and (iii) The Ona Hospitality Ltd, is held by the Issuer (100%).

There are no arrangements in place as at the date of this Registration Document, the operation of which may at a subsequent date, result in a change in control of each of the Guarantors.

10. TREND INFORMATION AND FINANCIAL INFORMATION CONCERNING THE ISSUER'S AND THE GUARANTORS' ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

10.1 TREND INFORMATION

The Directors are of the view that the Issuer and each of the Guarantors shall, generally, be subject to the normal business risks associated with the property market in Malta and barring unforeseen circumstances, do not anticipate any likely material adverse effect on the Issuer's and each of the Guarantors' prospects, at least for the next 12 months. Upon completion of development and commencement of operations of the Hotel in 2023, the Group shall be subject to the normal business risks associated with the hospitality industry in Malta.

Real GDP growth in Malta is estimated to have rebounded strongly to 5.9% in 2021 after a considerable decline (-8.2%) in 2020. Growth was driven by the strong performance in the first three quarters of the year, when the improvement of the public health situation in Malta allowed for a significant relaxation of restriction measures. Improved business and consumer sentiment, as well as a recovery in tourism supported the economy. Growth is estimated to have been negative in the last quarter of 2021 and to remain muted in the first quarter of 2022, affected by the surge in infections in late 2021, the tightening of restrictions, low tourist numbers, continued disruptions in global value chains and negative effects of price increases in shipping and transport.

In the course of 2022, growth is expected to pick up again as domestic demand recovers, supported also by the implementation of the Recovery and Resilience Plan¹. Prior to Russia's invasion of Ukraine on 24 February 2022, real GDP was forecasted to grow by 6.0% in 2022 and 5.0% in 2023. Malta was expected to reach pre-pandemic levels of economic activity around mid-2022.²

The war in Ukraine has created a new negative supply shock for the world economy, just when some of the supply-chain challenges seen since the beginning of the pandemic appeared to be starting to fade. The effects of the war will operate through many different channels and are likely to evolve if the conflict deepens further. In some respects, the direct role of Russia and Ukraine in the global economy is small. However, both countries are large producers and exporters of key food items, minerals, and energy. The prices of many of these commodities have increased sharply since the onset of the war, even in the absence of any significant disruption of production or export volumes.

The authorities in Malta have expressed a commitment to continue to limit energy prices growth in 2022. Nonetheless, the increase in food, transport and imported goods prices and a gradual recovery in the tourism and hospitality sectors are set to drive up price pressures in 2022.

The Group's long-term strategy is to focus on operating the Hotel and on acquiring suitable sites for the development of residential units. The Directors are cautiously optimistic on the health of the hospitality and property markets in Malta, which opinion is based on the assumption that the tourism sector will gradually return to pre-COVID 19 levels in the next 24 months, the general economy continues on its growth trend and that business confidence and disposable income remain positive.

In the near term, the Group will be principally focused on completing the Marsascala Project and Qawra Project and will continue to market the remaining units available for sale at the Marsascala Project and Qawra Project. At the same time, the Group will direct resources towards the acquisition and construction of the Mellieħa Project and Birkirkara Project and the acquisition and development of the Hotel pursuant to the Bond Issue.

There has been no material adverse change in the financial performance and prospects of the Guarantors (excluding The Ona Hospitality Ltd), since 31 December 2021 (being the date of the last published financial statements of both Guarantors), and of the Issuer and The Ona Hospitality Ltd, since their respective date of incorporation, to the date of this Registration Document.

10.2 HISTORICAL FINANCIAL INFORMATION

The Issuer and The Ona Hospitality Ltd were both incorporated on 20 January 2022 and, accordingly, as at the date of this Registration Document have not filed any audited financial statements. The financial information pertaining to The Ona Property Development Ltd and The Ona Real Estate Ltd relates to the financial years ended 31 December 2019, 31 December 2020, and 31 December 2021. The historical financial information of The Ona Property Development Ltd and The Ona Real Estate Ltd for the respective financial years, as audited by Pamela Fenech, is set out in the annual financial statements of the relative companies.

The audited financial information of The Ona Property Development Ltd and The Ona Real Estate Ltd is available for review on the Issuer's website and is available for inspection as detailed in section 17 of this Registration Document. The audited financial information is incorporated by reference in this Registration Document.

¹ The Recovery and Resilience Facility will make €672.5 billion in loans and grants available to support reforms and investments undertaken by Member States. The aim is to mitigate the economic and social impact of the coronavirus pandemic and make European economies and societies more sustainable, resilient, and better prepared for the challenges and opportunities of the green and digital transitions.

² European Economic Forecast – Winter 2022 (European Commission Institutional Paper 169 Feb'22)

The table below provides a cross-reference list to key sections of the financial statements of The Ona Property Development Ltd and The Ona Real Estate Ltd for the financial years ended 31 December 2019, 31 December 2020, and 31 December 2021:

	2021	2020	2019
The Ona Property Development Ltd:			
Independent auditor's report	3 – 5	17 – 18	17 – 18
Statement of comprehensive income	6	3	3
Statement of financial position	7	4	4
Statement of changes in equity	8	-	-
Statement of cash flows	9	-	-
Notes to the financial statements	10 – 24	5 – 16	5 – 16
The Ona Real Estate Ltd:			
Independent auditor's report	3 – 5	15 – 16	15 – 16
Statement of comprehensive income	6	3	3
Statement of financial position	7	4	4
Statement of changes in equity	8	-	-
Statement of cash flows	9	-	-
Notes to the financial statements	10 – 25	5 – 14	5 – 14

There has been no significant change in the financial position of The Ona Property Development Ltd and The Ona Real Estate Ltd since 31 December 2021 (being the date of the last financial period for which financial information has been published).

10.3 OPERATING AND FINANCIAL REVIEW

The financial statements for the financial years ended 31 December 2019, 2020, and 2021 and the audit reports thereon are set out in the audited financial statements of The Ona Property Development Ltd and The Ona Real Estate Ltd for the respective financial years, all of which are incorporated by reference in this Registration Document. Set out below are condensed extracts from the said stand-alone financial statements for such years.

The Ona Property Development Ltd (previously Cliventi (I) Limited)			
Income Statement			
for the year ended 31 December			
	2019 Audited (€'000)	2020 Audited (€'000)	2021 Audited (€'000)
Turnover	-	-	940
Cost of sales	-	-	(695)
Gross profit	-	-	245
Rental income	92	95	106
Administrative expenses	(8)	(8)	(42)
Operating profit	84	87	309
Gain on revaluation of investment property	-	-	620
Interest payable	(69)	(22)	(29)
Profit before taxation	15	65	900
Taxation	-	(14)	(61)
Profit after taxation	15	51	839

The Ona Property Development Ltd (previously Cliventi (I) Limited)

Cash Flow Statement

for the year ended 31 December

	2019	2020	2021
	Audited	Audited	Audited
	(€'000)	(€'000)	(€'000)
Net cash from (used in) operating activities	(1,387)	(736)	244
Net cash from (used in) financing activities	1,422	663	(189)
Net movement in cash and cash equivalents	35	(73)	55
Cash and cash equivalents at beginning of year	72	107	34
Cash and cash equivalents at end of year	107	34	89

The Ona Property Development Ltd (previously Cliventi (I) Limited)

Statement of financial position

as at 31 December

	2019	2020	2021
	Audited	Audited	Audited
	(€'000)	(€'000)	(€'000)
Non-current assets			
Property, plant and equipment	20	15	10
Investment property	1,864	1,864	2,700
	1,884	1,879	2,710
Current assets			
Inventory - development project	1,639	2,395	3,382
Trade and other receivables	13	34	358
Cash and cash equivalents	107	34	89
	1,759	2,463	3,829
Total assets	3,643	4,342	6,539
EQUITY			
Capital and reserves			
Called up share capital	1	1	1
Retained earnings (accumulated losses)	(18)	33	872
	(17)	34	873
LIABILITIES			
Non-current liabilities			
Bank loans	2,056	1,355	1,480
Deferred tax	-	-	216
	2,056	1,355	1,696
Current liabilities			
Bank loans	271	753	302
Trade and other payables	69	38	1,370
Other financial liabilities	1,264	2,162	2,298
	1,604	2,953	3,970
	3,660	4,308	5,666
Total equity and liabilities	3,643	4,342	6,539

During the years under review, the business activities of The Ona Property Development Ltd primarily involved the acquisition of a site in Marsascala measuring *circa* 924 sqm for the consideration of €2.05 million plus a barter of four maisonettes and four garages. The development project comprised 20 residential units and 20 garages, which was completed in November 2021 and financed from bank borrowings and other financial liabilities (related parties balances).

In FY2021, The Ona Property Development Ltd completed the sale of three residential units and generated revenue amounting to €940,000. As at year end, seven residential units were subject to promise of sale agreements, with another four units to be exchanged as part of a barter agreement on acquisition of the site. Management indicated that as at the date of the Registration Document, only one garage remains unsold.

Rental income relates to the lease of a commercial property to a third party situated in Triq Dun Karm Pirotta, Birkirkara. The lease contract commenced on 23 November 2017 and expires on 23 March 2033. The said property is classified in the balance sheet as investment property at a value of €2.70 million (FY2020: €1.86 million). The said property was revalued during the year by €620,000 (net of deferred tax).

For the year ended 31 December 2021, The Ona Property Development Ltd registered a profit after tax of €0.84 million (FY2020: €0.05 million).

The Ona Property Development Ltd's inventory (being costs incurred in the development of residential property relating to the Marsascala project) as at 31 December 2021 amounted to €3.38 million (FY2020: €2.40 million), while outstanding bank loans amounted to €1.78 million (FY2020: €2.11 million).

The Ona Real Estate Ltd (previously Cliventi (II) Limited)

Income Statement

for the year ended 31 December

	2019	2020	2021
	Audited	Audited	Audited
	(€'000)	(€'000)	(€'000)
Turnover	-	357	211
Cost of sales	-	(357)	(211)
Gross profit	-	-	-
Rental income	61	145	150
Profit on disposal of property	-	-	2,745
Administrative expenses	(7)	(8)	(22)
Operating profit	54	137	2,873
Interest payable	(69)	(68)	(60)
Profit (loss) before taxation	(15)	69	2,813
Taxation	-	21	(292)
Profit (loss) after taxation	(15)	90	2,521

The Ona Real Estate Ltd (previously Cliventi (II) Limited)

Cash Flow Statement

for the year ended 31 December

	2019	2020	2021
	Audited	Audited	Audited
	(€'000)	(€'000)	(€'000)
Net cash from (used in) operating activities	75	(43)	(3,767)
Net cash from investing activities	(1)	-	5,000
Net cash from (used in) financing activities	-	59	(445)
Net movement in cash and cash equivalents	74	16	788
Cash and cash equivalents at beginning of year	49	123	139
Cash and cash equivalents at end of year	123	139	927

The Ona Real Estate Ltd (previously Cliventi (II) Limited)
Statement of financial position
as at 31 December

	2019	2020	2021
	Audited	Audited	Audited
	(€'000)	(€'000)	(€'000)
Non-current assets			
Property, plant and equipment	80	80	-
Investment property	2,175	2,175	-
Deferred taxation	-	21	-
	<u>2,255</u>	<u>2,276</u>	<u>-</u>
Current assets			
Inventory - development project	-	-	1,645
Deposit and related costs on hotel property	-	-	2,678
Deposit and related costs on Mellieha site			61
Trade and other receivables	1	102	9
Cash and cash equivalents	123	139	927
	<u>124</u>	<u>241</u>	<u>5,320</u>
Total assets	<u>2,379</u>	<u>2,517</u>	<u>5,320</u>
EQUITY			
Capital and reserves			
Called up share capital	175	300	300
Retained earnings (accumulated losses)	(97)	(6)	2,515
	<u>78</u>	<u>294</u>	<u>2,815</u>
LIABILITIES			
Non-current liabilities			
Bank loans	1,443	1,459	1,015
Other financial liabilities	300	300	268
	<u>1,743</u>	<u>1,759</u>	<u>1,283</u>
Current liabilities			
Bank loans	82	-	16
Trade and other payables	41	31	143
Other financial liabilities	435	433	1,063
	<u>558</u>	<u>464</u>	<u>1,222</u>
	<u>2,301</u>	<u>2,223</u>	<u>2,505</u>
Total equity and liabilities	<u>2,379</u>	<u>2,517</u>	<u>5,320</u>

During the years under review, turnover and cost of sales reflected the invoicing and back-to-back recharge with other related parties for services rendered. Rental income was generated from the lease of the Dino Fino Showroom in Valley Road, Msida, which property was sold in November 2021 for the consideration of €5.0 million. Profit on disposal of said showroom amounted to €2.74 million. As a result, in FY2021, The Ona Real Estate Ltd reported a net profit amounting to €2.5 million (FY2020: €0.09 million).

In January 2021, The Ona Real Estate Ltd acquired a plot in Qawra for the development of 15 residential units and nine garages. The project is currently at the final stages of development and has been financed from a bank loan facility and other financial liabilities (related parties and shareholder's funds). As at 31 December 2021, inventory amounted to €1.65 million (FY2020: nil) and outstanding bank loans amounted to €1.03 million (FY2020: €1.46 million). At year end, all units were subject to promise of sale agreements except for one residential unit and five garages.

On 6 September 2021, The Ona Real Estate Ltd entered into a promise of sale agreement for the purchase of a site measuring *circa* 586 sqm in Triq Sqaq Lourdes, Swieqi, St Julian's which will be developed into the Hotel. A deposit of €2.50 million was paid as part of the said agreement. Once developed, the Hotel will be leased to The Ona Hospitality Ltd and operated as a 4-star branded hotel.

Furthermore, on 14 December 2021, The Ona Real Estate Ltd entered into a promise of sale agreement for the purchase of a site in Mellieha which is described in more detail in section 6.1 of this Registration Document.

10.4 PRO FORMA FINANCIAL INFORMATION

The Group came into existence in April 2022 following the acquisition of The Ona Real Estate Ltd and The Ona Property Development Ltd by virtue of a share for share exchange process. The financial information set out in this review represents pro forma consolidated financial information. This pro forma information presents what the Issuer's consolidated statement of financial position would have looked like had the Group existed in its current form, comprising all its current constituent components, as at 31 December 2021.

Details relating to the basis for preparation and the pro forma adjustments for the compilation of the pro forma statement of financial position at 31 December 2021 are available for review on the Issuer's website and is available for inspection as detailed in section 17 of this Registration Document. The pro forma statement of financial position is incorporated by reference in this Registration Document.

The table below provides a cross-reference list to key sections of the pro forma consolidated financial information:

	Page No.
Accountant's report	2 - 4
Purpose of the pro forma consolidated financial information	5
Basis of preparation	6 - 7
Pro forma consolidated statement of financial position	8
Notes to the pro forma financial information	9 - 15
Statement of pro forma adjustments	16 – 18

A statement of financial position of the Group as at 31 December 2021, reflecting the combined balance sheets of The Ona Property Development Ltd and The Ona Real Estate Ltd, including comparatives based on pro forma adjustments as at the same financial period, are set out below:

The Ona p.l.c. Pro forma consolidated statement of financial position as at 31 December 2021									
	Combined	(I)	(II)	(III)	Adjustments				Group
	(€'000)	(€'000)	(€'000)	(€'000)	(IV)	(V)	(VI)	(VII)	(VIII)
					(€'000)	(€'000)	(€'000)	(€'000)	(€'000)
Non-current assets									
Investment property	2,700	-	-	-	-	-	-	-	2,700
Property, plant and equipment	10	-	-	-	-	-	-	-	10
Investment in subsidiaries	-	-	-	3,689	-	(3,689)	-	-	-
	<u>2,710</u>	<u>-</u>	<u>-</u>	<u>3,689</u>	<u>-</u>	<u>(3,689)</u>	<u>-</u>	<u>-</u>	<u>2,710</u>
Current assets									
Inventory - development project	5,027	-	-	-	-	-	-	-	5,027
Trade and other receivables	3,106	-	-	-	-	-	(308)	-	(31)
Cash and cash equivalents	1,016	1	1	-	-	-	43	(18)	-
	<u>9,149</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(265)</u>	<u>(18)</u>	<u>(31)</u>
Total assets	<u>11,859</u>	<u>1</u>	<u>1</u>	<u>3,689</u>	<u>-</u>	<u>(3,689)</u>	<u>(265)</u>	<u>(18)</u>	<u>(31)</u>
EQUITY									
Capital and reserves									
Called up share capital and reserves	301	1	1	3,689	3,581	(302)	-	-	-
Retained earnings	3,387	-	-	-	-	(3,387)	-	-	-
	<u>3,688</u>	<u>1</u>	<u>1</u>	<u>3,689</u>	<u>3,581</u>	<u>(3,689)</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES									
Non-current liabilities									
Bank loans	2,495	-	-	-	-	-	-	-	2,495
Other financial liabilities	268	-	-	-	(250)	-	-	(18)	-
Deferred tax	216	-	-	-	-	-	-	-	216
	<u>2,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(250)</u>	<u>-</u>	<u>-</u>	<u>(18)</u>	<u>2,711</u>
Current liabilities									
Bank loans	318	-	-	-	-	-	(265)	-	-
Trade and other payables	1,461	-	-	-	-	-	-	-	1,461
Other financial liabilities	3,362	-	-	-	(3,331)	-	-	-	(31)
Taxation due	51	-	-	-	-	-	-	-	51
	<u>8,171</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,581)</u>	<u>-</u>	<u>(265)</u>	<u>(18)</u>	<u>(31)</u>
Total equity and liabilities	<u>11,859</u>	<u>1</u>	<u>1</u>	<u>3,689</u>	<u>-</u>	<u>(3,689)</u>	<u>(265)</u>	<u>(18)</u>	<u>(31)</u>

The pro forma adjustments include the following:

- I) Being the incorporation of the Issuer;
- II) Being the incorporation of The Ona Hospitality Ltd;
- III) Relates to the transfer of The Ona Property Development Ltd, The Ona Real Estate Ltd and The Ona Hospitality Ltd to the Issuer through an exchange of shares which is assumed to be carried out at net asset value (excluding related party balances);
- IV) Includes the capitalisation of amounts due to the shareholder following adjustment (III) above, and the capitalisation of amounts due to related parties;
- V) Reflects the consolidation adjustment eliminating investment in subsidiary balances and pre-acquisition reserves.
- VI) To account for the receipt of €43,000 undeposited cheque and €265,000 held by a notary following a contract of sale which funds have been released following year end;
- VII) Management indicated that €18,000 was paid to Cliona Muscat (as shareholder) in Q1 2022 prior to capitalising the remaining shareholder's loan balances;
- VIII) Some reclassifications were done in the pro forma financial information to account for differences in the individual audited financial statements.

On a pro forma basis, total equity of the Group as at 31 December 2021 amounted to €7.3 million.

Total liabilities amounted to €4.3 million, primarily made up of outstanding bank loans amounting to €2.5 million and capital creditors of €1.2 million (included in trade and other payables).

Total assets amounted to €11.5 million and principally comprised a commercial property amounting to €2.7 million in Dun Karm Pirota Street, Birkirkara (investment property), inventory of development projects in Marsascala and Qawra of €5 million, deposit and related costs amounting to €2.8 million relating to the Hotel Project in St Julian's and cash balances of €1 million.

11. LEGAL AND ARBITRATION PROCEEDINGS

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened or of which the Issuer or the Guarantors are aware) during the period covering 12 months prior to the date of the Prospectus which may have, or have had in the recent past, significant effects on the Group's financial position or profitability.

12. SHARE CAPITAL

12.1 SHARE CAPITAL OF THE ISSUER

As at the date of this Registration Document, the issued share capital of the Issuer is €7,270,493 divided into 7,270,492 Ordinary "A" shares of a nominal value of one Euro (€1.00) each and one Ordinary "B" share of one Euro (€1.00), fully paid-up.

In terms of the Memorandum and Articles of Association, none of the capital shall be issued in such a way as would effectively alter the control of the Issuer without the prior approval of the Issuer in a general meeting.

The shares of the Issuer are not listed on the Malta Stock Exchange and no application has been filed for the shares of the Issuer to be quoted on the Malta Stock Exchange.

There is no capital of the Issuer, which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Issuer is to be put under option.

12.2 SHARE CAPITAL OF THE GUARANTORS

The Guarantors are private companies established under the Act and none of their share capital is admitted to listing or trading on an exchange.

There is no capital of any Guarantor, which is currently under option, nor is there any agreement by virtue of which any part of the capital of each Guarantor is to be put under option.

The issued share capital of the Guarantors is set out below:

Guarantor	Issued share capital
The Ona Property Development Ltd	€1,200 divided into 1,200 Ordinary Shares having a nominal value of €1.00 each, fully paid-up.
The Ona Real Estate Ltd	€300,000 divided into 300,000 Ordinary Shares having a nominal value of €1.00 each, fully paid-up.
The Ona Hospitality Ltd	€1,200 divided into 1,200 Ordinary Shares having a nominal value of €1.00 each, fully paid-up.

13. MEMORANDUM AND ARTICLES OF ASSOCIATION

13.1 THE ISSUER

The Memorandum and Articles of Association are registered with the Registrar of Companies at the Malta Business Registry. A full list of the objects for which the Issuer is established is set out in clause 4 of the Memorandum of Association. These objects include:

- (a) to act as a holding company and invest and hold share participations and debentures in any other company, partnership, or business.
- (b) to provide management, administration, technical, financial, and professional services and to provide human resources to its subsidiaries and, or associated companies of other companies relative and incidental to its business.
- (c) to obtain loans, overdrafts, credits and other financial and monetary facilities without limited and otherwise borrow or raise money in such a manner as the Company shall think fit and to secure the repayment of any money borrowed, raised or owing by privilege, hypothec, mortgage or charge upon the whole or any part of the Company's property and assets (whether present or future) including all or any of the uncalled capital for the time being of the Company, and also by similar privilege, hypothec, mortgage or charge to secure and guarantee the performance of the Company of any contracts, obligations or liabilities it may undertake.
- (d) to issue bonds, commercial paper or other instruments creating or acknowledging indebtedness and the sale or offer thereof to the public.

13.2 THE GUARANTORS

(i) The Ona Property Development Ltd

The memorandum and articles of association of The Ona Property Development Ltd are registered with the Registrar of Companies at the Malta Business Registry. A full list of the objects for which The Ona Property Development Ltd is established is set out in clause 4 of the memorandum of association. The main trading activity of The Ona Property Development Ltd is as follows:

- (a) To purchase, sell, exchange, improve, mortgage, charge, rent, let on, lease, hire, surrender, license, accept surrenders of, and otherwise acquire and/or deal with any freehold, leasehold, or other immovable property, chattels and effects, erect, pull down, repair, alter, develop, sell or otherwise deal in any immovable property.

Other objects include:

- (b) To operate and carry on trade and/or business either directly or indirectly through concession by agreement or in any other way whatsoever, so long as it is permissible according to the laws of Malta.
- (c) To stand as surety for third parties by means of hypothec or otherwise to secure loans/overdrafts and other banking facilities in favour of third parties.

(ii) The Ona Real Estate Ltd

The memorandum and articles of association of The Ona Real Estate Ltd are registered with the Registrar of Companies at the Malta Business Registry. A full list of the objects for which The Ona Real Estate Ltd is established is set out in clause 4 of the memorandum of association. The main trading activity of The Ona Real Estate Ltd is as follows:

- (a) To purchase, sell, exchange, improve, mortgage, charge, rent, let on, lease, hire, surrender, license, accept surrenders of, and otherwise acquire and/or deal with any freehold, leasehold, or other immovable property, chattels and effects, erect, pull down, repair, alter, develop, sell or otherwise deal in any immovable property.

Other objects include:

- (b) To operate and carry on trade and/or business either directly or indirectly through concession by agreement or in any other way whatsoever, so long as it is permissible according to the laws of Malta.
- (c) To stand as surety for third parties by means of hypothec or otherwise to secure loans/overdrafts and other banking facilities in favour of third parties.

(iii) The Ona Hospitality Ltd

The memorandum and articles of association of The Ona Hospitality Ltd are registered with the Registrar of Companies at the Malta Business Registry. A full list of the objects for which The Ona Hospitality Ltd is established is set out in clause 4 of the memorandum of association. The main trading activity of The Ona Hospitality Ltd is as follows:

- (a) To carry on the business of owners and/or operators of hotels, and of guest houses, restaurants, and catering establishments forming part of the hotel and carried out as part of such hotel.

Other objects include:

- (b) To commission the construction of hotels and the furnishing, decoration and embellishment thereof consistent with their classification.
- (c) To borrow or raise money in such manner as the company shall think fit and in particular by the issue of debentures or debenture stock, perpetual or otherwise, or by loans and to secure the repayment of any money borrowed or raised by mortgage, hypothec, charge or lien upon the undertaking and the whole or any part of the company's property or assets whether present or future including its uncalled capital and also by a similar mortgage, hypothec, charge or lien to secure and guarantee the performance by the company of any obligation or liability it may undertake.

14. MATERIAL CONTRACTS

The entities forming part of the Group, including albeit not limited to, the Issuer and the Guarantors, have not entered into any material contracts that are not in the ordinary course of their respective business and which could result in any of the said entities being under an obligation or entitlement that is material to the Group as at the date of this Registration Document.

15. PROPERTY VALUATION REPORT

The Issuer commissioned architect Tancred Mifsud at Tancred Mifsud Services Limited (C 37957) to issue a property valuation report on the Paceville Site and the Hotel (the “**Valuation Report**”). The following are the details of Tancred Mifsud:

- Business Address: Ralmant, Flat No. 1, B. Bontadini Street, Balzan, BZN 1370
- Qualifications: B.E.&A. (Hons) A.&C.E.

The Valuation Report is dated 20 May 2022 and is annexed to this Registration Document as Annex I.

16. STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTEREST

Save for the Valuation Report incorporated by reference in this Prospectus and the financial analysis summary, the Prospectus does not contain any statement or report attributed to any person as an expert.

The financial analysis summary has been included in the form and context in which it appears with the authorisation of MZI which has given and has not withdrawn its consent to the inclusion of such report herein. The author of the financial analysis summary, Evan Mohnani, Senior Financial Advisor at MZI, does not have any material interest in the Issuer.

The Valuation Report has been included in the form and context in which it appears with the authorisation of Arch. Tancred Mifsud of Tancred Mifsud Services Limited (C 37957) who has given and has not withdrawn his consent to the inclusion of the Valuation Report. Arch. Tancred Mifsud does not have any material interest in the Issuer.

The Issuer confirms that the financial analysis summary and the Valuation Report have been accurately reproduced in the Prospectus and as far as the Issuer is aware and is able to ascertain from the information contained therein, no facts have been omitted which render the reproduced information inaccurate or misleading.

17. DOCUMENTS AVAILABLE FOR INSPECTION AND INCORPORATED BY REFERENCE

For the duration of the Registration Document, the following documents are available for inspection at the registered address of the Issuer and are incorporated by reference in this Prospectus:

- (a) the audited financial statements of: (i) The Ona Real Estate Ltd; and (ii) The Ona Property Development Ltd for the three financial years ended 31 December 2019, 31 December 2020, and 31 December 2021;
- (b) the pro forma statement of financial position of the Issuer as at 31 December 2021; and
- (c) the Financial Analysis Summary, prepared by the Sponsor and dated 31 May 2022.

The documents so incorporated by reference are available on the following hyperlink: <https://theonagroup.mt/investor-relations/>

Copies of the memorandum and articles of association of the Issuer and of each of the Guarantors as well as the Trust Deed are available for inspection at the registered address of the Issuer.

The above-mentioned documents as well as the Valuation Report (together with the site plans and permits related thereto) are also available for inspection in electronic form on the Issuer's website at www.theonagroup.mt.

ANNEX I – PROPERTY VALUATION REPORT

The Directors
The Ona p.l.c. (C 101370)
GAP Holdings Head Office,
Triq Censu Scerri,
Sliema SLM 3060
Malta
(the “Company”)

Date: 20.05.2022

Subject: Valuation Report

Location: No.10 and No.12 Lourdes Lane, Swieqi, Malta (the “Property”)

The undersigned, a warranted architect and civil engineer, holding warrant number 471 (four hundred seventy-one) has been commissioned by The Ona p.l.c. (C 101370) (the “**Issuer**”) to issue a property valuation report in respect of the vacant site with official address No.10, and No.12, Lourdes Lane, Swieqi, Malta

General:

The following valuation has been prepared in accordance with Chapter 7, of the Capital Markets Rules published by the Malta Financial Services Authority.

Requirement for a Valuation Report:

The purpose of this valuation report is for the inclusion thereof within the Prospectus to be published in connection with the proposed bond issue by the Issuer of €16,000,000 4.50% secured bonds having a nominal value of €100 each and issued at par having ISIN no. MT0002661206.

Reporting Standards:

The undersigned valuer is an independent valuer, in terms of the UK Royal Institute of Chartered Surveyors Appraisal and Valuation Manual.

Independence of Valuer:

The undersigned confirms that there is no conflict of interest related to the compilation of this valuation report since the undersigned and, or his associates will not benefit from the valuation instruction, other than the professional fees related to this valuation report.

Valuation Report

1. Location:

The official address of the Property is No.10, and No.12, Lourdes Lane, Swieqi, Malta. A site plan is being attached hereto as Annex TM1.

architect, civil & structural consultant



2. Nature of Valuer's inspection:

The undersigned declares that he has inspected the Property and declares that a detailed analysis of the Property has been carried out, including a site history related to Planning permissions on site. The undersigned has also reviewed all planning applications submitted by The Ona Real Estate Ltd (C 83842) to the Planning Authority which are pending approval as well as the planning permissions which were duly approved the Planning Authority. The valuation below is based on an open market value for existing or permitted use.

3. Description of Property

The Property consists of a construction site within a development zone. As at the date of this valuation report, the Property has been fully excavated up to level -4 (four (4) floors below road level). Levels -4, -3, -2, -1 and level 0 are fully constructed whilst level 1 is under construction. The Property has a frontage of 23.63 meters and an average depth of 24.80 meters, with a total site area of 586 square meters.

Permits

The Property shall be constructed into a four-star hotel (Class 3B) as detailed in the permits set out below:

(i) Permit with reference number PA/3654/20

The Property is subject to a development permit with reference number PA/3654/20, which permit proposal reads as follows:

To combine hotel and guesthouse as approved in PA/03692/18 and PA/04201/18 respectively into one four star hotel (Class 3B) with related amenities and signage, having a uniform height as approved in PA/03692/18 and part providing an infill between two blank third party walls. Proposed development is to have two (2) basement floors comprising of hotel amenity spaces, three (3) levels of underground parking, a double height ground floor lobby with a mezzanine, seven (7) floors with rooms (96 bedrooms in total), and a recessed floor with breakfast/bar/lounge and pool amenities with overlying services at roof level."

The Planning Authority approved the proposal as set out in planning proposal with reference number PA/3654/20, however, eighty-eight (88) rooms and not ninety-six (96) rooms were approved. Eighteen (18) of the eighty-eight (88) rooms shall be twin interconnected rooms in order to provide family room requests, resulting in a total amount of one hundred and six (106) independent rooms if the interconnected rooms are used separately.

The permit with reference number PA/3654/20 was approved on 15 October 2020. The permit with reference number PA/3654/20 and the related approved plans are available for inspection at the registered office of the Company

(ii) Amendments to permit with reference number PA/3654/20

An application to make minor amendments to permit application with reference number PA/3654/20 was submitted to the Planning Authority on 11 January 2022 and approved on 15 March 2022.

The minor amendments relate to the reorganization of the internal layout of the hotel rooms, hotel back office and hotel amenities, following consultation with the Italian architecture firm, Fabrizio

architect, civil & structural consultant

Fabris and Partners, which specializes in hotel design. The resultant minor amendments will improve the layout of the rooms, improve the amenities that will be provided and increase the standard (services) offered by the hotel operator.

(iii) Planning application with reference number PA/2278/22

A further application with reference number PA/2278/22 has also been submitted to the Planning Authority for the purposes of increasing the number of rooms from eighty-eight (88) to ninety-seven (97) rooms at levels 0 to 8 as well as the relocation of the swimming pool from level 9 to level 10. If approved, nine (9) of the rooms out of the ninety-seven (97) rooms shall be twin interconnected rooms, resulting in a total number of one hundred and six (106) rooms if the interconnected rooms are used separately. Accordingly, pursuant to the pending application with reference number PA/2278/22, the number of twin interconnected rooms shall be reduced from eighteen (18) to nine (9), if so approved.

The pending application with reference number PA/2278/22 will retain the same approved building structure of the approved layout covered by the permit with reference number PA/3654/20, however if so approved, it will amend the interconnection of rooms to increase the number of hotel rooms and change the configuration of the pool and restaurant area at levels 9 and 10, as explained further above.

The layout of the proposed development to be constructed on the Property comprises four (4) levels below road level consisting of two (2) levels of parking spaces and two (2) levels of hotel amenities and administration area.

From road level upwards, one finds approved nine (9) levels of hotel rooms and hotel amenities -at upper most level with a pool and deck area at roof level (roof over recessed floor level).

The pending application with reference number PA/2278/22 together with the plans related thereto are available for inspection at the registered office of the Company.

Detailed breakdown of the Property

A detailed breakdown of the proposed development covered by the permit with reference number PA/3654/20 (as amended by the minor amendments approved by the Planning Authority on 15 March 2022), is given in the table below:

Level	Net Floor area (sq.mts)	Proposed use	Proposed Description
-4	586	Pool/ spa / wellness area	Hotel amenities
-3	586	Back office/ administration/ conference hall	Hotel amenities
-2	586	Parking area	Parking
-1	586	Parking area	Parking
Ground floor	586	Reception area / part parking /lounge area	Hotel rooms
Levels 1- 8	586	Hotel rooms	Hotel rooms

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Level 9	586	Dining/ pool/ deck area	Hotel related uses
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In the event that the pending application with reference number PA/2278/22 is approved, the number of bedrooms at levels 0 – 8 shall be increased from eighty-eight (88) rooms to ninety-seven (97) rooms, nine (9) of which shall be twin interconnected rooms. The pending application also caters for the relocation of the swimming pool from level 9 to level 10.

Expected Date of Completion

It is expected that the project will be completed in Q2 2023.

Excavation and the construction and development of the Property commenced in Q1 2022 with all construction works to be finalized by Q4 2022. The finishing and furnishing of the hotel shall commence immediately after the finalization of all construction works.

Following the acquisition of the Property by The Ona Real Estate Ltd (C 83842), it is expected that the Property will be leased to The Ona Hospitality Ltd (C 101371), which forms part of the same group as The Ona Real Estate Ltd, by 30 June 2022. The Property is expected to be operational as a Class 3B hotel by Q2 2023.

4. Existing use

The Property is currently a construction site. Once completed, the Property shall be used as a four-star hotel (Class 3B).

5. Relevant Planning Applications

The proposed development is subject to a permit with reference number PA/3654/20. This permit was amended by virtue of the minor amendments approved by the Planning Authority on 15 March 2022.

The abovementioned permit is fully executable. This means that the time allowed by law for persons to bring a claim contesting the said application has, at the date of this valuation report, lapsed and no appeals have been filed. There are no material or onerous conditions attached to the issue of the abovementioned permit.

Previous permits relating to the Property are PA/3692/18 and PA/4201/18.

The Property is also subject to a pending application with reference number PA/2278/22, which was submitted to the Planning Authority on 15 March 2022.

6. Material Contravention of statutory requirements

As at the date of this report, there have not been any contraventions of statutory requirements.

7. Tenure

The Property is freehold.

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8. Main terms of tenant's lease or sublease obligations

As at the date of this report, there are no lease agreements in effect relating to the Property. However, management of the Issuer has expressed that a lease agreement between The Ona Real Estate Ltd (C 83842) and The Ona Hospitality Ltd (C 101371) will be entered into by 30 June 2022.

9. Approximate age of building

The Property is currently a construction site. Accordingly, Capital Markets Rule 7.4.1.9 is not applicable to this valuation report.

10. Present capital value in existing state

The estimated present capital value of the Property in its existing state is calculated using a capitalization rate of 7.6% worked out on gross operating profit per available room (GOPAR) and worked out on one hundred and six (106) rooms. In the event that the pending application with reference number PA/2278/22 is approved, there shall be no variation in the estimated capital value since such an assessment is based on the number of rooms, which shall remain one hundred and six (106) rooms.

This capital value is based on the full potential value of the Property (once the full development is constructed, finished and operational) of €23,000,000.00, and deducting the cost of stamp duty, commissions, notary fees, civil and finishing / furnishings the development and including a conservative risk factor of execution of 4% added to the global cost of execution. The present capital value takes also into consideration cost of civil / construction works carried out to date.

Thus, the present capital value of the Property in its current state is estimated to be €11,500,000.00 (eleven million and five hundred thousand Euro).

The estimated market value of the Property once all construction works are complete is €13,600,000.00 (thirteen million and six hundred thousand Euro).

The above estimates exclude borrowing costs.

The estimated capital value of the Property was calculated using a GOPAR of €16,500.00 per room p.a. with a total of one hundred and six (106) rooms resulting in a global annual GOPAR of €1,749,000.00 and a capitalization rate of 7.6%.

Assumptions included in the above GOPAR include a daily rate of €105.00, an occupancy rate of 40.3 % for year 2023, an occupancy rate of 80% for years 2024-2034, and deducting operating costs, administrative costs, and franchise fees.


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11. Estimated Total Cost of the Development

The estimated total cost of the development is divided as per below:

Excavation	no cost as the Property shall be purchased fully excavated
Construction	€1.80 million
Finishes	€6.40 million
Financial/ commissions/ ancillary costs	€0.80 million

The costs of development referred to above apply both in the case where: (a) the development of the Property is carried out in accordance with the approved development permit as amended having planning application with reference number PA/3654/20; and (b) the development of the Property is carried out in accordance with the pending application with reference number PA/2278/22. The proposed changes as submitted to the Planning Authority pursuant to pending application with reference number PA/2278/22 will not affect estimated cost of construction / finishes, since the respective proposal does not vary the structure and finishes.

12. Terms of any intra-group lease on Property occupied by the Group (identifying the Properties) to the extent that such leases are taken into account in the valuation:

As at the date of this report, there are no lease agreements in effect relating to the Property. However, management of the Issuer has expressed that a lease agreement between The Ona Real Estate Ltd (C 83842) and The Ona Hospitality Ltd (C 101371) will be entered into by June 2022 on an arm's length basis.

The said lease will not affect the value of the Property.

13. Any other matters which materially affect the value (including any assumptions and information on contamination, if any)

CMR 7.4.1.12: Not applicable

14. Source of information and verification

Information related to planning permits and building information was sourced or otherwise compiled by the undersigned and his associates, including full survey of the existing condition of the Property and site measurements.

Information related to details of land have been obtained from the directors of the Issuer.

15. Details of registered mortgages and privileges and other charges, real rights thereon including details of emphyteutical concessions, easements, and other burdens

None.

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Details of Valuer

Perit Tancred Mifsud
B.E.&A. (Hons) A.&C.E.
Ralmant, Flat 1,
B.Bontadini Street,
Balzan BZN 1730
Email: tmperit@outlook.com
Warrant number 471

Date of valuation

20.05.2022

Benefits/ detriments of contractual agreement

Not applicable

Acquisition/ Disposal Interests

Not applicable

Other relevant matters

No responsibility is being assumed to the third parties to whom this report may be disclosed and no liability is accepted in contract, negligence, restitution with regards to any loss including profits, goodwill or opportunity. While the above is deemed to provide a reasonable valuation of the Property, such estimates may also vary between one valuer and another. This valuation is also subject to changes over relatively short periods due to current economic / future conditions.

Standards and guidelines

This valuation has been carried out in accordance with standards and guidelines issued by the Royal Institute of Chartered Surveyors (RICS).

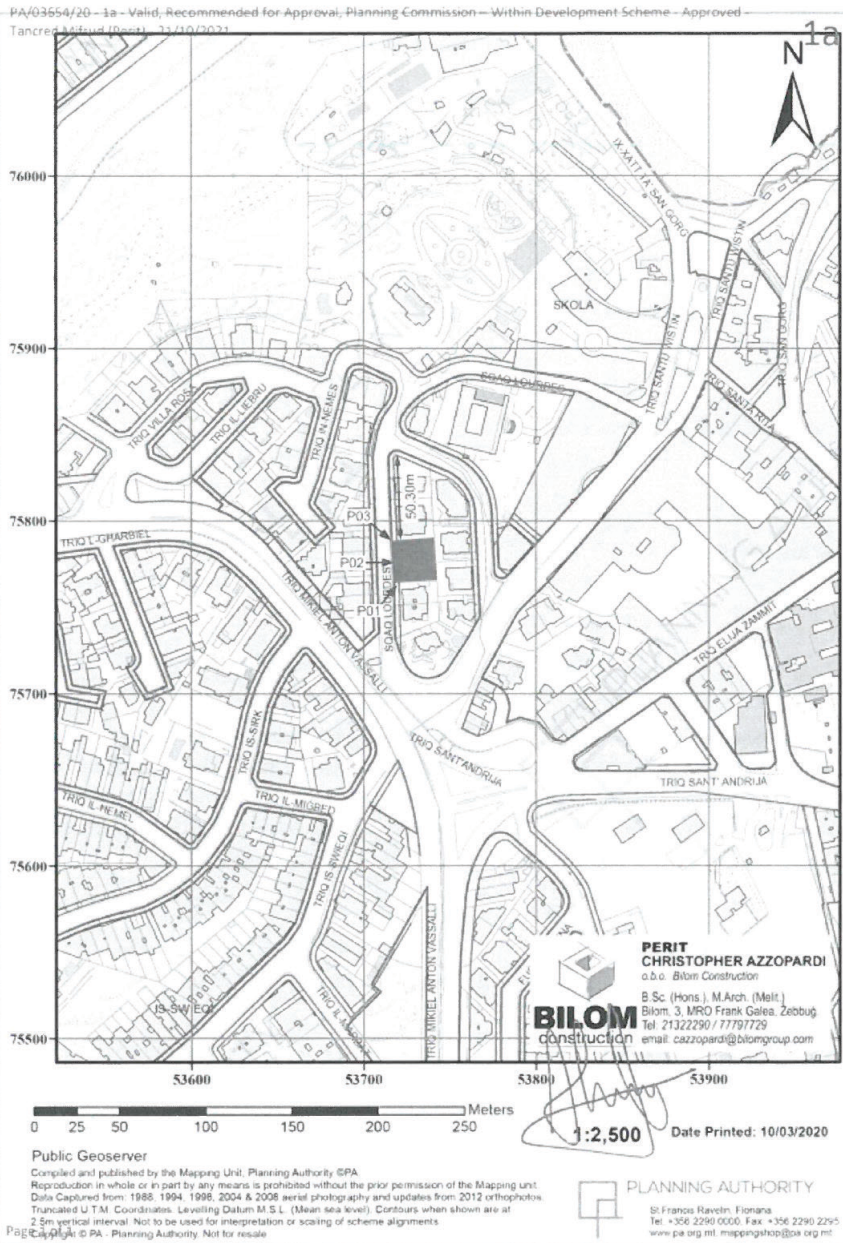
Perit Tancred Mifsud
B.E.&A. (Hons), A.&C.E.

Att: Site Plan: TM1
Encl Permit docs PA 3654/20
Encl Application drawings PA 2278/22



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Site plan TM1

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architect, civil & structural consultant

SECURITIES NOTE

DATED 31 MAY 2022

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

This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about The Ona p.l.c.

This Securities Note is being issued in respect of an issue of up to €16,000,000 4.50% secured bonds 2028 – 2034 of a nominal value of €100 per bond, issued and redeemable at par by

THE ONA P.L.C.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF MALTA
WITH COMPANY REGISTRATION NUMBER C 101370

with the joint and several guarantee of
The Ona Real Estate Ltd (C 83842)
The Ona Property Development Ltd (C 82490)
The Ona Hospitality Ltd (C 101371)

ISIN: MT0002661206



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

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

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

Sponsor, Manager & Registrar



MZ INVESTMENT SERVICES

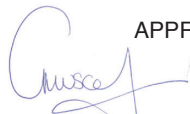
Security Trustee

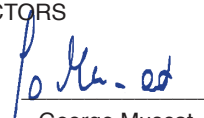
EQUINOX INTERNATIONAL
LIMITED

Legal Counsel

Dr Chris Cilia

APPROVED BY THE BOARD OF DIRECTORS


Cliona Muscat


George Muscat

Signing in their own capacity as directors of the Issuer and on behalf of each of Alfred Attard, Francis X Gouder and Ann Marie Agius as their duly appointed agents.

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1. IMPORTANT INFORMATION

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY THE ONA PLC (THE “ISSUER”) OF UP TO €16,000,000 SECURED BONDS 2028 - 2034 OF A NOMINAL VALUE OF €100 PER BOND ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 4.50% PER ANNUM PAYABLE ANNUALLY ON 21 JUNE OF EACH YEAR. THE NOMINAL VALUE OF THE BONDS SHALL BE REPAYABLE IN FULL AT MATURITY ON THE REDEMPTION DATE OR A DESIGNATED EARLY REDEMPTION DATE UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION (THE “SECURED BONDS”).

THIS SECURITIES NOTE SETS OUT THE CONTRACTUAL TERMS UNDER WHICH THE SECURED BONDS ARE ISSUED BY THE ISSUER AND ACQUIRED BY A BONDHOLDER WHICH TERMS SHALL REMAIN BINDING UNTIL THE REDEMPTION DATE OF THE SECURED BONDS OR A DESIGNATED EARLY REDEMPTION DATE, AS APPLICABLE, UNLESS THEY ARE OTHERWISE CHANGED IN ACCORDANCE WITH THE TERMS OF THIS SECURITIES NOTE. NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF SECURED BONDS OF THE ISSUER OTHER THAN THOSE CONTAINED IN THIS SECURITIES NOTE AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS OR ADVISERS.

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

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

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

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

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

SAVE FOR THE OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE SECURITIES DESCRIBED IN THE SECURITIES NOTE OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, NO SECURITIES MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER 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. IT IS THE RESPONSIBILITY OF PERSONS WHO HAVE POSSESSION OF THIS DOCUMENT TO INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING AND SALE OF SECURITIES.

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

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

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

ALL THE ADVISERS TO THE ISSUER NAMED IN THE REGISTRATION DOCUMENT UNDER THE HEADING “ADVISERS” IN SECTION 4.5 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THE PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

UNLESS INCORPORATED BY REFERENCE IN THIS SECURITIES NOTE, THE CONTENTS OF THE ISSUER’S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER’S WEBSITE DO NOT FORM PART OF THIS PROSPECTUS AND NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITE AS THE BASIS FOR A DECISION TO INVEST IN THE SECURITIES.

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

2. DEFINITIONS

Words, expressions, and capitalised terms used in this Securities Note shall, except where the context otherwise requires and except where otherwise defined herein, bear the same meaning as the meaning given to such words, expressions 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:

Admission	admission of the Secured Bonds to the Official List and to trading on the main market for listed securities of the MSE becoming effective in accordance with the Capital Markets Rules and the MSE Bye-Laws;
Applicant/s	a person or persons who subscribes for the Secured Bonds;
Application/s	the application to subscribe for Secured Bonds through an Authorised Financial Intermediary in the form provided to the Applicant by the relevant Authorised Financial Intermediary;
Appropriateness Test	shall have the meaning set out in the Conduct of Business Rules issued by the Malta Financial Services Authority;
Authorised Financial Intermediaries	the financial intermediaries whose details appear in Annex II appended hereto;
Bondholder	a holder of Secured Bonds whose name and other details are registered from time to time in the register of Bondholders maintained at the CSD;
Bondholders' Meeting	a meeting of Bondholders held in accordance with section 6.14 of this Securities Note;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
Civil Code	the Civil Code (Cap. 16 of the laws of Malta);
Collateral or Security Interests	collectively, the following security interests to be constituted in favour of the Security Trustee: (i) the first-ranking general hypothec for the full nominal value of the Secured Bonds and interest thereon over all the present and future property of the Issuer; (ii) the first-ranking general hypothec for the full nominal value of the Secured Bonds and interest thereon over all the present and future property of The Ona Hospitality Ltd; (iii) the first-ranking general hypothec for the full nominal value of the Secured Bonds and interest thereon over all the present and future property of The Ona Real Estate Ltd; (iv) the first-ranking special hypothec granted by The Ona Real Estate Ltd for the full nominal value of the Secured Bonds over the Paceville Site (and any developments and constructions thereon); (v) the first-ranking special privilege over the Paceville Site for the amount of €6 million; and (vi) the Pledge Agreement;
CSD	the Central Securities Depository of the Malta Stock Exchange having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;
Designated Early Redemption Dates	any date falling on or between 21 June 2028 and 20 June 2034, at the sole option of the Issuer, on which the Issuer shall be entitled to prepay all or part of the principal amount of the Secured Bonds and all interest accrued up to the date of prepayment, by giving not less than 30 days' notice to the Bondholders and the term " Early Redemption " shall be construed accordingly;
Guarantees	the: (i) joint and several guarantee granted by The Ona Real Estate Ltd to the Security Trustee appended to this Securities Note as Annex I hereto; (ii) joint and several guarantee granted by The Ona Property Development Ltd to the Security Trustee appended to this Securities Note as Annex I hereto; and (iii) joint and several guarantee granted by The Ona Hospitality Ltd to the Security Trustee appended to this Securities Note as Annex I hereto;

Interest Payment Date	21 June of each year between and including each of the years 2023 and the year 2034, provided that, if any such day is not a Business Day such Interest Payment Date shall be carried over to the next following day that is a Business Day;
Intermediaries' Offer	an offer for subscription of Secured Bonds made by the Issuer to the Authorised Financial Intermediaries through subscription agreements as further described in section 8.5 of this Securities Note;
Issue Date	expected on 28 June 2022;
Offer Period	the period between 08:30 hours on 6 June 2022 and 14:00 hours on 17 June 2022;
Official List	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
Pledge Agreement or Pledge	the pledge agreement to be entered into by and between The Ona Real Estate Ltd, The Ona Hospitality Ltd, and the Security Trustee for the purpose of constituting a pledge on insurance policy proceeds as security for the full nominal value of the Secured Bonds and interest thereon;
Redemption Date	21 June 2034;
Redemption Value	the nominal value of each Secured Bond (€100 per Secured Bond);
Registration Document	the registration document issued by the Issuer dated 31 May 2022, forming part of the Prospectus;
Securities Note	this document in its entirety;
Security Trustee or Trustee	Equinox International Limited, a private limited liability company duly registered and validly existing under the laws of Malta, with company registration number C 29674 and having its registered office at Level 3, Valletta Buildings, South Street, Valletta VLT 1103, 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);
Suitability Test	shall have the meaning assigned to it in the Conduct of Business Rules issued by the MFSA;
Terms and Conditions	the terms and conditions of the Secured Bonds set out in sections 5.5, 6 and 8 of this Securities Note; and
Vendor	Bilom Properties Ltd. a private limited liability company registered in Malta bearing company registration number C 48515 and having its registered office at 3, Bilom Group, Triq Mro Frank Galea, Zebbug ZBG 9060, Malta.

Unless it appears otherwise from the context:

- (i) words importing the singular shall include the plural and *vice-versa*;
- (ii) words importing the masculine gender shall also include the feminine gender and *vice-versa*;
- (iii) the word "*may*" shall be construed as permissive and the word "*shall*" shall be construed as imperative;
- (iv) all references in this Securities Note to "Malta" shall be construed as defined in Article 124 (1) of the Constitution of Malta;
- (v) any phrase introduced by the terms "*including*", "*include*", "*in particular*" or any similar expression is illustrative only and does not limit the sense of the words preceding those terms; and
- (vi) any reference to a law, legislative act, and, or other legislation shall mean that particular law, legislative act and, or legislation as in force as the date of this Securities Note.

3. RISK FACTORS

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

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

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

3.1 FORWARD LOOKING STATEMENTS

This Securities Note contains statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, such as the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. Forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout the Prospectus, and documents incorporated therein by reference, and include statements regarding the intentions, beliefs, or current expectations of the Issuer and, or the Directors concerning, amongst other things, the Issuer’s and, or the Group’s strategy and business plans, capital requirements, results of operations, financial condition, liquidity, prospects, the markets in which it operates and general market conditions. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Issuer’s and, or the Group’s actual results of operations, financial condition, liquidity, and the development of its business may differ materially from the impression created by the forward-looking statements contained in the Prospectus. In addition, even if the results of operations, financial condition, and, or liquidity of the Issuer and, or the Group are consistent with the forward-looking statements contained in the Prospectus, those results, or developments may not be indicative of results or developments in subsequent periods.

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

All forward-looking statements contained in this document are made only as at the date hereof. Subject to applicable legal and regulatory obligations, the Issuer and 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 such statement is based.

3.2 RISKS RELATING TO THE SECURED BONDS

3.2.1 Risks Relating to the Secured Bonds

3.2.1.1 Complex financial instrument and suitability assessment

Debt instruments which may be redeemed by an issuer prior to their maturity date are considered as having an embedded call option, with the price of the bonds taking these components into account. The Secured Bonds may be redeemed at the option of the Issuer on a Designated Early Redemption Date. In view of this early redemption component, the Secured Bonds are complex financial instruments for the purposes of MIFID II. Investors must consult with an independent investment adviser before investing in the Secured Bonds. In particular, investors should consult with an independent investment adviser with a view of ascertaining that each prospective investor: (a) has sufficient knowledge and experience to make a meaningful evaluation of the Secured Bonds, the merits and risks of investing in the Secured Bonds and the information contained or incorporated by reference in the Prospectus or any applicable supplement; (b) has sufficient financial resources and liquidity to bear all the

risks of an investment in the Secured Bonds, including where the currency for principal or interest payments is different from the prospective investor's currency and that the Secured Bonds meet the investment objectives of the prospective investor; (c) understands thoroughly the terms of the Secured Bonds; and (d) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect his or her investment and his or her ability to bear the applicable risks. An informed investment decision can only be made by investors after they have read and fully understood the risk factors associated with an investment in the Secured Bonds, and the inherent risks associated with the Group's business.

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

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

3.2.1.3 No prior market for the Secured Bonds

Prior to the Bond Issue and Admission, there has been no public market for the Secured Bonds within or outside Malta. Due to the absence of any prior market for the Secured Bonds, there can be no assurance that the price of the Secured Bonds will correspond to the price at which the Secured Bonds will trade in the market subsequent to the Bond Issue. The market price of the Secured Bonds could be subject to significant fluctuations in response to numerous factors, including the occurrence of any of the risk factors identified in section 3 of the Registration Document.

3.2.1.4 Orderly and liquid secondary market

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

3.2.1.5 Subsequent changes in interest rate and potential impact of inflation

The Secured Bonds shall carry a fixed interest rate. Investment in the Secured Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Secured Bonds. The price of fixed rate bonds should, theoretically, be adversely impacted if interest rates increase above the level of the interest paid on the said bond. In an economic scenario where prevailing market interest rates are rising, the prices of fixed rate bonds decline and conversely, if market interest rates are declining, the prices of fixed rate bonds tend to rise. This is part of the market risk inherent in financial instruments but it is only crystallised if a Bondholder decides to sell the Secured Bonds before maturity on the secondary market, since on maturity, a Bondholders will still be entitled to receive the face value of the Secured Bonds.

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

3.2.1.6 Future public offers

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

3.2.1.7 Currency of reference

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

3.2.1.8 Changes in law

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

3.2.1.9 Amendments to the Terms and Conditions of the Secured Bonds

The Terms and Conditions contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. In the event that the Issuer wishes to amend any of the Terms and Conditions of the Secured Bonds it may call a Bondholders' Meeting in accordance with the provisions of section 6.14 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. Furthermore, each Guarantor has the power to veto a decision by the Bondholders, taken at a Bondholders' Meeting duly convened and held, to amend or waive the Terms and Conditions of the Secured Bonds which are issued with the benefit of its Guarantee, in cases in which such amendment or waiver may give rise to changes in: (i) the amount payable by a Guarantor under a Guarantee; (ii) the term and, or frequency of such payments; (iii) the Events of Default specified in section 6.11 of this Securities Note; and, or (iv) any other term which may otherwise increase the exposure of a Guarantor to the enforcement of the respective Guarantee. Were any of the Guarantors to exercise such right of veto, the proposed amendment to, or waiver of, the Terms and Conditions would not be put into effect.

3.2.1.10 Continuing obligations

After the Secured Bonds are admitted to trading on the Official List, the Issuer must remain in compliance with certain requirements. The MFSA has the authority to suspend trading of the Secured Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or for the integrity or reputation of the market. Furthermore, the MFSA may discontinue the listing of the Secured Bonds if, *inter alia*, it is satisfied that, owing to special circumstances, normal regular dealings in the Secured Bonds are no longer possible, or upon the request of the Issuer or the MSE. Any such trading suspensions or listing revocations/ discontinuations described above, could have a material adverse effect on the liquidity and value of the Secured Bonds.

3.2.2 Risks relating to the Guarantors and the Collateral

3.2.2.1 Risks relating to the business of the Guarantors

The risk factors contained in section 3.3 of the Registration Document entitled "**Risks relating to the Group**" apply to the business and operations of the Guarantors. If any of the risks mentioned in section 3.3 of the Registration Document were to materialise, they could have a material adverse effect on the ability of the Guarantors to satisfy their respective obligations under the Guarantees.

3.2.2.2 Risks relating to the ranking of the Collateral

The Secured Bonds are secured by the Collateral. The Collateral shall rank after the claims of privileged creditors should a note of inscription of a special privilege be registered with the Public Registry securing the privileged creditor's claim.

Privileged creditors include, but are not limited to, architects, contractors, masons, and other workmen, over an immovable constructed, reconstructed or repaired for the debts due to them in respect of the expenses and the price of their work. Elbros Construction Limited (C 10925), as the contractor responsible for the development of the Hotel Project, has waived its right to the registration of a special privilege with the Public Registry in Malta and has further undertaken to use its best efforts to ensure that any of its sub-contractors will also waive their right to a special privilege in terms of law. However, over the course of their business, the Issuer, The Ona Real Estate Ltd and, or The Ona Hospitality Ltd may contract debts with other privileged creditors. In such case, privileged creditors will rank with preference to the Security Trustee in whose favour the general hypothecs and the special hypothec shall be constituted.

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

3.2.2.3 Enforcement of security

Although the Secured Bonds are secured, there can be no assurance that the Collateral will be sufficient to cover the Issuer's payment obligations under the Secured Bonds in case of a default. The amount which may be recovered under the first-ranking general hypothecs constituted over the assets of the Issuer, The Ona Real Estate Ltd and The Ona Hospitality Ltd will depend on the nature and value of the assets forming part of the patrimony of the afore-mentioned collateral providers at the point in time that the Security Trustee enforces the general hypothecs.

The Ona Real Estate Ltd has constituted a first-ranking special hypothec over the Paceville Site. There can be no guarantee that the value of the Paceville Site and, or the Hotel to be developed thereon will be sufficient to cover the full amount of interest and principal outstanding under the Secured Bonds. Several factors may impact the value of the Paceville Site and or the Hotel once constructed including, albeit not limited to, general economic factors. If such circumstances were to arise or subsist at the time that the special hypothec is enforced by the Security Trustee, it could have a material adverse effect on the value of the Paceville Site and, or the Hotel and the recoverability of all the amounts outstanding under the Secured Bonds.

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

3.2.2.4 Risks relating to the Guarantees granted by the Guarantors

The Secured Bonds are being guaranteed by the Guarantors on a joint and several basis. Accordingly, the Security Trustee, for the benefit of the Bondholders, shall be entitled to request the Guarantors to pay both the interest due and the principal amount under the said Secured Bonds on first demand (subject to the terms of the Guarantees) if the Issuer fails to meet any amount, when due in terms of the Prospectus. The joint and several Guarantees also entitle the Security Trustee to take action against the Guarantors without having to first take action against the Issuer.

The strength of the undertakings given under the Guarantees and accordingly, the level of recoverability by the Security Trustee from the Guarantors of any amounts due under the Secured Bonds, is dependent upon and directly linked to, the financial position and solvency of the Guarantors.

4 PERSONS RESPONSIBLE

This document includes information given in compliance with the Prospectus Regulation for the purpose of providing prospective investors with information with regards to the Issuer. All of the Directors, whose names appear in section 4.1 of the Registration Document entitled “**Directors of the Issuer**” 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, Manager 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.

4.1 CONSENT FOR USE OF THE PROSPECTUS

Consent required in connection with the use of the Prospectus by the Authorised Financial Intermediaries:

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

- (i) in respect of Secured Bonds subscribed for through the Authorised Financial Intermediaries pursuant to the Intermediaries’ Offer;
- (ii) to any resale or placement of Secured Bonds subscribed for as aforesaid, taking place in Malta; and
- (iii) to any resale or placement of Secured Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus.

None of the Issuer, the Sponsor, Manager and Registrar or any of their respective advisers take 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 Secured Bonds.

Other than as set out above, neither the Issuer nor the Sponsor, Manager and Registrar 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 Secured Bonds by any person in any circumstance. Any such unauthorised offers are not made on behalf of the Issuer or the Sponsor, Manager and Registrar and neither the Issuer nor the Sponsor, Manager and Registrar has any responsibility or liability for the actions of any person making such offers.

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

Investors should enquire whether an intermediary is considered to be an Authorised Financial Intermediary in terms of the Prospectus (as detailed in Annex II to this Securities Note). If the investor is in doubt as to whether it can rely on the Prospectus and, or who is responsible for its contents, it should obtain legal advice.

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

Any resale, placement, or other offering of Secured Bonds to an investor by an Authorised Financial Intermediary shall be made in accordance with any terms and other arrangements in place between 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 shall be the responsibility of the respective Authorised Financial Intermediary at the time of such resale, placement, or other offering to provide the investor with that information.

Any Authorised Financial Intermediary using this Prospectus in connection with a resale, placement, or other offering of Secured Bonds subsequent to the Bond Issue shall, limitedly for the period of 60 days from the date of the Prospectus, publish on its website a notice to the effect that it is using 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 approval of this Securities Note shall be made available through a company announcement which shall also be made available on the Issuer's website: www.theonagroup.mt

5 ESSENTIAL INFORMATION

5.1 REASONS FOR THE ISSUE AND USE OF PROCEEDS

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €15.68 million shall be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

- (a) €11.8 million shall be used to finance the acquisition of the Paceville Site by The Ona Real Estate Ltd;
- (b) €1.8 million shall be used to finance costs required to develop and complete the Hotel Project in accordance with approved planning permits. The amount of €1.8 million shall be released by the Security Trustee in a corresponding value contained in an architect's confirmation of value of works. As detailed in the Valuation Report, the development and construction of the Hotel is subject to a full development permit with reference number PA/3654/20. However, an additional development application has been submitted by the Group to the Planning Authority, with reference number PA/2278/22 which is as at the date of the Prospectus pending review. The Planning Authority is expected to take a decision on the said permit application in Q2 2022. Should the latter planning application be approved, the Hotel will be developed in accordance with the plans submitted pursuant to this planning application; and
- (c) €2.08 million shall be used to part finance costs required to finish and furnish the Hotel Project. The amount of €2.08 million shall be released by the Security Trustee in a corresponding value contained in an architect's confirmation of value of works of finishing and furnishing or against evidence that such costs were incurred.

The Issuer has established a minimum aggregate subscription amount of €11.8 million on which the Bond Issue is conditional. In the event that the Bond Issue is not fully taken up, but the said minimum is satisfied or exceeded, the Issuer shall issue Secured Bonds up to the amount subscribed for by the Authorised Financial Intermediaries pursuant to the Intermediaries' Offer. Should the Bond Issue not be fully subscribed to pursuant to the Intermediaries' Offer, the proceeds from the Bond Issue shall first be utilised for the purposes set out in section 5.1(a) above. Any remaining balance shall be utilised for the purposes set out in sections 5.1(b) and 5.1(c) above, in the order of priority indicated above.

Following the Bond Issue, all proceeds shall be held by the Security Trustee. The Security Trustee shall, save for the payment of the expenses related to the Bond Issue, retain all remaining net bond proceeds until the Secured Bonds are admitted to the Official List. It is expected that within 15 Business Days following listing of the Secured Bonds:

- (i) the Issuer, The Ona Real Estate Ltd and the Security Trustee shall appear on a deed of sale and purchase for the sale and transfer of the Paceville Site to The Ona Real Estate Ltd. Simultaneously with the entry into of the deed of sale and purchase, each of the Issuer, The Ona Real Estate Ltd and The Ona Hospitality Ltd shall appear on a public deed with the Security Trustee to grant and constitute in favour of the Security Trustee the Collateral over their respective assets; and
- (ii) The Ona Real Estate Ltd, The Ona Hospitality Ltd and the Security Trustee shall enter into the Pledge Agreement.

The Issuer (as lender) has entered into two conditional intra-group loan agreements with:

- (a) The Ona Real Estate Ltd (as borrower) for the amount of €13.6 million, for the purposes of financing the acquisition as well as the development and construction costs of the Hotel; and
- (b) The Ona Hospitality Ltd (as borrower) for the amount of €2.08 million, for the purposes of part financing the furnishing and finishing of the Hotel.

The obligation of the Issuer to advance the said funds to The Ona Real Estate Ltd and The Ona Hospitality Ltd is conditional upon, *inter alia*, the issue and allotment of the Secured Bonds, which in turn is conditional upon the Secured Bonds being admitted to the Official List.

5.2 DYNAMICS FOR CLOSING

The Security Trustee shall release the net proceeds from the issue of the Secured Bonds which are expected to amount to €15.68 million as follows:

- (i) the amount of €6 million shall be released to the Vendor on the deed of sale for the acquisition of the Paceville Site. The Security Trustee shall appear on the said deed of sale pursuant to a delegation of authority granted by The Ona Real Estate Ltd in its favour to pay the remaining balance of the purchase price of the Paceville Site to the Vendor. The remaining amounts shall be released as follows: (a) €5 million shall be released to The Ona Real Estate Ltd to re-finance the deposit it paid on the promise of sale agreement; and (b) €800,000 shall be released to the notary public which published the deed of sale to finance the payment of stamp duty and notarial fees. Simultaneously with this deed of sale of the Paceville Site, each of the Issuer, The Ona Real Estate Ltd and The Ona Hospitality Ltd shall appear on a public deed with the Security Trustee to grant and constitute in favour of the Security Trustee the Collateral over their respective assets;
- (ii) following the purchase of the Paceville Site and the due perfection of the Collateral, up to the amount of €1.8 million shall be released to The Ona Real Estate Ltd for the purpose set out in section 5.1(b) above. The aggregate amount of €1.8 million shall be released in tranches to The Ona Real Estate Ltd in a corresponding value contained in an architect's confirmation of value of works;
- (iii) the balance of €2.08 million shall be released to The Ona Hospitality Ltd for the purpose set out in section 5.1(c) above. The aggregate amount of €2.08 million shall be released in tranches to The Ona Hospitality Ltd in a corresponding value contained in an architect's confirmation of value of works or against evidence that such costs were incurred.

5.3 FUNDING FROM OTHER SOURCES

The Group requires approximately €20.8 million to acquire, develop and complete the Hotel. The amount of €11.8 million from the net proceeds of the Bond Issue to be received by the Issuer shall be on-lent to The Ona Real Estate Ltd to purchase the Paceville Site; (ii) €1.8 million from the net proceeds of the Bond Issue to be received by the Issuer shall be on-lent to The Ona Real Estate Ltd for costs required to develop the Hotel; (iii) €2.08 million from the net proceeds of the Bond Issue to be received by the Issuer shall be on-lent to The Ona Hospitality Ltd to part finance costs required to finish and furnish the Hotel; and (iv) the remaining amount of €5.12 million will be financed from the Group's reserves and cash flows.

5.4 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.

5.5 ISSUE STATISTICS

Amount:	up to €16,000,000;
Form:	the Secured Bonds shall be issued in fully registered and dematerialised form and shall be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
Denomination:	Euro (€);
ISIN:	MT0002661206;
Minimum amount per subscription agreement:	minimum of €5,000 and multiples of €100 thereafter, applicable to each subscription agreement and to each underlying Applicant applying for the Secured Bonds through Authorised Financial Intermediaries;
Redemption Date:	21 June 2034 or on a Designated Early Redemption Date;
Designated Early Redemption Date:	any date falling on or between 21 June 2028 and 20 June 2034, at the sole option of the Issuer, on which the Issuer shall be entitled to prepay all but not part of the principal amount of the Secured Bonds and all interests accrued up to the date of prepayment, by giving not less than 30 days' notice to the Bondholders and the term "Early Redemption" shall be construed accordingly;

Plan of Distribution:	the Secured Bonds are open for subscription by Authorised Financial Intermediaries (either for their own account or for the account of their underlying customers) pursuant to the Intermediaries' Offer;
Bond Issue Price:	at par (€100 per Secured Bond);
Status of the Secured Bonds:	the Secured Bonds shall constitute general, direct, secured, and unconditional obligations of the Issuer, to be secured in the manner described in section 6.2, guaranteed by the Guarantors and shall at all times rank <i>pari passu</i> and without any preference among themselves;
Guarantees:	collectively, (i) the joint and several guarantee dated 31 May 2022 granted by The Ona Property Development Ltd as security for the punctual performance of the Issuer's payment obligations under the Bond Issue; (ii) the joint and several guarantee dated 31 May 2022 granted by The Ona Real Estate Ltd as security for the punctual performance of the Issuer's payment obligations under the Bond Issue; and (iii) the joint and several guarantee dated 31 May 2022 granted by The Ona Hospitality Ltd as security for the punctual performance of the Issuer's payment obligations under the Bond Issue;
Status of the Guarantees:	The Guarantees granted by the Guarantors shall constitute a direct, secured, and unconditional obligation of the respective Guarantor;
Listing:	the Malta Financial Services Authority has approved the Secured Bonds for admissibility to listing and subsequent trading on the Official List of the Malta Stock Exchange. Application has been made to the Malta Stock Exchange for the Secured Bonds to be listed and traded on its Official List;
Allocation:	Applicants may apply for Secured Bonds through the Authorised Financial Intermediaries during the Offer Period;
Offer Period:	08:30 hours on 6 June 2022 to 14:00 hours on 17 June 2022, both days included;
Interest:	4.5% per annum;
Interest Payment Date/s:	annually on 21 June as from 21 June 2023 (the first Interest Payment Date);
Governing Law of the Secured Bonds:	the Secured Bonds are governed by and shall be construed in accordance with Maltese law; and
Jurisdiction:	the Maltese courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Secured Bonds.

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

Save for the subscription of the Secured Bonds by the Authorised Financial Intermediaries pursuant to the Intermediaries' Offer, and any fees payable in connection with the Bond Issue to MZI (as Sponsor, Registrar and Manager), so far as the Issuer is aware no person involved in the Bond Issue has an interest material to the Bond Issue.

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

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

6.1 GENERAL

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

- 6.1.1 Each Secured Bond forms part of a duly authorised issue of 4.50% secured bonds 2028 - 2034 of a nominal value of €100 per Secured Bond issued by the Issuer at par up to the principal amount of €16,000,000 (except as otherwise provided under section 6.13 entitled "Further Issues").
- 6.1.2 The Issue Date of the Secured Bonds is expected to be 28 June 2022.
- 6.1.3 The Bond Issue is guaranteed by the Guarantors and secured with the Collateral.
- 6.1.4 The currency of the Secured Bonds is Euro (€).

- 6.1.5 The Secured Bonds are expected to be listed on the Official List on 28 June 2022 and dealing can be expected to commence thereafter.
- 6.1.6 Subject to admission to listing of the Secured Bonds on the Official List, the Secured Bonds are expected to be assigned ISIN MT0002661206.
- 6.1.7 Unless previously purchased and cancelled, the Secured Bonds shall be redeemable at par on the Redemption Date or a Designated Early Redemption Date.
- 6.1.8 The issue of the Secured Bonds is made in accordance with the requirements of the Capital Markets Rules, the Companies Act, and the Prospectus Regulation.
- 6.1.9 Applications per underlying Applicant pursuant to the Intermediaries' Offer are for a minimum amount of €5,000 per Applicant and in multiples of €100 thereafter.
- 6.1.10 In the event that an Applicant has not been allocated any Secured Bonds or has been allocated a number of Secured 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 Secured Bonds applied for but not allocated, without interest, by credit transfer to such account indicated by the Applicant to the Authorised Financial Intermediary in the Application, at the Applicant's sole risk. The Issuer shall not be responsible for any charges, loss or delay arising in connection with such direct credit transfer.
- 6.1.11 The Bond Issue is not underwritten.
- 6.1.12 In view of the early redemption component, the Secured Bonds are complex financial instruments for the purposes of MIFID II.
- 6.1.13 There are no special rights attached to the Secured Bonds other than the right of Bondholders to the payment of capital and interest and in accordance with the ranking specified in section 6.2 hereunder.
- 6.1.14 All Applications submitted pursuant to the Intermediaries' Offer shall be subject to the terms and conditions of the Secured Bonds as set out in section 8 hereunder, the terms of which shall form an integral part hereof.

6.2 RANKING OF THE SECURED BONDS, THE COLLATERAL AND GUARANTEES

The ability of Bondholders to enforce their rights as creditors of the Issuer depends on whether other security holders or creditors have claims that would be viewed as senior, as having priority, or otherwise limiting the rights of the Bondholders to any payments on the Secured Bonds.

6.2.1 Status of the Secured Bonds

The Secured Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional, and secured obligations of the Issuer, and shall be guaranteed in respect of both the interest due and the principal amount under the said Secured Bonds by the Guarantors. The Secured Bonds shall at all times rank *pari passu* without any priority or preference among themselves.

6.2.2 Security Trustee and Collateral

The Collateral shall be constituted in favour of the Security Trustee for the benefit of all Bondholders from time to time registered in the CSD.

The Issuer and the Guarantors have entered into a Trust Deed with the Security Trustee which consists of the covenants of the Issuer to pay the principal amount under the Secured Bonds on the Redemption Date or a Designated Early Redemption Date and interest thereon and the covenants of the Guarantors to pay principal and interest on the Secured Bonds in the event of a claim under the Guarantees in accordance with their terms. The Trust Deed also regulates the constitution of the Collateral and the Guarantees in favour of the Security Trustee.

The Guarantees and the Collateral shall be vested in the Security Trustee for the benefit of the Bondholders in proportion to their respective holding of Secured Bonds. The Security Trustee's role includes holding of the Collateral for the benefit of the Bondholders and the enforcement of the Collateral upon the happening of certain events. The Security Trustee shall have no payment obligations to Bondholders under the Secured Bonds which remain exclusively the obligations of the Issuer (or, in the case of default by the Issuer, of the Guarantors, as applicable).

As security for the payment of principal and interest under the Secured Bonds, the Bondholders shall have the benefit of the collateral detailed in the sections 6.2.2.1 to 6.2.2.3 below:

6.2.2.1 Collateral provided by the Issuer

The Issuer shall provide a first-ranking general hypothec over all its assets, present and future, for the full nominal value of the Secured Bonds and interest thereon.

6.2.2.2 *Collateral provided by The Ona Real Estate Ltd*

The Ona Real Estate Ltd (in its capacity as Guarantor) shall provide the following collateral:

- (i) a first-ranking general hypothec over all its assets, present and future, for the full nominal value of the Secured Bonds and interest thereon;
- (ii) a first-ranking special hypothec for the full nominal value of the Secured Bonds and interest thereon over the Paceville Site (and any developments and constructions thereon); and
- (iii) a first-ranking special privilege for the amount of €6 million over the Paceville Site.

6.2.2.3 *Collateral provided by The Ona Hospitality Ltd*

The Ona Hospitality Ltd (in its capacity as Guarantor) shall provide a first-ranking general hypothec over all its assets, present and future, for the full nominal value of the Secured Bonds and interest thereon.

6.2.2.4 *Guarantees*

Furthermore, the Guarantors have provided corporate guarantees in favour of the Security Trustee.

In this respect, pursuant to the Trust Deed, the Guarantors have agreed to jointly and severally guarantee the punctual performance by the Issuer of the payment of principal and interest under the Secured Bonds. The Guarantees, shall become effective upon the admission to listing of the Secured Bonds on the Official List.

Each Guarantor has the power to veto a decision by the Bondholders, taken at a Bondholders' Meeting duly convened and held, to amend or waive the Terms and Conditions of the Secured Bonds which are issued with the benefit of its Guarantee, in cases in which such amendment or waiver may give rise to changes in:

- (a) the amount payable by a Guarantor under a Guarantee;
- (b) the term and, or frequency of such payments;
- (c) the Events of Default specified in section 6.11 of this Securities Note; and, or
- (d) any other term which may otherwise increase the exposure of a Guarantor to the enforcement of the respective Guarantee.

Were any of the Guarantors to exercise such right of veto, the proposed amendment to, or waiver of, the Terms and Conditions would not be put into effect.

6.2.3 **Ranking of Collateral**

6.2.3.1 *First-ranking general hypothec granted by the Issuer*

The Issuer shall secure its obligations under the Bond Issue by virtue of a first-ranking general hypothec for the full nominal value of the Secured Bonds and interest thereon over all its assets, present and future. In terms of Maltese law, hypothecary debts are paid according to the order of registration in the Public Registry. Privileged debts rank with priority over hypothecary debts and accordingly, privileged creditors shall be paid before those creditors in whose favour a hypothec has been registered.

6.2.3.2 *First-ranking general hypothec, first-ranking special hypothec and first-ranking special privilege granted by The Ona Real Estate Ltd*

The Ona Real Estate Ltd shall constitute in favour of the Security Trustee a first-ranking general hypothec over all its assets, present and future, for the full nominal value of the Secured Bonds and interest thereon. It shall also constitute a first-ranking special hypothec over the Paceville Site (and any developments and constructions thereon) for the full nominal value of the Secured Bonds and interest thereon and a first-ranking special privilege over the Paceville Site for the amount of €6 million. The amount of €6 million corresponds to the remaining balance to be paid on the final deed of sale given that the amount of €5 million has already been paid to the Vendor. Should the Security Trustee declare that an Event of Default has occurred which is continuing, the Security Trustee (for the benefit of Bondholders) shall, by virtue of the general hypothec, be paid out of the assets of The Ona Real Estate Ltd and, by virtue of the special hypothec, be paid out of the funds received on the sale of the Paceville Site.

The special hypothec shall be registered as a first-ranking special hypothec in the Public Registry. This means that the said hypothec will rank in priority to other creditors, except for privileged creditors. During the course of construction of the Hotel over the Paceville Site (or any future developments over the Paceville Site generally), situations may arise whereby the contractors or suppliers may become entitled by law to register a special privilege over the Hotel (or any future developments over the Paceville Site generally), thereby obtaining a priority in ranking over the Security Trustee. In this respect, The Ona Real Estate Ltd has entered into an agreement with Elbros Construction Limited (C 10925), the principal contractor, whereby Elbros Construction Limited has, *inter alia*, waived its right to register any special privilege over the Paceville Site until such time that the indebtedness under the Secured Bonds has been settled and repaid in full and the Security Interests granted in favour of the Security Trustee and referred to in the Prospectus have been discharged.

6.2.3.3 *First-ranking general hypothec granted by The Ona Hospitality Ltd*

The Ona Hospitality Ltd shall constitute in favour of the Security Trustee a first-ranking general hypothec over all its assets, present and future, for the full nominal value of the Secured Bonds and interest thereon. Should the Security Trustee declare that an Event of Default has occurred which is continuing, the Security Trustee (for the benefit of Bondholders) shall, by virtue of the general hypothec, be paid out of the assets of The Ona Hospitality Ltd.

6.2.3.4 *Nature of the special hypothec and the general hypothec*

The general hypothecs granted by the The Ona Real Estate Ltd and The Ona Hospitality Ltd will extend over all their respective property, both present and future. Such property includes any movable, immovable, tangible, intangible, intellectual property owned by both companies. Property transferred out of the patrimony of each company will not be captured by the general hypothec upon such transfer.

The special hypothec is a type of security interest which attaches to immovable property. The special hypothec granted by The Ona Real Estate Ltd attaches to a specific asset of this company, namely, the Paceville Site. It will continue to attach to the Paceville Site even if the Paceville Site is transferred to a third party unless the said special hypothec is duly cancelled in accordance with applicable law.

6.2.4 The Pledge Agreement

In terms of the Trust Deed, The Ona Real Estate Ltd and The Ona Hospitality Ltd shall enter into the Pledge Agreement. A pledge creates a right of preference in favour of the collateral holder to be paid out of the asset so secured (the insurance policy) in priority to other creditors. As at the date of this Securities Note, the insurance policy so pledged is a “contractors all risk” policy which covers certain risks and damage which may be incurred during the construction and the development phase of the Hotel Project.

As at the date of this Securities Note, the Paceville Site comprises a vacant site. The Group shall procure the appropriate insurance coverage once the Hotel is completed and operational. The Group shall revise the respective insurance policy from year to year in accordance with a valuation undertaken by a qualified architect in order to ensure that the insurance coverage corresponds to the replacement value of the Hotel. Any subsequent insurance coverage procured by the Group for this purpose, namely the rights, title and proceeds thereof, shall be pledged in favour of the Security Trustee pursuant to a pledge agreement, in a similar form to the Pledge Agreement.

6.3 THE GUARANTEES

The Secured Bonds shall be guaranteed by the Guarantors on a joint and several basis. Accordingly, the Security Trustee, for the benefit of the Bondholders, shall be entitled to request any of the Guarantors to pay both the interest due and the principal amount under the Secured Bonds on first demand (subject to the terms of the Guarantees) if the Issuer fails to meet any amount, when due in terms of the Prospectus. The joint and several Guarantees also entitle the Security Trustee to take action against any of the Guarantors without having to first take action against the Issuer.

Information on the Guarantors is contained in section 4.2 of the Registration Document entitled “**Directors of the Guarantors**”, section 5.3 of the Registration Document entitled “**The Guarantors**” (which section contains an overview of the Guarantors’ business), sections 10.2, 10.3 and 10.4 of the Registration Document entitled “**Historical Financial Information**”, “**Operating and Financial Review**” and “**Pro Forma Financial Information**”.

6.4 RIGHTS ATTACHING TO THE SECURED BONDS

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

- (i) the repayment of capital;
- (ii) the payment of interest;
- (iii) the benefit of the Security Interests through the Security Trustee;
- (iv) the benefit of the Guarantees;
- (v) the right to attend, participate in and vote at meetings of Bondholders in accordance with the relevant Terms and Conditions; and
- (vi) enjoy all such other rights attached to the Secured Bonds emanating from the Prospectus.

6.5 INTEREST

The Secured Bonds shall bear interest from and including 21 June 2022 at the rate of 4.50% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment shall be effected on 21 June 2023 (covering the period 21 June 2022 to 20 June 2023). Any Interest Payment Date which falls on a day other than a Business Day shall be carried over to the next following day that is a Business Day.

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

6.6 THE LIMITS OF THE VALIDITY OF CLAIMS

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

6.7 YIELD

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Secured Bonds is 4.50% per annum. The gross yield to call as at the earliest possible Redemption Date (being 21 June 2028) is 4.50% per annum.

6.8 REGISTRATION, FORM, DENOMINATION AND TITLE

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

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

Upon subscribing for Secured Bonds, Bondholders who do not have an online e-portfolio account shall be registered by the CSD for the online e-portfolio facility and shall receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to Secured Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Those Bondholders who opt not to avail themselves of this facility should indicate such to the Authorised Financial Intermediary in the form of Application. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.

The Secured Bonds shall be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Secured Bonds shall be subscribed for a minimum of €5,000 per individual Bondholder. Authorised Financial Intermediaries subscribing to the Secured Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €5,000 to each underlying client.

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

6.9 PAYMENTS

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

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

Payment of interest on a Secured Bond shall be made to the person in whose name such Secured Bond is registered at the close of business 15 days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro (€) and held with any licensed bank in Malta. 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.

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

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

6.10 REDEMPTION AND PURCHASE

Unless previously purchased and cancelled the Secured Bonds shall be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 21 June 2034 or, earlier, on a Designated Early Redemption Date.

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

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

6.11 EVENTS OF DEFAULT

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

- (i) the Issuer fails to effect the payment of interest under the Secured Bonds on an Interest Payment Date and such failure continues for a period of 60 days after written notice thereof by the Security Trustee to the Issuer;
- (ii) the Issuer fails to pay the principal amount of a Secured Bond on the date fixed for its redemption; and such failure continues for a period of 60 days after written notice thereof by the Security Trustee to the Issuer;
- (iii) the Issuer fails duly to perform or shall otherwise be in breach of any other material obligation contained in the Prospectus and such failure shall continue for 60 days after written notice thereof shall have been given to the Issuer by a Bondholder;
- (iv) the Collateral is not constituted and perfected in accordance with the ranking set out in this Prospectus;
- (v) the Issuer distributes dividends without the consent of the Security Trustee;
- (vi) the Collateral and, or the Guarantees are not enforceable against the Issuer and, or any of the Guarantors (as applicable);
- (vii) in terms of article 214(5) of the Act, a court order or other judicial process is levied or enforced upon or sued out against any part of the property of the Issuer and is not paid out, withdrawn, or discharged within one month;
- (viii) the Issuer stops payment of its debts or ceases or threatens to cease to carry on its business;
- (ix) the Issuer or any of the Guarantors are unable to pay their debts within the meaning of article 214(5) of the Act, or any statutory modification or re-enactment thereof;
- (x) a judicial or provisional administrator is appointed upon the whole or any part of the property of the Issuer or the Guarantors and such appointment is certified by the Security Trustee to be prejudicial, in its opinion, to the Bondholders;
- (xi) an order is made, or an effective resolution is passed for winding up of the Issuer or any of the Guarantors, except for the purpose of a reconstruction, amalgamation or division, the terms of which have been approved in writing by the Security Trustee;
- (xii) the Issuer or any of the Guarantors substantially change the object or nature of business as currently carried on;
- (xiii) the Issuer or the Guarantors commit a breach of any of the covenants or provisions contained in the Trust Deed and on their part to be observed and performed 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 interests or principal monies owing in respect of the Secured Bonds);
- (xiv) the security constituted by any hypothec, pledge, or charge upon the whole or any part of the undertaking or assets of the Issuer or any of the Guarantors shall become enforceable, and steps are taken to enforce the same and the taking of such steps shall be certified in writing by the Security Trustee to be in its opinion prejudicial to the Bondholders;
- (xv) any representation or warranty made or deemed to be made or repeated by or in respect of the Issuer or any of the Guarantors is or proves to have been incorrect in any material respect in the sole opinion of the Security Trustee;
- (xvi) any material indebtedness of the Issuer or the Guarantors is not paid when properly due or becomes properly due and payable or any creditor of the Issuer or the Guarantors (as the case may be) becomes entitled to declare any such material indebtedness properly due and payable prior to the date when it would otherwise have become properly due or any guarantee or indemnity of the Issuer or the Guarantors in respect of indebtedness is not honoured when properly due and called upon; PROVIDED THAT for the purposes of this provision, material indebtedness shall mean an amount exceeding one million Euro (€1,000,000);
- (xvii) any consent, permit, authorisation, license or approval of, or registration with, or declaration to governmental, statutory or public bodies, or authorities or courts, required by the Issuer or the Guarantors in connection with the Hotel Project or its development and construction; or pursuant to the execution, delivery, validity, enforceability or admissibility in evidence hereof, or the performance by the Issuer of its obligations hereunder, is substantially modified in the sole opinion of the Security Trustee, or is not granted, or is revoked, or terminated, or expires and is not renewed, or otherwise ceases to be in full force and effect;
- (xviii) it becomes unlawful at any time for the Issuer or the Guarantors to perform all or any of their obligations hereunder or to develop and, or operate the Hotel;
- (xix) the Issuer or any of the Guarantors repudiate, or do or cause or permit to be done any act or thing evidencing an intention to repudiate the Secured Bonds and, or the Trust Deed; or
- (xx) in the sole opinion of the Security Trustee, a material part of the undertakings, assets, rights, revenues, shares or other ownership interests in the Issuer or the Guarantors are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government.

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

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

6.12 TRANSFERABILITY OF THE BONDS

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

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

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

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

The Issuer shall not register the transfer or transmission of Secured Bonds for a period of 15 days preceding the due date for any payment of interest on the Secured Bonds.

6.13 FURTHER ISSUES

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

6.14 MEETINGS OF BONDHOLDERS

6.14.1 Authority of the Bondholders' Meeting

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

6.14.1.2 A Bondholders' Meeting may be called for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of the Prospectus or the Trust Deed require the approval of a Bondholders' Meeting and to effect any change to the applicable Terms and Conditions including any change to a material term of issuance of the Secured Bonds or the Prospectus.

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

6.14.2 Procedural Rules for Bondholders' Meetings

- 6.14.2.1 A Bondholders' Meeting shall be held at the written request of:
- (i) the Issuer; or
 - (ii) the Security Trustee.
- 6.14.2.2 The Bondholders' Meeting shall be called by the Security Trustee. A request for a Bondholders' Meeting shall be made in writing to the Security Trustee and shall clearly state the matters to be discussed.
- 6.14.2.3 If the Security Trustee does not call the Bondholders' Meeting within 21 days from the receipt of the said request, the requesting party may call the Bondholders' Meeting itself.
- 6.14.2.4 The Security Trustee shall, by not less than 14 days' notice in writing, call such meeting by giving all Bondholders listed in the register of Bondholders as at a date being not more than 30 days preceding the date scheduled for the meeting. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus or the terms of the Secured Bonds that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. If amendments to the Prospectus have been proposed, the main content of the proposal shall be contained in the notice.
- 6.14.2.5 A Bondholders' Meeting shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, at least two Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Secured Bonds then outstanding, shall constitute a quorum. If a quorum is not present within 30 minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Bondholders present at that meeting. The Issuer shall within two days from the date of the original meeting publish by way of a company announcement the date, time, and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven days, and not later than 15 days, following the original meeting. At an adjourned meeting: (i) the number of Bondholders present, in person or by proxy, shall constitute a quorum; and (ii) only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.
- 6.14.2.6 Once a quorum is declared present by the chairman of the meeting, the Bondholders' Meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the Directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time for Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present at the time at which the vote is being taken, and any Bondholders 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.
- 6.14.2.7 The Bondholders' Meeting shall be held on the premises designated by the Security Trustee. The Bondholders' Meeting shall be chaired by the Security Trustee, unless otherwise decided by the Bondholders' Meeting.
- 6.14.2.8 Minutes of the Bondholders' Meeting shall be kept. The minutes shall state the numbers of Bondholders and Secured Bonds represented at the Bondholders' Meeting, the resolutions passed at the meeting and the result of the voting. The minutes shall be signed by the chairman of the meeting. The minutes shall be deposited with the Security Trustee.
- 6.14.2.9 The Bondholders and the Security Trustee have the right to attend the Bondholders' Meeting. The chairman may grant access to the meeting to other parties, unless the Bondholders' Meeting decides otherwise. A Bondholder may attend by a representative holding proxy.
- 6.14.2.10 The Security Trustee shall circulate proxy forms to Bondholders with the notice convening the Bondholders' Meeting.
- 6.14.2.11 Representatives of the Issuer have the right to attend the Bondholders' Meeting. The Bondholders' Meeting may resolve that the Issuer's representatives may not participate in particular matters. The Issuer has the right to be present when voting takes place.
- 6.14.2.12 The Trustee may provide for virtual or remote Bondholders' Meetings, provided that any such meetings allow Bondholders to ask questions and to exercise their right to vote at such meetings.

6.14.3 Resolutions passed at Bondholders' Meetings

6.14.3.1 Unless otherwise specified in this Prospectus and, or the Trust Deed, the proposal placed before a Bondholders' Meeting 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, provided that in the event that the amendment or waiver in question may give rise to changes in:

- (a) the amount payable by a Guarantor under a Guarantee;
- (b) the term and, or frequency of such payments;
- (c) the Events of Default; and, or
- (d) any other term which may otherwise increase the exposure of a Guarantor to the enforcement of the respective Guarantee,

then the Guarantor has the right to veto the decision by the Bondholders to amend or waive the Terms and Conditions.

Were any of the Guarantors to exercise such right of veto, the proposed amendment or waiver to the Terms and Conditions would not be put into effect.

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

6.14.3.3 In all matters, the Issuer, the Security Trustee, and any Bondholder shall have the right to demand a poll.

6.14.3.4 The Bondholders' Meeting may not adopt resolutions which may give certain Bondholders an unreasonable advantage at the expense of other Bondholders.

6.14.3.5 The Security Trustee shall ensure that resolutions passed at the Bondholders' Meeting are properly implemented; however, the Security Trustee may refuse to carry out resolutions being in conflict with this Prospectus or any applicable law.

6.14.3.6 The Issuer and the Bondholders shall be notified of resolutions passed at the Bondholders' Meeting.

6.15 AUTHORISATIONS AND APPROVALS

The Directors authorised the Bond Issue pursuant to a meeting of the Directors on 20 May 2022. The Guarantees being given by the Guarantors in respect of the Secured Bonds have been authorised by a resolution of the board of directors of: (i) The Ona Real Estate Ltd dated 20 May 2022; (ii) The Ona Property Development Ltd dated 20 May 2022; and (iii) The Ona Hospitality Ltd dated 20 May 2022.

6.16 NOTICES

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

6.17 GOVERNING LAW AND JURISDICTION

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

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

7 TAXATION

7.1 GENERAL

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

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

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

7.2 MALTA TAX ON INTEREST

Since interest is payable in respect of a Secured Bond which is the subject of a public issue and such interest should constitute “investment income” in terms of article 41(a)(iv)(1) of the Income Tax Act, Cap. 123 of the laws of Malta (the “**Income Tax Act**”), unless the Bondholder elects, by means of an instruction in writing sent to the Issuer in terms of article 35 of the Income Tax Act, to receive the interest gross of any withholding tax, or if the Bondholder does not fall within the definition of “recipient” in terms of article 41(c) of the Income Tax Act, interest shall be paid to such Bondholder net of a final withholding tax, currently at the rate of fifteen percent (15%) (ten percent (10%) in the case of certain types of collective investment schemes) of the gross amount of the interest, pursuant to article 33 of the Income Tax Act. Bondholders who do not fall within the definition of a “recipient” do not qualify for the abovementioned “investment income” final withholding tax and should seek advice on the taxation of such income as special rules may apply.

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

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

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

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

Please note that the information contained in this section does not constitute tax advice and prospective investors in the Secured Bonds are to consult their own independent tax advisers in case of doubt.

7.3 EXCHANGE OF INFORMATION

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

7.3.1 THE COMMON REPORTING STANDARD AND THE DIRECTIVE ON ADMINISTRATIVE COOPERATION

The Organisation for Economic Co-operation and Development (“**OECD**”) has developed a global framework, commonly known as the Common Reporting Standard (“**CRS**”) for the identification and timely reporting of certain financial information on individuals, and controlling persons of certain entities, who hold financial accounts with financial institutions of participating jurisdictions in order to increase tax transparency and cooperation between tax administrations. Numerous jurisdictions, including Malta, have signed the OECD Multilateral Competent Authority Agreement, which is a multilateral agreement outlining the framework to automatically exchange certain financial and personal information as set out within CRS.

So as to introduce an extended automatic exchange of information regime in accordance with the global standard released by the OECD, CRS has also been adopted in the EU through the implementation of Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of tax information in the field of taxation. This has been transposed in Malta by means of Legal Notice 384 of 2015 amending the Cooperation with Other Jurisdictions on Tax Matters Regulations, Subsidiary Legislation 123.127 (“**CRS Legislation**”), and has been applicable since 1 January 2016. In terms of this legal notice, the automatic exchange of information obligations shall extend to jurisdictions that are not EU Member States with which there is a relevant arrangement in place.

Malta based financial institutions (defined as such for the purposes of CRS) are obliged to identify and annually report to the Malta Commissioner for Revenue financial accounts held by a reportable person, as defined under the CRS Legislation, including certain entities with one or more controlling persons, as defined under the CRS Legislation. Financial information relating to the Secured Bonds and the holders thereof may fall within the purview of CRS and may be subject to reporting and information exchange provisions.

Under CRS, financial institutions resident in a CRS participating jurisdiction (such as Malta) would be required to apply onerous due-diligence procedures for the identification of reportable accounts. Bondholders may be required to provide certain information and certifications to financial institutions, such as qualifying custodians or any intermediaries, in order to satisfy their obligations under CRS. Certain confidential information in relation to the Bondholders and, or other reportable persons may be reported to the Commissioner for Revenue or other relevant overseas tax authorities and automatically exchanged pursuant to these arrangements with the tax administrations of other participating jurisdictions.

Investors are also advised to assess any reporting obligations in terms of Council Directive (EU) 2018/822 of 25 May 2018 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements (“DAC 6”), as transposed into Maltese domestic law by way of Legal Notice 342 of 2019 amending the CRS Legislation.

Investors are advised to seek professional advice in relation to the CRS Legislation and EU Council Directive 2014/107/EU. Not complying with the CRS rules may give rise to certain fines or closure of financial accounts.

7.3.2 THE EXCHANGE OF INFORMATION (UNITED STATES OF AMERICA) (FATCA) ORDER

The United States of America (“U.S.”) has enacted rules, commonly referred to as “FATCA”, that generally impose a reporting regime and, in some cases withholding requirements, with respect to certain U.S. source payments (including dividends and interest), gross proceeds from the disposition of property that can produce U.S. source interest and dividends as well as certain payments made by, and financial accounts held with, entities that are classified as financial institutions under FATCA. The U.S. has entered into an intergovernmental agreement with Malta dated 6 December 2013 regarding the implementation of FATCA in Malta which has been implemented into Maltese law through the Exchange of Information (United States of America) (FATCA) Order, Subsidiary Legislation 123.156 (“**FATCA Legislation**”).

Under the FATCA Legislation, financial institutions in Malta (defined as such for the purposes of FATCA) are required to satisfy applicable due diligence requirements to identify and report financial accounts held by specified U.S. persons, as defined under the FATCA Legislation, and certain non-U.S. entities, which are controlled by U.S. Controlling Persons, as defined under the FATCA Legislation, to the Malta Commissioner for Revenue. The Maltese Government and the Government of the U.S. shall annually exchange the information obtained pursuant to the FATCA Legislation on an automatic basis.

Financial account information in respect of holders of the Secured Bonds could fall within the scope of FATCA and they may therefore be subject to reporting obligations. In order to comply with its FATCA obligations, if any, the Issuer and, or its agent may be required to obtain certain information, forms and other documentation on the Bondholders to report information on reportable accounts to the Commissioner for Revenue, in accordance with applicable laws and regulations, which will in turn report this information to the Internal Revenue Service in the U.S. Bondholders should note that a specified U.S. person in terms of FATCA may include a wider range of investors than the current U.S. Person definition referred to in the terms and conditions of Application.

Financial institutions reserve the right to request any information and, or documentation required, in respect of any financial account, in order to comply with the obligations imposed under FATCA and any referring legislation. In the case of failure to provide satisfactory documentation and, or information, financial institutions may take such action as it thinks fit, including without limitation, the closure of the financial account.

7.4 MALTESE TAXATION ON CAPITAL GAINS ARISING ON TRANSFER OF THE SECURED BONDS

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

7.5 DUTY ON DOCUMENTS AND TRANSFERS

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

Furthermore, in terms of article 50 of the Financial Markets Act, as the Secured Bonds should constitute qualifying financial instruments of a company quoted on a regulated market (that is, the MSE) any transfers or transmissions of the Secured Bonds should, in any case, be exempt from duty.

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

8 TERMS AND CONDITIONS OF THE BOND ISSUE

8.1 EXPECTED TIMETABLE OF THE BOND ISSUE

1. Offer Period	6 June 2022 to 17 June 2022
2. Commencement of interest on the Secured Bonds	21 June 2022
3. Expected date of announcement of basis of acceptance	21 June 2022
4. Refunds of unallocated monies (if any)	28 June 2022
5. Expected dispatch of allotment advices	28 June 2022
6. Expected date of admission of the securities to listing	28 June 2022
7. Expected date of commencement of trading in the securities	30 June 2022
8. Expected date of constitution of Collateral	not later than 29 July 2022

8.2 EARLY REDEMPTION OPTION

At the sole option of the Issuer, the Secured Bonds may be redeemed in whole (but not in part) at par together with accrued interest on any day falling on or between 21 June 2028 and 20 June 2034, by giving not less than 30 days’ notice to the Bondholders.

8.3 TERMS AND CONDITIONS OF THE SECURED BONDS

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

- 8.3.1** The issue and allotment of the Secured Bonds is conditional upon the Secured Bonds being admitted to the Official List. In the event that the said condition is not satisfied within 15 Business Days from the closing of the Offer Period, any Application monies will be returned without interest by direct credit into the Applicant’s bank account.
- 8.3.2** During the Offer Period, the Issuer shall enter into subscription agreements with a number of Authorised Financial Intermediaries pursuant to which the Issuer shall bind itself to allocate a total amount of €16,000,000 in nominal value of Secured Bonds to the said Authorised Financial Intermediaries. As described in more detail under section 8.4 below, Authorised Financial Intermediaries (in the names of underlying clients) must provide details of Applicants representing the amount they have been allocated by completing a data file as provided by the Registrar by latest 17 June 2022, accompanied by full payment.
- 8.3.3** By submitting a form of Application to an Authorised Financial Intermediary, the Applicant is thereby confirming to the Issuer, the Registrar and the Authorised Financial Intermediary through whom the Application is made, as applicable, that the Applicant’s remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the Issuer acting through the respective Authorised Financial Intermediary, reserves the right to invalidate the relative form of Application. Furthermore, the Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders, unless the Applicant makes payment in cleared funds and such consideration is accepted by the respective Authorised Financial Intermediary, which acceptance shall be made in the Authorised Financial Intermediary’s absolute discretion and may be on the basis that the Applicant indemnifies the Authorised Financial Intermediary against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant’s remittance to be honoured on first presentation.

- 8.3.4** The contract created by the Issuer's acceptance of a data file submitted by an Authorised Financial Intermediary pursuant to the subscription agreements, shall be subject to all the terms and conditions set out in this Securities Note and the Memorandum and Articles of Association. It is the responsibility of investors wishing to apply for the Secured Bonds to inform themselves as to the legal requirements of so applying including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence, or domicile.
- 8.3.5** If an Application is submitted on behalf of another person, whether legal or natural, the person submitting such Application shall be deemed to have duly bound such other person, whether legal or natural, on whose behalf the Application has been submitted. The person submitting such Application shall be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such representative may be requested to submit the relative power of attorney, or resolution or a copy thereof duly certified by a lawyer or notary public if so required by the respective Authorised Financial Intermediary, but it shall not be the duty or responsibility of the respective Authorised Financial Intermediary to ascertain that such representative is duly authorised to submit an Application. Furthermore, in cases where the decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "**decision maker**") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be made available.
- 8.3.6** In the case of joint Applicants, reference to the term "Applicant" in these terms and conditions is a reference to each of the joint Applicants, and liability therefor is joint and several. The first person, as designated in the respective MSE account number quoted by the Applicant or first named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders designated in the MSE account number quoted by the Applicant or joint holders in the register, as the case may be. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Secured Bond/s so held.
- 8.3.7** In the case of corporate Applicants or Applicants having separate legal personality, it shall not be incumbent on the Issuer or the Registrar to verify whether the person or persons purporting to bind such Applicant is, or are, in fact duly authorised. Applications by corporate Applicants have to include a valid legal entity identifier (LEI) which must be unexpired. Applications without such information or without a valid LEI will not be accepted.
- 8.3.8** Applications in the name and for the benefit of minors shall be allowed provided that the Applicant already holds an account with the MSE. Any Secured Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s subscribing for Secured Bonds on the minor's behalf, until such time as the minor attains the age of 18 years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of 18 years.
- 8.3.9** In respect of a Secured Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed *vis-à-vis* the Issuer to be the holder of the Secured Bond/s so held and shall have the right to receive interest on the Secured Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Secured Bond/s, have the right to dispose of the Secured Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Secured Bonds (which shall be due to the bare owner).
- 8.3.10** In the event that a cheque accompanying a form of Application is not honoured on its first presentation, the Authorised Financial Intermediary reserves the right to invalidate the form of Application.
- 8.3.11** 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, the Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in articles 1.2(d) and 2.4 of the "Members' Code of Conduct" appended as Appendix 3.6 to Chapter 3 of the MSE Bye-Laws, irrespective of whether the said appointed Authorised Financial Intermediaries are MSE members or not. Such information shall be held and controlled by the MSE in terms of the Data Protection Act (Cap. 586 of the laws of Malta) (the "**Data Protection Act**") and the General Data Protection Regulation (GDPR) (EU) 2016/679 ("**GDPR**"), as may be amended from time to time, for the purposes and within the terms of the MSE Data Protection Policy as published from time to time.
- 8.3.12** It shall be incumbent on the respective Authorised Financial Intermediary to ascertain that all other applicable regulatory requirements relating to subscription of Secured Bonds by an Applicant are complied with, including without limitation the obligation to comply with all applicable requirements set out in Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No. 648/2012 ("**MiFIR**"), as well as applicable MFSA rules for investment services providers.
- 8.3.13** No person receiving a copy of the Prospectus or any form of Application 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 form of Application unless, in the relevant territory, such an invitation or offer could lawfully be made to such person, or such form of Application could lawfully be used without contravention of any registration or other legal requirements.
- 8.3.14** Subscription for Secured Bonds by persons resident in, or who are citizens of, or who are domiciled in, or who have a registered address in, a jurisdiction other than Malta, may be affected by the law of the relevant jurisdiction. Those persons should consult their professional advisers (including tax and legal advisers) as to whether they

require any governmental or other consents, or need to observe any other formalities, to enable them to subscribe for the Secured Bonds. It is the responsibility of any person (including, without limitation, nominees, custodians, depositaries and trustees) outside Malta wishing to participate in the Bond Issue, to satisfy himself / herself / itself as to full observance of the applicable laws of any relevant jurisdiction, including, but not limited to, obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes (of any nature whatsoever) due in such territories. The Issuer shall not accept any responsibility for the non-compliance by any person of any applicable laws or regulations of foreign jurisdictions.

- 8.3.15** The Secured Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and accordingly may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.
- 8.3.16** The Secured Bonds will be issued in multiples of €100. The minimum subscription amount of Secured Bonds that can be subscribed for by Applicants is €5,000.
- 8.3.17** Subject to all other terms and conditions set out in the Prospectus, the respective Authorised Financial Intermediary reserves the right to reject, in whole or in part, or to scale down, any Application, 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 respective Authorised Financial Intermediary is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents.
- 8.3.18** On completing and delivering a form of Application, the Applicant:
- (i) accepts to be irrevocably contractually committed to acquire the number of Secured Bonds allocated to such Applicant at the Bond Issue Price and, to the fullest extent permitted by law, accepts to be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment, such irrevocable offer to purchase, and pay the consideration for, the number of Secured Bonds applied for by the Applicant (or any smaller amount of Secured Bonds for which the Application is accepted) at the Bond Issue Price (as applicable) being made subject to the provisions of the Prospectus, the form of Application and the Memorandum and Articles of Association;
 - (ii) agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Secured Bonds contained therein;
 - (iii) warrants that the information submitted by the Applicant in the form of Application is true and correct in all respects. All forms of Application 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 section 8.3.1 above. In the event of a discrepancy between the personal details (including the name and surname and the Applicant's address) appearing on the form of Application and those held by the MSE in relation to the MSE account number indicated on the form of Application, the details held by the MSE shall be deemed to be the correct details of the Applicant;
 - (iv) 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.theonagroup.mt. The Applicant hereby acknowledges that the processing of personal data may validly take place, even without the Applicant's consent, in the circumstances set out in the GDPR and the Data Protection Act and any applicable subsidiary legislation, as may be amended from time to time. The Applicant hereby confirms that he / she / it has been provided with and read the privacy notice;
 - (v) authorises the Issuer (or its service providers, including the CSD and, or the Sponsor, Manager and 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 and the GDPR. The Applicant has the right to request access to and rectification of the personal data relating to him / her in relation to the Bond Issue. Any such requests must be made in writing and sent to the Issuer and sent to the CSD at the Malta Stock Exchange. The requests must be signed by the Applicant to whom the personal data relates;
 - (vi) confirms that in making such Application, no reliance was placed on any information or representation in relation to the Issuer or the issue of the Secured Bonds other than what is contained in the Prospectus and accordingly agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
 - (vii) agrees that any refund of unallocated Application monies, without interest, will be paid by direct credit, at the Applicant's own risk, to the bank account as indicated by the Applicant in the form of Application. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith;
 - (viii) warrants that the remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured: (i) the Applicant will not be entitled to receive a registration advice or to be registered in respect of such Secured Bonds, unless and until a payment is made in cleared funds for such Secured Bonds and such payment is accepted by the respective Authorised Financial Intermediary (which acceptance shall be made in its absolute discretion and may be on the basis that the Authorised Financial Intermediary is indemnified for all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of the Applicant's remittance to be honoured on first presentation at any time prior to unconditional acceptance by the Issuer acting through the Registrar of such late payment in respect of the Secured Bonds); or (ii) the Issuer may, without prejudice to other rights, treat the agreement to allocate such Secured Bonds as void and may allocate such Secured Bonds to another person, in which case the Applicant will not be entitled to a refund or payment in respect of such Secured Bonds (other than return of such late payment);

- (ix) 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;
- (x) warrants, in connection with the subscription of the Secured Bonds, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with the subscription of Secured Bonds in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Sponsor, Manager and Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Secured Bonds;
- (xi) agrees to provide the Registrar and, or the Issuer, as the case may be, with any information which may be requested in connection with the Application;
- (xii) warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- (xiii) agrees that all Applications, forms of Application, acceptances of Applications and contracts resulting therefrom will be governed, and construed, in accordance with Maltese law, and to submit to the jurisdiction of the Maltese courts, and agrees that nothing shall limit the right of the Issuer to bring any action, suit or proceedings arising out of or in connection with any such Applications, forms of Application, acceptance of Applications and contracts resulting therefrom in any manner permitted by law in any court of competent jurisdiction;
- (xiv) represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the “**United States**”) or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- (xv) agrees that the Advisers to the Bond Issue (listed in section 4.5 of the Registration Document) will owe the Applicant no duties or responsibilities concerning the Secured Bonds or the suitability of the Applicant;
- (xvi) warrants that, where an Applicant submits a form of Application on behalf of another person or on behalf of a corporation or corporate entity or association of persons, the Applicant is duly authorised to do so and such person, corporation, corporate entity, or association of persons will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in the terms and conditions and accordingly will be deemed also to have given the confirmations, warranties and undertakings contained in the terms and conditions and undertake to submit your power of attorney or a copy thereto duly certified by a lawyer or notary public if so required by the Issuer or the Registrar;
- (xvii) agrees that all documents in connection with the issue of the Secured Bonds will be sent at the Applicant’s own risk and may be sent by post at the address (or, in the case of joint Applicants, the address of the first named Applicant) as designated in the respective MSE account quoted by the Applicant; and
- (xviii) 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 the Secured Bonds.

8.3.19 All forms of Application are to be lodged with any of the Authorised Financial Intermediaries. The Secured Bonds are deemed to be complex instruments in accordance with the provisions of conduct of business rulebook issued by the MFSA. Accordingly, the Authorised Financial Intermediaries shall be required to conduct an Appropriateness Test prior to selling Secured Bonds where such Secured Bonds are sold on a non-advisory or an execution only basis and conduct a Suitability Test prior to selling Secured Bonds, in the case that the Secured Bonds are proposed to be sold to an Applicant on an advisory basis and, or pursuant to the provision of portfolio management services.

8.4 PLAN OF DISTRIBUTION AND ALLOTMENT

The Secured Bonds shall be made available for subscription to all categories of investors. The Secured Bonds shall be offered exclusively to Authorised Financial Intermediaries pursuant to the Intermediaries’ Offer. During the Offer Period, Authorised Financial Intermediaries shall subscribe for Secured Bonds pursuant to conditional subscription agreements entered into by and between the Issuer, the Guarantors and the Authorised Financial Intermediaries. The total aggregate amount in nominal value of Secured Bonds which shall be subject to the subscription agreements shall not exceed €16,000,000.

Pursuant to the subscription agreements entered into during the Offer Period, Authorised Financial Intermediaries may subscribe for Secured Bonds for their own account or for their underlying clients. The allocation of the Secured Bonds shall be conditional upon the Secured Bonds being admitted to the Official List.

Applications may be made through any of the Authorised Financial Intermediaries. It is expected that an allotment advice will be dispatched to Applicants within five Business Days of the announcement of the allocation policy. 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 shall not bear interest while retained as aforesaid.

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

8.5 INTERMEDIARIES' OFFER

Pursuant to the Intermediaries' Offer, the Issuer shall enter into subscription agreements with the Authorised Financial Intermediaries whereby the Issuer shall bind itself to allocate a total amount of up to €16,000,000 in nominal value of Secured Bonds to such Authorised Financial Intermediaries, which in turn shall bind themselves to subscribe for a specified number of Secured Bonds, the Secured Bonds being admitted to trading on the Official List.

The Authorised Financial Intermediaries shall be entitled to subscribe for the Secured Bonds either for their own account or for the account of underlying customers, including retail customers, and shall in addition be entitled to either:

- (i) distribute to the underlying customers any portion of the Secured Bonds subscribed for upon commencement of trading; or
- (ii) complete a data file representing the amount their underlying clients have been allocated in terms of the respective subscription agreement as provided by the Registrar by latest 16:00 hours on 17 June 2022 being the closing of the Offer Period.

Authorised Financial Intermediaries must effect payment to the Issuer for the Secured Bonds subscribed for by not later than the closing of the Offer Period.

8.6 PRICING

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

8.7 ALLOCATION POLICY

The Issuer has reserved the full amount of the Secured Bonds to Authorised Financial Intermediaries which shall enter into subscription agreements pursuant to the Intermediaries' Offer. The Issuer has established a minimum aggregate subscription amount of €11.8 million on which the Bond Issue is conditional. In the event that the Bond Issue is not fully taken up, but the said minimum is satisfied or exceeded, the Issuer shall issue Secured Bonds up to the amount subscribed for by the Authorised Financial Intermediaries.

The Issuer shall announce the result of the Bond Issue through a company announcement by not later than 21 June 2022.

8.8 ADMISSION TO TRADING

The Malta Financial Services Authority has authorised the Secured Bonds as admissible to listing pursuant to the Capital Markets Rules by virtue of a letter dated 31 May 2022.

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

The Secured Bonds are expected to be admitted to the Malta Stock Exchange with effect from 28 June 2022 and trading is expected to commence on 30 June 2022.

8.9 ADDITIONAL INFORMATION

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

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

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

The business address of the Sponsor, Manager and Registrar is at 61, M.Z. House, St. Rita Street, Rabat RBT 1523, Malta.

ANNEX I – THE GUARANTEES

THE ONA HOSPITALITY LTD (C 101371)
Gap Holdings Head Office, Ċensu Scerri Street,
Tigné, Sliema SLM 3060, Malta

To: Equinox International Limited
No 9, Level 3, Valletta Buildings,
South Street,
Valletta VLT 1103 – MALTA
(hereinafter, together with its lawful successors and assigns referred to as the “**Security Trustee**”).

31 May 2022

Dear Sirs,

Re: GUARANTEE & INDEMNITY

I, The Ona Hospitality Ltd, a company registered and existing under the laws of Malta bearing company registration number C 101371 and having its registered office at Gap Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema SLM3060, Malta (hereinafter, together with its lawful successors and assigns, referred to as the “**Guarantor**”), having noted that:

- A. by virtue of a prospectus dated 31 May 2022 issued by The Ona p.l.c., a public limited liability company registered and existing under the laws of Malta, bearing company registration number C 101370 (hereinafter, the “**Issuer**”) in connection with the issue of up to €16 million secured bonds 2028-2034 (as the same may be amended, varied or supplemented, hereinafter referred to as the “**Prospectus**”) the Issuer shall, under the joint and several guarantee of the Guarantors (as defined hereunder), issue up to €16 million secured bonds at an annual interest rate of 4.50% to be redeemed and finally repaid on 21 June 2034, or, at the sole option of the Issuer, on any date falling on or between 21 June 2028 and 20 June 2034, on which the Issuer shall be entitled to prepay all or part of the principal amount of the secured bonds and all interests accrued up to the date of prepayment, subject to the terms and conditions of the Prospectus (the “**Secured Bonds**”);
- B. the Guarantor is a fully owned subsidiary company of the Issuer;
- C. it is a condition precedent for the issuance of the Secured Bonds that, *inter alia*, the Guarantor executes and grants this Guarantee and Indemnity (hereinafter referred to as the “**Guarantee**”) of the obligations of the Issuer above referred to, in favour of the Security Trustee; and
- D. the Guarantor has agreed to the conclusion and execution of this Guarantee in favour of the Security Trustee.

NOW, THEREFORE, THE GUARANTOR IS HEREBY COVENANTING IN FAVOUR OF THE SECURITY TRUSTEE AS FOLLOWS:

1. INTERPRETATION

In this Guarantee, unless the context otherwise requires:

- (a) terms and expressions defined in or construed for the purposes of the Prospectus shall have the same meanings or be construed in the same manner when used in this Guarantee, unless defined otherwise in this Guarantee;
- (b) “**Guarantors**” means, collectively, (i) the Guarantor; (ii) The Ona Real Estate Ltd (C 83842) (“**TORE**”); and (iii) The Ona Property Development Ltd (C 82490) (“**TOPD**”);
- (c) “**Indebtedness**” means any and all moneys, obligations, and liabilities now or hereafter due, owing or incurred by the Issuer under the Secured Bonds to the Bondholders (whether alone and, or with others) in terms of the Prospectus and in any and all cases whether for principal, interests, capitalised interests, charges, disbursements, or otherwise and whether for actual or contingent liability; and
- (d) “**writing**” or “**in writing**” shall mean any method of visual representation and shall include facsimile transmissions, telexes, and other such electronic methods.

2. GUARANTEE

2.1 Covenant to Pay

In satisfaction of the conditions precedent for the issuance of the Secured Bonds, and in consideration of the Bondholders acquiring the Secured Bonds, the Guarantor, as duly authorised, without proof of liability or evidence and as primary obligor, hereby jointly and severally with the Issuer, TORE and TOPD unconditionally and irrevocably guarantees to the Security Trustee, for the benefit of itself and the Bondholders the payment of, and undertakes on first demand in writing made by the Security Trustee on the Guarantor, to pay the Indebtedness to the Security Trustee or any balance thereof at any time due or owing under the Secured Bonds.

2.2 Maximum Liability of the Guarantor

This is a continuing Guarantee for the whole amount due or owing under the Secured Bonds or which may hereafter at any time become due or owing under the Secured Bonds by the Issuer but the amount due by Guarantor to the Security Trustee under this Guarantee shall be up to and shall not be in excess of €16,000,000 (sixteen million Euros) apart from interests due up to the date of payment and costs and expenses relating to the protection, preservation, collection or enforcement of the Security Trustee's rights against the Issuer and the Guarantor which shall be additional to the maximum sum herein stated.

2.3 Collateral supporting Guarantee

The Guarantee shall be further supported by a first-ranking general hypothec over all the assets of the Guarantor, both present and future, for the full nominal value of the Secured Bonds and interest thereon.

2.4 Indemnity

As a separate and independent stipulation, the Guarantor agrees to indemnify the Security Trustee on demand for any damages, losses (excluding loss of profit), costs and expenses arising from any failure on the part of the Issuer to perform any obligation to the Security Trustee and the Guarantor so agrees to indemnify the Security Trustee even in the event that any obligation of the Issuer to the Security Trustee is invalid or ceases to be valid and enforceable against the Issuer for any reason whatsoever including, but without limitation, any legal limitation or any disability or incapacity of the Issuer. In such an event, the Guarantor shall be liable towards the Security Trustee as if that obligation was fully valid and enforceable and as if the Guarantor were the principal debtor in respect thereof and shall pay all sums due to the Security Trustee within seven (7) days of a demand in writing by the Security Trustee.

3. CONTINUING AND UNCONDITIONAL LIABILITY

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

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

4. WAIVER OF THE GUARANTOR'S RIGHTS AND THE GUARANTOR'S WARRANTIES

4.1 Until the Indebtedness has been paid in full the Guarantor agrees that it will not, without the prior written consent of the Security Trustee,

- (a) exercise any rights of subrogation, reimbursement and indemnity against the Issuer or any other person liable for the Indebtedness;
- (b) demand or accept repayment, in whole or in part, of any indebtedness now or hereafter due to the Guarantor either from the Issuer or from any other person liable for the Indebtedness or demand any collateral in respect of same or dispose of same;

- (c) take any step to enforce any right against the Issuer or any other person liable for the Indebtedness; and
- (d) claim any set-off or counter-claim against the Issuer or any other person liable for the Indebtedness nor shall the Guarantor claim or prove in competition with the Security Trustee in the liquidation of the Issuer or any other person liable for the Indebtedness, or benefit or share any payment from or in composition with the Issuer or any other person liable for the Indebtedness.

4.2 Subject to the overriding provisions of the Prospectus until the Indebtedness has been paid in full the Guarantor further agrees that:

- (a) if an Event of Default under the Prospectus occurs, any sums which may be received by it from the Issuer or any person liable for the Indebtedness shall be held by it on trust exclusively for the Security Trustee and shall be paid to the Security Trustee immediately upon demand in writing or immediately after its receipt if such obligation arises from the documents executed by the Issuer in connection with the Prospectus;
- (b) all rights of relief and subrogation arising in favour of the Guarantor upon a partial payment to the Security Trustee against the Issuer and any other person who may be liable for the Indebtedness, shall be suspended;
- (c) the Security Trustee may and shall receive and retain the whole of the liquidation dividends to the exclusion of the rights (if any) of the Guarantor in competition with the Security Trustee and pursuant to the above the Security Trustee is entitled to hold all payments made by the Guarantor or the Issuer on account of the Indebtedness in suspense for a period of six (6) months from the date of payment and any such payments on account shall not be applied in reduction of the Indebtedness for a period of six (6) months as stated. The Security Trustee may accordingly prove for the whole Indebtedness of the Issuer in liquidation after excluding any and all payments made within a period of six (6) months prior to the liquidation of the Issuer; and
- (d) the Security Trustee shall not be required to exhaust any remedy or remedies it may have against the Issuer or other persons who may be liable for the Indebtedness for the settlement of all the Indebtedness before claiming against the Guarantor under this Guarantee which is to be construed as entirely independent from the relationship between the Security Trustee and the Issuer and providing immediate recourse against the Guarantor under this Guarantee. The Guarantor hereby waives any benefit of discussion or division which may be available under any applicable law.

5. SETTLEMENTS CONDITIONAL

Any release, discharge or settlement between the Guarantor and the Security Trustee shall be conditional upon no security, disposition or payment to the Security Trustee by the Issuer or the Guarantor or any other third party liable to being void or set aside for any reason whatsoever and if, for any reason whatsoever, this condition is not fulfilled, such release, discharge or settlement shall be of no effect whatsoever and this Guarantee shall again come into force for all effects and purposes of law.

6. ADDITIONAL GUARANTEE

This Guarantee is to be construed as being in addition to and in no way prejudicing any other securities or guarantees which the Security Trustee may now or hereafter hold from or on account of the Issuer and is to be binding on the Guarantor as a continuing Guarantee until full and final settlement of all the Issuer's Indebtedness towards the Security Trustee. Moreover, the remedies provided in this Guarantee are cumulative and are not exclusive of any remedies provided by law.

7. BENEFIT OF THIS GUARANTEE AND NO ASSIGNMENT

7.1 This Guarantee is to be immediately binding upon the Guarantor for the benefit of the Security Trustee and the liability hereunder is not subject to any conditions as to additional security being received by the Security Trustee or otherwise.

7.2 The Guarantor shall not be entitled to assign or transfer any of its obligations under this same Guarantee.

8. REPRESENTATIONS AND WARRANTIES.

8.1 The Guarantor represents and warrants: -

- (a) that it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business;
- (b) that it has power to grant this Guarantee and that this Guarantee is duly authorised and all corporate action has been taken by the Guarantor in accordance with its deeds of constitution and the laws of its incorporation and regulation;
- (c) that this Guarantee constitutes and contains valid and legally binding obligations of the Guarantor enforceable in accordance with its terms;

- (d) that this Guarantee does not and will not constitute a default with respect to or run counter to any law, by-law, articles of incorporation, statute, rule, regulation, judgement, decree or permit to which the Guarantor is or may be subject; or any agreement or other instrument to which the Guarantor is a party or is subject or by which it or any of its property is bound;
- (e) that this Guarantee shall not in itself result, in or cause the creation or imposition of, or oblige the Guarantor to create any encumbrance on any of that Guarantor's undertakings, assets, rights or revenues;
- (f) that it is in no way engaged in any litigation, arbitration or administrative proceeding of a material nature, nor is it threatened with any such procedures;
- (g) that, save for any other priority and preference created by virtue of the deed of hypothec, the obligations binding it under this Guarantee rank at least *pari passu* with all other present and future unsecured indebtedness of the Guarantor with the exception of any obligations which are mandatorily preferred by law;
- (h) that it is not in breach of or in default under any agreement relating to indebtedness to which it is a party or by which it may be bound nor has any default occurred in its regard;
- (i) that all the information, verbal or otherwise tendered in connection with the negotiation and preparation of this Guarantee is accurate and true and there has been no omission of any material facts; and
- (j) that the granting of this Guarantee is in the commercial interest of the Guarantor and that the Guarantor acknowledges that it is deriving commercial benefit therefrom.

8.2 As from the date of this Guarantee, until such time as the Indebtedness is paid in full to the Security Trustee, and for as long as this Guarantee shall remain in force, the Guarantor shall hold true, good, and valid all the representations and warranties given under this clause.

9 DEMANDS AND PAYMENTS

9.1 All the Indebtedness shall be due by the Guarantor under this Guarantee as a debt, certain, liquidated, and due on the seventh (7th) day following the Security Trustee's first written demand to the Guarantor to pay. All demands shall be sent to the address or facsimile or other numbers as are stated below in clause 10 as the same may be changed by notice in writing by one party to the other.

The demand shall be accompanied by a statement by the Security Trustee confirming that to the best of its knowledge there exist, at the time of the demand, circumstances which constitute an Event of Default or such that may render the underlying obligations of the Issuer to the Security Trustee or any Collateral invalid and unenforceable for any reason whatsoever.

It is expressly agreed that the requirement of such statement is not a condition of liability of the Guarantor under this Guarantee and is entirely without prejudice to the on-demand nature of this Guarantee. Any disagreement by the Guarantor as to the contents of the statement shall not entitle the Guarantor to delay or interrupt the payment of the sum due under this Guarantee for any reason whatsoever.

9.2 The statement by the Security Trustee of the amount due under this Guarantee shall be binding on the Guarantor and shall be conclusive evidence of the sum due, saving only manifest error.

9.3 All payments shall be made to the Security Trustee without any withholding for taxes (and in so far as this obligation exists under any law the payment shall be grossed up by the amount of withholding) and without set-off for any amounts which may be then owing to the Guarantor by the Issuer or the Security Trustee. The Guarantor authorises the Security Trustee to apply any credit balance the Guarantor may have with the Security Trustee towards the satisfaction of the Indebtedness. The Security Trustee shall notify the Guarantor forthwith of the exercise of this right giving full details relating thereto.

10 NOTICES

Any notice required to be given by any party hereto to the other party shall be deemed to have been validly served if delivered by hand or sent by pre-paid registered letter through the post or by facsimile to such other party at his address given herein or such other address as may from time to time be notified to the other party for this purpose and any notice so served shall be deemed to have been served, if delivered by hand, at the time of delivery, or if by post, seven (7) days after posting and if by facsimile, at the time of transmission of the facsimile.

For the purposes of this Guarantee, the proper addresses and facsimile numbers of the parties are:

The Ona Hospitality Ltd

Address: Gap Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema SLM 3060, Malta
Tel. No.: 23271000
Contact Person: Justin Cutajar

Equinox International Limited

Address: Level 3, Valletta Buildings, South Street, Valletta VLT 1103, Malta
Tel. No.: 21238989
Fax No: 21223048
Contact Person: Louis de Gabriele

Provided that each party may at any time change such address or telefax number by giving seven (7) days' prior written notice to the other party. Every notice, request, demand, letter, or other communication hereunder shall be in writing and shall be delivered by hand or by post or through any other communication methods including telex, telefax or otherwise and shall be deemed to be received in case of post within seven (7) days of dispatch or in case of other methods immediately upon confirmed transmission.

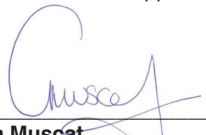
11 AMENDMENTS

The Guarantor has the power to veto any changes to the Terms and Conditions of the Secured Bonds which are issued with the benefit of this Guarantee.

12 APPLICABLE LAW AND JURISDICTION

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

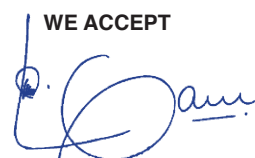
Any dispute, controversy or claim arising out of or relating to this Guarantee or as to the interpretation, validity, performance, or breach thereof shall be referred to and finally resolved by arbitration under the UNCITRAL Rules of Arbitration in accordance with the provisions of Part V (International Arbitration) of the Arbitration Act, 1996. Any arbitration commenced pursuant to this clause shall take place in Malta and be administered by the Malta Arbitration Centre. The number of arbitrators shall be three, one arbitrator to be appointed by each of the parties or, in default, by the Malta Arbitration Centre, whereas the third arbitrator shall be appointed by the first two arbitrators or, if they fail to agree on such an appointment, by the Malta Arbitration Centre. No appeal shall lie from any such award given.


Name: Cliona Muscat
duly authorised, for and on behalf of
The Ona Hospitality Ltd

Yours faithfully,

Name: Cliona Muscat
duly authorised, for and on behalf of
The Ona p.l.c

WE ACCEPT


Name: Louis de Gabriele
duly authorised, for and on behalf of
Equinox International Limited

THE ONA PROPERTY DEVELOPMENT LTD (C82490)

Gap Holdings Head Office, Ċensu Scerri Street,
Tigné, Sliema SLM 3060, Malta

To: Equinox International Limited
No 9, Level 3, Valletta Buildings,
South Street,
Valletta VLT 1103 – MALTA
(hereinafter, together with its lawful successors and assigns referred to as the **“Security Trustee”**).

31 May 2022

Dear Sirs,

Re: GUARANTEE & INDEMNITY

I, The Ona Property Development Ltd, a company registered and existing under the laws of Malta bearing company registration number C 82490 and having its registered office at Gap Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema SLM3060, Malta (hereinafter, together with its lawful successors and assigns, referred to as the “Guarantor”), having noted that:

- A. by virtue of a prospectus dated 31 May 2022 issued by The Ona p.l.c., a public limited liability company registered and existing under the laws of Malta, bearing company registration number C 101370 (hereinafter, the **“Issuer”**) in connection with the issue of up to €16 million secured bonds 2028-2034 (as the same may be amended, varied or supplemented, hereinafter referred to as the **“Prospectus”**) the Issuer shall, under the joint and several guarantee of the Guarantors (as defined hereunder), issue up to €16 million secured bonds at an annual interest rate of 4.50% to be redeemed and finally repaid on 21 June 2034, or, at the sole option of the Issuer, on any date falling on or between 21 June 2028 and 20 June 2034, on which the Issuer shall be entitled to prepay all or part of the principal amount of the secured bonds and all interests accrued up to the date of prepayment, subject to the terms and conditions of the Prospectus (the **“Secured Bonds”**);
- B. the Guarantor is a fully owned subsidiary company of the Issuer;
- C. it is a condition precedent for the issuance of the Secured Bonds that, *inter alia*, the Guarantor executes and grants this Guarantee and Indemnity (hereinafter referred to as the **“Guarantee”**) of the obligations of the Issuer above referred to, in favour of the Security Trustee; and
- D. the Guarantor has agreed to the conclusion and execution of this Guarantee in favour of the Security Trustee.

NOW, THEREFORE, THE GUARANTOR IS HEREBY COVENANTING IN FAVOUR OF THE SECURITY TRUSTEE AS FOLLOWS:

1. INTERPRETATION

In this Guarantee, unless the context otherwise requires:

- (a) terms and expressions defined in or construed for the purposes of the Prospectus shall have the same meanings or be construed in the same manner when used in this Guarantee, unless defined otherwise in this Guarantee;
- (b) **“Guarantors”** means, collectively, (i) the Guarantor; (ii) The Ona Real Estate Ltd (C 83842) (**“TORE”**); and (iii) The Ona Hospitality Ltd (C 101371) (**“TOH”**);
- (c) **“Indebtedness”** means any and all moneys, obligations, and liabilities now or hereafter due, owing or incurred by the Issuer under the Secured Bonds to the Bondholders (whether alone and, or with others) in terms of the Prospectus and in any and all cases whether for principal, interests, capitalised interests, charges, disbursements, or otherwise and whether for actual or contingent liability; and
- (c) **“writing”** or **“in writing”** shall mean any method of visual representation and shall include facsimile transmissions, telexes, and other such electronic methods.

2. GUARANTEE

2.1 Covenant to Pay

In satisfaction of the conditions precedent for the issuance of the Secured Bonds, and in consideration of the Bondholders acquiring the Secured Bonds, the Guarantor, as duly authorised, without proof of liability or evidence and as primary obligor, hereby jointly and severally with the Issuer, TORE and TOH unconditionally and irrevocably guarantees to the Security Trustee, for the benefit of itself and the Bondholders the payment of, and undertakes on first demand in writing made by the Security Trustee on the Guarantor, to pay the Indebtedness to the Security Trustee or any balance thereof at any time due or owing under the Secured Bonds.

2.2 Maximum Liability of the Guarantor

This is a continuing Guarantee for the whole amount due or owing under the Secured Bonds or which may hereafter at any time become due or owing under the Secured Bonds by the Issuer but the amount due by Guarantor to the Security Trustee under this Guarantee shall be up to and shall not be in excess of €16,000,000 (sixteen million Euros) apart from interests due up to the date of payment and costs and expenses relating to the protection, preservation, collection or enforcement of the Security Trustee's rights against the Issuer and the Guarantor which shall be additional to the maximum sum herein stated.

2.3 Indemnity

As a separate and independent stipulation, the Guarantor agrees to indemnify the Security Trustee on demand for any damages, losses (excluding loss of profit), costs and expenses arising from any failure on the part of the Issuer to perform any obligation to the Security Trustee and the Guarantor so agrees to indemnify the Security Trustee even in the event that any obligation of the Issuer to the Security Trustee is invalid or ceases to be valid and enforceable against the Issuer for any reason whatsoever including, but without limitation, any legal limitation or any disability or incapacity of the Issuer. In such an event, the Guarantor shall be liable towards the Security Trustee as if that obligation was fully valid and enforceable and as if the Guarantor were the principal debtor in respect thereof and shall pay all sums due to the Security Trustee within seven (7) days of a demand in writing by the Security Trustee.

3. CONTINUING AND UNCONDITIONAL LIABILITY

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

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

4. WAIVER OF THE GUARANTOR'S RIGHTS AND THE GUARANTOR'S WARRANTIES

4.1 Until the Indebtedness has been paid in full the Guarantor agrees that it will not, without the prior written consent of the Security Trustee,

- (a) exercise any rights of subrogation, reimbursement and indemnity against the Issuer or any other person liable for the Indebtedness;
- (b) demand or accept repayment, in whole or in part, of any indebtedness now or hereafter due to the Guarantor either from the Issuer or from any other person liable for the Indebtedness or demand any collateral in respect of same or dispose of same;
- (c) take any step to enforce any right against the Issuer or any other person liable for the Indebtedness; and
- (d) claim any set-off or counter-claim against the Issuer or any other person liable for the Indebtedness nor shall the Guarantor claim or prove in competition with the Security Trustee in the liquidation of the Issuer or any other person liable for the Indebtedness, or benefit or share any payment from or in composition with the Issuer or any other person liable for the Indebtedness.

4.2 Subject to the overriding provisions of the Prospectus until the Indebtedness has been paid in full the Guarantor further agrees that:

- (a) if an Event of Default under the Prospectus occurs, any sums which may be received by it from the Issuer or any person liable for the Indebtedness shall be held by it on trust exclusively for the Security Trustee and shall be paid to the Security Trustee immediately upon demand in writing or immediately after its receipt if such obligation arises from the documents executed by the Issuer in connection with the Prospectus;

- (b) all rights of relief and subrogation arising in favour of the Guarantor upon a partial payment to the Security Trustee against the Issuer and any other person who may be liable for the Indebtedness, shall be suspended;
- (c) the Security Trustee may and shall receive and retain the whole of the liquidation dividends to the exclusion of the rights (if any) of the Guarantor in competition with the Security Trustee and pursuant to the above the Security Trustee is entitled to hold all payments made by the Guarantor or the Issuer on account of the Indebtedness in suspense for a period of six (6) months from the date of payment and any such payments on account shall not be applied in reduction of the Indebtedness for a period of six (6) months as stated. The Security Trustee may accordingly prove for the whole Indebtedness of the Issuer in liquidation after excluding any and all payments made within a period of six (6) months prior to the liquidation of the Issuer; and
- (d) the Security Trustee shall not be required to exhaust any remedy or remedies it may have against the Issuer or other persons who may be liable for the Indebtedness for the settlement of all the Indebtedness before claiming against the Guarantor under this Guarantee which is to be construed as entirely independent from the relationship between the Security Trustee and the Issuer and providing immediate recourse against the Guarantor under this Guarantee. The Guarantor hereby waives any benefit of discussion or division which may be available under any applicable law.

5. SETTLEMENTS CONDITIONAL

Any release, discharge or settlement between the Guarantor and the Security Trustee shall be conditional upon no security, disposition or payment to the Security Trustee by the Issuer or the Guarantor or any other third party liable to being void or set aside for any reason whatsoever and if, for any reason whatsoever, this condition is not fulfilled, such release, discharge or settlement shall be of no effect whatsoever and this Guarantee shall again come into force for all effects and purposes of law.

6. ADDITIONAL GUARANTEE

This Guarantee is to be construed as being in addition to and in no way prejudicing any other securities or guarantees which the Security Trustee may now or hereafter hold from or on account of the Issuer and is to be binding on the Guarantor as a continuing Guarantee until full and final settlement of all the Issuer's Indebtedness towards the Security Trustee. Moreover, the remedies provided in this Guarantee are cumulative and are not exclusive of any remedies provided by law.

7. BENEFIT OF THIS GUARANTEE AND NO ASSIGNMENT.

7.1 This Guarantee is to be immediately binding upon the Guarantor for the benefit of the Security Trustee and the liability hereunder is not subject to any conditions as to additional security being received by the Security Trustee or otherwise.

7.2 The Guarantor shall not be entitled to assign or transfer any of its obligations under this same Guarantee.

8. REPRESENTATIONS AND WARRANTIES

8.1 The Guarantor represents and warrants:

- (a) that it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business;
- (b) that it has power to grant this Guarantee and that this Guarantee is duly authorised and all corporate action has been taken by the Guarantor in accordance with its deeds of constitution and the laws of its incorporation and regulation;
- (c) that this Guarantee constitutes and contains valid and legally binding obligations of the Guarantor enforceable in accordance with its terms;
- (d) that this Guarantee does not and will not constitute a default with respect to or run counter to any law, by-law, articles of incorporation, statute, rule, regulation, judgement, decree or permit to which the Guarantor is or may be subject; or any agreement or other instrument to which the Guarantor is a party or is subject or by which it or any of its property is bound;
- (e) that this Guarantee shall not in itself result in or cause the creation or imposition of, or oblige the Guarantor to create any encumbrance on any of that Guarantor's undertakings, assets, rights or revenues;
- (f) that it is in no way engaged in any litigation, arbitration or administrative proceeding of a material nature, nor is it threatened with any such procedures;
- (g) that, the obligations binding it under this Guarantee rank at least *pari passu* with all other present and future unsecured indebtedness of the Guarantor with the exception of any obligations which are mandatorily preferred by law;

- (h) that it is not in breach of or in default under any agreement relating to indebtedness to which it is a party or by which it may be bound nor has any default occurred in its regard;
- (i) that all the information, verbal or otherwise tendered in connection with the negotiation and preparation of this Guarantee is accurate and true and there has been no omission of any material facts; and
- (j) that the granting of this Guarantee is in the commercial interest of the Guarantor and that the Guarantor acknowledges that it is deriving commercial benefit therefrom.

8.2 As from the date of this Guarantee, until such time as the Indebtedness is paid in full to the Security Trustee, and for as long as this Guarantee shall remain in force, the Guarantor shall hold true, good, and valid all the representations and warranties given under this clause.

9. DEMANDS AND PAYMENTS

9.1 All the Indebtedness shall be due by the Guarantor under this Guarantee as a debt, certain, liquidated, and due on the seventh (7th) day following the Security Trustee's first written demand to the Guarantor to pay. All demands shall be sent to the address or facsimile or other numbers as are stated below in clause 10 as the same may be changed by notice in writing by one party to the other.

The demand shall be accompanied by a statement by the Security Trustee confirming that to the best of its knowledge there exist, at the time of the demand, circumstances which constitute an Event of Default or such that may render the underlying obligations of the Issuer to the Security Trustee or any Collateral invalid and unenforceable for any reason whatsoever.

It is expressly agreed that the requirement of such statement is not a condition of liability of the Guarantor under this Guarantee and is entirely without prejudice to the on-demand nature of this Guarantee. Any disagreement by the Guarantor as to the contents of the statement shall not entitle the Guarantor to delay or interrupt the payment of the sum due under this Guarantee for any reason whatsoever.

9.2 The statement by the Security Trustee of the amount due under this Guarantee shall be binding on the Guarantor and shall be conclusive evidence of the sum due, saving only manifest error.

9.3 All payments shall be made to the Security Trustee without any withholding for taxes (and in so far as this obligation exists under any law the payment shall be grossed up by the amount of withholding) and without set-off for any amounts which may be then owing to the Guarantor by the Issuer or the Security Trustee. The Guarantor authorises the Security Trustee to apply any credit balance the Guarantor may have with the Security Trustee towards the satisfaction of the Indebtedness. The Security Trustee shall notify the Guarantor forthwith of the exercise of this right giving full details relating thereto.

10. NOTICES

Any notice required to be given by any party hereto to the other party shall be deemed to have been validly served if delivered by hand or sent by pre-paid registered letter through the post or by facsimile to such other party at his address given herein or such other address as may from time to time be notified to the other party for this purpose and any notice so served shall be deemed to have been served, if delivered by hand, at the time of delivery, or if by post, seven (7) days after posting and if by facsimile, at the time of transmission of the facsimile.

For the purposes of this Guarantee, the proper addresses and facsimile numbers of the parties are:

The Ona Property Development Ltd

Address: Gap Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema SLM 3060, Malta
Tel. No.: 23271000
Contact Person: Justin Cutajar

Equinox International Limited

Address: Level 3, Valletta Buildings, South Street, Valletta VLT 1103, Malta
Tel. No.: 21238989
Fax No: 21223048
Contact Person: Louis de Gabriele

Provided that each party may at any time change such address or telefax number by giving seven (7) days' prior written notice to the other party. Every notice, request, demand, letter, or other communication hereunder shall be in writing and shall be delivered by hand or by post or through any other communication methods including telex, telefax or otherwise and shall be deemed to be received in case of post within seven (7) days of dispatch or in case of other methods immediately upon confirmed transmission.

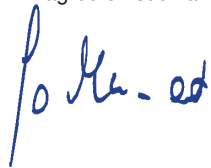
11 AMENDMENTS

The Guarantor has the power to veto any changes to the Terms and Conditions of the Secured Bonds which are issued with the benefit of this Guarantee.

12. APPLICABLE LAW AND JURISDICTION

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

Any dispute, controversy or claim arising out of or relating to this Guarantee or as to the interpretation, validity, performance, or breach thereof shall be referred to and finally resolved by arbitration under the UNCITRAL Rules of Arbitration in accordance with the provisions of Part V (International Arbitration) of the Arbitration Act, 1996. Any arbitration commenced pursuant to this clause shall take place in Malta and be administered by the Malta Arbitration Centre. The number of arbitrators shall be three, one arbitrator to be appointed by each of the parties or, in default, by the Malta Arbitration Centre, whereas the third arbitrator shall be appointed by the first two arbitrators or, if they fail to agree on such an appointment, by the Malta Arbitration Centre. No appeal shall lie from any such award given.



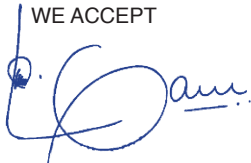
Name: **George Muscat**
duly authorised, for and on behalf of
The Ona Property Development Ltd

Yours faithfully,



Name: **Cliona Muscat**
duly authorised, for and on behalf of
The Ona p.l.c.

WE ACCEPT



Name: **Louis de Gabriele**
duly authorised, for and on behalf of
Equinox International Limited

To: Equinox International Limited
No 9, Level 3, Valletta Buildings,
South Street,
Valletta VLT 1103 – MALTA
(hereinafter, together with its lawful successors and assigns referred to as the “Security Trustee”).

31 May 2022

Dear Sirs,

Re: GUARANTEE & INDEMNITY

I, The Ona Real Estate Ltd, a company registered and existing under the laws of Malta bearing company registration number C 83842 and having its registered office at Gap Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema SLM3060, Malta (hereinafter, together with its lawful successors and assigns, referred to as the “Guarantor”), having noted that:

- A. by virtue of a prospectus dated 31 May 2022 issued by The Ona p.l.c., a public limited liability company registered and existing under the laws of Malta, bearing company registration number C 101370 (hereinafter, the “**Issuer**”) in connection with the issue of up to €16 million secured bonds 2028-2034 (as the same may be amended, varied or supplemented hereinafter referred to as the “**Prospectus**”) the Issuer shall, under the joint and several guarantee of the Guarantors (as defined hereunder), issue up to €16 million secured bonds at an annual interest rate of 4.50% to be redeemed and finally repaid on 21 June 2034, or, at the sole option of the Issuer, on any date falling on or between 21 June 2028 and 20 June 2034, on which the Issuer shall be entitled to prepay all or part of the principal amount of the secured bonds and all interests accrued up to the date of prepayment, subject to the terms and conditions of the Prospectus (the “**Secured Bonds**”);
- B. the Guarantor is a fully owned subsidiary company of the Issuer;
- C. it is a condition precedent for the issuance of the Secured Bonds that, *inter alia*, the Guarantor executes and grants this Guarantee and Indemnity (hereinafter referred to as the “**Guarantee**”) of the obligations of the Issuer above referred to, in favour of the Security Trustee; and
- D. the Guarantor has agreed to the conclusion and execution of this Guarantee in favour of the Security Trustee.

NOW, THEREFORE, THE GUARANTOR IS HEREBY COVENANTING IN FAVOUR OF THE SECURITY TRUSTEE AS FOLLOWS:

1. INTERPRETATION

In this Guarantee, unless the context otherwise requires:

- (a) terms and expressions defined in or construed for the purposes of the Prospectus shall have the same meanings or be construed in the same manner when used in this Guarantee, unless defined otherwise in this Guarantee;
- (b) “**Guarantors**” means, collectively, (i) the Guarantor; (ii) The Ona Hospitality Ltd (C 101371) (“**TOH**”); and (iii) The Ona Property Development Ltd (C 82490) (“**TOPD**”);
- (c) “**Indebtedness**” means any and all moneys, obligations, and liabilities now or hereafter due, owing or incurred by the Issuer under the Secured Bonds to the Bondholders (whether alone and, or with others) in terms of the Prospectus and in any and all cases whether for principal, interests, capitalised interests, charges, disbursements, or otherwise and whether for actual or contingent liability; and
- (c) “**writing**” or “**in writing**” shall mean any method of visual representation and shall include facsimile transmissions, telexes, and other such electronic methods.

2. GUARANTEE

2.1 Covenant to Pay

In satisfaction of the conditions precedent for the issuance of the Secured Bonds, and in consideration of the Bondholders acquiring the Secured Bonds, the Guarantor, as duly authorised, without proof of liability or evidence and as primary obligor, hereby jointly and severally with the Issuer, TOH and TOPD unconditionally and irrevocably guarantees to the Security Trustee, for the benefit of itself and the Bondholders the payment of, and undertakes on first demand in writing made by the Security Trustee on the Guarantor, to pay the Indebtedness to the Security Trustee or any balance thereof at any time due or owing under the Secured Bonds.

2.2 Maximum Liability of the Guarantor

This is a continuing Guarantee for the whole amount due or owing under the Secured Bonds or which may hereafter at any time become due or owing under the Secured Bonds by the Issuer but the amount due by Guarantor to the Security Trustee under this Guarantee shall be up to and shall not be in excess of €16,000,000 (sixteen million Euros) apart from interests due up to the date of payment and costs and expenses relating to the protection, preservation, collection or enforcement of the Security Trustee's rights against the Issuer and the Guarantor which shall be additional to the maximum sum herein stated.

2.3 Collateral supporting Guarantee

The Guarantee shall be further supported by: (i) a first-ranking general hypothec over all the assets of the Guarantor, both present and future; and (ii) a first-ranking special hypothec over the Paceville Site (and any developments and constructions thereon) for the full nominal value of the Secured Bonds and interest thereon.

2.4 Indemnity

As a separate and independent stipulation, the Guarantor agrees to indemnify the Security Trustee on demand for any damages, losses (excluding loss of profit), costs and expenses arising from any failure on the part of the Issuer to perform any obligation to the Security Trustee and the Guarantor so agrees to indemnify the Security Trustee even in the event that any obligation of the Issuer to the Security Trustee is invalid or ceases to be valid and enforceable against the Issuer for any reason whatsoever including, but without limitation, any legal limitation or any disability or incapacity of the Issuer. In such an event, the Guarantor shall be liable towards the Security Trustee as if that obligation was fully valid and enforceable and as if the Guarantor were the principal debtor in respect thereof and shall pay all sums due to the Security Trustee within seven (7) days of a demand in writing by the Security Trustee.

3. CONTINUING AND UNCONDITIONAL LIABILITY

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

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

4. WAIVER OF THE GUARANTOR'S RIGHTS AND THE GUARANTOR'S WARRANTIES

4.1 Until the Indebtedness has been paid in full the Guarantor agrees that it will not, without the prior written consent of the Security Trustee,

- (a) exercise any rights of subrogation, reimbursement and indemnity against the Issuer or any other person liable for the Indebtedness;
- (b) demand or accept repayment, in whole or in part, of any indebtedness now or hereafter due to the Guarantor either from the Issuer or from any other person liable for the Indebtedness or demand any collateral in respect of same or dispose of same;
- (c) take any step to enforce any right against the Issuer or any other person liable for the Indebtedness; and
- (d) claim any set-off or counter-claim against the Issuer or any other person liable for the Indebtedness nor shall the Guarantor claim or prove in competition with the Security Trustee in the liquidation of the Issuer or any other person liable for the Indebtedness, or benefit or share any payment from or in composition with the Issuer or any other person liable for the Indebtedness.

4.2 Subject to the overriding provisions of the Prospectus until the Indebtedness has been paid in full the Guarantor further agrees that:

- (a) if an Event of Default under the Prospectus occurs, any sums which may be received by it from the Issuer or any person liable for the Indebtedness shall be held by it on trust exclusively for the Security Trustee and shall be paid to the Security Trustee immediately upon demand in writing or immediately after its receipt if such obligation arises from the documents executed by the Issuer in connection with the Prospectus;
- (b) all rights of relief and subrogation arising in favour of the Guarantor upon a partial payment to the Security Trustee against the Issuer and any other person who may be liable for the Indebtedness, shall be suspended;
- (c) the Security Trustee may and shall receive and retain the whole of the liquidation dividends to the exclusion of the rights (if any) of the Guarantor in competition with the Security Trustee and pursuant to the above the Security Trustee is entitled to hold all payments made by the Guarantor or the Issuer on account of the Indebtedness in suspense for a period of six (6) months from the date of payment and any such payments on account shall not be applied in reduction of the Indebtedness for a period of six (6) months as stated. The Security Trustee may accordingly prove for the whole Indebtedness of the Issuer in liquidation after excluding any and all payments made within a period of six (6) months prior to the liquidation of the Issuer; and
- (d) the Security Trustee shall not be required to exhaust any remedy or remedies it may have against the Issuer or other persons who may be liable for the Indebtedness for the settlement of all the Indebtedness before claiming against the Guarantor under this Guarantee which is to be construed as entirely independent from the relationship between the Security Trustee and the Issuer and providing immediate recourse against the Guarantor under this Guarantee. The Guarantor hereby waives any benefit of discussion or division which may be available under any applicable law.

5. SETTLEMENTS CONDITIONAL

Any release, discharge or settlement between the Guarantor and the Security Trustee shall be conditional upon no security, disposition or payment to the Security Trustee by the Issuer or the Guarantor or any other third party liable to being void or set aside for any reason whatsoever and if, for any reason whatsoever, this condition is not fulfilled, such release, discharge or settlement shall be of no effect whatsoever and this Guarantee shall again come into force for all effects and purposes of law.

6. ADDITIONAL GUARANTEE

This Guarantee is to be construed as being in addition to and in no way prejudicing any other securities or guarantees which the Security Trustee may now or hereafter hold from or on account of the Issuer and is to be binding on the Guarantor as a continuing Guarantee until full and final settlement of all the Issuer's Indebtedness towards the Security Trustee. Moreover, the remedies provided in this Guarantee are cumulative and are not exclusive of any remedies provided by law.

7. BENEFIT OF THIS GUARANTEE AND NO ASSIGNMENT

7.1 This Guarantee is to be immediately binding upon the Guarantor for the benefit of the Security Trustee and the liability hereunder is not subject to any conditions as to additional security being received by the Security Trustee or otherwise.

7.2 The Guarantor shall not be entitled to assign or transfer any of its obligations under this same Guarantee.

8. REPRESENTATIONS AND WARRANTIES

8.1 The Guarantor represents and warrants:

- (a) that it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business;
- (b) that it has power to grant this Guarantee and that this Guarantee is duly authorised and all corporate action has been taken by the Guarantor in accordance with its deeds of constitution and the laws of its incorporation and regulation;
- (c) that this Guarantee constitutes and contains valid and legally binding obligations of the Guarantor enforceable in accordance with its terms;
- (d) that this Guarantee does not and will not constitute a default with respect to or run counter to any law, by-law, articles of incorporation, statute, rule, regulation, judgement, decree or permit to which the Guarantor is or may be subject; or any agreement or other instrument to which the Guarantor is a party or is subject or by which it or any of its property is bound;
- (e) that this Guarantee shall not in itself result in, or cause the creation or imposition of, or oblige the Guarantor to create any encumbrance on any of that Guarantor's undertakings, assets, rights or revenues;

- (f) that it is in no way engaged in any litigation, arbitration or administrative proceeding of a material nature, nor is it threatened with any such procedures;
- (g) that, save for any other priority and preference created by virtue of the deed of hypothec, the obligations binding it under this Guarantee rank at least *pari passu* with all other present and future unsecured indebtedness of the Guarantor with the exception of any obligations which are mandatorily preferred by law;
- (h) that it is not in breach of or in default under any agreement relating to indebtedness to which it is a party or by which it may be bound nor has any default occurred in its regard;
- (i) that all the information, verbal or otherwise tendered in connection with the negotiation and preparation of this Guarantee is accurate and true and there has been no omission of any material facts; and
- (j) that the granting of this Guarantee is in the commercial interest of the Guarantor and that the Guarantor acknowledges that it is deriving commercial benefit therefrom.

8.2 As from the date of this Guarantee, until such time as the Indebtedness is paid in full to the Security Trustee, and for as long as this Guarantee shall remain in force, the Guarantor shall hold true, good, and valid all the representations and warranties given under this clause.

9. DEMANDS AND PAYMENTS

9.1 All the Indebtedness shall be due by the Guarantor under this Guarantee as a debt, certain, liquidated, and due on the seventh (7th) day following the Security Trustee's first written demand to the Guarantor to pay. All demands shall be sent to the address or facsimile or other numbers as are stated below in clause 10 as the same may be changed by notice in writing by one party to the other.

The demand shall be accompanied by a statement by the Security Trustee confirming that to the best of its knowledge there exist, at the time of the demand, circumstances which constitute an Event of Default or such that may render the underlying obligations of the Issuer to the Security Trustee or any Collateral invalid and unenforceable for any reason whatsoever.

It is expressly agreed that the requirement of such statement is not a condition of liability of the Guarantor under this Guarantee and is entirely without prejudice to the on-demand nature of this Guarantee. Any disagreement by the Guarantor as to the contents of the statement shall not entitle the Guarantor to delay or interrupt the payment of the sum due under this Guarantee for any reason whatsoever.

9.2 The statement by the Security Trustee of the amount due under this Guarantee shall be binding on the Guarantor and shall be conclusive evidence of the sum due, saving only manifest error.

9.3 All payments shall be made to the Security Trustee without any withholding for taxes (and in so far as this obligation exists under any law the payment shall be grossed up by the amount of withholding) and without set-off for any amounts which may be then owing to the Guarantor by the Issuer or the Security Trustee. The Guarantor authorises the Security Trustee to apply any credit balance the Guarantor may have with the Security Trustee towards the satisfaction of the Indebtedness. The Security Trustee shall notify the Guarantor forthwith of the exercise of this right giving full details relating thereto.

10. NOTICES

Any notice required to be given by any party hereto to the other party shall be deemed to have been validly served if delivered by hand or sent by pre-paid registered letter through the post or by facsimile to such other party at his address given herein or such other address as may from time to time be notified to the other party for this purpose and any notice so served shall be deemed to have been served, if delivered by hand, at the time of delivery, or if by post, seven (7) days after posting and if by facsimile, at the time of transmission of the facsimile.

For the purposes of this Guarantee, the proper addresses and facsimile numbers of the parties are:

The Ona Real Estate Ltd

Address: Gap Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema SLM 3060, Malta
Tel. No.: 23271000
Contact Person: Justin Cutajar

Equinox International Limited

Address: Level 3, Valletta Buildings, South Street, Valletta VLT 1103, Malta
Tel. No.: 21238989
Fax No.: 21223048
Contact Person: Louis de Gabriele

Provided that each party may at any time change such address or telefax number by giving seven (7) days' prior written notice to the other party. Every notice, request, demand, letter, or other communication hereunder shall be in writing and shall be delivered by hand or by post or through any other communication methods including telex, telefax or otherwise and shall be deemed to be received in case of post within seven (7) days of dispatch or in case of other methods immediately upon confirmed transmission.

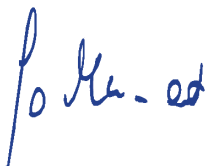
11. AMENDMENTS

The Guarantor has the power to veto any changes to the Terms and Conditions of the Secured Bonds which are issued with the benefit of this Guarantee.

12. APPLICABLE LAW AND JURISDICTION

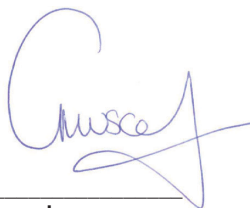
This Guarantee shall be governed by and construed in accordance with Maltese law.

Any dispute, controversy or claim arising out of or relating to this Guarantee or as to the interpretation, validity, performance, or breach thereof shall be referred to and finally resolved by arbitration under the UNCITRAL Rules of Arbitration in accordance with the provisions of Part V (International Arbitration) of the Arbitration Act, 1996. Any arbitration commenced pursuant to this clause shall take place in Malta and be administered by the Malta Arbitration Centre. The number of arbitrators shall be three, one arbitrator to be appointed by each of the parties or, in default, by the Malta Arbitration Centre, whereas the third arbitrator shall be appointed by the first two arbitrators or, if they fail to agree on such an appointment, by the Malta Arbitration Centre. No appeal shall lie from any such award given.



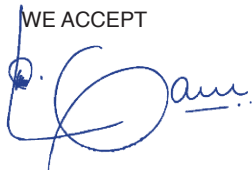
Name: **George Muscat**
duly authorised, for and on behalf of
The Ona Real Estate Ltd

Yours faithfully,



Name: **Cliona Muscat**
duly authorised, for and on behalf of
The Ona p.l.c.

WE ACCEPT



Name: **Louis de Gabriele**
duly authorised, for and on behalf of
Equinox International Limited

ANNEX II – AUTHORISED FINANCIAL INTERMEDIARIES

NAME	ADDRESS	TELEPHONE
Bank of Valletta p.l.c.	Premium Banking Centre, 475, Triq il-Kbira San Guzepp, St Venera SVR 1011	2275 1732
Michael Grech Financial Investment Services Ltd	The Brokerage, Level 0 A, St Marta Street, Victoria, Gozo VCT 2551	2258 7000
MZ Investment Services Ltd	61, St Rita Street, Rabat RBT 1523	2145 3739

Financial Analysis Summary

31 May 2022

ISSUER

The Ona p.l.c. (C 101370)



MZ INVESTMENT SERVICES



MZ INVESTMENT SERVICES

The Directors
The Ona p.l.c.
Gap Group Head Office
Ċensu Scerri Street
Tigné, Sliema, SLM 3060
Malta

31 May 2022

Dear Directors,

Financial Analysis Summary

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

The purpose of the financial analysis is that of summarising key financial data appertaining to The Ona p.l.c. (the "**Issuer**", or "**Company**"), and The Ona Property Development Ltd, The Ona Real Estate Ltd and The Ona Hospitality Ltd being the guarantors in relation to the issue of 4.50% secured bonds 2028 – 2034 (ISIN: MT0002661206) (the "**Guarantors**" together with the Issuer, the "**Group**"). The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data for the years ended 31 December 2019, 31 December 2020 and 31 December 2021 has been extracted from the audited financial statements of The Ona Property Development Ltd and The Ona Real Estate Ltd.
- (b) Pro forma consolidated statement of financial position of the Issuer as at 31 December 2021.
- (c) The projected consolidated financial data relating to the Issuer for the years ending 31 December 2022, 31 December 2023 and 31 December 2024 have been provided by management.
- (d) Our commentary on the results of the Group and on its financial position is based on the explanations provided by management.
- (e) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 4 of the Analysis.
- (f) Relevant financial data in respect of the companies included in Part 3 has been extracted from public sources such as the websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

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

Yours faithfully,

Evan Mohnani
Senior Financial Advisor

MZ Investment Services Ltd
63, St Rita Street,
Rabat RBT 1523,
Malta
Tel: 2145 3739



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M Z I N V E S T M E N T S E R V I C E S

DEFINITIONS

Franchise Agreement	the franchise agreement between the Franchisor and TOH;
Franchisor	ACHM Global Hospitality Licensing S.À.R.L., a private company with limited liability, organised and existing under the laws of Luxembourg with its registered office at 33 Rue du Puits Romain, L-8070 Bertrange, Grand-Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register under number B 157.487;
Issuer	The Ona p.l.c., a public limited liability company duly registered and validly existing under the laws of Malta with company registration number C 101370 and having its registered office at Gap Group Head Office, Ċensu Scerri Street, Tigné, Sliema SLM 3060, Malta;
Group	the Issuer, TOPD, TORE and TOH;
Guarantors	each of TOPD, TORE and TOH;
Hotel	the 106-room four-star hotel to be developed on a site in Lourdes Lane, Swieqi, Limits of St Julians, Malta, measuring approximately 586m ² , and to be operated under the “AC Hotels by Marriott”;
TOH	The Ona Hospitality Ltd (C 101371);
TOPD	The Ona Property Development Ltd (C 82490);
TORÉ	The Ona Real Estate Ltd (C 83842);

PART 1 – INFORMATION ABOUT THE GROUP

1. KEY ACTIVITIES

1.1 INTRODUCTION

The Issuer was incorporated on 20 January 2022 and is the holding company of the Group. It holds 100% of the shareholding in the Guarantors.

The principal business objectives of the Group are (i) to hold investment property for rental; (ii) to acquire new sites for residential properties for resale; and (iii) to develop and construct properties acquired. The Issuer is the holding and finance company of the Group and was incorporated for the purpose of financing its subsidiaries' respective projects. The Issuer does not carry out any trading activities of its own and its revenue is limited to the dividends it receives from its subsidiaries and interest receivable due under intra-group loan agreements.

As at the date of this report, the Issuer (as lender) has entered into two conditional intra-group agreements with: (i) TORE (as borrower) for the purposes of financing the acquisition as well as the development and construction costs of the Hotel; and (ii) TOH (as borrower) for the purposes of part financing the furnishing and finishing of the Hotel. From time to time, it may enter into additional loan agreements with its subsidiaries to fund their operating requirements, as the case so requires. In view of the financing activities of the Issuer, it is economically dependent on the operational results, the financial position, and the financial performance of its borrowing companies.

2. DIRECTORS AND SENIOR MANAGEMENT

2.1 DIRECTORS OF THE ISSUER

The Issuer is managed by a Board comprising five directors who are entrusted with its overall direction and management. The Board members of the Issuer as at the date of this report are included hereunder:

Cliona Muscat	Executive Director
George Muscat	Non-Executive Director
Alfred Attard	Independent Non-Executive Director
Francis X Gouder	Independent Non-Executive Director
Ann Marie Agius	Independent Non-Executive Director



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2.2 DIRECTORS OF THE GUARANTORS

The following are the directors of each of TOPD and TORE:

Cliona Muscat	Executive Director
George Muscat	Executive Director

The sole director of TOH is Cliona Muscat.

2.3 SENIOR MANAGEMENT

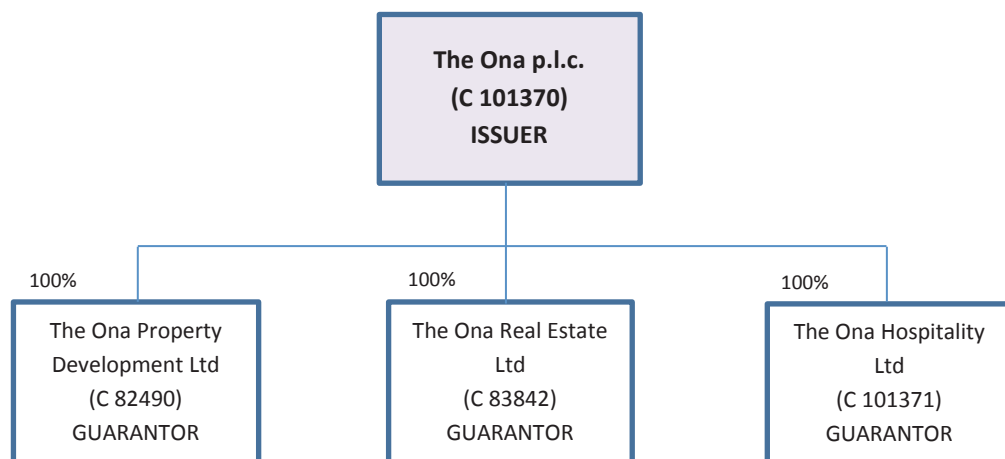
Cliona Muscat is the sole Executive Director of the Issuer entrusted with the day-to-day management of the Group. Ms Muscat is also a director or officer of other companies forming part of the Group. The Executive Director is supported in this role by several consultants and key management, and benefits from the know-how gained by members and officers of the Group.

The overall management of each Guarantor is entrusted to its board of directors who are the persons responsible for establishing the strategy of each Guarantor, including the responsibility for the appointment of all executive officers and other key members of management.

In terms of the Franchise Agreement, TORE undertook to lease the Hotel to TOH by 30 June 2023 for the duration of the Franchise Agreement. Once completed and operational, the Hotel (including its car park, pools, wellness centre and restaurant), shall be operated internally by a dedicated management team within TOH in accordance with the terms and conditions set out in the Franchise Agreement.

Management intends to employ a taskforce of approximately 50 employees for the operation of the Hotel. As at the date of this report, the Hotel is not yet operational and will not open its doors until Q3 2023. For this reason, TOH has not yet selected the management team of the Hotel or employed Hotel staff. All management staff and employees of the Hotel are to be, however, of the requisite standard in line with the requirements set out in the Franchise Agreement. Although the employees and the management team of the Hotel are not subject to the approval of the Franchisor, prior to engaging a general manager of the Hotel, TOH is required to consult with the Franchisor to obtain its input. In addition, all Hotel staff are to be suitably qualified and must have completed mandatory training provided by the Franchisor, as applicable.

3. ORGANISATIONAL STRUCTURE



The organisational structure of the Group is depicted above. The Issuer is owned by Ms Cliona Muscat (ID: 224996M) as to 99.9%, whilst one share is held by Mr George Muscat (ID: 312355M).



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3.1 GUARANTORS

3.1.1 The Ona Real Estate Ltd

TORÉ was established on 5 December 2017 and operates in the property development and property rental sectors. Since the date of its incorporation, TORÉ has been involved in the following business activities:

- In Q1 2021, TORÉ acquired a site in Qawra and is in the process of completing the Qawra Project as further described in section 4.2 of this report.
- In Q3 2021, TORÉ entered into a promise of sale agreement for the purchase of a site in Paceville which will be developed into the Hotel. Following its acquisition, the Hotel will be leased to TOH for a period of approximately 30 years. The project is further described in section 4.5 of this report.
- In Q4 2021, TORÉ sold a commercial property located in Valley Road, Birkirkara for the price of €5 million. The property, which consisted of a showroom space, an office space, storage facilities and a car parking area, was acquired in Q1 2018 for the aggregate consideration of €2.05 million and thereafter was previously leased to the purchaser of the property.
- In Q4 2021, TORÉ entered into a promise of sale agreement for the purchase of a site in Mellieha. Following the conclusion of the final deed of sale, TORÉ plans to develop two semi-detached terraced houses. The project is further described in section 4.3 of this report.

3.1.2 The Ona Property Development Ltd

TOPD was incorporated on 11 September 2017 and operates in the property development and property rental sectors. Since the date of its incorporation, TOPD has been involved in the following business activities:

- In Q4 2017, TOPD acquired a commercial property named “CE House” located in Dun Karm Pirota Street, Birkirkara. TOPD leases the property to a third party on a long-term basis. Further details on the lease agreement are set out in section 5 of this report.
- In Q3 2019, TOPD acquired a site in Marsascala for development. It completed the residential development in Q4 2021. The project is further described in section 4.1 of this report.
- In Q1 2022, TOPD entered into two separate promise of sale agreements for the purchase of two adjacent houses in Guze Orlando Street, Birkirkara. The project is further described in section 4.4 of this report.

3.1.3 The Ona Hospitality Ltd

TOH was incorporated with the purpose of managing the Hotel. It has entered into a franchise agreement with the Franchisor to operate the Hotel as a “AC Hotels by Marriott” hotel. Following the acquisition of the Hotel by TORÉ, it will lease the Hotel from TORÉ pursuant to a lease agreement. Further detail on the management of the Hotel and the principal terms of the lease agreement are set out in section 2.3 and section 4.3 to this report.

4. THE PROJECTS

4.1 MARSASCALA PROJECT

TOPD purchased a site in Marsascala on 27 September 2019 which was since developed and finished in Q4 2021. The Marsascala Project consists of a total of 20 residential units and 20 lock-up garages, however, four of the residential units and four of the garages will not be sold by the Group as ownership of the afore-mentioned units and garages was retained by the seller of the said site.

The Marsascala Project comprises one block of residential units, with four maisonettes at ground floor level and 16 apartments at first, second, third and recessed floor levels, 4 of the apartments being penthouses. In addition to the residential units, the development also has 20 lock-up garages spread over basement level of the block.



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TOPD was responsible for the construction, development and finishing of this development. The Marsascala Project was financed through a bank loan and from the company's own funds.

The residential units and garages owned by TOPD forming part of the Marsascala Project (16 residential units and 16 lock-up garages) were placed on the market in Q4 2021 and were primarily targeted at the medium segment of the market, specifically first-time buyers. As at the date of this report, only one garage is available for sale. The aggregate net sales revenue from the Marsascala Project is expected to be in the region of €5.4 million.

4.2 QAWRA PROJECT

On 15 January 2021, TORE purchased a site in Qawra having a superficial area of approximately 1,008m², of which only 358m² has been designated as building area. TORE was responsible for the construction, development and finishing of the block, which project is now completed. The Qawra Project was financed through a bank loan and from the company's own funds.

The development consists of 15 residential units spread over seven floors and three lock-up garages and six car spaces. The residential units include two maisonettes at ground floor level and 13 apartments and are all being sold in a finished state (without internal doors and bathrooms). All residential units are served with a passenger lift, which also accesses the underlying garage level.

As at the date of this report, all of the units forming part of the Qawra Project are subject to promise of sale agreements. All sales are expected to be finalised by Q3 2022. The aggregate net sales revenue from the Qawra Project is expected to be in the region of €3.3 million.

4.3 MELLIEHA PROJECT

On 14 December 2021, TORE entered into a promise of sale agreement for the purchase of a site in Mellieha, which it intends to develop into two semi-detached terraced houses. The Group intends to place the two houses on the market for resale once both houses are completed. The houses shall be sold in a finished state. The Group has since submitted an application for development permits with the Planning Authority which as at the date of this report has not yet been approved.

The expected date of completion of the Mellieha Project is Q4 2023 and aggregate net sales revenue is expected to be in the region of €1.8 million. The Group expects to finance the development through a mix of bank financing from local banks and own funds.

4.4 BIRKIRKARA PROJECT

In Q1 2022, TOPD entered into two promise of sale agreements for the purchase of two adjacent houses in Guze Orlando Street, Birkirkara. The Group intends to demolish the two houses, which together have an area of approximately 695m², and develop the site into a block of apartments having 19 residential units and 15 lock up garages. The Group has submitted an application for development permits with the Planning Authority which as at the date of this report has not yet been approved.

The total amount of development costs is expected to be in the region of €4 million and the Group expects to finance the development through a mix of bank financing from local banks and own funds.

The Group intends to place such units and garages on the market for resale once the development is completed. The expected date of completion of the Birkirkara Project is Q1 2024. The aggregate net sales revenue from the Birkirkara Project is expected to be in the region of €5.4 million.

4.5 THE HOTEL

The Group plans to enter the hospitality sector through the construction, development and operation of the Hotel. The Hotel will form part of the "AC Hotels by Marriott" chain of hotels pursuant to the Franchise Agreement. The Hotel will be the first hotel in Malta forming part of this international chain of hotels which has over 150 hotels around the world and several new hotels currently in the pipeline.



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The hotels forming part of this chain are characterised by classic modern design stemming from the brand's Spanish roots, attracting both business and leisure clientele. The Hotel will include a wellness centre which shall comprise a gym and indoor pool. For this purpose, the Hotel shall be equipped with state-of-the-art equipment and machinery, which meet the highest quality standards. Access to the wellness centre shall be available to Hotel patrons throughout their stay at the Hotel. In addition to the wellness centre, the Hotel shall also have one restaurant which shall be open exclusively to Hotel patrons. The restaurant "Ona Restaurant" shall be managed by TOH's own team of chefs and catering staff.

The Hotel is set to open its doors and commence operations in Q3 2023.

Acquisition of the Site

By virtue of a promise of sale agreement dated 6 September 2021, TORE undertook to purchase a site in Paceville from Bilom Properties Limited (C 48515) for a total consideration of €11 million with an additional €0.8 million to be incurred in relation to purchase expenses and tax due. The deed of sale is anticipated to take place by Q2 2022. As at the date of this report, The Ona Real Estate Ltd has paid €5 million to Bilom Properties Ltd on account of the purchase price. Accordingly, on the final deed of sale, The Ona Real Estate Ltd will be required to pay Bilom Properties Ltd the balance of €6 million.

The site on which the Hotel shall be built has a direct façade and access on Sqaq Lourdes (also referred to as Lourdes Lane), located in Swieqi, in the limits of St Julians and has a total site area of 586m². As detailed in promise of sale agreement, the vendor agreed to transfer the site together with its subterrain and airspace on the final deed of sale. The site will be purchased free and unencumbered from any security interests and shall be freehold.

Construction and Development

Following its acquisition, the site shall be developed into a 4-star 106-room hotel which will comprise four levels below road level (two floors for parking spaces), an intermediate level between ground floor and basement level, and nine levels of hotel rooms and hotel amenities.

The construction, finishing and furnishing of the Hotel is expected to be completed by Q2 2023. The costs for the overall construction and finishing expenditure of the Hotel is expected to be in the region of €9 million, as detailed below.

Construction	€1.80 million
Finishing and furnishing	€6.40 million
Financial/commission/ancillary costs	€0.80 million

For the purposes of the development and construction of the Hotel, TORE has engaged a local construction company - Elbros Construction Limited (C 10925) - pursuant to a contract of works entered into between TORE and Elbros Construction Limited (C 10925) for a value of approximately €1.8 million. Finishing and furnishing of the Hotel will be carried out by TOH which will lease the Hotel from TORE.

The acquisition and development costs of the Hotel shall be part-financed through the net proceeds of the proposed €16 million 4.50% Secured Bonds 2028 - 2034. The Issuer will on-lend the amount of €13.6 million of the net bond proceeds to TORE for the purposes of funding the full acquisition costs and development costs. The balance of *circa* €2.08 million of the net bond proceeds shall be on-lent by the Issuer to TOH to part finance the finishing and furnishing of the Hotel. The remaining balance required to complete the Hotel will be financed from the Group's own funds.

The Franchise Agreement

Pursuant to the Franchise Agreement, TOH has been granted a non-exclusive licence to use the intellectual property, brand, and systems (including electronic systems, loyalty programs, training programs and sales and marketing programs) owned by the Franchisor and its affiliates for the purposes of operating the Hotel under the "AC Hotels by Marriott" brand. The non-exclusive licence granted under the Franchise Agreement commenced on 31 January 2022 and is for a period of twenty years, renewable automatically for two additional five-year periods. In consideration for the grant of the non-exclusive licence, The Ona Hospitality Ltd must pay the Franchisor fees which are computed in accordance with a percentage of gross sales revenue of hotel rooms and gross sales revenue of food and beverage sales at the Hotel.



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The Franchise Agreement sets out requirements and restrictions on the design and finishing of the Hotel as well as the expected standards of operation and maintenance of the Hotel once the Hotel opens its doors to guests. Marketing strategies adopted by the Hotel must also be in line with the standards and requirements of the Franchise Agreement and the Franchisor's material must be used for advertising and marketing purposes. Most of the marketing campaigns shall focus on the international market with limited marketing activities in the domestic market. The Franchisor is entitled to carry out quality assurance inspections to ensure that the standards that were contractually agreed to in the Franchise Agreement are consistently maintained throughout the term of the Franchise Agreement and is entitled to terminate the Franchise Agreement should such standards not be maintained.

5. LEASED PROPERTY

TOPD owns a commercial property located in Dun Karm Pirotta Street, Birkirkara named "CE House". The property has a total built-up area of approximately 953m² and comprises a corner commercial outlet on three levels, a receded floor, and a semi basement level. The layout of the property consists of a showroom at elevated ground floor level and offices with a separate entrance on the first, second and receded floor levels. The property is located in a prime location and enjoys a front garden onto Dun Karm Pirotta Street. The offices and showroom are in a finished state and the offices are serviced with a passengers' lift which accesses all levels.

The property is currently being leased to a local service provider and is being utilised as office space and showroom space. The remaining duration of the lease agreement is for a period of approximately 11 years, with the lease terminating on 23 March 2033. The property currently generates *circa* €107,000 in annual rental income, which is contracted to increase at a compound annual growth rate of 4.50% per annum.

6. ECONOMIC AND SECTOR ANALYSIS

6.1 ECONOMIC UPDATE

Real GDP growth in Malta is estimated to have rebounded strongly to 5.9% in 2021 after a considerable decline (-8.2%) in 2020. Growth was driven by the strong performance in the first three quarters of the year, when the improvement of the public health situation in Malta allowed for a significant relaxation of restriction measures. Improved business and consumer sentiment, as well as a recovery in tourism supported the economy. Growth is estimated to have been negative in the last quarter of 2021 and to remain muted in the first quarter of 2022, affected by the surge in infections in late 2021, the tightening of restrictions, low tourist numbers, continued disruptions in global value chains and negative effects of price increases in shipping and transport.

In the course of 2022, growth is expected to pick up again as domestic demand recovers, supported also by the implementation of the Recovery and Resilience Plan¹. Prior to Russia's invasion of Ukraine on 24 February 2022, real GDP was forecasted to grow by 6.0% in 2022 and 5.0% in 2023. Malta was expected to reach pre-pandemic levels of economic activity around mid-2022².

The war in Ukraine has created a new negative supply shock for the world economy, just when some of the supply-chain challenges seen since the beginning of the pandemic appeared to be starting to fade. The effects of the war will operate through many different channels and are likely to evolve if the conflict deepens further. In some respects, the direct role of Russia and Ukraine in the global economy is small. However, both countries are large producers and exporters of key food items, minerals and energy. The prices of many of these commodities have increased sharply since the onset of the war, even in the absence of any significant disruption of production or export volumes.

The authorities in Malta have expressed a commitment to continue to limit energy prices growth in 2022. Nonetheless, the increase in food, transport and imported goods prices and a gradual recovery in the tourism and hospitality sectors are set to drive up price pressures in 2022.

¹ The Recovery and Resilience Facility will make €672.5 billion in loans and grants available to support reforms and investments undertaken by Member States. The aim is to mitigate the economic and social impact of the coronavirus pandemic and make European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions.

² European Economic Forecast – Winter 2022 (European Commission Institutional Paper 169 Feb'22)



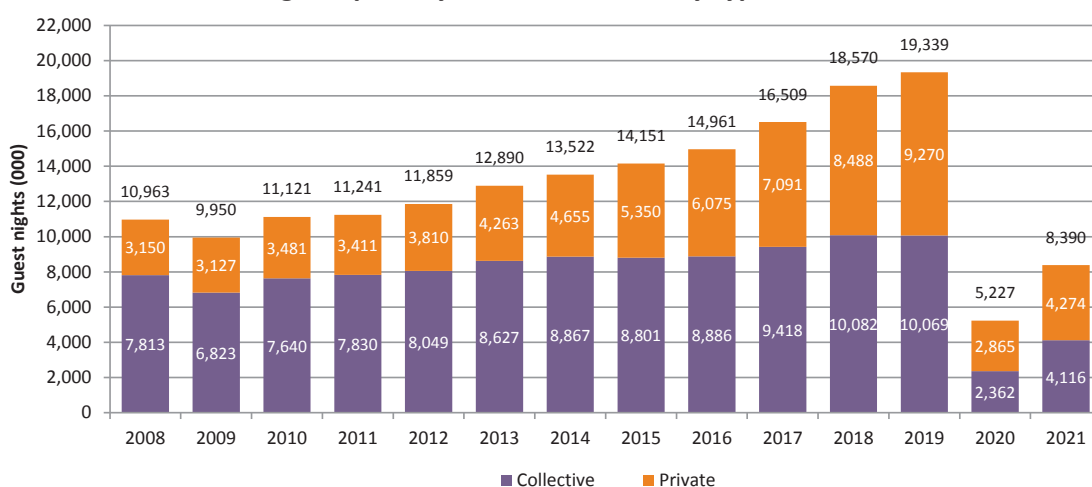
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6.2 HOSPITALITY ³

Although COVID-19 related travel restrictions remained in place, 2021 registered a marked improvement in the number of inbound tourists, nights stayed and tourist expenditure in Malta relative to those recorded in the corresponding period of 2020. Nonetheless, activity indicators for the sector generally remain well below 2019 levels.

In 2021, the number of inbound tourists increased by 47% over 2020, reaching 968,136 (2019: 2.8 million inbound tourists). In absolute terms, tourists visiting Malta for leisure purposes accounted for most of the year-on-year increase in arrivals although the number of visitors with business and other motives also increased. Meanwhile, the total number of guest nights that tourists spent in Malta during 2021 increased to around 8.4 million, from 5.2 million a year earlier (+62%) (2019: 19.3 million guest nights). Guest nights at collective accommodation made up 51% of the aggregate (2020: 55%), while rented accommodation (other than collective accommodation) held a 49% share (2020: 45%).

Total nights spent by inbound tourists by type of accommodation



Source: National Statistics Office Malta

The total occupancy rate in collective accommodation establishments in 2021 increased to 33.1% from 25.4% in 2020 (2019: 65.7%). The 5-star category reported the largest increase – of 11.3 percentage points – followed by a rise of 8.8 percentage points in the 3-star category. Meanwhile, the smallest increase – of 1.2 percentage points – was recorded in the 2-star category.

Tourist expenditure in Malta almost doubled in 2021 to €870.7 million relative to the prior year. The increase relative to 2020 was driven by higher other expenditure (being expenditure other than package and non-package expenditure) and non-package expenditure (comprising air/sea fares and accommodation), although spending on package holidays also increased significantly. Following this increase, tourist expenditure in Malta was 61% below its level two years earlier.

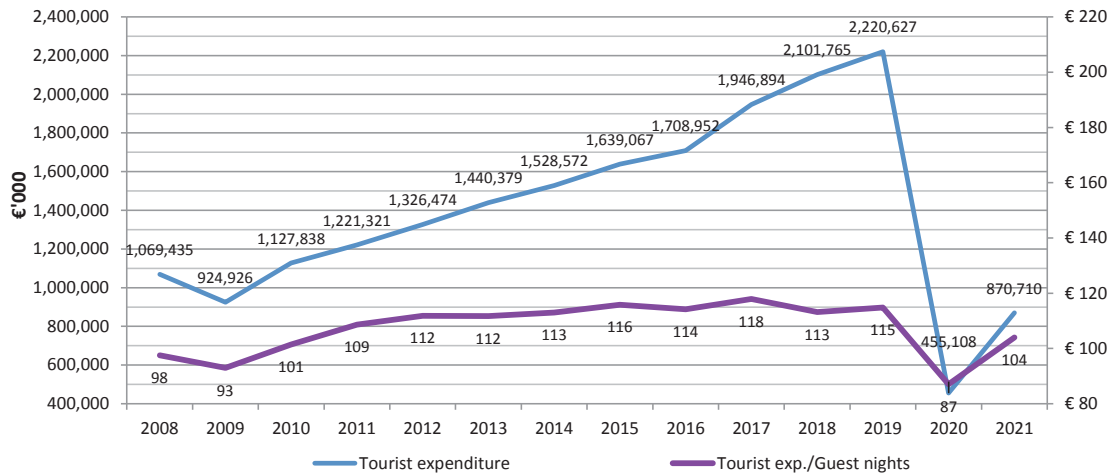
³ National Statistics Office Malta – News Release 019/2022 and 033/2022



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Expenditure per capita increased to €899 from €691 in 2020, while average length of stay also increased from 7.9 nights in 2020 to 8.7 nights in 2021.

Total expenditure by inbound tourists



Source: National Statistics Office Malta

6.3 PROPERTY MARKET

The Property Price Index (PPI) – which is based on actual transactions involving apartments, maisonettes and terraced houses – continued to increase in annual terms. The annual rate of change reached 5.9% in the third quarter of 2021, up from 5.4% in the previous quarter (see chart below). Nevertheless, house price inflation in Malta remained below that in the euro area where prices increased at an annual rate of 8.8%. Notwithstanding the acceleration in the third quarter of 2021, house price recorded in the years before the pandemic.



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Movements in Residential Property Prices



Source: Eurostat

From a shorter-term perspective, residential property prices seem to have returned to a growth trend following the sharp slowdown during the initial stages of the pandemic. Residential property prices continue to be supported by numerous factors including the low-interest rate environment that makes property more attractive as an investment as well as the Government's schemes related to the property market. Property prices were also supported by the enhancement of government support in response to the pandemic such as lower property tax rate and stamp duty to eligible transfers of immovable property. In particular, the property tax and stamp duty on the first €400,000 of the value of the transfer were reduced to 5.0% and 1.5% respectively. These measures were initially intended for final transfers made before 1 April 2021 but were later extended. Moreover, Budget 2021 extended or introduced more favourable terms on several schemes supporting the property market that were in place before the pandemic.⁴

In 2021, the number of final deeds of sale relating to residential property amounted to 14,349 compared to 11,057 deeds in 2020 (+30%). The value of deeds completed in 2021 amounted to €3,120.3 million, an increase of 47% when compared to the prior year (2020: €2,125.7 million).⁵

The number of permits issued in 2021 for the construction of residential dwellings amounted to 4,956 permits, compared to 4,938 permits in the prior year, for the development of 7,578 residential units (2020: 7,837 residential units). As shown in the below chart, the number of units in 2021 (7,578) reflects a decrease of 41% from the all-time high of 12,885 units in 2018.

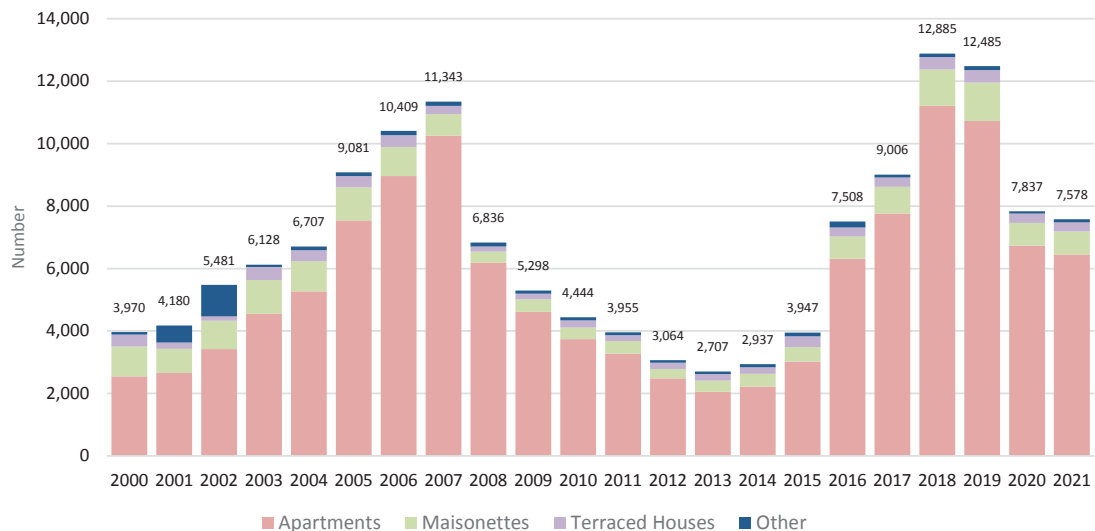
⁴ Central Bank of Malta Quarterly Review – 2022 Vol. 55 No. 1

⁵ National Statistics Office Malta – News Release 006/2022



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Development Permits for Dwellings (number of units)



Source: Central Bank of Malta

Market data relating to commercial property in Malta (which includes industrial, logistics, warehousing, retail, hospitality and a predominant portion in the office asset class) is not available and thus makes it more difficult to gauge the health of this sector.

A trend accelerated by the pandemic is the rise of e-commerce across consumers. Not only does more online shopping challenge traditional brick and mortar retailers, but it raises the demand for warehousing and distribution centres.

With regard to the office sector, its future performance is highly uncertain. Debate is ongoing on the longevity of the pandemic-driven work-from-home (WFH) phenomenon. While WFH provides flexibility, convenience, no commuting, and a reduced wardrobe budget, there are obvious downsides: the difficulty in building teams, innovating, mentoring, and creating and sustaining culture. The longer people are isolated away from the office environment, the less they will develop relationships with their co-workers and feel connected to their companies. At some point, likely sooner than later, businesses will discover that full-time WFH arrangements simply cannot work and retaining talent will become an even greater challenge.

It is likely that most businesses will require their employees to come to the office for teamwork, company meetings, training and other collaborative activities with the remainder of the time retaining the flexibility of WFH if desired by the employee. That means office space will be configured for more group interactive and therefore companies will need less space. As such, tenants will be thinking harder about space needs and configuration going forward, and many companies may take the opportunity to upgrade to smaller, higher quality office space.

The hospitality industry is expected to fully recover in 2024, with business and conference travel gaining momentum so long as COVID variants stop emerging. The biggest issue the sector is dealing with at the moment is a labour shortage and the need to pay higher wages to attract talent. Due to the expected sector recovery, both equity and debt capital is set to continue to flow to the hospitality industry.



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PART 2 – GROUP PERFORMANCE REVIEW

7. FINANCIAL INFORMATION RELATING TO THE GUARANTORS

TOH was incorporated on 20 January 2022 and, accordingly, as at the date of this report has not filed any audited financial statements. The historical financial information pertaining to TOPD and TORE relates to the financial years ended 31 December 2019, 31 December 2020, and 31 December 2021.

The Ona Property Development Ltd (previously Cliventi (I) Limited)

Income Statement

for the year ended 31 December

	2019	2020	2021
	Audited	Audited	Audited
	(€'000)	(€'000)	(€'000)
Turnover	-	-	940
Cost of sales	-	-	(695)
Gross profit	-	-	245
Rental income	92	95	106
Administrative expenses	(8)	(8)	(42)
Operating profit	84	87	309
Gain on revaluation of investment property	-	-	620
Interest payable	(69)	(22)	(29)
Profit before taxation	15	65	900
Taxation	-	(14)	(61)
Profit after taxation	15	51	839



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The Ona Property Development Ltd (previously Cliventi (I) Limited)

Statement of financial position

as at 31 December

	2019	2020	2021
	Audited	Audited	Audited
	(€'000)	(€'000)	(€'000)
Non-current assets			
Property, plant and equipment	20	15	10
Investment property	1,864	1,864	2,700
	<u>1,884</u>	<u>1,879</u>	<u>2,710</u>
Current assets			
Inventory - development project	1,639	2,395	3,381
Trade and other receivables	13	34	358
Cash and cash equivalents	107	34	89
	<u>1,759</u>	<u>2,463</u>	<u>3,828</u>
Total assets	<u>3,643</u>	<u>4,342</u>	<u>6,538</u>
EQUITY			
Capital and reserves			
Called up share capital	1	1	1
Retained earnings (accumulated losses)	(18)	33	872
	<u>(17)</u>	<u>34</u>	<u>873</u>
LIABILITIES			
Non-current liabilities			
Bank loans	2,056	1,355	1,480
Deferred tax	-	-	216
	<u>2,056</u>	<u>1,355</u>	<u>1,696</u>
Current liabilities			
Bank loans	271	753	302
Trade and other payables	69	38	1,369
Other financial liabilities	1,264	2,162	2,298
	<u>1,604</u>	<u>2,953</u>	<u>3,969</u>
	<u>3,660</u>	<u>4,308</u>	<u>5,665</u>
Total equity and liabilities	<u>3,643</u>	<u>4,342</u>	<u>6,538</u>



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The Ona Property Development Ltd (previously Cliventi (I) Limited)

Cash Flow Statement

for the year ended 31 December

	2019	2020	2021
	Audited	Audited	Audited
	(€'000)	(€'000)	(€'000)
Net cash from (used in) operating activities	(1,387)	(736)	244
Net cash from (used in) financing activities	1,422	663	(189)
Net movement in cash and cash equivalents	35	(73)	55
Cash and cash equivalents at beginning of year	72	107	34
Cash and cash equivalents at end of year	107	34	89

During the years under review, the business activities of TOPD primarily involved the acquisition of a site in Marsascala measuring *circa* 924 sqm for the consideration of €2.05 million plus a barter of four maisonettes and four garages. The development project comprised 20 residential units and 20 garages, which was completed in November 2021 and financed from bank borrowings and other financial liabilities (related parties balances).

In FY2021, TOPD completed the sale of 3 residential units and generated revenue amounting to €940,000. As at year end, 7 residential units were subject to promise of sale agreements, with another 4 units to be exchanged as part of a barter agreement on acquisition of the site. Management indicated that as at the date of this report, only 1 garage remains unsold.

Rental income relates to the lease of a commercial property to a third party situated at CE House, Triq Dun Karm Pirodda, Birkirkara. The lease contract commenced on 23 November 2017 and expires on 23 March 2033. The said property is classified in the balance sheet as investment property at a value of €2.70 million (FY2020: €1.86 million). The said property was revalued during the year and thus a net gain of €620,000 was recognised in the income statement.

For the year ended 31 December 2021, TOPD registered a profit after tax of €0.84 million (FY2020: €0.05 million).

The company's inventory (being costs incurred in the development of residential property relating to the Marsascala project) as at 31 December 2021 amounted to €3.38 million (FY2020: €2.40 million).

Outstanding bank loans amounted to €1.78 million compared to €2.1 million in FY2020. Repayments are being made from proceeds derived from the sale of residential property. Other financial liabilities amounted to €2.3 million in FY2021 (FY2020: €2.2 million) and comprise transactions entered into with related undertakings arising in the ordinary course of business.



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The Ona Real Estate Ltd (previously Cliventi (II) Limited)

Income Statement

for the year ended 31 December

	2019	2020	2021
	Audited	Audited	Audited
	(€'000)	(€'000)	(€'000)
Turnover	-	357	211
Cost of sales	-	(357)	(211)
Gross profit	-	-	-
Rental income	61	145	150
Profit on disposal of property	-	-	2,745
Administrative expenses	(7)	(8)	(22)
Operating profit	54	137	2,873
Interest payable	(69)	(68)	(60)
Profit (loss) before taxation	(15)	69	2,813
Taxation	-	21	(292)
Profit (loss) after taxation	(15)	90	2,521

The Ona Real Estate Ltd (previously Cliventi (II) Limited)

Cash Flow Statement

for the year ended 31 December

	2019	2020	2021
	Audited	Audited	Audited
	(€'000)	(€'000)	(€'000)
Net cash from (used in) operating activities	75	(43)	(3,767)
Net cash from investing activities	(1)	-	5,000
Net cash from (used in) financing activities	-	59	(445)
Net movement in cash and cash equivalents	74	16	788
Cash and cash equivalents at beginning of year	49	123	139
Cash and cash equivalents at end of year	123	139	927



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The Ona Real Estate Ltd (previously Cliventi (II) Limited)

Statement of financial position

as at 31 December

	2019	2020	2021
	Audited	Audited	Audited
	(€'000)	(€'000)	(€'000)
Non-current assets			
Property, plant and equipment	80	80	-
Investment property	2,175	2,175	-
Deferred taxation	-	21	-
	<u>2,255</u>	<u>2,276</u>	<u>-</u>
Current assets			
Inventory - development project	-	-	1,645
Deposit and related costs on hotel property	-	-	2,678
Deposit and related costs on Mellieha site			61
Trade and other receivables	1	102	9
Cash and cash equivalents	123	139	927
	<u>124</u>	<u>241</u>	<u>5,320</u>
Total assets	<u>2,379</u>	<u>2,517</u>	<u>5,320</u>
EQUITY			
Capital and reserves			
Called up share capital	175	300	300
Retained earnings (accumulated losses)	(97)	(6)	2,515
	<u>78</u>	<u>294</u>	<u>2,815</u>
LIABILITIES			
Non-current liabilities			
Bank loans	1,443	1,459	1,015
Other financial liabilities	300	300	268
	<u>1,743</u>	<u>1,759</u>	<u>1,283</u>
Current liabilities			
Bank loans	82	-	16
Trade and other payables	41	31	143
Other financial liabilities	435	433	1,063
	<u>558</u>	<u>464</u>	<u>1,222</u>
	<u>2,301</u>	<u>2,223</u>	<u>2,505</u>
Total equity and liabilities	<u>2,379</u>	<u>2,517</u>	<u>5,320</u>



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During the years under review, turnover and cost of sales reflected the invoicing and back-to-back recharge with other related parties for services rendered. Rental income was generated from the lease of the Dino Fino Showroom in Valley Road, Msida, which property was sold in November 2021 for the consideration of €5.0 million. Profit on disposal of said showroom amounted to €2.74 million. As a result, in FY2021, TORE reported a net profit amounting to €2.5 million (FY2020: €0.09 million).

In January 2021, TORE acquired a plot in Qawra for the development of 15 residential units and 9 garages/car spaces. The project is fully completed and has been financed from a bank loan facility and other financial liabilities (related parties and shareholder's funds). All sales are expected to be finalised by Q3 2022.

On 6 September 2021, TORE entered into a promise of sale agreement for the purchase of a site in Triq Sqaq Lourdes, Swieqi, St Julians which will be developed into the Hotel. A deposit of €2.50 million was paid as part of the said agreement. Once developed, the Hotel will be leased to TOH and operated as a 4-star hotel under the "AC Hotels by Marriott" brand.

On 14 December 2021, TORE entered into a promise of sale agreement for the purchase of a site in Mellieħa, which it intends to develop into two semi-detached terraced houses.

As at 31 December 2021, inventory amounted to €1.65 million (FY2020: nil) and outstanding bank loans amounted to €1.03 million (FY2020: €1.46 million). At year end, all units were subject to promise of sale agreements except for one residential unit and five garages.

Other financial liabilities amounted to €1.3 million in FY2021 (FY2020: €0.7 million) and comprise transactions entered into with related undertakings arising in the ordinary course of business.



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8. PRO FORMA FINANCIAL INFORMATION RELATING TO THE ISSUER

The Group came into existence in April 2022 following the acquisition of TORE, TOH and TOPD by virtue of a share for share exchange process. The financial information set out in this review represents pro forma consolidated financial information. This pro forma information presents what the Issuer's consolidated statement of financial position would have looked like had the Group existed in its current form, comprising all its current constituent components, as at 31 December 2021.

A statement of financial position of the Group as at 31 December 2021, reflecting the combined balance sheets of TOPD

The Ona p.l.c.

Pro forma consolidated statement of financial position
as at 31 December 2021

	Combined	Adjustments								Group
	(€'000)	(I) (€'000)	(II) (€'000)	(III) (€'000)	(IV) (€'000)	(V) (€'000)	(VI) (€'000)	(VII) (€'000)	(VIII) (€'000)	(€'000)
Non-current assets										
Investment property	2,700	-	-	-	-	-	-	-	-	2,700
Property, plant and equipment	10	-	-	-	-	-	-	-	-	10
Investment in subsidiaries	-	-	-	3,689	-	(3,689)	-	-	-	-
	<u>2,710</u>	<u>-</u>	<u>-</u>	<u>3,689</u>	<u>-</u>	<u>(3,689)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,710</u>
Current assets										
Inventory - development project	5,027	-	-	-	-	-	-	-	-	5,027
Trade and other receivables	3,106	-	-	-	-	-	(308)	-	(31)	2,767
Cash and cash equivalents	1,016	1	1	-	-	-	43	(18)	-	1,043
	<u>9,149</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(265)</u>	<u>(18)</u>	<u>(31)</u>	<u>8,837</u>
Total assets	11,859	1	1	3,689	-	(3,689)	(265)	(18)	(31)	11,547
EQUITY										
Capital and reserves										
Called up share capital and reserves	301	1	1	3,689	3,581	(302)	-	-	-	7,271
Retained earnings	3,387	-	-	-	-	(3,387)	-	-	-	-
	<u>3,688</u>	<u>1</u>	<u>1</u>	<u>3,689</u>	<u>3,581</u>	<u>(3,689)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,271</u>
LIABILITIES										
Non-current liabilities										
Bank loans	2,495	-	-	-	-	-	-	-	-	2,495
Other financial liabilities	268	-	-	-	(250)	-	-	(18)	-	-
Deferred tax	216	-	-	-	-	-	-	-	-	216
	<u>2,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(250)</u>	<u>-</u>	<u>-</u>	<u>(18)</u>	<u>-</u>	<u>2,711</u>
Current liabilities										
Bank loans	318	-	-	-	-	-	(265)	-	-	53
Trade and other payables	1,461	-	-	-	-	-	-	-	-	1,461
Other financial liabilities	3,362	-	-	-	(3,331)	-	-	-	(31)	-
Taxation due	51	-	-	-	-	-	-	-	-	51
	<u>8,171</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,581)</u>	<u>-</u>	<u>(265)</u>	<u>(18)</u>	<u>(31)</u>	<u>4,276</u>
Total equity and liabilities	11,859	1	1	3,689	-	(3,689)	(265)	(18)	(31)	11,547

The pro forma adjustments include the following:

- (I) Being the incorporation of the Issuer;
- (II) Being the incorporation of TOH;
- (III) Relates to the transfer of TOPD, TORE and TOH to the Issuer through an exchange of shares which is assumed to be carried out at net asset value (excluding related party balances);
- (IV) Includes the capitalisation of amounts due to the shareholder following adjustment (III) above, and the capitalisation of amounts due to related parties;
- (V) Reflects the consolidation adjustment eliminating investment in subsidiary balances and pre-acquisition reserves.



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- (VI) To account for the receipt of €43,000 undeposited cheque and €265,000 held by a notary following a contract of sale which funds have been released following year end;
- (VII) Management indicated that €18,000 was paid to Cliona Muscat (as shareholder) in Q1 2022 prior to capitalising the remaining shareholder's loan balances;
- (VIII) Some reclassifications were done in the pro forma statement of financial position to account for differences in the individual audited financial statements.

On a pro forma basis, total equity of the Group as at 31 December 2021 amounted to €7.3 million.

Total liabilities amounted to €4.3 million, primarily made up of outstanding bank loans amounting to €2.5 million and capital creditors of €1.2 million (including in trade and other payables).

Total assets amounted to €11.5 million and principally comprised a commercial property amounting to €2.7 million in Dun Karm Street, Birkirkara (investment property), inventory of development projects in Marsascala and Qawra of €5.0 million, deposit and related costs amounting to €2.8 million relating to the Hotel and cash balances of €1.0 million.

9. PROJECTED FINANCIAL INFORMATION RELATING TO THE ISSUER

The projected consolidated financial information for the years ending 31 December 2022, 31 December 2023 and 31 December 2024 of the Group has been provided by management of the Issuer.

The projected financial information relates to events in the future and is based on assumptions which the Issuer believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

The Ona p.l.c.

Consolidated Statement of Comprehensive Income for the year ending 31 December

	2022 Forecast €'000	2023 Projection €'000	2024 Projection €'000
Revenue - property development	7,824	-	7,499
Revenue - hotel operations	-	2,021	4,020
Rental income	95	107	109
Cost of sales	(5,762)	(1,136)	(7,735)
Net operating expenses	-	(544)	(96)
Operating profit	2,157	448	3,797
Depreciation	-	(194)	(392)
Finance costs	(48)	(380)	(780)
Profit (loss) before tax	2,109	(126)	2,625
Taxation	(662)	(18)	(640)
Profit (loss) for the year	1,447	(144)	1,985
Other comprehensive income			
Movement in fair value of property, net of tax	-	1,564	352
Total comprehensive income for the year	1,447	1,420	2,337



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Key Accounting Ratios

	FY2022 Forecast	FY2023 Projection	FY2024 Projection
Operating profit margin (Operating profit/revenue)	27%	21%	33%
Interest cover (times) (Operating profit/net finance cost)	44.94	1.18	4.87
Interest cover 2 (times) (Operating profit/finance cost)	44.94	1.18	4.87
Net profit margin (Profit after tax/revenue)	18%	-7%	17%
Earnings per share (€) (Profit after tax/number of shares)	0.23	-0.02	0.31
Return on equity (Profit after tax/shareholders' equity)	17%	-1%	16%
Return on capital employed (Operating profit/total assets less current liabilities)	8%	2%	13%
Return on assets (Profit after tax/total assets)	5%	0%	6%

Source: MZ Investment Services Limited

In FY2022, the Group expects to generate revenue amounting to €7.8 million from the sale of residential units and car spaces forming part of the Qawra Project and Marsascala Project, all of which are already subject to promise of sale agreements except for 1 garage at the Marsascala Project. Rental income from the lease of "CE House" in Birkirkara is projected to amount to €95,000. Overall, profit for the year is estimated to amount to €1.4 million.

No property sales have been projected for FY2023 since the Mellieha Project is expected to be completed in Q4 2023 while the Birkirkara Project is due for completion in Q1 2024. Revenue for the said year is estimated at €2.0 million and is expected to be generated from Hotel operations between July 2023 (being the date of commencement of operations) and December 2023. Rental income is projected to amount to €107,000 (FY2022: €95,000). The Group expects to register an operating profit of €0.4 million (FY2022: €2.2 million) but incur a net loss for the year of €0.1 million (FY2022: €1.4 million) after accounting for depreciation, finance costs and taxation.

On completion of the Hotel and commencement of operations thereof in FY2023, the Group anticipates that the fair value of the property will increase by €1.6 million to €23.0 million.

In FY2024, the Group is projected to dispose of all residential units and garages at the Mellieha Project and Birkirkara Project and as such expects to generate gross revenue of €7.5 million. The said financial year will be the Hotel's first full year of operation whereby it is projected to achieve €4.0 million in revenue. Aggregate revenue of the Group is expected to reach €11.6 million compared to €2.1 million in the prior year.



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Given the increase in operational activities, operating profit is projected to increase from €0.4 million in FY2023 to €4.8 million in FY2024. The Group expects to realise an operating profit margin of 33% in FY2024 (FY2023: 21%), while interest cover is estimated at 4.87 times (FY2023: 1.18 times).

Profit for the year is expected to amount to €2.0 million (FY2023: loss of €0.1 million). After accounting for an uplift in the carrying value of the Hotel of €0.35 million, the Group is projected to report total comprehensive income of €2.3 million compared to €1.4 million a year earlier.

The Ona p.l.c.

Consolidated Statement of Financial Position as at 31 December

	2022 Forecast €'000	2023 Projection €'000	2024 Projection €'000
ASSETS			
Non-current assets			
Property, plant and equipment	15,650	23,010	23,010
Investment property	2,700	2,700	2,700
	<u>18,350</u>	<u>25,710</u>	<u>25,710</u>
Current assets			
Inventory	2,861	4,840	2,264
Trade and other receivables	29	193	193
Cash and cash equivalents	8,518	2,980	3,903
	<u>11,408</u>	<u>8,013</u>	<u>6,360</u>
Total assets	<u>29,758</u>	<u>33,723</u>	<u>32,070</u>
EQUITY			
Capital and reserves			
Called up share capital	7,272	7,272	7,272
Revaluation reserve	-	1,564	1,916
Retained earnings	1,447	1,303	3,289
	<u>8,719</u>	<u>10,139</u>	<u>12,477</u>
LIABILITIES			
Non-current liabilities			
Bank borrowings	2,066	301	-
Debt securities	15,702	15,736	15,769
Deferred taxation	216	1,006	1,006
Other non-current liabilities	-	278	-
	<u>17,984</u>	<u>17,321</u>	<u>16,775</u>
Current liabilities			
Bank borrowings	53	2,500	1,616
Trade and other payables	523	648	648
Capital creditors	2,479	2,491	278
Other current liabilities	-	624	276
	<u>3,055</u>	<u>6,263</u>	<u>2,818</u>
	<u>21,039</u>	<u>23,584</u>	<u>19,593</u>
Total equity and liabilities	<u>29,758</u>	<u>33,723</u>	<u>32,070</u>



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Key Accounting Ratios

	FY2022 Forecast	FY2023 Projection	FY2024 Projection
Gearing ratio (Total net debt/net debt and shareholders' equity)	52%	61%	52%
Gearing ratio 2 (times) (Total net debt/shareholders' equity)	1.07	1.53	1.08
Net debt to Operating profit (years) (Net debt/Operating profit)	4.31	34.73	3.55
Net assets per share (€) (Net asset value/number of shares)	1.20	1.39	1.72
Liquidity ratio (times) (Current assets/current liabilities)	3.73	1.28	2.26

Source: MZ Investment Services Limited

Total assets as at 31 December 2022 is forecasted to amount to €29.8 million and shall mainly comprise the Hotel and "CE House" valued at €15.7 million and €2.7 million respectively, inventory (work-in-progress on property development) of €2.9 million and cash balances of €8.5 million. In FY2023, total assets are expected to increase by €4.0 million primarily on account of an increase in value of the Hotel of €7.4 million and inventory of €2.0 million, while cash balances are expected to decrease by €5.5 million.

As at 31 December 2024, total assets are projected to amount to €32.1 million and shall principally comprise the Hotel and "CE House" amounting to €25.7 million and cash balances of €3.9 million. Furthermore, inventory is estimated at €2.3 million and in the main will include property development works-in-progress.

The Group's equity is projected to amount to €8.7 million in FY2022 and increase to €10.1 million in the subsequent financial year due to an uplift in the carrying value of the Hotel. On account of an increase in retained earnings in FY2024, total equity is projected to increase by 23% y-o-y to €12.5 million.

Total liabilities of the Group shall mainly comprise the proposed bond issue amounting to €15.7 million, while bank loans and capital creditors which primarily relate to property developments are expected to amount to €4.5 million and €5.3 million in FY2022 and FY2023 respectively.

In FY2024, no material movements are projected in total liabilities compared to the prior year, other than a decrease in bank loans from €2.8 million in FY2023 to €1.6 million.

The leverage of the Group (gearing) is expected to reach 61% in FY2023 on account of an increase in borrowings used for the purposes of developing residential units and the Hotel, which should improve to 52% in FY2024 as cash balances accumulate from Hotel operations and disposal of residential units. The liquidity ratio is projected at 1.28 times in FY2023 and 2.26 times in the subsequent financial year.



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The Ona p.l.c.

Consolidated Cash Flow Statement for the year ending 31 December

	2022	2023	2024
	Forecast	Projection	Projection
	€'000	€'000	€'000
Net cash from (used in) operating activities	2,392	227	4,491
Net cash from (used in) investing activities	(10,085)	(5,629)	(1,571)
Net cash from (used in) financing activities	15,168	(136)	(1,997)
Net movement in cash and cash equivalents	7,475	(5,538)	923
Cash and cash equivalents at beginning of year	1,043	8,518	2,980
Cash and cash equivalents at end of year	8,518	2,980	3,903
Free cash flow¹	(7,693)	(5,402)	2,920

¹ Free cash flow is arrived at by deducting capital expenditure from cash generated from operating activities.

Net cash from operating activities in FY2022 is expected to amount to €2.4 million, principally reflecting net cash inflows to be generated from property sales. In FY2023, net cash from operating activities will comprise a half year's operation of the Hotel and an adverse movement in working capital on account of property development works-in-progress. As such, net cash inflows for the year is expected to amount to €0.2 million.

In the subsequent year (FY2024), net cash inflows from operating activities is projected to increase to €4.5 million on account of a full year's operation of the Hotel and the execution of sale contracts relating to all units within the Mellieha Project and Birkirkara Project.

Net cash used in investing activities is estimated to amount to €15.7 million during FY2022 and FY2023 (in aggregate) and relates to the acquisition of the site in Swieqi, limits of St Julians and development thereon of the Hotel. The final payments relating to the development of the Hotel amounting to €1.6 million are projected to be settled in FY2024.

In FY2022, net cash from financing activities is projected to amount to €15.2 million and shall mainly comprise net proceeds from the proposed bond issue of €15.7 million. The Group is expected to effect bank loan repayments of €0.4 million and incur bank loan interest of €0.1 million. In FY2023, net cash used is estimated to amount to €0.1 million and includes bond and bank loan interests of €0.8 million which is expected to be partly offset by bank loan drawdowns of €0.7 million.

Net cash used in financing activities in FY2024 is estimated at €2.0 million and shall comprise the settlement in full of bank loans amounting to €1.2 million in relation to the Mellieha Project and Birkirkara Project and interest payments on account of bank borrowings and bonds of €0.8 million.



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PART 3 - COMPARABLES

The table below compares the Issuer and its bond issue to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. The list includes issuers (excluding financial institutions) that have listed bonds. Although there are significant variances between the activities of the Issuer and other issuers (including different industries, principal markets, competition, capital requirements etc), and material differences between the risks associated with the Group's business and that of other issuers, the comparative analysis provides an indication of the financial performance and strength of the Group.

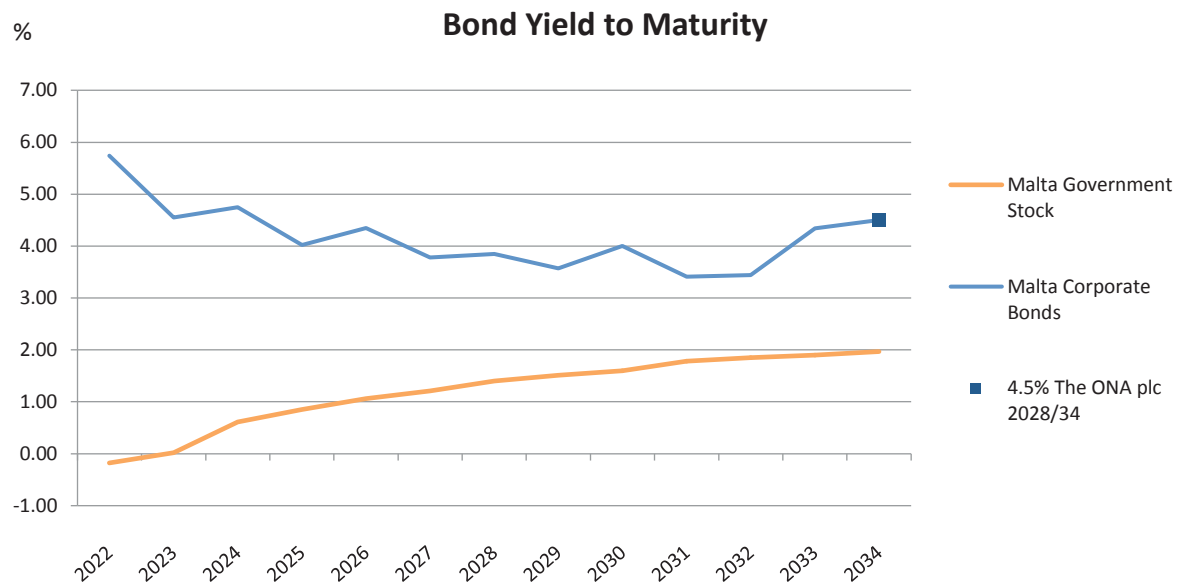
Comparative Analysis	Nominal Value (€)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'000)	Net Asset Value (€'000)	Gearing Ratio (%)
6.00% Pendergardens Developments plc Secured € 2022 Series	21,093,400	5.74	1.79	60,578	29,491	36.39
4.25% GAP Group plc Secured € 2023	8,367,900	5.29	14.81	112,173	21,575	60.31
5.30% United Finance Plc Unsecured € Bonds 2023	8,500,000	4.55	0.67	37,298	6,677	75.91
5.80% International Hotel Investments plc 2023	10,000,000	4.54	1.06	1,695,229	838,216	40.59
5.5% Mediterranean Investments Holding plc € 2023	20,000,000	4.64	2.01	310,941	188,651	27.06
6.00% AX Investments Plc € 2024	40,000,000	3.57	1.69	374,099	237,143	25.10
6.00% International Hotel Investments plc € 2024	35,000,000	5.47	1.06	1,695,229	838,216	40.59
5.30% Mariner Finance plc Unsecured € 2024	35,000,000	4.75	3.30	102,348	52,929	46.65
5.00% Hal Mann Vella Group plc Secured € 2024	30,000,000	3.72	2.60	123,752	48,512	53.05
5.10% 1923 Investments plc Unsecured € 2024	36,000,000	4.36	4.58	149,687	52,831	49.89
4.25% Best Deal Properties Holding plc Secured € 2024	12,136,700	2.45	-	24,561	6,893	62.61
3.70% GAP Group plc Secured € 2023-2025 Series 1	21,000,000	3.55	14.81	112,173	21,575	60.31
5.75% International Hotel Investments plc Unsecured € 2025	45,000,000	4.66	1.06	1,695,229	838,216	40.59
5.10% GPM Holdings plc Unsecured € 2025	13,000,000	4.59	52.47	162,889	74,159	14.82
4.50% Hili Properties plc Unsecured € 2025	37,000,000	4.02	1.41	208,696	110,881	32.31
4.35% Hudson Malta plc Unsecured € 2026	12,000,000	4.35	4.51	58,951	12,557	68.49
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	4.11	0.51	1,717,057	828,470	42.64
4.00% International Hotel Investments plc Secured € 2026	55,000,000	3.36	1.06	1,695,229	838,216	40.59
5.00% Dizz Finance plc Unsecured € 2026	8,000,000	4.99	0.45	72,112	4,763	91.27
3.75% Premier Capital plc Unsecured € 2026	65,000,000	3.51	11.70	317,675	60,118	74.24
4.00% International Hotel Investments plc Unsecured € 2026	60,000,000	4.02	1.06	1,695,229	838,216	40.59
3.25% AX Group plc Unsec Bds 2026 Series I	15,000,000	3.25	1.69	374,099	237,143	25.10
3.90% GAP Group plc Secured € 2024-2026	21,000,000	3.90	14.81	112,173	21,575	60.31
4.35% SD Finance plc Unsecured € 2027	65,000,000	4.35	0.88	328,464	131,504	30.32
4.00% Eden Finance plc Unsecured € 2027	40,000,000	3.78	3.63	193,529	109,284	28.55
4.00% Stivala Group Finance plc Secured € 2027	45,000,000	3.49	3.25	362,955	235,392	26.66
3.85% Hili Finance Company plc Unsecured € 2028	40,000,000	3.85	3.44	624,222	106,811	78.42
3.65% Stivala Group Finance plc Secured € 2029	15,000,000	3.57	3.25	362,955	235,392	26.66
3.80% Hili Finance Company plc Unsecured € 2029	80,000,000	3.88	3.44	624,222	106,811	78.42
3.75% AX Group plc Unsec Bds 2029 Series II	10,000,000	3.79	1.69	374,099	237,143	25.10
3.65% International Hotel Investments plc Unsecured € 2031	80,000,000	3.68	1.06	1,695,229	838,216	40.59
3.50% AX Real Estate plc Unsec Bds 2032	40,000,000	3.44	-	238,228	78,698	63.41
4.50% The Ona plc € 2028 - 2034	16,000,000	4.50	44.94	29,758	8,719	51.62

29-Apr-22

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, MZ Investment Services Ltd



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Source: Malta Stock Exchange, Central Bank of Malta, MZ Investment Services Ltd

29 April 2022

To date, there are no corporate bonds which have a redemption date beyond 2034. The Malta Government Stock yield curve has been included as it is the benchmark risk-free rate for Malta.

The Bonds are priced at a yield of 4.50%, which is at par when compared to other corporate bonds maturing in the same year. The premium over FY2034 Malta Government Stock is 253 basis points.



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PART 4 - EXPLANATORY DEFINITIONS

INCOME STATEMENT

Revenue	Total revenue generated by the Group from its business activities during the financial year.
Cost of sales	Operating expenses include the cost of construction, cost of hotel operations and other related expenses.
Operating profit	Operating profit can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Profit after tax	Profit after tax is the profit made by the Issuer during the financial year both from its operating as well as non-operating activities.

PROFITABILITY RATIOS

Operating profit margin	Operating profit margin is operating income or EBITDA (earnings before interest, tax, depreciation & amortisation) as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.

EFFICIENCY RATIOS

Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.

EQUITY RATIOS

Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.
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CASH FLOW STATEMENT

Cash flow from operating activities	Cash generated from the principal revenue-producing activities of the Group.
Cash flow from investing activities	Cash generated from activities dealing with the acquisition, disposal and development of long-term assets and other investments of the Issuer.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Issuer.



MZ INVESTMENT SERVICES

BALANCE SHEET

Non-current assets	Non-current assets are the Issuer's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Issuer amortises the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was acquired. Such assets include property, plant & equipment, and investment property.
Current assets	Current assets are all assets of the Issuer, which are realisable within one year from the balance sheet date. Such amounts include development stock, accounts receivable, cash and bank balances.
Current liabilities	Current liabilities are all liabilities payable by the Issuer within a period of one year from the balance sheet date, and include accounts payable and short-term debt, including current portion of bank loans.
Non-current liabilities	Non-current liabilities are the Issuer's long-term financial obligations that are not due within the present accounting year. The Issuer's non-current liabilities include long-term borrowings and debt securities.
Total equity	Total equity includes share capital, reserves & other equity components, and retained earnings.
Net assets per share	Net assets per share are the total assets less total liabilities divided by the number of equity shares in issue.

FINANCIAL STRENGTH RATIOS

Liquidity ratio	The liquidity ratio (also known as current 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 a company's current assets to its current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company's operating profit of one period by the company's interest expense of the same period.
Net debt to operating profit	The net debt to operating profit ratio is a measurement of leverage, calculated as a company's interest bearing liabilities minus cash or cash equivalents, divided by its operating profit. This ratio shows how many years it would take for a company to pay back its debt if net debt and operating profit are held constant.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity. Alternatively, the gearing ratio can be calculated by dividing a company's net debt by shareholders' equity. Shareholders' equity comprises 'other capital' as defined hereinabove.

The
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GROUP

Financial Analysis Summary

31 May 2022

ISSUER

The Ona p.l.c. (C 101370)



MZ INVESTMENT SERVICES



MZ INVESTMENT SERVICES

The Directors
The Ona p.l.c.
Gap Group Head Office
Ċensu Scerri Street
Tigné, Sliema, SLM 3060
Malta

31 May 2022

Dear Directors,

Financial Analysis Summary

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

The purpose of the financial analysis is that of summarising key financial data appertaining to The Ona p.l.c. (the "**Issuer**", or "**Company**"), and The Ona Property Development Ltd, The Ona Real Estate Ltd and The Ona Hospitality Ltd being the guarantors in relation to the issue of 4.50% secured bonds 2028 – 2034 (ISIN: MT0002661206) (the "**Guarantors**" together with the Issuer, the "**Group**"). The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data for the years ended 31 December 2019, 31 December 2020 and 31 December 2021 has been extracted from the audited financial statements of The Ona Property Development Ltd and The Ona Real Estate Ltd.
- (b) Pro forma consolidated statement of financial position of the Issuer as at 31 December 2021.
- (c) The projected consolidated financial data relating to the Issuer for the years ending 31 December 2022, 31 December 2023 and 31 December 2024 have been provided by management.
- (d) Our commentary on the results of the Group and on its financial position is based on the explanations provided by management.
- (e) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 4 of the Analysis.
- (f) Relevant financial data in respect of the companies included in Part 3 has been extracted from public sources such as the websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

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

Yours faithfully,

Evan Mohnani
Senior Financial Advisor

MZ Investment Services Ltd
63, St Rita Street,
Rabat RBT 1523,
Malta
Tel: 2145 3739



MZ INVESTMENT SERVICES

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MZ INVESTMENT SERVICES

DEFINITIONS

Franchise Agreement	the franchise agreement between the Franchisor and TOH;
Franchisor	ACHM Global Hospitality Licensing S.À.R.L., a private company with limited liability, organised and existing under the laws of Luxembourg with its registered office at 33 Rue du Puits Romain, L-8070 Bertrange, Grand-Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register under number B 157.487;
Issuer	The Ona p.l.c., a public limited liability company duly registered and validly existing under the laws of Malta with company registration number C 101370 and having its registered office at Gap Group Head Office, Ċensu Scerri Street, Tigné, Sliema SLM 3060, Malta;
Group	the Issuer, TOPD, TORE and TOH;
Guarantors	each of TOPD, TORE and TOH;
Hotel	the 106-room four-star hotel to be developed on a site in Lourdes Lane, Swieqi, Limits of St Julians, Malta, measuring approximately 586m ² , and to be operated under the “AC Hotels by Marriott”;
TOH	The Ona Hospitality Ltd (C 101371);
TOPD	The Ona Property Development Ltd (C 82490);
TORE	The Ona Real Estate Ltd (C 83842);

PART 1 – INFORMATION ABOUT THE GROUP

1. KEY ACTIVITIES

1.1 INTRODUCTION

The Issuer was incorporated on 20 January 2022 and is the holding company of the Group. It holds 100% of the shareholding in the Guarantors.

The principal business objectives of the Group are (i) to hold investment property for rental; (ii) to acquire new sites for residential properties for resale; and (iii) to develop and construct properties acquired. The Issuer is the holding and finance company of the Group and was incorporated for the purpose of financing its subsidiaries' respective projects. The Issuer does not carry out any trading activities of its own and its revenue is limited to the dividends it receives from its subsidiaries and interest receivable due under intra-group loan agreements.

As at the date of this report, the Issuer (as lender) has entered into two conditional intra-group agreements with; (i) TORE (as borrower) for the purposes of financing the acquisition as well as the development and construction costs of the Hotel; and (ii) TOH (as borrower) for the purposes of part financing the furnishing and finishing of the Hotel. From time to time, it may enter into additional loan agreements with its subsidiaries to fund their operating requirements, as the case so requires. In view of the financing activities of the Issuer, it is economically dependent on the operational results, the financial position, and the financial performance of its borrowing companies.

2. DIRECTORS AND SENIOR MANAGEMENT

2.1 DIRECTORS OF THE ISSUER

The Issuer is managed by a Board comprising five directors who are entrusted with its overall direction and management. The Board members of the Issuer as at the date of this report are included hereunder:

Cliona Muscat	Executive Director
George Muscat	Non-Executive Director
Alfred Attard	Independent Non-Executive Director
Francis X Gouder	Independent Non-Executive Director
Ann Marie Agius	Independent Non-Executive Director



M Z I N V E S T M E N T S E R V I C E S

2.2 DIRECTORS OF THE GUARANTORS

The following are the directors of each of TOPD and TORE:

Cliona Muscat	Executive Director
George Muscat	Executive Director

The sole director of TOH is Cliona Muscat.

2.3 SENIOR MANAGEMENT

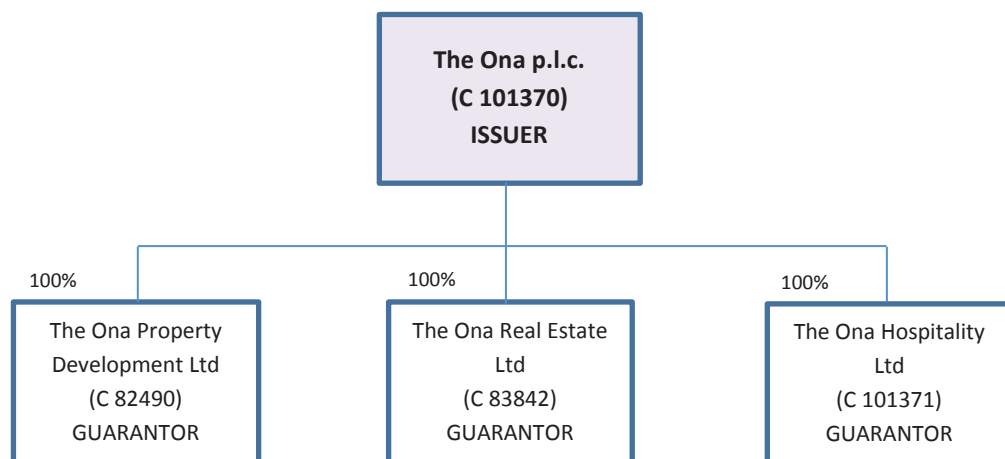
Cliona Muscat is the sole Executive Director of the Issuer entrusted with the day-to-day management of the Group. Ms Muscat is also a director or officer of other companies forming part of the Group. The Executive Director is supported in this role by several consultants and key management, and benefits from the know-how gained by members and officers of the Group.

The overall management of each Guarantor is entrusted to its board of directors who are the persons responsible for establishing the strategy of each Guarantor, including the responsibility for the appointment of all executive officers and other key members of management.

In terms of the Franchise Agreement, TORE undertook to lease the Hotel to TOH by 30 June 2023 for the duration of the Franchise Agreement. Once completed and operational, the Hotel (including its car park, pools, wellness centre and restaurant), shall be operated internally by a dedicated management team within TOH in accordance with the terms and conditions set out in the Franchise Agreement.

Management intends to employ a taskforce of approximately 50 employees for the operation of the Hotel. As at the date of this report, the Hotel is not yet operational and will not open its doors until Q3 2023. For this reason, TOH has not yet selected the management team of the Hotel or employed Hotel staff. All management staff and employees of the Hotel are to be, however, of the requisite standard in line with the requirements set out in the Franchise Agreement. Although the employees and the management team of the Hotel are not subject to the approval of the Franchisor, prior to engaging a general manager of the Hotel, TOH is required to consult with the Franchisor to obtain its input. In addition, all Hotel staff are to be suitably qualified and must have completed mandatory training provided by the Franchisor, as applicable.

3. ORGANISATIONAL STRUCTURE



The organisational structure of the Group is depicted above. The Issuer is owned by Ms Cliona Muscat (ID: 224996M) as to 99.9%, whilst one share is held by Mr George Muscat (ID: 312355M).



M Z I N V E S T M E N T S E R V I C E S

3.1 GUARANTORS

3.1.1 The Ona Real Estate Ltd

TORE was established on 5 December 2017 and operates in the property development and property rental sectors. Since the date of its incorporation, TORE has been involved in the following business activities:

- In Q1 2021, TORE acquired a site in Qawra and is in the process of completing the Qawra Project as further described in section 4.2 of this report.
- In Q3 2021, TORE entered into a promise of sale agreement for the purchase of a site in Paceville which will be developed into the Hotel. Following its acquisition, the Hotel will be leased to TOH for a period of approximately 30 years. The project is further described in section 4.5 of this report.
- In Q4 2021, TORE sold a commercial property located in Valley Road, Birkirkara for the price of €5 million. The property, which consisted of a showroom space, an office space, storage facilities and a car parking area, was acquired in Q1 2018 for the aggregate consideration of €2.05 million and thereafter was previously leased to the purchaser of the property.
- In Q4 2021, TORE entered into a promise of sale agreement for the purchase of a site in Mellieha. Following the conclusion of the final deed of sale, TORE plans to develop two semi-detached terraced houses. The project is further described in section 4.3 of this report.

3.1.2 The Ona Property Development Ltd

TOPD was incorporated on 11 September 2017 and operates in the property development and property rental sectors. Since the date of its incorporation, TOPD has been involved in the following business activities:

- In Q4 2017, TOPD acquired a commercial property named “CE House” located in Dun Karm Pirota Street, Birkirkara. TOPD leases the property to a third party on a long-term basis. Further details on the lease agreement are set out in section 5 of this report.
- In Q3 2019, TOPD acquired a site in Marsascala for development. It completed the residential development in Q4 2021. The project is further described in section 4.1 of this report.
- In Q1 2022, TOPD entered into two separate promise of sale agreements for the purchase of two adjacent houses in Guze Orlando Street, Birkirkara. The project is further described in section 4.4 of this report.

3.1.3 The Ona Hospitality Ltd

TOH was incorporated with the purpose of managing the Hotel. It has entered into a franchise agreement with the Franchisor to operate the Hotel as a “AC Hotels by Marriott” hotel. Following the acquisition of the Hotel by TORE, it will lease the Hotel from TORE pursuant to a lease agreement. Further detail on the management of the Hotel and the principal terms of the lease agreement are set out in section 2.3 and section 4.3 to this report.

4. THE PROJECTS

4.1 MARSASCALA PROJECT

TOPD purchased a site in Marsascala on 27 September 2019 which was since developed and finished in Q4 2021. The Marsascala Project consists of a total of 20 residential units and 20 lock-up garages, however, four of the residential units and four of the garages will not be sold by the Group as ownership of the afore-mentioned units and garages was retained by the seller of the said site.

The Marsascala Project comprises one block of residential units, with four maisonettes at ground floor level and 16 apartments at first, second, third and receded floor levels, 4 of the apartments being penthouses. In addition to the residential units, the development also has 20 lock-up garages spread over basement level of the block.



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TOPD was responsible for the construction, development and finishing of this development. The Marsascala Project was financed through a bank loan and from the company's own funds.

The residential units and garages owned by TOPD forming part of the Marsascala Project (16 residential units and 16 lock-up garages) were placed on the market in Q4 2021 and were primarily targeted at the medium segment of the market, specifically first-time buyers. As at the date of this report, only one garage is available for sale. The aggregate net sales revenue from the Marsascala Project is expected to be in the region of €5.4 million.

4.2 QAWRA PROJECT

On 15 January 2021, TORE purchased a site in Qawra having a superficial area of approximately 1,008m², of which only 358m² has been designated as building area. TORE was responsible for the construction, development and finishing of the block, which project is now completed. The Qawra Project was financed through a bank loan and from the company's own funds.

The development consists of 15 residential units spread over seven floors and three lock-up garages and six car spaces. The residential units include two maisonettes at ground floor level and 13 apartments and are all being sold in a finished state (without internal doors and bathrooms). All residential units are served with a passenger lift, which also accesses the underlying garage level.

As at the date of this report, all of the units forming part of the Qawra Project are subject to promise of sale agreements. All sales are expected to be finalised by Q3 2022. The aggregate net sales revenue from the Qawra Project is expected to be in the region of €3.3 million.

4.3 MELLIEHA PROJECT

On 14 December 2021, TORE entered into a promise of sale agreement for the purchase of a site in Mellieha, which it intends to develop into two semi-detached terraced houses. The Group intends to place the two houses on the market for resale once both houses are completed. The houses shall be sold in a finished state. The Group has since submitted an application for development permits with the Planning Authority which as at the date of this report has not yet been approved.

The expected date of completion of the Mellieha Project is Q4 2023 and aggregate net sales revenue is expected to be in the region of €1.8 million. The Group expects to finance the development through a mix of bank financing from local banks and own funds.

4.4 BIRKIRKARA PROJECT

In Q1 2022, TOPD entered into two promise of sale agreements for the purchase of two adjacent houses in Guze Orlando Street, Birkirkara. The Group intends to demolish the two houses, which together have an area of approximately 695m², and develop the site into a block of apartments having 19 residential units and 15 lock up garages. The Group has submitted an application for development permits with the Planning Authority which as at the date of this report has not yet been approved.

The total amount of development costs is expected to be in the region of €4 million and the Group expects to finance the development through a mix of bank financing from local banks and own funds.

The Group intends to place such units and garages on the market for resale once the development is completed. The expected date of completion of the Birkirkara Project is Q1 2024. The aggregate net sales revenue from the Birkirkara Project is expected to be in the region of €5.4 million.

4.5 THE HOTEL

The Group plans to enter the hospitality sector through the construction, development and operation of the Hotel. The Hotel will form part of the "AC Hotels by Marriott" chain of hotels pursuant to the Franchise Agreement. The Hotel will be the first hotel in Malta forming part of this international chain of hotels which has over 150 hotels around the world and several new hotels currently in the pipeline.



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The hotels forming part of this chain are characterised by classic modern design stemming from the brand's Spanish roots, attracting both business and leisure clientele. The Hotel will include a wellness centre which shall comprise a gym and indoor pool. For this purpose, the Hotel shall be equipped with state-of-the-art equipment and machinery, which meet the highest quality standards. Access to the wellness centre shall be available to Hotel patrons throughout their stay at the Hotel. In addition to the wellness centre, the Hotel shall also have one restaurant which shall be open exclusively to Hotel patrons. The restaurant "Ona Restaurant" shall be managed by TOH's own team of chefs and catering staff.

The Hotel is set to open its doors and commence operations in Q3 2023.

Acquisition of the Site

By virtue of a promise of sale agreement dated 6 September 2021, TORE undertook to purchase a site in Paceville from Bilom Properties Limited (C 48515) for a total consideration of €11 million with an additional €0.8 million to be incurred in relation to purchase expenses and tax due. The deed of sale is anticipated to take place by Q2 2022. As at the date of this report, The Ona Real Estate Ltd has paid €5 million to Bilom Properties Ltd on account of the purchase price. Accordingly, on the final deed of sale, The Ona Real Estate Ltd will be required to pay Bilom Properties Ltd the balance of €6 million.

The site on which the Hotel shall be built has a direct façade and access on Sqaq Lourdes (also referred to as Lourdes Lane), located in Swieqi, in the limits of St Julians and has a total site area of 586m². As detailed in promise of sale agreement, the vendor agreed to transfer the site together with its subterrain and airspace on the final deed of sale. The site will be purchased free and unencumbered from any security interests and shall be freehold.

Construction and Development

Following its acquisition, the site shall be developed into a 4-star 106-room hotel which will comprise four levels below road level (two floors for parking spaces), an intermediate level between ground floor and basement level, and nine levels of hotel rooms and hotel amenities.

The construction, finishing and furnishing of the Hotel is expected to be completed by Q2 2023. The costs for the overall construction and finishing expenditure of the Hotel is expected to be in the region of €9 million, as detailed below.

Construction	€1.80 million
Finishing and furnishing	€6.40 million
Financial/commission/ancillary costs	€0.80 million

For the purposes of the development and construction of the Hotel, TORE has engaged a local construction company - Elbros Construction Limited (C 10925) - pursuant to a contract of works entered into between TORE and Elbros Construction Limited (C 10925) for a value of approximately €1.8 million. Finishing and furnishing of the Hotel will be carried out by TOH which will lease the Hotel from TORE.

The acquisition and development costs of the Hotel shall be part-financed through the net proceeds of the proposed €16 million 4.50% Secured Bonds 2028 - 2034. The Issuer will on-lend the amount of €13.6 million of the net bond proceeds to TORE for the purposes of funding the full acquisition costs and development costs. The balance of *circa* €2.08 million of the net bond proceeds shall be on-lent by the Issuer to TOH to part finance the finishing and furnishing of the Hotel. The remaining balance required to complete the Hotel will be financed from the Group's own funds.

The Franchise Agreement

Pursuant to the Franchise Agreement, TOH has been granted a non-exclusive licence to use the intellectual property, brand, and systems (including electronic systems, loyalty programs, training programs and sales and marketing programs) owned by the Franchisor and its affiliates for the purposes of operating the Hotel under the "AC Hotels by Marriott" brand. The non-exclusive licence granted under the Franchise Agreement commenced on 31 January 2022 and is for a period of twenty years, renewable automatically for two additional five-year periods. In consideration for the grant of the non-exclusive licence, The Ona Hospitality Ltd must pay the Franchisor fees which are computed in accordance with a percentage of gross sales revenue of hotel rooms and gross sales revenue of food and beverage sales at the Hotel.



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The Franchise Agreement sets out requirements and restrictions on the design and finishing of the Hotel as well as the expected standards of operation and maintenance of the Hotel once the Hotel opens its doors to guests. Marketing strategies adopted by the Hotel must also be in line with the standards and requirements of the Franchise Agreement and the Franchisor's material must be used for advertising and marketing purposes. Most of the marketing campaigns shall focus on the international market with limited marketing activities in the domestic market. The Franchisor is entitled to carry out quality assurance inspections to ensure that the standards that were contractually agreed to in the Franchise Agreement are consistently maintained throughout the term of the Franchise Agreement and is entitled to terminate the Franchise Agreement should such standards not be maintained.

5. LEASED PROPERTY

TOPD owns a commercial property located in Dun Karm Pirotta Street, Birkirkara named "CE House". The property has a total built-up area of approximately 953m² and comprises a corner commercial outlet on three levels, a receded floor, and a semi basement level. The layout of the property consists of a showroom at elevated ground floor level and offices with a separate entrance on the first, second and receded floor levels. The property is located in a prime location and enjoys a front garden onto Dun Karm Pirotta Street. The offices and showroom are in a finished state and the offices are serviced with a passengers' lift which accesses all levels.

The property is currently being leased to a local service provider and is being utilised as office space and showroom space. The remaining duration of the lease agreement is for a period of approximately 11 years, with the lease terminating on 23 March 2033. The property currently generates *circa* €107,000 in annual rental income, which is contracted to increase at a compound annual growth rate of 4.50% per annum.

6. ECONOMIC AND SECTOR ANALYSIS

6.1 ECONOMIC UPDATE

Real GDP growth in Malta is estimated to have rebounded strongly to 5.9% in 2021 after a considerable decline (-8.2%) in 2020. Growth was driven by the strong performance in the first three quarters of the year, when the improvement of the public health situation in Malta allowed for a significant relaxation of restriction measures. Improved business and consumer sentiment, as well as a recovery in tourism supported the economy. Growth is estimated to have been negative in the last quarter of 2021 and to remain muted in the first quarter of 2022, affected by the surge in infections in late 2021, the tightening of restrictions, low tourist numbers, continued disruptions in global value chains and negative effects of price increases in shipping and transport.

In the course of 2022, growth is expected to pick up again as domestic demand recovers, supported also by the implementation of the Recovery and Resilience Plan¹. Prior to Russia's invasion of Ukraine on 24 February 2022, real GDP was forecasted to grow by 6.0% in 2022 and 5.0% in 2023. Malta was expected to reach pre-pandemic levels of economic activity around mid-2022².

The war in Ukraine has created a new negative supply shock for the world economy, just when some of the supply-chain challenges seen since the beginning of the pandemic appeared to be starting to fade. The effects of the war will operate through many different channels and are likely to evolve if the conflict deepens further. In some respects, the direct role of Russia and Ukraine in the global economy is small. However, both countries are large producers and exporters of key food items, minerals and energy. The prices of many of these commodities have increased sharply since the onset of the war, even in the absence of any significant disruption of production or export volumes.

The authorities in Malta have expressed a commitment to continue to limit energy prices growth in 2022. Nonetheless, the increase in food, transport and imported goods prices and a gradual recovery in the tourism and hospitality sectors are set to drive up price pressures in 2022.

¹ The Recovery and Resilience Facility will make €672.5 billion in loans and grants available to support reforms and investments undertaken by Member States. The aim is to mitigate the economic and social impact of the coronavirus pandemic and make European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions.

² European Economic Forecast – Winter 2022 (European Commission Institutional Paper 169 Feb'22)

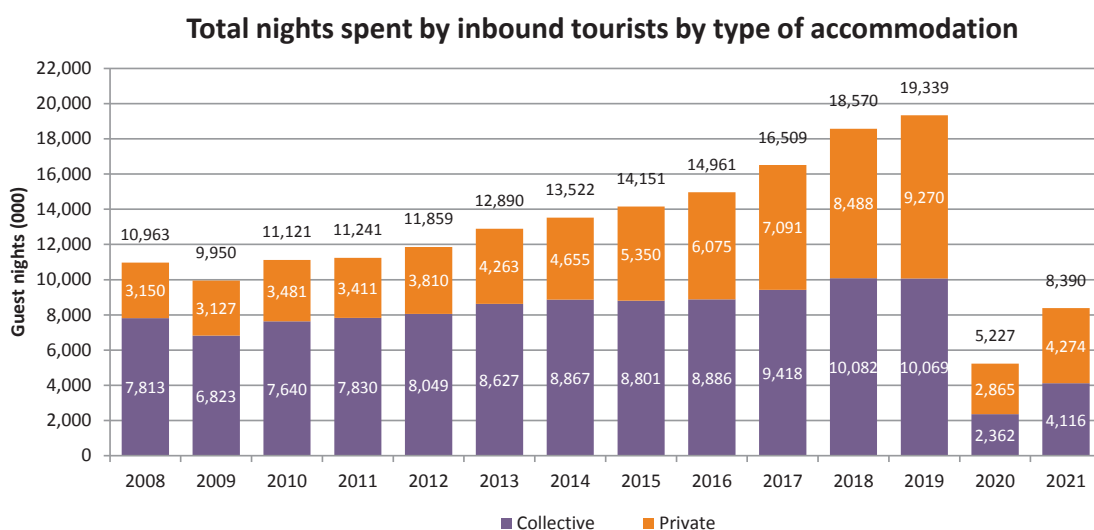


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6.2 HOSPITALITY ³

Although COVID-19 related travel restrictions remained in place, 2021 registered a marked improvement in the number of inbound tourists, nights stayed and tourist expenditure in Malta relative to those recorded in the corresponding period of 2020. Nonetheless, activity indicators for the sector generally remain well below 2019 levels.

In 2021, the number of inbound tourists increased by 47% over 2020, reaching 968,136 (2019: 2.8 million inbound tourists). In absolute terms, tourists visiting Malta for leisure purposes accounted for most of the year-on-year increase in arrivals although the number of visitors with business and other motives also increased. Meanwhile, the total number of guest nights that tourists spent in Malta during 2021 increased to around 8.4 million, from 5.2 million a year earlier (+62%) (2019: 19.3 million guest nights). Guest nights at collective accommodation made up 51% of the aggregate (2020: 55%), while rented accommodation (other than collective accommodation) held a 49% share (2020: 45%).



Source: National Statistics Office Malta

The total occupancy rate in collective accommodation establishments in 2021 increased to 33.1% from 25.4% in 2020 (2019: 65.7%). The 5-star category reported the largest increase – of 11.3 percentage points – followed by a rise of 8.8 percentage points in the 3-star category. Meanwhile, the smallest increase – of 1.2 percentage points – was recorded in the 2-star category.

Tourist expenditure in Malta almost doubled in 2021 to €870.7 million relative to the prior year. The increase relative to 2020 was driven by higher other expenditure (being expenditure other than package and non-package expenditure) and non-package expenditure (comprising air/sea fares and accommodation), although spending on package holidays also increased significantly. Following this increase, tourist expenditure in Malta was 61% below its level two years earlier.

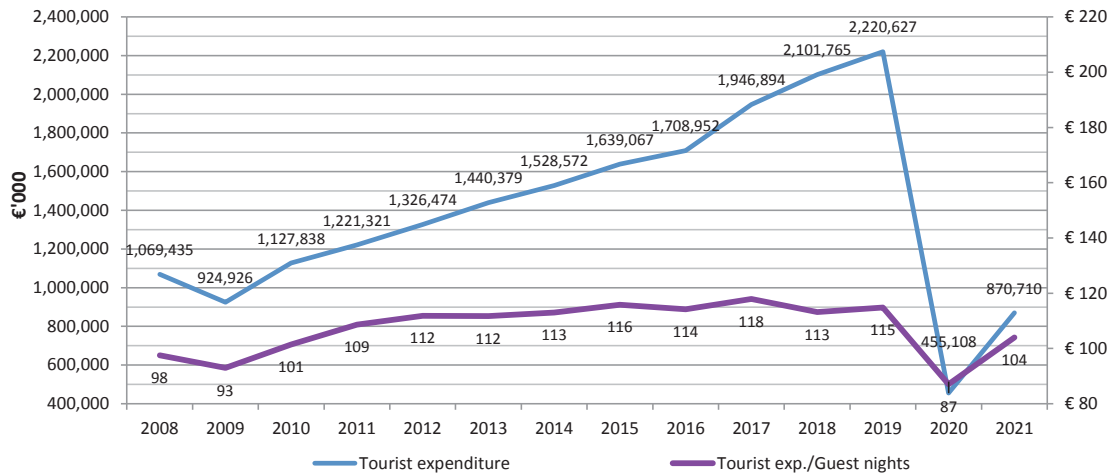
³ National Statistics Office Malta – News Release 019/2022 and 033/2022



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Expenditure per capita increased to €899 from €691 in 2020, while average length of stay also increased from 7.9 nights in 2020 to 8.7 nights in 2021.

Total expenditure by inbound tourists



Source: National Statistics Office Malta

6.3 PROPERTY MARKET

The Property Price Index (PPI) – which is based on actual transactions involving apartments, maisonettes and terraced houses – continued to increase in annual terms. The annual rate of change reached 5.9% in the third quarter of 2021, up from 5.4% in the previous quarter (see chart below). Nevertheless, house price inflation in Malta remained below that in the euro area where prices increased at an annual rate of 8.8%. Notwithstanding the acceleration in the third quarter of 2021, house price recorded in the years before the pandemic.



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Movements in Residential Property Prices



Source: Eurostat

From a shorter-term perspective, residential property prices seem to have returned to a growth trend following the sharp slowdown during the initial stages of the pandemic. Residential property prices continue to be supported by numerous factors including the low-interest rate environment that makes property more attractive as an investment as well as the Government's schemes related to the property market. Property prices were also supported by the enhancement of government support in response to the pandemic such as lower property tax rate and stamp duty to eligible transfers of immovable property. In particular, the property tax and stamp duty on the first €400,000 of the value of the transfer were reduced to 5.0% and 1.5% respectively. These measures were initially intended for final transfers made before 1 April 2021 but were later extended. Moreover, Budget 2021 extended or introduced more favourable terms on several schemes supporting the property market that were in place before the pandemic.⁴

In 2021, the number of final deeds of sale relating to residential property amounted to 14,349 compared to 11,057 deeds in 2020 (+30%). The value of deeds completed in 2021 amounted to €3,120.3 million, an increase of 47% when compared to the prior year (2020: €2,125.7 million).⁵

The number of permits issued in 2021 for the construction of residential dwellings amounted to 4,956 permits, compared to 4,938 permits in the prior year, for the development of 7,578 residential units (2020: 7,837 residential units). As shown in the below chart, the number of units in 2021 (7,578) reflects a decrease of 41% from the all-time high of 12,885 units in 2018.

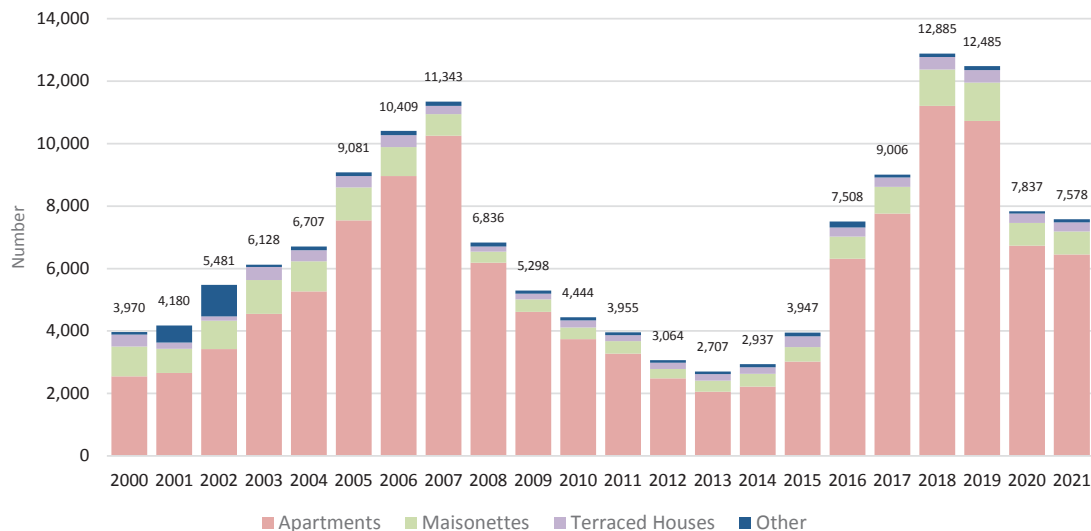
⁴ Central Bank of Malta Quarterly Review – 2022 Vol. 55 No. 1

⁵ National Statistics Office Malta – News Release 006/2022



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Development Permits for Dwellings (number of units)



Source: Central Bank of Malta

Market data relating to commercial property in Malta (which includes industrial, logistics, warehousing, retail, hospitality and a predominant portion in the office asset class) is not available and thus makes it more difficult to gauge the health of this sector.

A trend accelerated by the pandemic is the rise of e-commerce across consumers. Not only does more online shopping challenge traditional brick and mortar retailers, but it raises the demand for warehousing and distribution centres.

With regard to the office sector, its future performance is highly uncertain. Debate is ongoing on the longevity of the pandemic-driven work-from-home (WFH) phenomenon. While WFH provides flexibility, convenience, no commuting, and a reduced wardrobe budget, there are obvious downsides: the difficulty in building teams, innovating, mentoring, and creating and sustaining culture. The longer people are isolated away from the office environment, the less they will develop relationships with their co-workers and feel connected to their companies. At some point, likely sooner than later, businesses will discover that full-time WFH arrangements simply cannot work and retaining talent will become an even greater challenge.

It is likely that most businesses will require their employees to come to the office for teamwork, company meetings, training and other collaborative activities with the remainder of the time retaining the flexibility of WFH if desired by the employee. That means office space will be configured for more group interactive and therefore companies will need less space. As such, tenants will be thinking harder about space needs and configuration going forward, and many companies may take the opportunity to upgrade to smaller, higher quality office space.

The hospitality industry is expected to fully recover in 2024, with business and conference travel gaining momentum so long as COVID variants stop emerging. The biggest issue the sector is dealing with at the moment is a labour shortage and the need to pay higher wages to attract talent. Due to the expected sector recovery, both equity and debt capital is set to continue to flow to the hospitality industry.



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PART 2 – GROUP PERFORMANCE REVIEW

7. FINANCIAL INFORMATION RELATING TO THE GUARANTORS

TOH was incorporated on 20 January 2022 and, accordingly, as at the date of this report has not filed any audited financial statements. The historical financial information pertaining to TOPD and TORE relates to the financial years ended 31 December 2019, 31 December 2020, and 31 December 2021.

The Ona Property Development Ltd (previously Cliventi (I) Limited)

Income Statement

for the year ended 31 December

	2019	2020	2021
	Audited	Audited	Audited
	(€'000)	(€'000)	(€'000)
Turnover	-	-	940
Cost of sales	-	-	(695)
Gross profit	-	-	245
Rental income	92	95	106
Administrative expenses	(8)	(8)	(42)
Operating profit	84	87	309
Gain on revaluation of investment property	-	-	620
Interest payable	(69)	(22)	(29)
Profit before taxation	15	65	900
Taxation	-	(14)	(61)
Profit after taxation	15	51	839



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The Ona Property Development Ltd (previously Cliventi (I) Limited)

Statement of financial position

as at 31 December

	2019	2020	2021
	Audited	Audited	Audited
	(€'000)	(€'000)	(€'000)
Non-current assets			
Property, plant and equipment	20	15	10
Investment property	1,864	1,864	2,700
	<u>1,884</u>	<u>1,879</u>	<u>2,710</u>
Current assets			
Inventory - development project	1,639	2,395	3,381
Trade and other receivables	13	34	358
Cash and cash equivalents	107	34	89
	<u>1,759</u>	<u>2,463</u>	<u>3,828</u>
Total assets	<u>3,643</u>	<u>4,342</u>	<u>6,538</u>
EQUITY			
Capital and reserves			
Called up share capital	1	1	1
Retained earnings (accumulated losses)	(18)	33	872
	<u>(17)</u>	<u>34</u>	<u>873</u>
LIABILITIES			
Non-current liabilities			
Bank loans	2,056	1,355	1,480
Deferred tax	-	-	216
	<u>2,056</u>	<u>1,355</u>	<u>1,696</u>
Current liabilities			
Bank loans	271	753	302
Trade and other payables	69	38	1,369
Other financial liabilities	1,264	2,162	2,298
	<u>1,604</u>	<u>2,953</u>	<u>3,969</u>
	<u>3,660</u>	<u>4,308</u>	<u>5,665</u>
Total equity and liabilities	<u>3,643</u>	<u>4,342</u>	<u>6,538</u>



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The Ona Property Development Ltd (previously Cliventi (I) Limited)

Cash Flow Statement

for the year ended 31 December

	2019	2020	2021
	Audited	Audited	Audited
	(€'000)	(€'000)	(€'000)
Net cash from (used in) operating activities	(1,387)	(736)	244
Net cash from (used in) financing activities	1,422	663	(189)
Net movement in cash and cash equivalents	35	(73)	55
Cash and cash equivalents at beginning of year	72	107	34
Cash and cash equivalents at end of year	107	34	89

During the years under review, the business activities of TOPD primarily involved the acquisition of a site in Marsascala measuring *circa* 924 sqm for the consideration of €2.05 million plus a barter of four maisonettes and four garages. The development project comprised 20 residential units and 20 garages, which was completed in November 2021 and financed from bank borrowings and other financial liabilities (related parties balances).

In FY2021, TOPD completed the sale of 3 residential units and generated revenue amounting to €940,000. As at year end, 7 residential units were subject to promise of sale agreements, with another 4 units to be exchanged as part of a barter agreement on acquisition of the site. Management indicated that as at the date of this report, only 1 garage remains unsold.

Rental income relates to the lease of a commercial property to a third party situated at CE House, Triq Dun Karm Pirodda, Birkirkara. The lease contract commenced on 23 November 2017 and expires on 23 March 2033. The said property is classified in the balance sheet as investment property at a value of €2.70 million (FY2020: €1.86 million). The said property was revalued during the year and thus a net gain of €620,000 was recognised in the income statement.

For the year ended 31 December 2021, TOPD registered a profit after tax of €0.84 million (FY2020: €0.05 million).

The company's inventory (being costs incurred in the development of residential property relating to the Marsascala project) as at 31 December 2021 amounted to €3.38 million (FY2020: €2.40 million).

Outstanding bank loans amounted to €1.78 million compared to €2.1 million in FY2020. Repayments are being made from proceeds derived from the sale of residential property. Other financial liabilities amounted to €2.3 million in FY2021 (FY2020: €2.2 million) and comprise transactions entered into with related undertakings arising in the ordinary course of business.



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The Ona Real Estate Ltd (previously Cliventi (II) Limited)

Income Statement

for the year ended 31 December

	2019	2020	2021
	Audited	Audited	Audited
	(€'000)	(€'000)	(€'000)
Turnover	-	357	211
Cost of sales	-	(357)	(211)
Gross profit	-	-	-
Rental income	61	145	150
Profit on disposal of property	-	-	2,745
Administrative expenses	(7)	(8)	(22)
Operating profit	54	137	2,873
Interest payable	(69)	(68)	(60)
Profit (loss) before taxation	(15)	69	2,813
Taxation	-	21	(292)
Profit (loss) after taxation	(15)	90	2,521

The Ona Real Estate Ltd (previously Cliventi (II) Limited)

Cash Flow Statement

for the year ended 31 December

	2019	2020	2021
	Audited	Audited	Audited
	(€'000)	(€'000)	(€'000)
Net cash from (used in) operating activities	75	(43)	(3,767)
Net cash from investing activities	(1)	-	5,000
Net cash from (used in) financing activities	-	59	(445)
Net movement in cash and cash equivalents	74	16	788
Cash and cash equivalents at beginning of year	49	123	139
Cash and cash equivalents at end of year	123	139	927



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The Ona Real Estate Ltd (previously Cliventi (II) Limited)

Statement of financial position

as at 31 December

	2019	2020	2021
	Audited	Audited	Audited
	(€'000)	(€'000)	(€'000)
Non-current assets			
Property, plant and equipment	80	80	-
Investment property	2,175	2,175	-
Deferred taxation	-	21	-
	<u>2,255</u>	<u>2,276</u>	<u>-</u>
Current assets			
Inventory - development project	-	-	1,645
Deposit and related costs on hotel property	-	-	2,678
Deposit and related costs on Mellieha site			61
Trade and other receivables	1	102	9
Cash and cash equivalents	123	139	927
	<u>124</u>	<u>241</u>	<u>5,320</u>
Total assets	<u>2,379</u>	<u>2,517</u>	<u>5,320</u>
EQUITY			
Capital and reserves			
Called up share capital	175	300	300
Retained earnings (accumulated losses)	(97)	(6)	2,515
	<u>78</u>	<u>294</u>	<u>2,815</u>
LIABILITIES			
Non-current liabilities			
Bank loans	1,443	1,459	1,015
Other financial liabilities	300	300	268
	<u>1,743</u>	<u>1,759</u>	<u>1,283</u>
Current liabilities			
Bank loans	82	-	16
Trade and other payables	41	31	143
Other financial liabilities	435	433	1,063
	<u>558</u>	<u>464</u>	<u>1,222</u>
	<u>2,301</u>	<u>2,223</u>	<u>2,505</u>
Total equity and liabilities	<u>2,379</u>	<u>2,517</u>	<u>5,320</u>



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During the years under review, turnover and cost of sales reflected the invoicing and back-to-back recharge with other related parties for services rendered. Rental income was generated from the lease of the Dino Fino Showroom in Valley Road, Msida, which property was sold in November 2021 for the consideration of €5.0 million. Profit on disposal of said showroom amounted to €2.74 million. As a result, in FY2021, TORE reported a net profit amounting to €2.5 million (FY2020: €0.09 million).

In January 2021, TORE acquired a plot in Qawra for the development of 15 residential units and 9 garages/car spaces. The project is fully completed and has been financed from a bank loan facility and other financial liabilities (related parties and shareholder's funds). All sales are expected to be finalised by Q3 2022.

On 6 September 2021, TORE entered into a promise of sale agreement for the purchase of a site in Triq Sqaq Lourdes, Swieqi, St Julians which will be developed into the Hotel. A deposit of €2.50 million was paid as part of the said agreement. Once developed, the Hotel will be leased to TOH and operated as a 4-star hotel under the "AC Hotels by Marriott" brand.

On 14 December 2021, TORE entered into a promise of sale agreement for the purchase of a site in Mellieħa, which it intends to develop into two semi-detached terraced houses.

As at 31 December 2021, inventory amounted to €1.65 million (FY2020: nil) and outstanding bank loans amounted to €1.03 million (FY2020: €1.46 million). At year end, all units were subject to promise of sale agreements except for one residential unit and five garages.

Other financial liabilities amounted to €1.3 million in FY2021 (FY2020: €0.7 million) and comprise transactions entered into with related undertakings arising in the ordinary course of business.



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8. PRO FORMA FINANCIAL INFORMATION RELATING TO THE ISSUER

The Group came into existence in April 2022 following the acquisition of TORE, TOH and TOPD by virtue of a share for share exchange process. The financial information set out in this review represents pro forma consolidated financial information. This pro forma information presents what the Issuer's consolidated statement of financial position would have looked like had the Group existed in its current form, comprising all its current constituent components, as at 31 December 2021.

A statement of financial position of the Group as at 31 December 2021, reflecting the combined balance sheets of TOPD

The Ona p.l.c.

Pro forma consolidated statement of financial position
as at 31 December 2021

	Combined	Adjustments								Group
	(€'000)	(I) (€'000)	(II) (€'000)	(III) (€'000)	(IV) (€'000)	(V) (€'000)	(VI) (€'000)	(VII) (€'000)	(VIII) (€'000)	(€'000)
Non-current assets										
Investment property	2,700	-	-	-	-	-	-	-	-	2,700
Property, plant and equipment	10	-	-	-	-	-	-	-	-	10
Investment in subsidiaries	-	-	-	3,689	-	(3,689)	-	-	-	-
	<u>2,710</u>	<u>-</u>	<u>-</u>	<u>3,689</u>	<u>-</u>	<u>(3,689)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,710</u>
Current assets										
Inventory - development project	5,027	-	-	-	-	-	-	-	-	5,027
Trade and other receivables	3,106	-	-	-	-	-	(308)	-	(31)	2,767
Cash and cash equivalents	1,016	1	1	-	-	-	43	(18)	-	1,043
	<u>9,149</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(265)</u>	<u>(18)</u>	<u>(31)</u>	<u>8,837</u>
Total assets	11,859	1	1	3,689	-	(3,689)	(265)	(18)	(31)	11,547
EQUITY										
Capital and reserves										
Called up share capital and reserves	301	1	1	3,689	3,581	(302)	-	-	-	7,271
Retained earnings	3,387	-	-	-	-	(3,387)	-	-	-	-
	<u>3,688</u>	<u>1</u>	<u>1</u>	<u>3,689</u>	<u>3,581</u>	<u>(3,689)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,271</u>
LIABILITIES										
Non-current liabilities										
Bank loans	2,495	-	-	-	-	-	-	-	-	2,495
Other financial liabilities	268	-	-	-	(250)	-	-	(18)	-	-
Deferred tax	216	-	-	-	-	-	-	-	-	216
	<u>2,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(250)</u>	<u>-</u>	<u>-</u>	<u>(18)</u>	<u>-</u>	<u>2,711</u>
Current liabilities										
Bank loans	318	-	-	-	-	-	(265)	-	-	53
Trade and other payables	1,461	-	-	-	-	-	-	-	-	1,461
Other financial liabilities	3,362	-	-	-	(3,331)	-	-	-	(31)	-
Taxation due	51	-	-	-	-	-	-	-	-	51
	<u>8,171</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,581)</u>	<u>-</u>	<u>(265)</u>	<u>(18)</u>	<u>(31)</u>	<u>4,276</u>
Total equity and liabilities	11,859	1	1	3,689	-	(3,689)	(265)	(18)	(31)	11,547

The pro forma adjustments include the following:

- (I) Being the incorporation of the Issuer;
- (II) Being the incorporation of TOH;
- (III) Relates to the transfer of TOPD, TORE and TOH to the Issuer through an exchange of shares which is assumed to be carried out at net asset value (excluding related party balances);
- (IV) Includes the capitalisation of amounts due to the shareholder following adjustment (III) above, and the capitalisation of amounts due to related parties;
- (V) Reflects the consolidation adjustment eliminating investment in subsidiary balances and pre-acquisition reserves.



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- (VI) To account for the receipt of €43,000 undeposited cheque and €265,000 held by a notary following a contract of sale which funds have been released following year end;
- (VII) Management indicated that €18,000 was paid to Cliona Muscat (as shareholder) in Q1 2022 prior to capitalising the remaining shareholder's loan balances;
- (VIII) Some reclassifications were done in the pro forma statement of financial position to account for differences in the individual audited financial statements.

On a pro forma basis, total equity of the Group as at 31 December 2021 amounted to €7.3 million.

Total liabilities amounted to €4.3 million, primarily made up of outstanding bank loans amounting to €2.5 million and capital creditors of €1.2 million (including in trade and other payables).

Total assets amounted to €11.5 million and principally comprised a commercial property amounting to €2.7 million in Dun Karm Street, Birkirkara (investment property), inventory of development projects in Marsascala and Qawra of €5.0 million, deposit and related costs amounting to €2.8 million relating to the Hotel and cash balances of €1.0 million.

9. PROJECTED FINANCIAL INFORMATION RELATING TO THE ISSUER

The projected consolidated financial information for the years ending 31 December 2022, 31 December 2023 and 31 December 2024 of the Group has been provided by management of the Issuer.

The projected financial information relates to events in the future and is based on assumptions which the Issuer believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

The Ona p.l.c.			
Consolidated Statement of Comprehensive Income			
for the year ending 31 December			
	2022	2023	2024
	Forecast	Projection	Projection
	€'000	€'000	€'000
Revenue - property development	7,824	-	7,499
Revenue - hotel operations	-	2,021	4,020
Rental income	95	107	109
Cost of sales	(5,762)	(1,136)	(7,735)
Net operating expenses	-	(544)	(96)
Operating profit	2,157	448	3,797
Depreciation	-	(194)	(392)
Finance costs	(48)	(380)	(780)
Profit (loss) before tax	2,109	(126)	2,625
Taxation	(662)	(18)	(640)
Profit (loss) for the year	1,447	(144)	1,985
Other comprehensive income			
Movement in fair value of property, net of tax	-	1,564	352
Total comprehensive income for the year	1,447	1,420	2,337



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Key Accounting Ratios

	FY2022 Forecast	FY2023 Projection	FY2024 Projection
Operating profit margin (Operating profit/revenue)	27%	21%	33%
Interest cover (times) (Operating profit/net finance cost)	44.94	1.18	4.87
Interest cover 2 (times) (Operating profit/finance cost)	44.94	1.18	4.87
Net profit margin (Profit after tax/revenue)	18%	-7%	17%
Earnings per share (€) (Profit after tax/number of shares)	0.23	-0.02	0.31
Return on equity (Profit after tax/shareholders' equity)	17%	-1%	16%
Return on capital employed (Operating profit/total assets less current liabilities)	8%	2%	13%
Return on assets (Profit after tax/total assets)	5%	0%	6%

Source: MZ Investment Services Limited

In FY2022, the Group expects to generate revenue amounting to €7.8 million from the sale of residential units and car spaces forming part of the Qawra Project and Marsascala Project, all of which are already subject to promise of sale agreements except for 1 garage at the Marsascala Project. Rental income from the lease of "CE House" in Birkirkara is projected to amount to €95,000. Overall, profit for the year is estimated to amount to €1.4 million.

No property sales have been projected for FY2023 since the Mellieha Project is expected to be completed in Q4 2023 while the Birkirkara Project is due for completion in Q1 2024. Revenue for the said year is estimated at €2.0 million and is expected to be generated from Hotel operations between July 2023 (being the date of commencement of operations) and December 2023. Rental income is projected to amount to €107,000 (FY2022: €95,000). The Group expects to register an operating profit of €0.4 million (FY2022: €2.2 million) but incur a net loss for the year of €0.1 million (FY2022: €1.4 million) after accounting for depreciation, finance costs and taxation.

On completion of the Hotel and commencement of operations thereof in FY2023, the Group anticipates that the fair value of the property will increase by €1.6 million to €23.0 million.

In FY2024, the Group is projected to dispose of all residential units and garages at the Mellieha Project and Birkirkara Project and as such expects to generate gross revenue of €7.5 million. The said financial year will be the Hotel's first full year of operation whereby it is projected to achieve €4.0 million in revenue. Aggregate revenue of the Group is expected to reach €11.6 million compared to €2.1 million in the prior year.



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Given the increase in operational activities, operating profit is projected to increase from €0.4 million in FY2023 to €4.8 million in FY2024. The Group expects to realise an operating profit margin of 33% in FY2024 (FY2023: 21%), while interest cover is estimated at 4.87 times (FY2023: 1.18 times).

Profit for the year is expected to amount to €2.0 million (FY2023: loss of €0.1 million). After accounting for an uplift in the carrying value of the Hotel of €0.35 million, the Group is projected to report total comprehensive income of €2.3 million compared to €1.4 million a year earlier.

The Ona p.l.c.

Consolidated Statement of Financial Position as at 31 December

	2022 Forecast €'000	2023 Projection €'000	2024 Projection €'000
ASSETS			
Non-current assets			
Property, plant and equipment	15,650	23,010	23,010
Investment property	2,700	2,700	2,700
	<u>18,350</u>	<u>25,710</u>	<u>25,710</u>
Current assets			
Inventory	2,861	4,840	2,264
Trade and other receivables	29	193	193
Cash and cash equivalents	8,518	2,980	3,903
	<u>11,408</u>	<u>8,013</u>	<u>6,360</u>
Total assets	<u>29,758</u>	<u>33,723</u>	<u>32,070</u>
EQUITY			
Capital and reserves			
Called up share capital	7,272	7,272	7,272
Revaluation reserve	-	1,564	1,916
Retained earnings	1,447	1,303	3,289
	<u>8,719</u>	<u>10,139</u>	<u>12,477</u>
LIABILITIES			
Non-current liabilities			
Bank borrowings	2,066	301	-
Debt securities	15,702	15,736	15,769
Deferred taxation	216	1,006	1,006
Other non-current liabilities	-	278	-
	<u>17,984</u>	<u>17,321</u>	<u>16,775</u>
Current liabilities			
Bank borrowings	53	2,500	1,616
Trade and other payables	523	648	648
Capital creditors	2,479	2,491	278
Other current liabilities	-	624	276
	<u>3,055</u>	<u>6,263</u>	<u>2,818</u>
	<u>21,039</u>	<u>23,584</u>	<u>19,593</u>
Total equity and liabilities	<u>29,758</u>	<u>33,723</u>	<u>32,070</u>



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Key Accounting Ratios

	FY2022 Forecast	FY2023 Projection	FY2024 Projection
Gearing ratio (Total net debt/net debt and shareholders' equity)	52%	61%	52%
Gearing ratio 2 (times) (Total net debt/shareholders' equity)	1.07	1.53	1.08
Net debt to Operating profit (years) (Net debt/Operating profit)	4.31	34.73	3.55
Net assets per share (€) (Net asset value/number of shares)	1.20	1.39	1.72
Liquidity ratio (times) (Current assets/current liabilities)	3.73	1.28	2.26

Source: MZ Investment Services Limited

Total assets as at 31 December 2022 is forecasted to amount to €29.8 million and shall mainly comprise the Hotel and "CE House" valued at €15.7 million and €2.7 million respectively, inventory (work-in-progress on property development) of €2.9 million and cash balances of €8.5 million. In FY2023, total assets are expected to increase by €4.0 million primarily on account of an increase in value of the Hotel of €7.4 million and inventory of €2.0 million, while cash balances are expected to decrease by €5.5 million.

As at 31 December 2024, total assets are projected to amount to €32.1 million and shall principally comprise the Hotel and "CE House" amounting to €25.7 million and cash balances of €3.9 million. Furthermore, inventory is estimated at €2.3 million and in the main will include property development works-in-progress.

The Group's equity is projected to amount to €8.7 million in FY2022 and increase to €10.1 million in the subsequent financial year due to an uplift in the carrying value of the Hotel. On account of an increase in retained earnings in FY2024, total equity is projected to increase by 23% y-o-y to €12.5 million.

Total liabilities of the Group shall mainly comprise the proposed bond issue amounting to €15.7 million, while bank loans and capital creditors which primarily relate to property developments are expected to amount to €4.5 million and €5.3 million in FY2022 and FY2023 respectively.

In FY2024, no material movements are projected in total liabilities compared to the prior year, other than a decrease in bank loans from €2.8 million in FY2023 to €1.6 million.

The leverage of the Group (gearing) is expected to reach 61% in FY2023 on account of an increase in borrowings used for the purposes of developing residential units and the Hotel, which should improve to 52% in FY2024 as cash balances accumulate from Hotel operations and disposal of residential units. The liquidity ratio is projected at 1.28 times in FY2023 and 2.26 times in the subsequent financial year.



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The Ona p.l.c.

Consolidated Cash Flow Statement for the year ending 31 December

	2022	2023	2024
	Forecast	Projection	Projection
	€'000	€'000	€'000
Net cash from (used in) operating activities	2,392	227	4,491
Net cash from (used in) investing activities	(10,085)	(5,629)	(1,571)
Net cash from (used in) financing activities	15,168	(136)	(1,997)
Net movement in cash and cash equivalents	7,475	(5,538)	923
Cash and cash equivalents at beginning of year	1,043	8,518	2,980
Cash and cash equivalents at end of year	8,518	2,980	3,903
Free cash flow¹	(7,693)	(5,402)	2,920

¹ Free cash flow is arrived at by deducting capital expenditure from cash generated from operating activities.

Net cash from operating activities in FY2022 is expected to amount to €2.4 million, principally reflecting net cash inflows to be generated from property sales. In FY2023, net cash from operating activities will comprise a half year's operation of the Hotel and an adverse movement in working capital on account of property development works-in-progress. As such, net cash inflows for the year is expected to amount to €0.2 million.

In the subsequent year (FY2024), net cash inflows from operating activities is projected to increase to €4.5 million on account of a full year's operation of the Hotel and the execution of sale contracts relating to all units within the Mellieha Project and Birkirkara Project.

Net cash used in investing activities is estimated to amount to €15.7 million during FY2022 and FY2023 (in aggregate) and relates to the acquisition of the site in Swieqi, limits of St Julians and development thereon of the Hotel. The final payments relating to the development of the Hotel amounting to €1.6 million are projected to be settled in FY2024.

In FY2022, net cash from financing activities is projected to amount to €15.2 million and shall mainly comprise net proceeds from the proposed bond issue of €15.7 million. The Group is expected to effect bank loan repayments of €0.4 million and incur bank loan interest of €0.1 million. In FY2023, net cash used is estimated to amount to €0.1 million and includes bond and bank loan interests of €0.8 million which is expected to be partly offset by bank loan drawdowns of €0.7 million.

Net cash used in financing activities in FY2024 is estimated at €2.0 million and shall comprise the settlement in full of bank loans amounting to €1.2 million in relation to the Mellieha Project and Birkirkara Project and interest payments on account of bank borrowings and bonds of €0.8 million.



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PART 3 - COMPARABLES

The table below compares the Issuer and its bond issue to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. The list includes issuers (excluding financial institutions) that have listed bonds. Although there are significant variances between the activities of the Issuer and other issuers (including different industries, principal markets, competition, capital requirements etc), and material differences between the risks associated with the Group's business and that of other issuers, the comparative analysis provides an indication of the financial performance and strength of the Group.

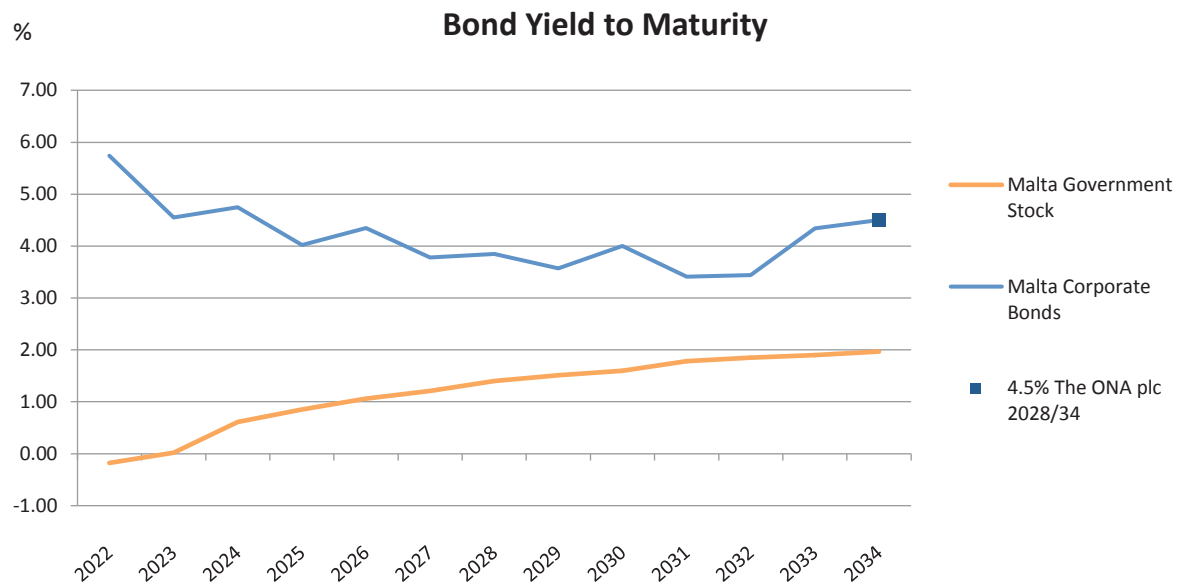
Comparative Analysis	Nominal Value (€)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'000)	Net Asset Value (€'000)	Gearing Ratio (%)
6.00% Pendergardens Developments plc Secured € 2022 Series	21,093,400	5.74	1.79	60,578	29,491	36.39
4.25% GAP Group plc Secured € 2023	8,367,900	5.29	14.81	112,173	21,575	60.31
5.30% United Finance Plc Unsecured € Bonds 2023	8,500,000	4.55	0.67	37,298	6,677	75.91
5.80% International Hotel Investments plc 2023	10,000,000	4.54	1.06	1,695,229	838,216	40.59
5.5% Mediterranean Investments Holding plc € 2023	20,000,000	4.64	2.01	310,941	188,651	27.06
6.00% AX Investments Plc € 2024	40,000,000	3.57	1.69	374,099	237,143	25.10
6.00% International Hotel Investments plc € 2024	35,000,000	5.47	1.06	1,695,229	838,216	40.59
5.30% Mariner Finance plc Unsecured € 2024	35,000,000	4.75	3.30	102,348	52,929	46.65
5.00% Hal Mann Vella Group plc Secured € 2024	30,000,000	3.72	2.60	123,752	48,512	53.05
5.10% 1923 Investments plc Unsecured € 2024	36,000,000	4.36	4.58	149,687	52,831	49.89
4.25% Best Deal Properties Holding plc Secured € 2024	12,136,700	2.45	-	24,561	6,893	62.61
3.70% GAP Group plc Secured € 2023-2025 Series 1	21,000,000	3.55	14.81	112,173	21,575	60.31
5.75% International Hotel Investments plc Unsecured € 2025	45,000,000	4.66	1.06	1,695,229	838,216	40.59
5.10% GPM Holdings plc Unsecured € 2025	13,000,000	4.59	52.47	162,889	74,159	14.82
4.50% Hili Properties plc Unsecured € 2025	37,000,000	4.02	1.41	208,696	110,881	32.31
4.35% Hudson Malta plc Unsecured € 2026	12,000,000	4.35	4.51	58,951	12,557	68.49
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	4.11	- 0.51	1,717,057	828,470	42.64
4.00% International Hotel Investments plc Secured € 2026	55,000,000	3.36	1.06	1,695,229	838,216	40.59
5.00% Dizz Finance plc Unsecured € 2026	8,000,000	4.99	0.45	72,112	4,763	91.27
3.75% Premier Capital plc Unsecured € 2026	65,000,000	3.51	11.70	317,675	60,118	74.24
4.00% International Hotel Investments plc Unsecured € 2026	60,000,000	4.02	1.06	1,695,229	838,216	40.59
3.25% AX Group plc Unsec Bds 2026 Series I	15,000,000	3.25	1.69	374,099	237,143	25.10
3.90% GAP Group plc Secured € 2024-2026	21,000,000	3.90	14.81	112,173	21,575	60.31
4.35% SD Finance plc Unsecured € 2027	65,000,000	4.35	0.88	328,464	131,504	30.32
4.00% Eden Finance plc Unsecured € 2027	40,000,000	3.78	3.63	193,529	109,284	28.55
4.00% Stivala Group Finance plc Secured € 2027	45,000,000	3.49	3.25	362,955	235,392	26.66
3.85% Hili Finance Company plc Unsecured € 2028	40,000,000	3.85	3.44	624,222	106,811	78.42
3.65% Stivala Group Finance plc Secured € 2029	15,000,000	3.57	3.25	362,955	235,392	26.66
3.80% Hili Finance Company plc Unsecured € 2029	80,000,000	3.88	3.44	624,222	106,811	78.42
3.75% AX Group plc Unsec Bds 2029 Series II	10,000,000	3.79	1.69	374,099	237,143	25.10
3.65% International Hotel Investments plc Unsecured € 2031	80,000,000	3.68	1.06	1,695,229	838,216	40.59
3.50% AX Real Estate plc Unsec Bds 2032	40,000,000	3.44	-	238,228	78,698	63.41
4.50% The Ona plc € 2028 - 2034	16,000,000	4.50	44.94	29,758	8,719	51.62

29-Apr-22

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, MZ Investment Services Ltd



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Source: Malta Stock Exchange, Central Bank of Malta, MZ Investment Services Ltd

29 April 2022

To date, there are no corporate bonds which have a redemption date beyond 2034. The Malta Government Stock yield curve has been included as it is the benchmark risk-free rate for Malta.

The Bonds are priced at a yield of 4.50%, which is at par when compared to other corporate bonds maturing in the same year. The premium over FY2034 Malta Government Stock is 253 basis points.



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PART 4 - EXPLANATORY DEFINITIONS

INCOME STATEMENT

Revenue	Total revenue generated by the Group from its business activities during the financial year.
Cost of sales	Operating expenses include the cost of construction, cost of hotel operations and other related expenses.
Operating profit	Operating profit can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Profit after tax	Profit after tax is the profit made by the Issuer during the financial year both from its operating as well as non-operating activities.

PROFITABILITY RATIOS

Operating profit margin	Operating profit margin is operating income or EBITDA (earnings before interest, tax, depreciation & amortisation) as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.

EFFICIENCY RATIOS

Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.

EQUITY RATIOS

Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.
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CASH FLOW STATEMENT

Cash flow from operating activities	Cash generated from the principal revenue-producing activities of the Group.
Cash flow from investing activities	Cash generated from activities dealing with the acquisition, disposal and development of long-term assets and other investments of the Issuer.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Issuer.



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BALANCE SHEET

Non-current assets	Non-current assets are the Issuer's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Issuer amortises the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was acquired. Such assets include property, plant & equipment, and investment property.
Current assets	Current assets are all assets of the Issuer, which are realisable within one year from the balance sheet date. Such amounts include development stock, accounts receivable, cash and bank balances.
Current liabilities	Current liabilities are all liabilities payable by the Issuer within a period of one year from the balance sheet date, and include accounts payable and short-term debt, including current portion of bank loans.
Non-current liabilities	Non-current liabilities are the Issuer's long-term financial obligations that are not due within the present accounting year. The Issuer's non-current liabilities include long-term borrowings and debt securities.
Total equity	Total equity includes share capital, reserves & other equity components, and retained earnings.
Net assets per share	Net assets per share are the total assets less total liabilities divided by the number of equity shares in issue.

FINANCIAL STRENGTH RATIOS

Liquidity ratio	The liquidity ratio (also known as current 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 a company's current assets to its current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company's operating profit of one period by the company's interest expense of the same period.
Net debt to operating profit	The net debt to operating profit ratio is a measurement of leverage, calculated as a company's interest bearing liabilities minus cash or cash equivalents, divided by its operating profit. This ratio shows how many years it would take for a company to pay back its debt if net debt and operating profit are held constant.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity. Alternatively, the gearing ratio can be calculated by dividing a company's net debt by shareholders' equity. Shareholders' equity comprises 'other capital' as defined hereinabove.
