

SUMMARY

DATED 5 DECEMBER 2022

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 the Securities Note, as the case may be.

In respect of an issue of

**UP TO €23,000,000 IN 4.75% SECURED BONDS 2025 – 2027
OF A NOMINAL VALUE OF €100 PER SECURED BOND ISSUED AT PAR**

BY



GAP GROUP P.L.C.

**WITH THE JOINT AND SEVERAL GUARANTEE OF
GAP ZONQOR LIMITED**

Legal Counsel
to the Sponsor, Manager & Registrar



CAMILLERI PREZIOSI
ADVOCATES

Legal Counsel
to the Issuer

Dr Chris Cilia

Security Trustee

EQUINOX INTERNATIONAL
LIMITED

Sponsor, Manager & Registrar



MZ INVESTMENT SERVICES

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 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

A handwritten signature in blue ink, appearing to read 'George Muscat'.

George Muscat

A handwritten signature in blue ink, appearing to read 'Paul Attard'.

Paul Attard

signing in their own capacity as directors of the Issuer and on behalf of each of Mark Castillo, Chris Cilia, Francis X Gouder and Adrian Muscat as their duly appointed agents.

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 will enable investors to understand the nature and the risks associated with the Issuer and the Secured Bonds. Except where the context otherwise requires or where otherwise defined herein, the capitalised words and expressions used in this Summary shall bear the meanings assigned thereto in the Registration Document and the Securities Note, respectively, as the case may be.

1. INTRODUCTION AND WARNINGS

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

Issuer	Gap Group p.l.c, a public limited liability company registered in Malta with company registration number C 75875 and legal entity identifier (LEI) number 213800NHMAPF7JZ8CO50.
Address	Gap Holdings Head Office, Ċensu Scerri Street, Sliema SLM 3060, Malta.
Telephone number	+356 23271000
Website	http://www.gap.com.mt
Competent authority approving the Prospectus	The MFSA, established in terms of the Financial Markets Act (Cap. 345 of the laws of Malta).
Address	Malta Financial Services Authority, Triq l-Imdina, Zone 1, Central Business District, Birkirkara, CBD 1010, Malta.
Telephone number	+356 2144 1155
Website	https://www.mfsa.mt/
Name of the securities	4.75% Secured Bonds due 2025 – 2027
ISIN number of the Secured Bonds	MT0001231241
Prospectus approval date	5 December 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 securities should be based on 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; and
- (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.

2. KEY INFORMATION ON THE ISSUER

2.1 Who is the Issuer of the Securities?

2.1.1 Domicile and legal form, its LEI and country of incorporation

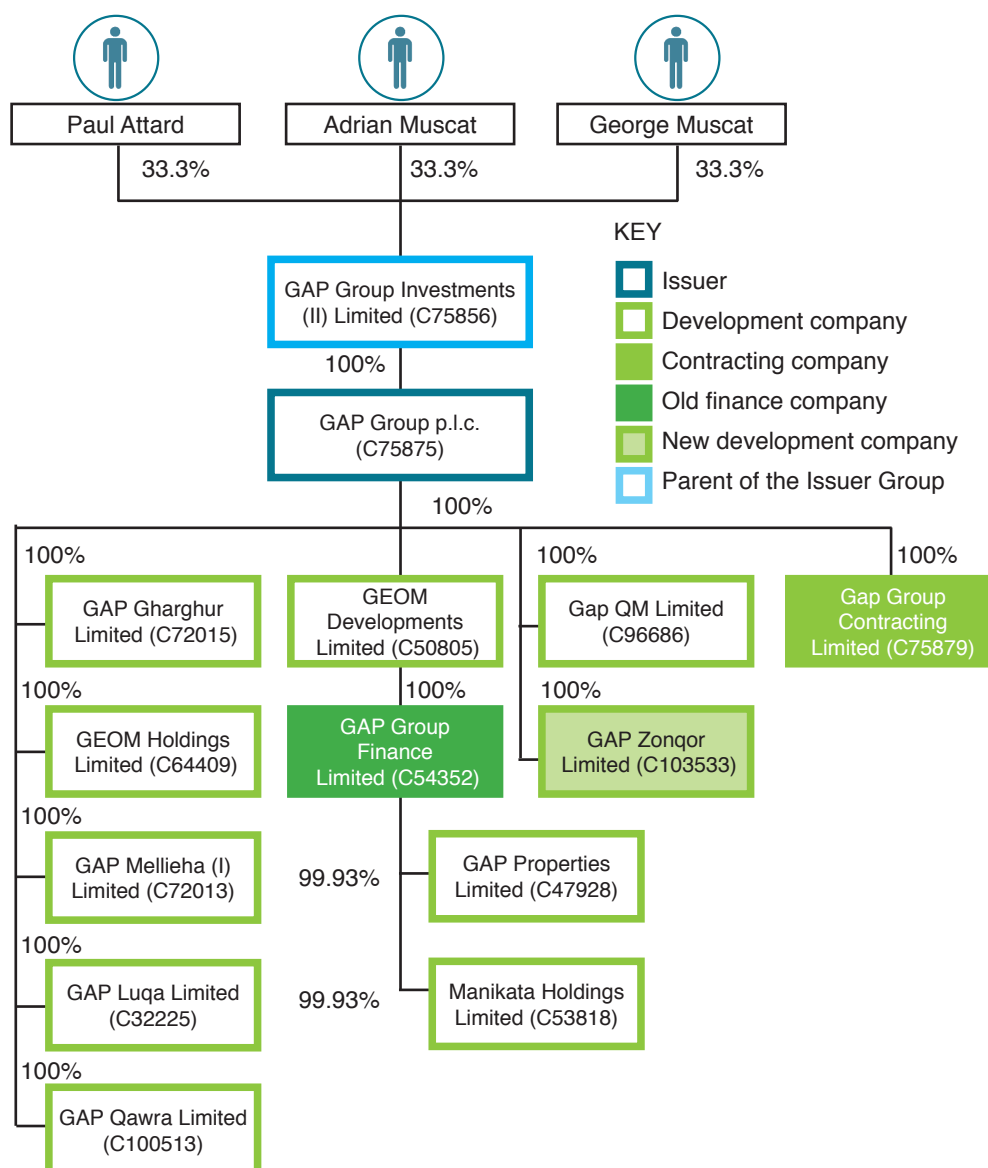
The Issuer is Gap Group p.l.c, a public limited liability company registered in Malta in terms of the Companies Act. The Issuer was incorporated and is domiciled in Malta and with LEI number 213800NHMAPF7JZ8CO50.

2.1.2 Principal activities of the Issuer

The Issuer is the holding company of the Group. Through its Subsidiaries, the Issuer is involved in the acquisition and development of real estate properties. The Issuer does not carry out any trading activities of its own and is mainly dependent on the business prospects of its operating Subsidiaries. Following the success achieved in other development projects, including developments in Gharghur, Qawra, Luqa and Mellieha, the Group is in the process of developing sites located in Qawra and Mosta. Through the newly incorporated Subsidiary Gap Zonqor Limited (C 103533) ("GZL"), the Group is in the process of acquiring a site located in Zonqor, Marsascala (the "Zonqor Site") for the subsequent development of 118 residential units and 182 lock-up garages, spread over ten blocks (the "Zonqor Development") over the Zonqor Site.

2.1.3 Organisational group structure

The organisational structure of the Group is depicted below:



2.1.4 Major shareholders of the Issuer

The Issuer's majority shareholder is Gap Group Investments II Limited (C 75856), which is the holder of 99.9% of the issued share capital of the Issuer. Paul Attard, Adrian Muscat, and George Muscat hold equal shares in Gap Group Investments II Limited and, accordingly, are the indirect ultimate owners of the Group.

2.1.5 Key managing directors

The Board is composed of the following persons: George Muscat (chairman and executive director), Paul Attard (executive director), Adrian Muscat (executive director), Francis X. Gouder (independent non-executive director), Mark Castillo (independent non-executive director) and Chris Cilia (Independent non-executive director).

2.1.6 Statutory auditors

The auditor of the Issuer for the financial year ended 31 December 2019 is EFS Audit Limited of 1, Tal-Providenza Mansions, Main Street, Balzan BZN 1254, Malta. The Accountancy Board registration number of EFS Audit Limited is AB/2/19/19.

The auditor of the Issuer for the financial years ended 31 December 2020 and 31 December 2021 and as at the date of the Prospectus, is TACS Malta Limited of 1, Tal-Providenza Mansions, Main Street, Balzan BZN 1254, 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 key information regarding the Issuer on a consolidated basis is set out below:

Income Statement	FY2021	FY2020	FY2019	6-mth period ended 30 Jun'22	6-mth period ended 30 Jun'21
Operating profit (€'000)	12,249	6,803	6,137	5,074	6,664

Balance Sheet	FY2021	FY2020	FY2019	30 Jun'22
Net financial debt (€'000)	32,778	52,220	39,510	31,800

Cash Flow Statement	FY2021	FY2020	FY2019	6-mth period ended 30 Jun'22	6-mth period ended 30 Jun'21
Cash flows from (used in) operating activities (€'000)	24,475	(10,862)	(20,317)	1,423	14,131
Cash flows from (used in) financing activities (€'000)	1,437	3,620	27,395	1,603	1,037
Cash flows from (used in) investing activities (€'000)	(2,866)	507	(1,206)	(25,528)	(6,162)

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

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

2.3.1 Risks associated with the dependency of the Issuer on the performance of its Subsidiaries

As a finance and holding company, the majority of the Issuer's assets consist of loans granted to its Subsidiaries and shares held in its Subsidiaries, with the only revenue generating activities of the Issuer being the receipt of interest income on funds advanced to its Subsidiaries and dividends received from its Subsidiaries. The Issuer is thus economically dependent on the operational results, the financial position, and the financial performance of its Subsidiaries.

2.3.2 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 the members of its executive management team and other key personnel. Moreover, if one or more of the members of this team were unable or unwilling to continue in their present position, 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.

2.3.3 Risks associated with the acquisition, development, and sale of property

Property acquisition and development is subject to several specific risks including: (i) the risk of delays, including delays (and, or refusals) in obtaining any necessary permits and cost overruns; (ii) the risk of sales transactions not being affected at the prices and within the timeframes envisaged; (iii) general industry trends, including the cyclical nature of the real estate market, economic depressions, increased competition and a change in market conditions; (iv) the possibility of delays pursuant to a strain on the availability of human and capital resources required for such projects; and (v) extensive regulation and administrative requirements which relate to, among other things, planning, developing, land use, local urban regeneration strategy, fire, health and safety, and others. The occurrence of any of foregoing 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.

2.3.4 Risks associated with property valuations and net realisable value

Notwithstanding the preparation of valuations by an independent qualified architect, the valuation of property is intrinsically subjective and based on several assumptions at a given point in time. Accordingly, property valuations are largely dependent on current and, or expected market conditions which are susceptible to fluctuation and therefore, there can be no assurance that such property valuations will reflect actual market values. Furthermore, the Group may purchase and, or have purchased property on the basis of inaccurate valuations.

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

The project companies forming part of the Group (including the Guarantor) rely upon service providers such as architects, building contractors and suppliers for the construction and completion of each of the Group's developments. The Guarantor has engaged the services of GGCL for the purposes of the Żonqor Development. GGCL is entitled to sub-contract its services to third party providers for the construction of the respective developments. This gives rise to counter-party risks in those instances where such service providers do not perform in line with the Group's expectations and contractual obligations.

2.3.6 Litigation risk

All industries, including the property development industry, are subject to legal claims, with or without merit. Defense and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of litigation and dispute resolution processes, there can be no assurance that the resolution of any legal proceeding or dispute will not have a material adverse effect on the Group's future cash flow, results of operations or financial condition.

2.3.7 The Group's insurance policies

Although the Group insures against damage incurred throughout the construction process, 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. Any realized losses that are not covered by an insurance arrangement may have an adverse effect on the Group's financial performance.

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 €23,000,000 with a nominal value of €100 per Secured Bond issued at par and redeemable on 22 December 2027 or, at the sole option of the Issuer, any date falling between 22 December 2025 and 21 December 2027. The Secured Bonds bear interest at the rate of 4.75% per annum on the nominal value of the Secured Bonds.

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: MT0001231241. The Secured Bonds shall be freely transferable.

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 Guarantor. 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) a fourth-ranking general hypothec over the Issuer's assets, present and future, for the full nominal value of the Secured Bonds and interest thereon; (ii) a first-ranking general hypothec over GZL's assets, present and future, for the full nominal value of the Secured Bonds and interest thereon; (iii) a first-ranking special hypothec over the Żonqor Site (and any developments and constructions thereon) for the full nominal value of the Secured Bonds and interest thereon; (iv) a first-ranking special privilege over the Żonqor Site (and any developments and constructions thereon) for the amount of €14,247,000; and (v) the Pledge Agreement.

There are no special rights attached to the Secured Bonds other than the rights 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 security interests through the Security Trustee; and (iv) such other rights attached to the Secured Bonds emanating from the Securities Note.

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 GZL as guarantor on a joint and several basis (the “**Guarantee**”), which shall become effective upon the admission to listing of the Secured Bonds on the Official List of the MSE. The Guarantee shall constitute a direct, unsecured, and unconditional obligation of the Guarantor. Accordingly, the Security Trustee, for the benefit of the Bondholders, shall be entitled to request the Guarantor to pay both the interest due and the principal amount under the Secured Bonds on first demand, if the Issuer fails to meet any amount, when due in terms of the Prospectus. The joint and several Guarantee also entitles the Security Trustee to take action against the Guarantor without having to first take action against the Issuer.

3.4 The Guarantor

The Guarantor is GAP Zonqor Limited (C 103533) (“**GZL**”). GZL was established on 18 October 2022 as a single member private limited liability company registered in Malta in terms of the Companies Act, with company registration number C 103533. GZL has LEI number 485100QYE4NSPDLYPX98. GZL was established as a special purpose vehicle for the purpose of acquiring the Zonqor Site and the subsequent development of the Zonqor Development over the Zonqor Site. Since incorporation to the date of the Prospectus, GZL was not involved in any trading or business activities. Accordingly, no key financial information pertaining to GZL is available.

3.5 Key risks that are specific to the Guarantor and the Guarantee

3.5.1 Risks relating to the Guarantee and the collateral granted by the Guarantor

The strength of the undertakings given under the Guarantee and accordingly, the level of recoverability by the Security Trustee from the Guarantor of any amounts due under the Secured Bonds, is dependent on the financial position and solvency of the Guarantor. The Guarantee will be further supported by, *inter alia*, a first-ranking special hypothec over the Zonqor Site (and any developments and constructions thereon) for the full nominal value of the Secured Bonds and interest thereon, together with a special privilege over the Zonqor Site (and any developments and constructions thereon) for the amount of €14,247,000. There can be no guarantee that the value of the Zonqor Site over the term of the Secured Bonds shall be sufficient to cover the full amount of interest and principal outstanding under the Secured Bonds.

3.5.2 Ranking of security interests granted by the Guarantor

The security interests to be constituted by the Guarantor in favour of the Security Trustee 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 debts due to them in respect of the expenses and the price of their work.

3.5.3 Risks relating to the business of the Guarantor

The risk factors relating to the property sector, as detailed in earlier sections of this Summary equally apply to the business of the Guarantor. If any of such risks were to materialise, they would have a material adverse effect on the ability of the Guarantor to satisfy its obligations under the Guarantee.

3.6. What are the key risks that are specific to the securities?

3.6.1 Complex financial instruments 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 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. 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.

3.6.2 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 any interest or 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.

3.6.3 Ranking of the general hypothec granted by the Issuer

In terms of Maltese law, hypothecary debts are paid according to the order of registration in the Public Registry in Malta. The Issuer shall secure its obligations under the Bond Issue by virtue of, *inter alia*, a fourth-ranking general hypothec over all its assets, present and future. In the case of a competition of creditors following an Event of Default or an event of default under the 2016 Bonds, the 2020 Bonds or the 2021 Bonds, the Security Trustee will rank after the general hypothecs constituted in favour of the security trustee of the 2016 Bonds, the 2020 Bonds and the 2021 Bonds. The ranking of the general hypothec granted by the Issuer is also subject to the rights of privileged creditors who will rank with priority over hypothecary debts. 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 and thus in the case of a competition of creditors, Bondholders may not recover their investment in the Secured Bonds, whether in full or in part.

3.6.4 Subsequent changes in interest rate and the potential impact of inflation

Investment in the Secured Bonds involves the risk that subsequent changes in market interest rates may adversely affect the market value of the Secured Bonds. When prevailing market interest rates are rising, the prices that market participants will generally be willing to pay for the Secured Bonds can be expected to decline. Conversely, if market interest rates are declining, secondary market prices for the Secured Bonds can generally be expected to rise. Moreover, 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.

3.6.5 Orderly and liquid secondary market

The existence of an orderly and liquid secondary 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.

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?

Application for the Secured Bonds

The Secured Bonds shall be made available for subscription to all categories of investors. The Secured Bonds are being issued at par, that is, at €100 per Secured Bond with the full amount payable upon subscription.

The Secured Bonds shall be offered exclusively to the Authorised Financial Intermediaries pursuant to the Intermediaries' Offer. The total aggregate amount in nominal value of Secured Bonds which shall be subject to Subscription Agreements shall not exceed €23,000,000. During the Offer Period, the Issuer shall enter into the Subscription Agreements with Authorised Financial Intermediaries pursuant to which the Issuer shall bind itself to allocate the total nominal value of Secured Bonds to the Authorised Financial Intermediaries. 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 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 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.

The total estimated expenses of the Bond Issue are €460,000.

Expected Timetable

1. Offer Period	9 December 2022 – 21 December 2022
2. Commencement of interest on the Secured Bonds	22 December 2022
3. Expected date of announcement of basis of acceptance	22 December 2022
4. Refunds of unallocated monies (if any)	30 December 2022
5. Expected dispatch of allotment advices	30 December 2022
6. Expected date of admission of the securities to listing	30 December 2022
7. Expected date of commencement of trading in the securities	3 January 2023
8. Expected date of constitution of Collateral	not later than 21 January 2023

Plan of Distribution, Allotment and Allocation Policy

The Secured Bonds shall be offered exclusively to the Authorised Financial Intermediaries pursuant to the Intermediaries' Offer. During the Offer Period, an Authorised Financial Intermediary shall subscribe for Secured Bonds by virtue of a conditional Subscription Agreement.

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. Subscriptions 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 Bond Issue is conditional upon it being fully subscribed. In the event that the Bond Issue is not fully taken up, no allotment of the Secured Bonds shall be made, the subscription to the Secured Bonds shall be deemed not to have been accepted by the Issuer and all money received from subscribers shall be refunded accordingly.

The Issuer shall announce the result of the Bond Issue through a company announcement by not later than 22 December 2022.

4.2. Why is this Prospectus being produced?

As at the date of the Prospectus, Gap Projects Limited (C47554) has agreed to purchase the Żonqor Site from the vendors of the said site. The amount of €600,000 has been paid by the Issuer to the vendors of the Żonqor Site on account of the purchase price. On the deed of sale, Gap Projects Limited shall assign and novate all its rights and obligations under the said promise of sale agreement to GZL.

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €22,540,000 shall be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

- (a) up to €15,900,000 shall be used for the acquisition of the Żonqor Site by GZL, including costs pertaining to stamp duty, expenses, and costs due to the Notary Public and applicable brokerage fees; and
- (b) €6,640,000 shall be used to finance costs required to develop and complete the Żonqor Development. The amount of €6,640,000 shall be released in a corresponding value contained in an architect's confirmation of value of works and shall be released following the due perfection of the Collateral.

The Bond Issue is conditional upon it being fully subscribed. In the event that the Bond Issue is not fully taken up, no allotment of the Secured Bonds shall be made, the subscription to the Secured Bonds shall be deemed not to have been accepted by the Issuer and all money received from subscribers shall be refunded accordingly.

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 Secured Bond proceeds until the Secured Bonds are admitted to the Official List of the Malta Stock Exchange. It is expected that within 15 Business Days from listing of the Secured Bonds:

- (i) the Issuer, GZL and the Security Trustee shall appear on a deed of sale and purchase for the sale and transfer of the Żonqor Site to GZL. The amount of approximately €14,247,000 shall be released to the vendor of Żonqor Site on this deed of sale. The amount of €600,000 shall be released to the Issuer to finance the deposit paid by the Issuer to the vendors of the Żonqor Site. The remaining amount of €1,053,000 shall be utilised to pay stamp duty, notarial fees and brokerage fees and shall be released to the notary public responsible for such purpose. Simultaneously with the entry into of the deed of sale and purchase, each of the Issuer and GZL 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 Issuer, GZL and the Security Trustee shall enter into the Pledge Agreement.

The Sponsor, Manager and Registrar do not have any material interest in the Issuer or the Guarantor. The Bond Issue is not subject to an underwriting agreement on a firm commitment basis.

REGISTRATION DOCUMENT

DATED 5 DECEMBER 2022

This Registration Document is 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.



GAP GROUP P.L.C.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA
WITH COMPANY REGISTRATION NUMBER C 75875

THIS REGISTRATION DOCUMENT HAS BEEN APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY AS THE COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THIS MEANS THAT THE MALTA FINANCIAL SERVICES AUTHORITY HAS ONLY 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 ANY INSTRUMENT ISSUED BY THE ISSUER AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENTS. THIS REGISTRATION DOCUMENT HAS BEEN DRAWN UP AS PART OF A SIMPLIFIED PROSPECTUS IN ACCORDANCE WITH ARTICLE 14 OF THE PROSPECTUS REGULATION.

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 ISSUED BY THE ISSUER.

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

Legal Counsel
to the Sponsor, Manager & Registrar



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signing in their own capacity as directors of the Issuer and on behalf of each of
Mark Castillo, Chris Cilia, Francis X Gouder and Adrian Muscat as their duly appointed agents.

IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ON GAP GROUP P.L.C. (IN ITS CAPACITY AS ISSUER) IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES OF THE MALTA FINANCIAL SERVICES AUTHORITY, THE COMPANIES ACT AND THE PROSPECTUS REGULATION.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER, 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, GUARANTORS OR THEIR RESPECTIVE DIRECTORS OR ADVISORS.

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

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES ISSUED BY THE ISSUER 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 ISSUED BY THE ISSUER 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 GUARANTOR 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 PROSPECTUS IS VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE HEREOF. FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD, THE ISSUER IS NOT OBLIGED TO SUPPLEMENT THE PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES.

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS DOCUMENT AND ANY PERSONS 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 OF 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.

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED THE PROSPECTUS REGULATION THE SECURITIES CAN ONLY BE OFFERED TO "QUALIFIED INVESTORS" (AS DEFINED IN THE SAID REGULATION) AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE SAID REGULATION.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE MALTA FINANCIAL SERVICES AUTHORITY IN SATISFACTION OF THE CAPITAL MARKETS RULES AND TO 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 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 ADVISORS TO THE ISSUER NAMED IN THIS REGISTRATION DOCUMENT UNDER THE HEADING ENTITLED “**ADVISORS**” IN SECTION 3.3 OF THIS REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS PUBLIC OFFER 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 REGISTRATION DOCUMENT, 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. 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 SECURED BONDS.

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

TABLE OF CONTENTS

1. DEFINITIONS	5
2. RISK FACTORS	8
2.1 Forward-looking Statements	8
2.2 Risk Factors	8
3. DIRECTORS, SENIOR MANAGEMENT, ADVISORS AND AUDITORS	12
3.1 Directors	12
3.2 Senior Management	13
3.3 Advisors	13
3.4 Auditors of the Issuer and the Guarantors	13
3.5 Security Trustee	14
4. INFORMATION ABOUT THE ISSUER	14
4.1 Historical Development of the Issuer	14
5. INFORMATION ABOUT THE GUARANTOR	17
5.1 GZL	17
6. THE PROJECTS	17
6.1 The Žonqor Development	17
6.2 Other Major Projects Undertaken by the Group	19
7. TREND INFORMATION AND FINANCIAL PERFORMANCE	22
7.1 Trend Information	22
7.2 Key Financial Review	23
8. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES	26
8.1 The Board of Directors of the Issuer and the Guarantor	26
8.2 Conflict of Interest	27
8.3 Management Structure	27
9. MAJOR SHAREHOLDERS	28
10. LEGAL AND ARBITRATION PROCEEDINGS	28
11. REGULATORY DISCLOSURES	28
12. MATERIAL CONTRACTS	28
13. PROPERTY VALUATION REPORTS	28
14. STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTEREST	29
15. DOCUMENTS AVAILABLE FOR INSPECTION AND INCORPORATED BY REFERENCE	29
16. CROSS-REFERENCE LIST OF DOCUMENTS INCORPORATED BY REFERENCE	29

1. DEFINITIONS

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

2016 Bonds	the 4.25% secured bonds due 2023 issued by the Issuer pursuant to a prospectus dated 16 September 2016, and having ISIN number: MT0001231209;
2020 Bonds	the €21,000,000 3.7% secured bonds due 2023 – 2025 issued by the Issuer pursuant to a prospectus dated 20 November 2020, and having ISIN number: MT0001231225;
2021 Bonds	the €21,000,000 3.90% secured bonds due 2024-2026 issued by the Issuer pursuant to a prospectus dated 6 December 2021, and having ISIN number: MT0001231233;
Birkirkara Development	the 14 residential units and nine garages all in a completely finished state, forming part of the development on the site in Triq Qormi, Birkirkara, Malta, measuring approximately 450m ² , as better described in section 6.2.2. of this Registration Document;
Capital Markets Rules	the capital markets rules issued by the Malta Financial Services Authority in terms of the Financial Markets Act;
Companies Act	the Companies Act (Cap. 386 of the laws of Malta);
Deloitte Advisory and Technology Limited	Deloitte Advisory and Technology Limited, a private limited liability company registered under the laws of Malta bearing company registration number C 23487 and having its registered office at Deloitte Place, Triq l-Intornjatur, Zone 3, Central Business District, Birkirkara, CBD 3050, Malta;
Directors or Board	the directors of the Issuer whose names are set out in section 3.1 of this Registration Document under the heading entitled “ Directors, Senior Management, Advisors and Auditors ”;
Euro or €	the lawful currency of the Republic of Malta;
Financial Markets Act	the Financial Markets Act (Cap. 345 of the laws of Malta);
GDL	Geom Developments Limited, a private limited liability company registered under the laws of Malta bearing company registration number C 50805 and having its registered office at Gap Holdings Head Office, Ċensu Scerri Street, Sliema SLM 3060, Malta;
GHL	Geom Holdings Limited, a private limited liability company registered under the laws of Malta bearing company registration number C 64409 and having its registered office at Gap Holdings Head Office, Ċensu Scerri Street, Sliema SLM 3060, Malta;
Għarghur Development	the 34 luxury apartments (six of which are at penthouse level) and 41 garages / car spaces, spread over four blocks with a variety of one, two and three bedroomed residential units, all in a completely finished state, forming part of the development on the site in Triq Caravaggio, Għarghur, Malta measuring approximately 2,585m ² , as better described in section 6.2.2. of this Registration Document;
GGCL	Gap Group Contracting Limited, a private limited liability company registered under the laws of Malta bearing company registration number C 75879 and having its registered office at Gap Holdings Head Office, Ċensu Scerri Street, Sliema SLM 3060, Malta;
GGF	Gap Group Finance Limited, a private limited liability company registered under the laws of Malta bearing company registration number C 54352 and having its registered office at Gap Holdings Head Office, Ċensu Scerri Street, Sliema SLM 3060, Malta;
GGL	Gap Għarghur Limited, a private limited liability company registered under the laws of Malta bearing company registration number C 72015 and having its registered office at Gap Holdings Head Office, Ċensu Scerri Street, Sliema SLM 3060, Malta;
GLL	Gap Luqa Limited, a private limited liability company registered under the laws of Malta bearing company registration number C 32225 and having its registered office at Gap Holdings Head Office, Ċensu Scerri Street, Sliema SLM 3060, Malta;
GML	Gap Mellieħa (I) Limited, a private limited liability company registered under the laws of Malta bearing company registration number C 72013 and having its registered office at Gap Holdings Head Office, Ċensu Scerri Street, Sliema SLM 3060, Malta;
GP	Gap Projects Limited, a private limited liability company registered under the laws of Malta bearing company registration number C 47554 and having its registered office at Gap Holdings Head Office, Ċensu Scerri Street, Sliema SLM 3060, Malta;

GPL	Gap Properties Limited, a private limited liability company registered under the laws of Malta bearing company registration number C 47928 and having its registered office at Gap Holdings Head Office, Ċensu Scerri Street, Sliema SLM 3060, Malta;
GQL	GAP Qawra Limited, a private limited liability company registered under the laws of Malta bearing company registration number C 100513 and having its registered office at Gap Holdings Head Office, Ċensu Scerri Street, Sliema SLM 3060, Malta;
GQM	GAP QM Limited, a private limited liability company registered under the laws of Malta bearing company registration number C 96686 and having its registered office at Gap Holdings Head Office, Ċensu Scerri Street, Sliema SLM 3060, Malta;
GZL	GAP Zonqor Limited, a private limited liability company registered under the laws of Malta bearing company registration number C 103533 and having its registered office at Gap Holdings Head Office, Ċensu Scerri Street, Sliema SLM 3060, Malta;
Group or Gap Group	the Issuer and its direct or indirect Subsidiaries;
Guarantor	means GZL;
Issuer	Gap Group p.l.c., a public limited liability company registered under the laws of Malta bearing company registration number C 75875 and having its registered office at Gap Holdings Head Office, Ċensu Scerri Street, Sliema SLM 3060, Malta;
Luqa Development	the construction, development and finishing of a total of 268 residential units and 301 garages spread over five zones with a mix of one, two and three bedroomed residential units, all in a completely finished state, forming part of the development on the site known as Ta' Blejkiet in Luqa, Malta, measuring approximately 8,500m ² ;
Market Abuse Regulation	means Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC, and 2004/72/EC;
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 Exchange or MSE	Malta Stock Exchange p.l.c., 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 Development	the 63 residential units and 93 garages spread over five blocks with a variety of two and three bedroomed residential units, all in a completely finished state, forming part of the development on the site in Triq il-Kappara, Triq il-Vajrita and Triq Guzeppi Lanza, Marsascala;
Mellieħa Development	the 159 residential units and 169 lock-up garages, spread over ten blocks with a variety of one, two and three bedroomed residential units, all in a completely finished state, forming part of the development on the site known as Ta' Masrija in Mellieħa, Malta, measuring approximately 5,100m ² ;
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;
Mosta Development	the construction, development and finishing of a total of 114 residential units, four commercial outlets and 150 car spaces, spread over eleven blocks with a variety of two and three bedroomed residential units over the Mosta Site, as better described in section 6.2.1. of this Registration Document;
Mosta Site	the site having a façade directly on Triq id-Difiża Ċivili and on Triq tal-Qares, in Mosta, Malta, measuring approximately 5,895m ² , as better described in section 6.2.1. of this Registration Document;
PDMR	has the same meaning assigned to “ <i>person discharging managerial responsibilities</i> ” in terms of the Market Abuse Regulation;
Person Closely Associated	has the same meaning assigned to “ <i>person closely associated</i> ” in terms of the Market Abuse Regulation;
Portion A	a portion of the Qawra Site III measuring approximately 1395m ² , as better described in section 6.2.1. of this Registration Document;

Portion B	a portion of the Qawra Site III measuring approximately 980m ² , as better described in section 6.2.1. of this Registration Document;
Prospectus	collectively, this Registration Document, the Securities Note and the Summary;
Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC;
Qawra I Development	the 151 residential units and 181 garages / car spaces, spread over seven blocks, identified as Blocks A to G (both included) with a variety of one, two and three bedroomed residential units, all in a completely finished state, forming part of the development of the site in Triq il-Portzjunkola, Qawra, Malta, measuring approximately 3,508m ² ;
Qawra II Development	the construction, development and finishing of a total of 93 residential units, comprising a mix of one and two bedroomed units, and 151 lock-up garages, spread over six blocks, over Qawra Site II, as better described in section 6.2.1. of this Registration Document;
Qawra III Development	the construction, development and finishing of a total of 46 residential units, comprising a mix of two and three bedroomed units, and 58 lock-up garages, spread over three blocks over Portion A and which development is subject to two pending development applications, namely, PC0017/21 and PA03106/22, as better described in section 6.2.1. of this Registration Document;
Qawra Site II	the site located in Triq in-Nakkri, in Qawra, in the limits of St. Paul's Bay, Malta, measuring approximately 1,924m ² , as better described in section 6.2.1. of this Registration Document;
Qawra Site III	the site located in Triq it-Tamar, in Qawra, in the limits of St. Paul's Bay, Malta, measuring approximately 2,375m ² and divided into Portion A and Portion B, as better described in section 6.2.1. of this Registration Document;
Registration Document	this document in its entirety;
San Pawl tat-Tarġa Development	the nine residential units and eight garages all in a completely finished state, forming part of the development on the site in Triq Jean de la Vallette, San Pawl ta-Tarġa, Naxxar, Malta measuring approximately 330m ² ;
Secured Bonds	has the meaning assigned to it in the Securities Note;
Securities Note	the securities note issued by the Issuer dated 5 December 2022, forming part of the Prospectus;
Sponsor, Manager and Registrar or MZI	M.Z. Investment Services Limited 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;
Subsidiary	means 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 "Subsidiaries" shall collectively refer to the said entities;
Summary	the summary issued by the Issuer dated 5 December 2022, forming part of the Prospectus;
Trustee or Security Trustee	Equinox International Limited, a private limited liability company registered under the laws of Malta, bearing 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 (Chapter 331 of the laws of Malta).
Żonqor Development	the 118 residential units, 182 lock-up garages and two Class 4B shops, spread over ten blocks with a variety of one, two and three bedroomed residential units, all in a completely finished state, forming part of the development on the Żonqor Site, as better described in section 6.1. of this Registration Document; and
Żonqor Site	the site having a façade directly on Triq l-Għawwiema, Triq l-Għaguża and Triq il-Bajja in Żonqor, Marsascala, Malta, measuring approximately 3,817m ² , as better described in section 6.1. 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 also include the feminine gender and *vice-versa*; and
- (c) the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative.

2. RISK FACTORS

BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE SECURITIES ISSUED BY THE ISSUER, PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISORS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THIS PROSPECTUS. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

THE RISK FACTORS BELOW HAVE BEEN CATEGORISED UNDER CERTAIN CATEGORIES, ACCORDING TO SUBJECT-MATTER. 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 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 ISSUER'S AND, OR 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. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS OF THE ISSUER AS AT THE DATE OF THE PROSPECTUS, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER AND, OR THE GROUP FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL RESULTS, FINANCIAL CONDITION, OPERATIONAL PERFORMANCE, BUSINESS AND, OR TRADING PROSPECTS OF THE ISSUER AND, OR THE GROUP.

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, THE SPONSOR, MANAGER AND REGISTRAR 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 (PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS, AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT); AND
- (III) CONTAIN STATEMENTS THAT ARE, OR MAY BE DEEMED TO BE, "FORWARD LOOKING STATEMENTS".

2.1 Forward-looking Statements

The Prospectus and the documents incorporated therein by reference or annexed thereto, contain forward-looking statements that include, among others, statements concerning the Issuer's and, or the Group's strategies and plans relating to the attainment of their respective objectives, capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts and which may involve predictions of future circumstances. Investors can generally identify forward-looking statements by the use of terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", or similar phrases. These forward-looking statements are inherently subject to a number of risks, uncertainties, and assumptions. Important factors that could cause actual results to differ materially from the expectations of the Issuer and, or the Group include those risks identified under the heading "Risk Factors" and elsewhere in the Prospectus.

Accordingly, the Issuer cautions prospective investors that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied by such statements, that such statements do not bind the Issuer with respect to future results and no assurance is given that the projected future results or expectations covered by such forward-looking statements will be achieved.

2.2 Risk Factors

2.2.1 Risks relating to the Issuer and the Group

2.2.1.1 Risks associated with the dependency of the Issuer on the performance of its Subsidiaries

As further described in section 4 of this Registration Document, the Issuer is the ultimate holding company of the Group. As a finance and holding company, the majority of the Issuer's assets consist of loans granted to its Subsidiaries and shares held in the Guarantor and other Subsidiaries of the Issuer, with the only revenue generating activities of the Issuer

being the receipt of interest income on funds advanced to its Subsidiaries and dividends received from its Subsidiaries, from time to time. The Issuer is thus economically dependent on the operational results, the financial position and the financial performance of the Guarantor and its other Subsidiaries. Consequently, the financial and operational results of the Guarantor and other Subsidiaries of the Issuer have a direct effect on the Issuer's financial position.

The ability of a Subsidiary of the Issuer to effect payments of principal and interest to the Issuer in the repayment of a loan, and the distribution of dividends by a Subsidiary in favour of the Issuer, is dependent on the cash flows and earnings of the relative Subsidiary, which may be restricted by: (i) changes in applicable laws and regulations; (ii) the terms of agreements to which they are or may become party, including the agreement governing their existing indebtedness, if any; (iii) risks of delays in completion of development projects; (iv) slowdowns in the tempo of property sales; and, or (v) other factors beyond the control of the relative Subsidiary.

The distribution of a dividend to the Issuer will depend upon, amongst other factors, the profit for the year, the view of the board of directors of the respective Subsidiary on the prevailing market outlook and future investments, any debt servicing requirements, the cash flows of the relative Subsidiary, working capital requirements, and the requirements of the Companies Act. In terms of Maltese law, a company may not make a distribution except out of profits available for distribution or if the directors of the respective Subsidiary conclude that it would not be in the company's best interests. Any of the foregoing could limit the payment of dividends to the Issuer or, if the Subsidiary does pay a dividend, the amount thereof.

2.2.1.2 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 the members of its executive management team and other key personnel, including executive, 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.

Moreover, 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.

2.2.2 Risks relating 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 Issuer 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 result in a Subsidiary of the Issuer defaulting in its obligation to pay any amounts due to the Issuer or the ability of a Subsidiary of the Issuer to distribute a dividend which, in turn, may negatively affect the Issuer's financial condition and results.

2.2.2.1 Risks associated with the acquisition, development, and sale of property

The Group's business relates to property acquisition and development targeted at the local commercial and residential market, which is subject to several specific risks:

- a) the risk of delays, including, albeit not limited to, delays (and, or refusals) in obtaining any necessary permits and cost overruns;
- b) the risk of sales transactions not being made at the prices and within the timeframes envisaged, which may lead to difficulty in obtaining payment from third parties as well as risks of ultimate unfeasibility of development projects;
- c) general industry trends, including the cyclical nature of the real estate market, economic depressions, change in market conditions including an oversupply of similar properties, a reduction in demand for real estate, changes in local preferences and tastes, as well as increased competition in any of the markets or sectors in which the Group is undertaking real estate development;
- d) 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;
- e) legal claims, with or without merit, instituted by third parties against the members of the Group; and
- f) extensive regulation, including national and local regulation and administrative requirements and policies which relate to, among other things, planning, developing, land use, local urban regeneration strategy, fire, health and safety, and others.

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.

2.2.2.2 Risks associated with property valuations and net realisable value

The valuation referred to in the Prospectus is prepared by an independent qualified architect 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 property, 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. Subsequently, the Group may purchase and, or have purchased property on the basis of inaccurate valuations. Moreover, property valuations are largely dependent on current and, or expected market conditions which may fluctuate from time to time. There can be no assurance that such property valuations and property-related assets will reflect actual market values.

2.2.2.3 Risks associated with the engagement and, or the involvement of service providers and associated counterparty risks

The project companies forming part of the Group (including the Guarantor) rely upon service providers such as architects, building contractors and suppliers for the construction and completion of each of their respective developments. The Guarantor engaged the services of GGCL for the purposes of the Žonqor Development, including the excavation, construction and finishing of the development in a timely manner and within agreed cost parameters. In terms of the contracts of works entered into between GGCL and the project companies of the Group, GGCL is entitled to sub-contract its services to third party providers for the construction of the respective developments. This gives rise to counterparty risks in those instances where such service providers do not perform in line with the Group's expectations and in accordance with their contractual obligations. Failure to complete developments in a timely manner or, at all, may reduce the level of return on such developments and the Group may incur a loss. Furthermore, if these risks were to materialise, this will result in delays in development and completion which could have an adverse impact on the Group's business, its financial condition, results of operations and prospects, particularly if it is unable to sell the units by a certain date. Delays in the development and completion of the Žonqor Development could have a material adverse impact on the Issuer's cash flows and revenue generation.

2.2.2.4 Risks relating to health and safety

GGCL is the contractor of the Žonqor Development. The Group's construction arm is susceptible to risks relating to the health and safety of employees and third parties, including the risk of serious injury or even fatality. The Group is required to adopt, maintain, and constantly review comprehensive health and safety policies and practices.

Any failure in health and safety performance may result in penalties for non-compliance with the relevant regulatory requirements. A failure which results in a major or significant health and safety incident, such as injury to, or fatality of, members of the construction workforce or bystanders may be costly in terms of potential liabilities as well as the generation of adverse publicity having a negative impact on the Group's reputation. There can be no assurance that the Group's health and safety policies and practices will prove effective in ensuring health and safety on its property development sites.

Since GGCL is a Subsidiary of the Issuer, any penalties or damages incurred by GGCL in the exercise of its obligations as contractor may, indirectly, affect the financial performance of the Issuer.

2.2.2.5 Risks relating to environmental-related liabilities

There can be no guarantee that the Group will not incur unexpected liabilities such as fines for environmental pollution in respect of the Žonqor Development or other developments of the Group. These additional liabilities may only become apparent after the acquisition of the Žonqor Site, or any other sites acquired by the Group. This could result in significant additional costs and, or delays in the completion of developments. Additional costs and, or fines may affect the ability of the Group to service or repay the Secured Bonds.

The reputation of the Group could be adversely affected if unexpected environmental issues are identified. Environmental issues that affect one site could affect the saleability of units forming part of Group's developments which share the Group's branding. A negative reputation may affect the Group's ability to complete and, or dispose of developments, and to use any such proceeds to service or repay the Secured Bonds.

2.2.2.6 The Group's insurance policies

The Group has maintained insurance at levels determined by the Group to be appropriate in light of the cost of cover and the risk profiles of the business in which the Group operates. Although the Group insures against damage incurred throughout the construction process, 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 (including, but not limited to, governmental departments or authorities, planning authorities, health and safety authorities, environmental authorities, among others) 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, outsourced 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. Any realized losses that are not covered by an insurance arrangement may have an adverse effect on the Group's financial performance.

2.2.2.7 Competing developments

Similar developments in Marsascala may result in the Group not being able to sell the residential units forming part of the Żonqor Development within the projected timelines or at the prices envisaged by the Directors. Although the Directors are of the view that their pricing strategy is attractive, should competing developments be completed within the same timeframe as the Żonqor Development, the Group's business, financial condition, and results of operations could be adversely affected.

2.2.2.8 Litigation risk

All industries, including the property development industry, are subject to legal claims, with or without merit. Defense and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of litigation and dispute resolution processes, there can be no assurance that the resolution of any legal proceeding or dispute will not have a material adverse effect on the Group's future cash flow, results of operations or financial condition.

2.2.3 Risks relating to the economic repercussions of coronavirus ("COVID-19")

There continues to be economic uncertainty as a consequence of the COVID-19 outbreak which began in Malta during the course of 2020. Government support will eventually be withdrawn and there is a risk that it will impact the pace and duration of the economic recovery. This may result in the rate of employment in Malta and, or wages being negatively impacted. The Government may also reduce or remove specific support to the residential property market such as incentives for first-time buyers and second-time buyers which may have an adverse impact on processes and, or property transaction volumes.

There is also the risk that an increased demand caused by consumers spending excess savings during the COVID-19 pandemic may result in an inflationary spike, which may increase the costs for the completion of the Żonqor Development, or the availability of labour and materials needed to complete the Żonqor Development. The ultimate scale and duration of this may result in the Central Bank of Malta increasing interest rates faster than expected which may erode the income of existing or potential property owners if wages do not keep pace. The construction industry may also be adversely impacted as construction costs may increase and issues around the availability of materials to complete developments may cause delays.

There is also the risk that a new variant of the virus may appear which is resistant to current vaccines. This may result in new restrictions on economic and social activity being put in place, which may impact the value, timing, and cost of developments.

The exact nature of the risks that the Group faces and the manner and the extent to which they will ultimately impact the Issuer is difficult to predict and guard against in the light of: (i) the uncertainty as to the duration and impact of the COVID-19 pandemic; (ii) the interrelated nature of the risks involved; and (iii) the fact that the risks are totally or partially outside the Group's control. Consequently, the continued realisation of the economic and financial repercussions associated with the COVID-19 pandemic constitutes a risk to the ability of the Issuer to dispose of the immovable property forming part of its ongoing projects at the projected rates and return.

These factors whether individually or collectively, may cause operational issues which prevent the Group from completing its developments resulting from delays, fluctuations in costs and the value of units forming part of the Group's developments as well as the unavailability of the resources required for the completion of these developments. In such circumstances, there may be a resulting impact on the Group's ability to service or repay the Secured bonds.

3. DIRECTORS, SENIOR MANAGEMENT, ADVISORS AND AUDITORS

3.1 Directors

As at the date of this Registration Document, the Board is constituted as follows:

Name	Designation	Date of Appointment
George Muscat ID Card: 312355M	Chairman and Executive Director	1 June 2016
Paul Attard ID Card: 359775M	Executive Director	1 June 2016
Adrian Muscat ID Card: 166682M	Executive Director	1 June 2016
Francis X. Gouder ID Card: 866550M	Independent Non-Executive Director	1 June 2016
Mark Castillo ID Card: 940546M	Independent Non-Executive Director	1 June 2016
Chris Cilia ID Card: 121268M	Independent Non-Executive Director	12 September 2016

The business address of the Directors is Gap Holdings Head Office, Ċensu Scerri Street, Sliema SLM 3060, Malta.

Paul Attard, having the same business address as that of the Issuer, is the company secretary of the Issuer.

This Registration Document includes information given in compliance with the Capital Markets Rules and the Prospectus Regulation for the purpose of giving information on the Issuer. All of the Directors, whose names appear under section 3.1 of this Registration Document, accept responsibility for the information contained herein.

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.

The persons listed under section 3.3 entitled “**Advisors**” have advised and assisted the Directors in the drafting and compilation of the Prospectus, but they do not 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.

As at the date of this Registration Document, the board of directors of GZL is constituted as follows:

Name	Designation	Date of Appointment
George Muscat ID Card: 312355M	Director	17 October 2022
Paul Attard ID Card: 359775M	Director	17 October 2022
Adrian Muscat ID Card: 166682M	Director	17 October 2022

The business address of the directors of GZL is Gap Holdings Head Office, Ċensu Scerri Street, Sliema SLM 3060, Malta.

Paul Attard, having the same business address as that of GZL, is the company secretary of GZL.

3.2 Senior Management

The Issuer itself has no employees and is managed directly by its Directors. Each Subsidiary of the Issuer employs management personnel and other employees devoted to managing the project undertaken by that respective company. The Group adopts a centralised management structure whereby it can deploy senior management personnel to perform duties in different parts of the Group depending on the requirements of each Subsidiary; those services are then re-charged to the Subsidiary where they are from time to time deployed.

3.3 Advisors

Legal Counsel to the Sponsor, Manager and Registrar

Name: Camilleri Preziosi
Address: Level 3, Valletta Buildings, South Street
Valletta VLT 1103, Malta

Legal Counsel to the Issuer

Name: Dr. Chris Cilia
Address: 53, Doni Street
Rabat RBT 1324, Malta

Financial Advisors to the Issuer

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

3.4 Auditors of the Issuer and the Guarantor

The Auditor of the Issuer

(a) Auditor for the financial period ended 31 December 2019

The auditor of the Issuer for the financial year ended 31 December 2019 is:

Name: EFS Audit Limited (C 93220)
Address: 1, Tal-Providenza Mansions, Main Street, Balzan BZN 1254, Malta

EFS Audit Limited is a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act (Cap. 281 of the laws of Malta). The Accountancy Board registration number of EFS Audit Limited is AB/2/19/19. EFS Audit Limited audited the annual statutory consolidated financial statements of the Issuer for the financial year ended 31 December 2019.

The sole shareholder and director of EFS Audit Limited is Emanuel P. Fenech.

(b) Auditor for the financial period ended 31 December 2020 and 31 December 2021

The auditor of the Issuer for the financial years ended 31 December 2020 and 31 December 2021 is:

Name: TACS Malta Limited (C 84698)
Address: 1, Tal-Providenza Mansions, Main Street, Balzan BZN 1254, Malta

As at the date of this Registration Document, the auditor of the Issuer is TACS Malta Limited (C 84698), a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act (Cap. 281 of the laws of Malta). The Accountancy Board registration number of TACS Malta Limited is AB/2/17/22.

The Auditor of the Guarantor

As at the date of this Registration Document, the auditor of GZL is TACS Malta Limited (C 84698), a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act (Cap. 281 of the laws of Malta). The Accountancy Board registration number of TACS Malta Limited is AB/2/17/22.

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

3.5 Security Trustee

Name: Equinox International Limited (C 29674)
Address: Level 3, Valletta Buildings, South Street,
Valletta VLT 1103, Malta

Equinox International Limited is licensed by the MFSA to act as a trustee in terms of the Trusts and Trustees Act (Cap. 331 of the laws of Malta).

4. INFORMATION ABOUT THE ISSUER

4.1 Historical Development of the Issuer

4.1.1 Introduction

Full Legal and Commercial Name of the Issuer:	Gap Group p.l.c.
Registered Address:	Gap Group Head Office Ġensu Scerri Street Sliema, SLM 3060, Malta
Place of Registration and Domicile:	Malta
Registration Number:	C 75875
Legal Entity Identifier:	213800NHMAPF7JZ8CO50
Date of Registration:	1 June 2016
Legal Form:	The Issuer is lawfully existing and registered as a public limited liability company in terms of the Companies Act
Telephone Number:	+356 23271000
Fax:	+356 23271210
Email:	info@gap.com.mt
Website:	http://www.gap.com.mt

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

4.1.2 Overview of the Issuer's business

The Issuer was incorporated in 2016 as the holding company of the Group. Since the Issuer does not carry out any trading activities of its own, the Issuer is mainly dependent on the business prospects of its operating Subsidiaries which operate in the acquisition and development of real estate properties. Each project undertaken by the Group is typically undertaken through a special purpose vehicle established for that project, and each special purpose vehicle is managed through its board of directors. Group companies which undertake a development project engage the services of GGCL (a Subsidiary of the Issuer) as the contractor responsible for the development of the immovable properties. Other than the foregoing, the Issuer is not dependent on other entities within the Group with respect to the management of its projects.

The Group has completed developments in various localities in Malta, including Żebbug, Qawra and Gharghur. As at the date of this Registration Document, the following projects are ongoing or are completed with units available for sale on the market:

- (i) the Mellieħa Development;
- (ii) the Luqa Development;
- (iii) the Birkirkara Development;
- (iv) the Marsascala Development;
- (v) the San Pawl tat-Tarġa Development;
- (vi) the Qawra II Development;
- (vii) the Qawra III Development; and
- (viii) the Mosta Development.

Further information on the developments referred to in points (i) to (viii) above, is set out in section 6.2. of this Registration Document.

Through GZL, the Group is in the process of acquiring the Żonqor Site and subsequently developing the Żonqor Development. Although there are no specific plans for the acquisition and development of other sites for resale, the long-term strategy of the Group is to continue seeking development opportunities, particularly within the local market.

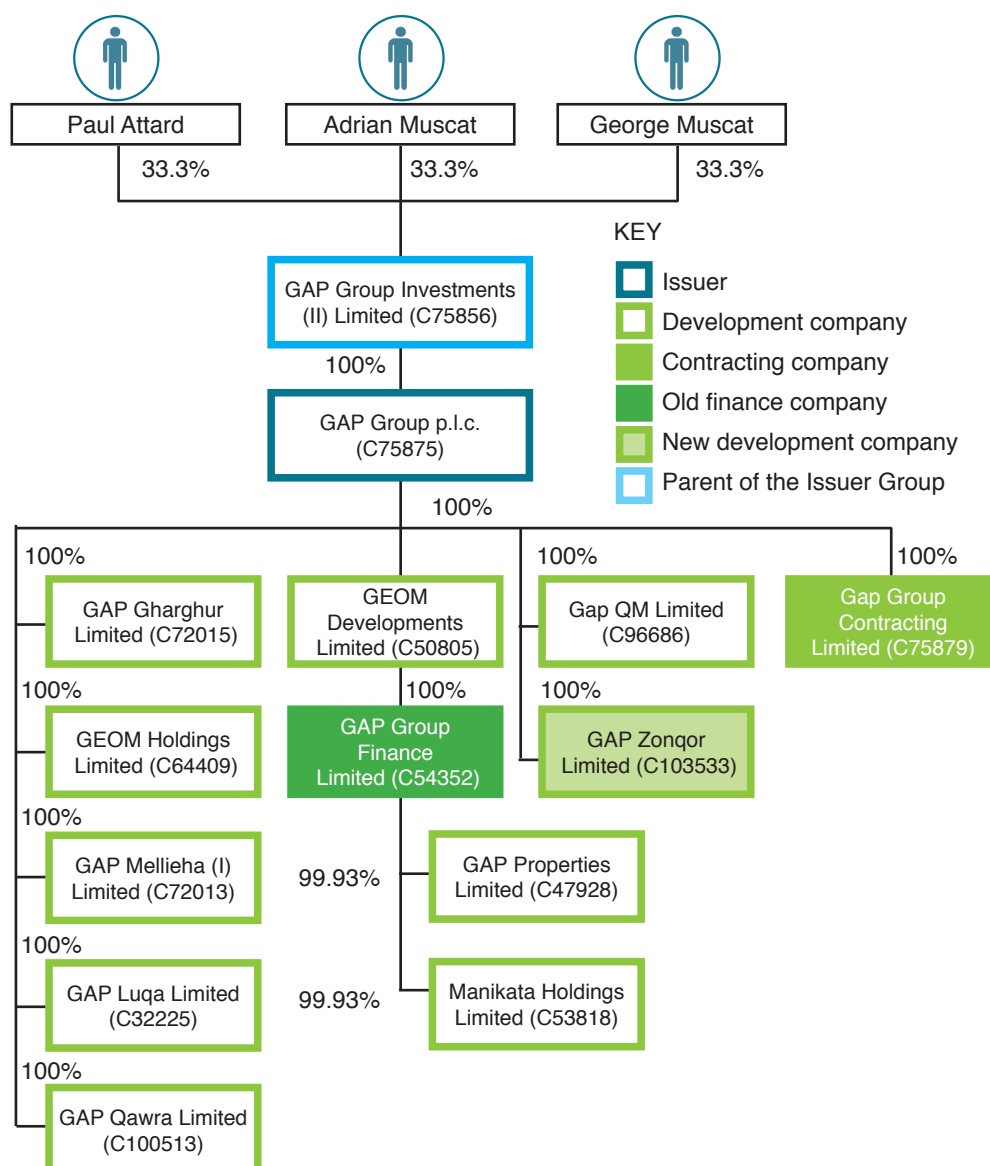
Several projects undertaken by the Subsidiaries of the Issuer were fully and, or partly funded (as applicable) by virtue of the issue of secured bonds on the Official List of the Malta Stock Exchange. The debt securities admitted to the Official List are listed below:

- (i) the 2016 Bonds;
- (ii) the 2020 Bonds; and
- (iii) the 2021 Bonds

As at 30 June 2022, the aggregate amount of secured bonds in issue and which were not the subject to a buy-back by the Issuer, amounted to €50,397,900. As at 30 June 2022, the reserve account pertaining to the 2016 Bonds carried a balance of €8,397,900 and the reserve accounts pertaining to the 2020 Bonds and the 2021 Bonds carried a nil balance. In accordance with the terms and conditions of the respective secured bonds in issue and the trust deeds entered into by the security trustee of the said bond issues, cash balances accumulated in the respective reserve accounts may, *inter alia*, be utilised during the term of the respective secured bonds to repurchase said bonds from the market.

Save for the above, the Issuer itself has no other trading history.

4.1.3 Group organisational structure



The organisational structure of the Group is depicted above. The Group is ultimately equally owned by three individual shareholders, namely, Paul Attard, Adrian Muscat, and George Muscat, through Gap Group Investments II Limited (C 75856).¹ A brief overview of the business activities of the Group companies is set out below:

- GEOM Developments Limited (“**GDL**”): GDL was incorporated in October 2010 and undertook a large residential development project in Qawra. GDL is currently dormant.
- GAP Gharghur Limited (“**GGL**”): GGL was incorporated in August 2015 and acquired land in Gharghur for development into residential units and garages. Following completion of the Gharghur Development in 2018, GGL acquired two development sites in Birkirara and San Pawl tat-Tarġa in 2019. Further information on the Birkirara Development and the San Pawl Tat-Tarġa Development is set out in section 6.2.2. of this Registration Document.
- GEOM Holdings Limited (“**GHL**”): GHL was incorporated in March 2014 and undertook a large residential project in Qawra. GHL is currently dormant.
- GAP Properties Limited (“**GPL**”): GPL was incorporated in October 2009. It had previously undertaken a development in Zebbug. In 2019, GPL acquired a development site in Marsascala. Further information on the Marsascala Development is set out in section 6.2.2. of this Registration Document.
- Manikata Holdings Limited (“**MHL**”): was incorporated in September 2011 to undertake a development of 14 luxury semi-detached villas in Manikata. MHL is currently dormant.
- GAP Mellieha (I) Limited (“**GML**”): GML was incorporated in August 2015 to undertake a development of 159 residential units in Mellieha. The project was completed in Q4 2020. Further information on the Mellieha Development is set out in section 6.2.2. of this Registration Document.
- GAP Luqa Limited (“**GLL**”): GLL was incorporated in October 2003 to undertake a development in Luqa. Further information on the Luqa Development is set out in section 6.2.2. of this Registration Document.
- GAP Group Finance Limited (“**GGFL**”): GGFL was incorporated in November 2011 and was previously used as the finance vehicle of the Group. GGFL is currently dormant.
- GAP QM Limited (“**GQM**”): GQM was incorporated in September 2020 and has since acquired two development sites in Mosta and Qawra. Further information on the Qawra II Development and the Mosta Development is set out in section 6.2.1. of this Registration Document.
- GAP Qawra Limited (“**GQL**”): was incorporated in October 2021 to acquire a development site in Qawra. Further information on the Qawra III Development is set out in section 6.2.1. of this Registration Document.
- GAP Żonqor Limited (“**GZL**”): was incorporated on 18 October 2022 to acquire a site in Żonqor, Marsascala. Further information on the Żonqor Development is set out in section 6.1. of this Registration Document.
- GAP Group Contracting Limited (“**GGCL**”): GGCL was incorporated in June 2016 and serves as the Group’s contracting company. Third party contractors are engaged through GGCL, and the contracting costs are then recharged to the respective development companies.

¹ George Muscat holds two ordinary shares directly in the Issuer. Adrian Muscat and Paul Attard each hold one ordinary share directly in the Issuer.

5. INFORMATION ABOUT THE GUARANTOR

5.1 GZL

GZL is the Subsidiary of the Issuer which manages the development of the Żonqor Development.

5.1.1 Historical Development of GZL

Full Legal and Commercial Name of GZL:	Gap Żonqor Limited
Registered Address:	Gap Group Head Office, Ġensu Scerri Street, Sliema, SLM 3060, Malta
Place of Registration and Domicile:	Malta
Registration Number:	C 103533
Legal Entity Identifier:	485100QYE4NSPDLYPX98
Date of Registration:	18 October 2022
Legal Form:	GZL is lawfully existing and registered as a private limited liability company in terms of the Companies Act
Telephone Number:	+356 23271000
Fax:	+356 23271210
Email:	info@gap.com.mt

5.1.2 Overview of GZL's business

GZL is a single member private limited liability company registered and operating in Malta in terms of the Companies Act. The principal activity of GZL is the development, management, and construction of real estate properties in Malta. The Issuer established GZL as a special purpose vehicle for the purpose of acquiring and developing the Żonqor Site.

6. THE PROJECTS

6.1 The Żonqor Development

GZL shall appear on a deed of sale in respect of the sale and transfer of the emphyteusis of the Żonqor Site for a consideration of €14,847,000. As at the date of this Registration Document, Gap Projects Limited has agreed to purchase the Żonqor Site from the vendors of the said site. The amount of €600,000 has been paid by the Issuer to the vendors on account of the purchase price. On the deed of sale Gap Projects Limited shall assign and novate all its rights and obligations under the said promise of sale agreement to GZL.

The village of Marsascala is located in the south-eastern region of Malta. Originally a small fishing village, Marsascala evolved into a tourist destination and a permanent hometown or summer residence for locals as well as foreigners seeking a retirement home in Malta. Marsascala is a seaside village which boasts of a picturesque bay, a promenade continuing to St. Thomas Bay and has a range of restaurants and bars.

The Żonqor Site is situated on four streets in the Żonqor area of Marsascala, with its main façade being south facing. The Żonqor Development, which shall be constructed on the Żonqor Site shall be fully residential, apart from two small Class 4B shops. Once constructed and developed, the Żonqor Development will consist of 118 apartments which will be sold in a finished state (excluding internal doors) and including all common areas.

The site has a superficial area of approximately 3,800m². On completion, the Żonqor Development will comprise ten blocks of residential units. Out of the ten blocks, one block will contain 9 units, four blocks will contain 10 units each, one block will contain 13 units, one block will contain 12 units each, two blocks will contain 14 units each, whilst the remaining block will contain 16 units:

Block	Apartments
A	9
B	10
C	10
D	10
E	10
F	16
G	14
H	14
I	12
J	13

*The Issuer may re-designate the numbers and blocks of apartments, according to market conditions and demands.

The apartments shall be spread on eight levels in each block. The development shall also include 182 lock-up garages spread over five underground levels. The combined gross floor area of the apartments and garages constitutes a saleable area of 31,560m².

Each block shall have separate entrances served with passenger lifts accessing both the residential units and the underlying garage levels. Furthermore, the topmost floor of each block shall consist of penthouses having full ownership of the respective roof and airspace.

The residential units will be sold in a complete state and will comprise a mix of one, two and three bedroomed units, ranging in size between 55m² to 210m², which shall be priced to target a wide target market including local first-time buyers and second-time buyers as well as foreign investors seeking a summer residence in Malta. The Directors are of the view that, in the current economic conditions, the pricing strategy adopted has been designed to promote the sale of the residential units forming part of the Żonqor Development to a market (first-time buyers, second-time buyers and buyers seeking a summer residence) where the Directors believe demand will remain strong.

Further information on the Żonqor Development is included in the architect's valuation report incorporated by reference to the Prospectus.

Conditions attaching to the Żonqor Site

GZL shall acquire the emphyteusis of the Żonqor Site. The emphyteusis over the Żonqor Site was first established by virtue of a deed of emphyteusis in the records of Notary Marco Antonio Brancati dated 17 July 1683. The emphyteusis over the Żonqor Site devolved by way of succession since 1928 until it was finally purchased by the vendors at the Żonqor Site in 2019. The Directors engaged the services of a notary public in Malta to carry out searches in the Public Registry, the Land Registry, and the Courts of Malta to determine, amongst other things, the conditions of the emphyteusis attached to the Żonqor Site. As a result of the searches, it has been determined that the Żonqor Site is subject to the annual and perpetual non-revisable ground-rent of €1.92 payable to the Joint Office in Malta. However, the results of the searches were such that the contract of emphyteusis dated 1683 in the records of Notary Marco Antonio Brancati could not be traced and, accordingly, the conditions attached to the contract of emphyteusis, if any, cannot be determined by the Directors.

The area of the Żonqor Site which is subject to emphyteusis is set out in the valuation report with reference to a site plan. The valuation report is incorporated by reference to the Prospectus.

Permits

Further to the applications bearing number PC/00055/18 and PA/00777/22, the Planning Authority granted a full development permit for the excavation of the Żonqor Site and the construction of the Żonqor Development.

Construction and Development

The overall costs of the construction and finishing of the Żonqor Development, excluding the cost of acquisition of the Żonqor Site, is expected to be in the region of €17.64 million as detailed below:

Excavation	€2,800,000
Construction	€6,700,000
Finishes	€6,700,000
Contingency	€1,440,000

The construction of the Żonqor Site is expected to commence in Q1 2023, with construction and finishes envisaged to be completed by Q1 2025. Development works are being carried out by GGCL pursuant to a works contract entered into between GZL and GGCL for a value of approximately €16.2 million. Payment under the said contract shall be settled by GZL according to agreed fixed monthly payments.

Sales Revenue

On the assumption that all the residential units and garages forming part of the Żonqor Development will be sold, the Directors expect the aggregate net revenue from the Żonqor Development to be in the region of €45.5 million (net of sales commission).

6.2 Other major projects undertaken by the Group

6.2.1 Projects under construction

THE QAWRA II DEVELOPMENT

In Q4 2020, GQM acquired a site in Triq in-Nakkri, Qawra, in the limits of St. Paul's Bay for a consideration of €4.6 million. The site has a superficial area of approximately 1,924m² which on completion, will comprise two blocks of apartments consisting, in aggregate, of 93 residential units.

Once completed, the Qawra II Development will be spread over eight levels and shall include 151 lock-up garages spread over two underground levels. The combined gross floor space of the residential units and garages shall consist of an area of 16,810m². Each block shall have separate entrances served with passenger lifts accessing both the residential units and the underlying garage levels. Furthermore, the topmost floor of each block shall consist of penthouses; having full ownership of the respective roof and airspace. The residential units will be sold in a complete state and will comprise a mix of one and two bedroomed residential units, measuring approximately 120m² to 210m², which will be priced to target primarily first-time buyers and buy-to-let investors. The village of Qawra is located in the northern part of Malta. Being a coastal village, Qawra is a popular tourist destination but is also attractive to locals seeking to purchase a summer home or a reasonably priced residency.

The overall costs of construction and finishing of the Qawra II Development, excluding the cost of acquisition of the Qawra Site II, is expected to be in the region of €16.8 million. Construction commenced in Q1 2021 and was completed in Q1 2022. The project including finishing works is expected to be finalised by Q4 2022. Development works are being carried out by GGCL pursuant to a works contract entered into between GQM and GGCL for a value of approximately €16.8 million.

As at 31 October 2022, 57 units were subject to a preliminary agreement. Projected revenue to be generated from the sale of units forming part of the Qawra II Development is expected to be in the region of €20 million (net of sales commissions).

GQM acts as the guarantor of the 2020 Bonds and the 2021 Bonds. As security provider under the 2020 Bonds, GQM granted a special hypothec over the Qawra II Development in favour of the security trustee of the 2020 Bonds and a general hypothec over all of its assets both present and future. As security provider under the 2021 Bonds, GQM granted a special hypothec over the Qawra II Development in favour of the security trustee of the 2021 Bonds and a general hypothec over all of its assets both present and future. Subject to the terms of each security trust deed, the security trustee of the 2020 Bonds and the security trustee of the 2021 Bonds, as applicable, will waive its hypothecary and privileged rights over a residential unit on each final deed of sale against the receipt of a percentage of the sales proceeds and credit the amount so received in accordance with the terms of the relevant trust deeds.

THE MOSTA DEVELOPMENT

In Q4 2020, GQM acquired a site located directly on Triq id-Difiza Ċivili and on Triq tal-Qares, in Mosta, for a consideration of €10.1 million. The site has a superficial area of approximately 5,895m² which on completion, shall comprise 114 residential units spread over eleven blocks.

Once completed, the Mosta Development will be spread over six levels and will include 150 garages, spread over two levels. The combined gross floor space of the residential units and garages shall consist of a saleable area of 20,208m². The residential units will be sold in a completed state, including all common areas except for the commercial units which will be sold in shell form internally and finished externally. Each block will have a separate entrance served with passenger lifts accessing both the residential units and the underlying garage level. Furthermore, the penthouses at the topmost level of each block, are owned by third parties and include full ownership of the respective roof and airspace.

The project targets two different segments of prospective buyers, the medium segment of the residential property market and the medium to high segment of the residential property market. The part of the development (68% of the Mosta Development) targeted at the medium segment of the residential property market consists of two to three bedroomed residential units which have an approximate area of 120m² – 165m² per residential unit. The remainder of the development (32% of the Mosta Development) targeted at the medium to high segment of the market consists of three bedroomed residential units which have an approximate area of 200m² per residential unit, with each residential unit enjoying unobstructed valley and distant views.

The village of Mosta is located in the northern region of Malta and is sought after by locals for the purposes of their primary residence. Mosta is a relatively large town which boasts of historical sites, shopping centres and other amenities. The Mosta Development is located on the outskirts of Mosta in a quieter area of the village.

The overall construction and finishing expenditure of the Mosta Development is expected to be in the region of €9.1 million. Construction is expected to be completed by Q2 2023 and the Mosta Development is expected to be fully finished by Q4 2023. Development works are being carried out by GGCL pursuant to a works contract entered into between GQM and GGCL for approximately €23.6 million.

As at 31 October 2022, 32 units were subject to a preliminary agreement. Projected revenue to be generated from the sale of units forming part of the Mosta Development is expected to amount to €38 million (net of sales commissions).

GQM acts as the guarantor of the 2020 Bonds and the 2021 Bonds. As security provider under the 2020 Bonds, GQM granted a special hypothec over the Mosta Development in favour of the security trustee of the 2020 Bonds and a general hypothec over all of its assets both present and future. As security provider under the 2021 Bonds, GQM granted a special hypothec over the Mosta Development in favour of the security trustee of the 2021 Bonds and a general hypothec over all of its assets both present and future. Subject to the terms of each security trust deed, the security trustee of the 2020 Bonds and the security trustee of the 2021 Bonds, as applicable, will waive its hypothecary and privileged rights over a residential unit on each final deed of sale against the receipt of a percentage of the sales proceeds and credit the amount so received in accordance with the terms of the relevant trust deeds.

QAWRA III DEVELOPMENT

In Q4 2021, GQL acquired the temporary utile dominium of a site located in Triq it-Tamar, in Qawra, in the limits of St. Paul's Bay for a consideration of €7.5 million. The Qawra Site III has a superficial area of approximately 2,375m². GQL has allocated different uses to Qawra Site III: Portion A is earmarked for residential purposes and is the portion of Qawra Site III over which the Qawra III Development will be developed and completed; Portion B was earmarked for future development or for resale, depending on market circumstances and business opportunities of the Group.

Portion A – the Qawra III Development

Portion A, measuring approximately 1,395m², will be utilised for the construction of the Qawra III Development which, on completion, will comprise three blocks of residential units. The Qawra III Development will consist of four maisonettes and two shops at ground floor level, 48 apartments spread over six floors and six penthouses on the seventh floor which will be sold in a finished state (excluding internal doors) and including all common areas. The Qawra III Development will be spread over eight levels and shall include 58 lock-up garages spread over two underground levels. The combined gross floor space of the residential units and garages shall consist of an area of 11,575m². Each block shall have a separate entrance and is served with passenger lifts accessing both the residential units and the underlying garage levels. Furthermore, the topmost floor of each block shall consist of penthouses having full ownership of the respective roof and airspace. The residential units will be sold in a completed state, including all common areas and will comprise a mix of two and three bedroomed residential units, measuring approximately 180m² to 210m², respectively, which will be priced to target primarily first-time buyers and buy-to-let investors. The commercial units will be sold in shell form internally and finished externally.

The construction of the Qawra III Development commenced in Q1 2022, with construction envisaged to be completed by Q2 2024. Development works are being carried out by GGCL pursuant to a works contract entered into between GQL and GGCL for a value of approximately €4.3 million.

Projected revenue to be generated from the sale of units forming part of the Qawra III Development is expected to amount to €12.5 million (net of sales commissions).

Portion B – the Qawra III Development

Portion B, measuring approximately 980m², was earmarked by the Group for future development or for resale depending on market circumstances and business opportunities of the Group.

Revised strategy for the Qawra III Development

Having considered the current market conditions, the Group has submitted the applications with planning application numbers PC0017/21 and PA03106/22 to the Planning Authority in Malta for the development of the Qawra Site III into one residential project. If approved, the project will comprise 116 residential units (11 one bedroomed, 102 two bedroomed and two three bedroomed units) and 173 underlying garages. Should such planning permits be issued, the development costs for the project (both for the development of Portion A and Portion B) are estimated to be in the region of €9.1 million.

The total projected revenue from the project, if constructed and developed in accordance with PC0017/21 and PA03106/22 is in the region of €27.6 million (net of sales commissions).

GQL acts as the guarantor of the 2021 Bonds. As security provider under the 2021 Bonds, GQL granted a special hypothec over the Qawra III Development in favour of the security trustee of the 2021 Bonds and a general hypothec over all of its assets both present and future. Subject to the terms of the security trust deed entered into between GQM, the security trustee of the 2021 Bonds, GQL and the Issuer, the security trustee of the 2021 Bonds will waive its hypothecary and privileged rights over a residential unit on each final deed of sale against the receipt of a percentage of the sales proceeds and credit the amount so received to a reserve account for the benefit of the bondholders of the 2021 Bonds.

6.2.2 Completed projects

THE LUQA DEVELOPMENT

In Q2 2017, GLL acquired a building site, including its sub-terrain and airspace, having approximately 8,500m², in Luqa, accessible from eight streets, namely, Triq Ġorġ Żahra, Triq Tumas Galea, Triq I-Iskola, Triq Ġeraldu Spiteri, Triq W. Briffa, Triq Indri Micallef, Triq I-Ahwa Vassallo and Triq Ġuzeppi Callus, in an area known as Ta' Blejkiet in Luqa. The site is situated in the heart of the residential area of Luqa with close and direct access to the town's village core. The public school of the village and one of the largest supermarkets in the south of Malta are also in close vicinity and directly accessible to the Luqa Development. Furthermore, the property is located within a few metres from the arterial road which links the Malta International Airport to the rest of the island.

The Luqa Development is split into five zones and comprises 21 blocks having 301 underlying lock-up garages/car spaces and 268 residential units (42 of which are penthouses). As at the date of this Registration document, this project is complete in terms of construction works and finishing.

As at 31 October 2022, 261 residential units were sold, and seven residential units were subject to preliminary agreement. The total projected revenue from the Luqa Development is expected to reach €57.6 million (net of sales commissions).

THE MELLIEĦA DEVELOPMENT

In Q4 2016, GML acquired a plot of land measuring approximately 5,100m², with access from three streets surrounding the property situated in the Ta' Masrija area in Mellieħa over which the Mellieħa Development was developed and constructed. The Mellieħa Development is located in the village of Mellieħa in the northern region of Malta. It enjoys unobstructed country views of the imposing area known as Mizieħ and distant sea views of the island's north-western coastline.

The Mellieħa Development comprises 159 luxury residential units which are being sold finished in a completed state. The Mellieħa Development encompasses ten blocks of residential units each with separate entrances and underlying garage levels. The residential units at the topmost level also have access to the roof level and enjoy full ownership thereof. The development includes 174 lock-up garages spread over three underground levels. As at the date of the Prospectus, the Mellieħa Development is fully complete in terms of construction works and finishing.

As at 31 October 2022, 157 residential units were sold and two were subject to preliminary agreement.

The total projected revenue to be generated from the Mellieħa Development is expected to be in the region of €57.5 million (net of sales commissions).

GML acts as the guarantor of the 2016 Bonds. It also granted collateral as security for the 2016 Bonds. As security provider under the 2016 Bonds, GML granted a special hypothec over Block A of the Mellieħa Development in favour of the security trustee of the 2016 Bonds. Subject to the terms of the security trust deed entered into between the security trustee of the 2016 Bonds, GML and the Issuer, the security trustee of the 2016 Bonds agreed to waive its hypothecary and privileged rights over a residential unit on each final contract of sale against the receipt of a percentage of the sales proceeds and credit the amount so received to a reserve account for the benefit of the bondholders of the 2016 Bonds.

THE MARSASCALA DEVELOPMENT

In 2019, GPL acquired a site measuring 2,402m² which is accessible from three streets, namely, Triq il-Kappara, Triq il-Vajrita and Triq Ġuzeppi Lanzon, Marsascala. Development works commenced in Q1 2020 and are now completed. The project comprises 63 residential units and 93 garages.

As at 31 October 2022, 54 residential units were sold and eight were subject to preliminary agreement. The total projected revenue from the Marsascala Development is expected to be in the region of €17.5 million (net of sales commissions).

THE SAN PAWL TAT-TARĠA DEVELOPMENT

In 2019, GGL acquired a site measuring 330m², situated in Triq Jean de la Vallette, San Pawl ta-Tarġa, Naxxar over which nine residential units and eight garages were developed. Aggregate development costs, including acquisition of land, amounted to €2.3 million and were funded from own funds and a bank loan facility. The project is fully complete and as at 31 October 2022, seven residential units were sold and two were subject to preliminary agreement.

The total projected revenue generated from the development is €2.7 million (net of sales commission).

THE BIRKIRKARA DEVELOPMENT

In 2019, GGL acquired a site measuring 450m², situated in Triq Qormi, Birkirkara, over which 14 residential units and nine garages were constructed. Aggregate development costs, including acquisition of land, amounted to €2.6 million and were funded from own funds and a bank loan facility. The project is fully completed. As at 31 October 2022, 13 residential units were sold and one unit remains subject to preliminary agreement. The projected revenue from the sale of the units forming part of this project is €3.3 million (net of sales commissions).

7. TREND INFORMATION AND FINANCIAL PERFORMANCE

7.1 Trend Information

The Directors are of the view that the Issuer and GZL shall, generally, be subject to the normal business risks associated with the property market in Malta and barring unforeseen circumstances, does not anticipate any likely material adverse effect on the Issuer's and GZL's prospects, at least up to the end of 2023.

The Maltese economy is expected to grow strongly by 5.7% in 2022, driven by domestic demand and export of services, including tourism. Growth is forecast to moderate to 2.8% in 2023, as the supporting growth momentum of exported services fades and the impact of higher prices reduces household purchasing power. Economic growth is projected to reach 3.7% in 2024. Malta has kept energy prices unchanged due to the implementation of sizeable government measures. The government remains committed to keeping energy prices stable also for 2023 and 2024. As a result, the general government deficit is projected to be at 6% in 2022, among the highest in the EU, only gradually decreasing in 2023 and 2024. Public debt remains close to 60% of GDP.

In the first nine months of 2022, Russia's invasion of Ukraine impacted economic growth in Malta only to a limited extent, given Malta's low direct exposure to trade with these two countries. On the back of a strong economic performance in the first half of 2022, real GDP growth for the full year is expected to reach 5.7%, driven by robust domestic demand and a strong positive contribution from net exports.

The tourism sector in Malta is expected to show robust growth in 2022, as the number and expenditure of tourists by August 2022 reached around 80% of the 2019 level. In the current volatile environment, real GDP growth is forecast to moderate markedly to 2.8% in 2023 as the positive contribution of net exports diminishes and domestic demand growth slows down, due to weakening private consumption and negative growth in government consumption. In 2024, GDP growth is expected to reach 3.7%, supported by net exports and growth in public consumption.

Overall, growth of exports in 2023 is expected to weaken, as the general slowdown in economic performance among Malta's trading partners starts to have a greater negative impact on the Maltese economy.¹

The NSO's Property Price Index (PPI) – which is based on actual transactions involving apartments, maisonettes and terraced houses – continued to increase in annual terms. However, the annual rate of change slowed down to 4.5% in the last quarter of 2021 from 5.9% in the third quarter of 2021. Moreover, house price inflation in Malta remained below that in the euro area where prices increased at an annual rate of 9.4%.

Notwithstanding the slower growth recorded in the fourth quarter of 2021, the annual average house price inflation remains close to that recorded in the last four years before the pandemic. At the same time, residential property prices seem to have returned to a growth trend following the slowdown in growth during the initial stages of the pandemic. In Q1 2022 and Q2 2022, the annual percentage rate of change increased from 4.5% in Q4 2021 to 6.8% and 7.7% respectively.

Residential property prices are being supported by numerous factors including low interest rates and a number of Government schemes, which include the temporary measures launched following the pandemic. Such schemes reflect, for example, lower property tax rate and stamp duty to eligible transfers of immovable property. In particular, in 2020, 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. Moreover, Budget 2021, Budget 2022, and Budget 2023 extended or introduced more incentives supporting the property market that were in place before the pandemic.²

The Group's long-term strategy is to focus on acquiring suitable sites for the development of residential units.

The strong response from investors for the Group's latest major projects - the Mellieħa Development and the Luqa Development - has shown that there is steady demand for real estate in Malta, which continues to support the current level of prices, notwithstanding the rise in the number of developments undertaken in Malta in the last few years and others which are due to commence in the near term, over and above the uncertainties that continue to persist as a consequence of the COVID-19 pandemic.

¹ European Economic Forecast – Autumn 2022 (European Commission, Institutional Paper 187, November 2022).

² Central Bank of Malta Quarterly Review (2022 Vol. 55 No. 2; pages 57 and 58); Budget Speech 2023, page 72.

In view of the above, the Directors are cautiously optimistic on the health of the Maltese property market, which opinion is based on the assumption that the general economy will continue to gradually return to pre-COVID 19 levels within a short period of time without adversely impacting business confidence, primary industries such as hospitality, and disposable incomes.

In the near term, the Group will be principally focused on completing the Qawra II Development, the Qawra III development and the Mosta Development, and will continue to market the remaining units available for sale at the Luqa Development, Mellieha Development and the projects in Marsascala, Qawra, San Pawl tat-Tarġa and Mosta. At the same time, the Group will direct resources towards the construction of the Qawra III Development.

There has been no material adverse change in the prospects of the Issuer since 31 December 2021 (being the date of its last published audited financial statements). Furthermore, there has been no significant change in the financial performance of the Group since 30 June 2022 (being the date of the last financial period for which financial information has been published) to the date of the Prospectus.

7.2 Key Financial Review

7.2.1 Key Financial Review - the Issuer

The historical financial information about the Issuer is included in the audited consolidated financial statements for the financial periods ended 31 December 2019, 31 December 2020, and 31 December 2021. The interim financial information about the Issuer is extracted from the unaudited condensed consolidated financial information for the six-month period beginning 1 January 2022 up to 30 June 2022. The said statements and the audit reports have been published and are available at the Issuer's registered office and on the Issuer's website.

GAP Group p.l.c.				
Consolidated Statement of Comprehensive Income				
	for the year ended 31 December			for the 6-mth period ended 30 June
	2019	2020	2021	
	Audited	Audited	Audited	Unaudited
	€'000	€'000	€'000	Unaudited
				€'000
Revenue	28,287	23,786	50,116	27,957
Cost of sales	(20,500)	(15,816)	(35,317)	(19,815)
Administrative expenses	(1,650)	(1,167)	(2,550)	(1,478)
Operating profit	6,137	6,803	12,249	6,664
Investment income	729	592	717	298
Finance costs	(3,493)	(1,811)	(1,574)	(1,324)
Profit before tax	3,373	5,584	11,392	5,638
Taxation	(2,245)	(1,482)	(2,527)	(1,380)
Profit for the year/period	1,128	4,102	8,865	4,258
Other comprehensive income				
Movement in fair value of financial assets	157	(123)	76	54
Total comprehensive income for the year/period	1,285	3,979	8,941	4,312

In 2021, the Group's revenue more than doubled from €23.8 million in 2020 to €50.1 million. Approximately 85% of revenue was generated from the Luqa Development and the Mellieha Development, while 15% was derived from various projects but primarily from the Marsascala Development. In consequence, operating profit increased by €5.4 million (+80% y-o-y) to €12.2 million (2020: €6.8 million).

Finance costs decreased from €1.8 million in FY2020 to €1.6 million in FY2021. Overall, comprehensive income increased by 125% to €8.9 million (FY2020: €4.0 million).

During the six-month period ending 30 June 2022, the Group generated revenue amounting to €20.6 million compared to €28.0 million in the same period a year earlier. Approximately 86% of revenue was generated from sales of units forming part of the Luqa Development and San Pawl tat-Tarġa Development. Operating profit for the six-month period amounted to €5.1 million, a decrease of €1.6 million when compared to H1 2021. The Group reported total comprehensive income of €3.8 million in H1 2022 compared to €4.3 million in H1 2021.

GAP Group p.l.c.

Consolidated Cash Flow Statement

	for the year ended 31 December			for the 6-mth period ended 30 June	
	2019	2020	2021	2021	2022
	Audited	Audited	Audited	Unaudited	Unaudited
	€'000	€'000	€'000	€'000	€'000
Net cash from (used in) operating activities	(20,317)	(10,862)	24,475	14,131	1,423
Net cash from (used in) investing activities	(1,206)	507	(2,866)	(6,162)	1,603
Net cash from (used in) financing activities	27,395	3,620	1,437	1,037	(25,528)
Net movement in cash and cash equivalents	5,872	(6,735)	23,046	9,006	(22,502)
Cash and cash equivalents at beginning of year	14,324	20,196	13,461	13,461	36,507
Cash and cash equivalents at end of year	20,196	13,461	36,507	22,467	14,005

Net movement in cash and cash equivalents in 2021 amounted to €23.0 million (2020: adverse balance of €6.7 million). Net cash from operating activities reached €24.5 million, primarily on account of cash inflows from final sales contracts and a positive movement in working capital changes (mainly inventory).

Net cash used in investing activities amounted to €2.9 million, compared to inflows of €0.5 million in the prior year, on account of €3.6 million utilised for investment purposes while inflows of €0.7 million reflected investment income. Net cash from financing activities amounted to €1.4 million and represented net inflows from borrowings of €3.9 million and the payment (outflow) of €2.5 million in dividends.

Net movement in cash and cash equivalents in the six-month period ended 30 June 2022 amounted to a cash outflow of €22.5 million compared to a net cash inflow of €9.0 million in H1 2021.

Net cash from operating activities amounted to €1.4 million which amount was generated from sales contracts concluded during the interim period, after taking into account an adverse movement in working capital changes as well as interest and tax payments. An amount of €1.6 million was raised from the disposal of financial assets (accounted for as 'cash flows from investing activities').

Net cash used in financing activities amounted to €25.5 million. During the period, the Group repaid the €29.1 million 3.65% secured bonds 2022 and received *circa* €9.9 million following the issue of €21 million 3.90% secured bonds 2024-26 and cancellation of €10.8 million of 4.25% secured bonds 2023 (net cash outflow of €19.2 million). Furthermore, the Group repaid bank loan and other borrowings amounting to €6.3 million).

GAP Group p.l.c.				
Consolidated Statement of Financial Position				
	31 Dec'19	31 Dec'20	31 Dec'21	30 Jun'22
	Audited	Audited	Audited	Unaudited
	€'000	€'000	€'000	€'000
ASSETS				
Non-current assets				
Property, plant and equipment	32	23	19	26
Investments	6,012	6,097	9,670	8,359
Loans and other receivables	10,111	10,382	10,676	10,830
Sinking fund	24	6,480	-	-
	<u>16,179</u>	<u>22,982</u>	<u>20,365</u>	<u>19,215</u>
Current assets				
Inventory - development project	48,958	62,649	45,820	47,637
Trade and other receivables	2,553	4,303	9,481	5,629
Cash and cash equivalents	7,698	2,060	1,785	14,005
Sinking fund	12,498	11,901	34,722	-
	<u>71,707</u>	<u>80,913</u>	<u>91,808</u>	<u>67,271</u>
Total assets	<u>87,886</u>	<u>103,895</u>	<u>112,173</u>	<u>86,486</u>
EQUITY				
Capital and reserves				
Called up share capital	2,500	2,500	2,500	2,500
Other capital	3,057	2,934	3,011	2,941
Retained earnings	5,598	9,700	16,064	19,920
	<u>11,155</u>	<u>15,134</u>	<u>21,575</u>	<u>25,361</u>
LIABILITIES				
Non-current liabilities				
Borrowings and other financial liabilities	6,141	7,737	6,892	2,956
Debt securities	56,991	69,864	69,002	49,818
	<u>63,132</u>	<u>77,601</u>	<u>75,894</u>	<u>52,774</u>
Current liabilities				
Bank overdrafts	-	500	-	-
Borrowings and other financial liabilities	2,610	657	3,061	1,390
Other current liabilities	10,989	10,003	11,643	6,961
	<u>13,599</u>	<u>11,160</u>	<u>14,704</u>	<u>8,351</u>
	<u>76,731</u>	<u>88,761</u>	<u>90,598</u>	<u>61,125</u>
Total equity and liabilities	<u>87,886</u>	<u>103,895</u>	<u>112,173</u>	<u>86,486</u>

Total assets as at 31 December 2021 amounted to €112.2 million compared to €103.9 million in the prior year. The principal item is inventory of sites and progress development works which stood at €45.8 million in 2021 (2020: €62.6 million). Due to the substantial turnover in 2021, cash balances increased on y-o-y basis from €20.4 million in 2020 to €36.5 million (inclusive of sinking fund amount).

The Group's equity increased by 43% from €15.1 million in 2020 to €21.6 million on account of the net profits reported during the year and after deducting the distribution of an interim dividend of €2.5 million.

Total liabilities of the Group as at 31 December 2021 mainly comprised debt securities which remained unchanged at almost €70 million.

In the initial four months of 2022, the Group issued €21 million 3.9% secured bonds 2024 – 2026 and cancelled €10.8 million of the 4.25% secured bonds 2023. Furthermore, the Group repaid in full €29.1 million 3.65% secured bonds 2022. As such, the outstanding balance of debt securities as at 30 June 2022 amounted to €50.3 million compared to €69.0 million in 2021.

Inventory as at 30 June 2022 amounted to €47.6 million (FY2021: €45.8 million) and mainly include the Qawra Site II, the Mosta Site, the Qawra Site III and construction thereon.

In the first half of 2022, total equity increased by €3.8 million to €25.4 million (31 December 2021: €21.6 million).

7.2.2 Key Financial Review - GZL

GZL was established on 18 October 2022 to acquire the Żonqor Site and subsequently develop the Żonqor Development. Accordingly, since incorporation to the date of the Prospectus, GZL was not involved in any trading or business activities.

8. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

8.1 The Board of Directors of the Issuer and the Guarantor

8.1.1 Directors of the Issuer

As at the date of this Registration Document, the Board of the Issuer is constituted of the Directors, whose names appear under section 3.1 of this Registration Document.

8.1.2 Directors of GZL

As at the date of this Registration Document, the board of directors of GZL is constituted of the names which appear under section 3.1 of this Registration Document.

8.1.3 Curriculum Vitae of the Directors

The following are the Directors and their respective *curriculum vitae*:

George Muscat: George Muscat started his property development and construction business in the 1970s. Over the years, Mr Muscat has embarked on a variety of projects, from single block residential apartments to large and ambitious 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 the Prospectus, under the leadership of Mr Muscat, the Group has built up 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 equity capital of Bay Street Holdings Limited (C 12058) which owns, manages, and operates the Bay Street Entertainment Complex in Paceville, St Julians. 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.

Paul Attard: Paul Attard started working as a property consultant with several leading estate agencies in Malta. Paul Attard is a founding member and a director of GAP Holdings Limited (C 27803), which was involved in various development projects, and is the director of sales and marketing of the Group. Today, Mr Attard is a shareholder and director of various property development companies and together with his partners, developed a considerable portfolio of residential and commercial developments at prices which service all sectors of the market.

Mr Attard is a director and the sole ultimate beneficial holder of Katari Holdings Limited (C 70860) which owns, manages, and operates Golden Care Home for the elderly in Naxxar. Golden Care Home is a nursing home with 235 beds, which caters for the care and residential living of the elderly in the community.

Adrian Muscat: Adrian Muscat began his career as a property consultant before moving on to project management. As a founding member and director of Gap Holdings Limited (C 27803), Adrian Muscat has led the project team responsible for on-site management of the projects undertaken by Gap Group since 2001. During the past 19 years, he has been involved in several property development projects relating to the development of residential units in Malta and Gozo.

Adrian Muscat is a director and the sole ultimate beneficial holder of Juel Holdings Limited (C 92861) which owns, manages, and operates a portfolio of properties across the island.

Francis X. Gouder: 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.

Mark Castillo: Mark Castillo served as a non-executive director on the board of directors of Gap Developments p.l.c. between 2006 and 2011, and of GAP Group p.l.c. since 2016, after a career in international banking spanning more than 45 years, which included high profile positions in Malta and Canada with major banks such as Barclays Bank, Mid-Med Bank, Banco Central Hispano, Bank of Valletta, and Sparkasse Bank Malta.

Chris Cilia: Chris Cilia graduated as a Doctor of Laws from the University of Malta and has been practicing for the past 26 years. He has served as deputy chairman of the Malta Gaming Authority and as chairman of the audit committee of the same authority and currently serves as deputy chairman of Indis Malta Ltd (C 28965).

As at the date of the Prospectus, the board of directors of the Guarantor consists of George Muscat, Paul Attard and Adrian Muscat (management expertise and experience is set out above).

8.2 Conflict of Interest

As at the date of this Registration Document, each of George Muscat, Paul Attard and Adrian Muscat are officers of several companies within the Group, and as such are susceptible to conflicts between the potentially diverging interests of the different members of the Group. George Muscat, Paul Attard and Adrian Muscat are directors of the Issuer, its parent company Gap Group Investments II Limited (C 75856), GZL and GGCL. Accordingly, conflicts of interest could potentially arise in relation to transactions involving the Issuer, the Guarantor and GGCL as the main contractor for the Zonqor Development.

Other than those disclosed above, the Directors are not aware of any potential conflicts of interest which could relate to their roles within the Issuer.

8.3 Management Structure

8.3.1 General

The Issuer itself has no employees and is managed directly by its Directors. Each Subsidiary of the Issuer has several management personnel and other employees devoted to managing each development project undertaken by that Subsidiary. The Group adopts a centralised management structure whereby it can deploy senior management personnel to perform duties in different parts of the Group depending on the requirements of each Group company; those services are then re-charged to the Group company where they are from time to time deployed.

The Directors believe that the current organisational structure is adequate for the present activities of the Group. The Directors shall maintain this structure under continuous review to ensure that it meets the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

8.3.2 Committees

The Board has not appointed any committees other than the audit committee which is mandatorily required in terms of the Capital Markets Rules.

The terms of reference of the audit committee consists of, *inter alia*, its support to the Board in its responsibilities in dealing with issues of financial reporting, risk, control and governance, and associated assurance. The Board has set formal terms of establishment and the terms of reference of the audit committee that establish its composition, role and function, the parameters of its remit as well as the basis for the processes with which it is required to comply. The audit committee is a sub-committee of the Board and is directly responsible and accountable to the Board. The Board reserves the right to change these terms of reference from time to time.

Briefly, the audit committee is expected to deal with and advise the Board on the following matters on a Group-wide basis, its monitoring responsibility over the financial reporting processes, financial policies, and internal control structures; maintaining communications on such matters between the Board, management, and the independent auditors, and preserving the Group's assets by understanding the risk environment and determining how to deal with those risks.

In addition, the audit committee also has the role and function of scrutinising and evaluating any proposed transaction to be entered into by the Issuer or the Guarantor and a related party, to ensure that the execution of any such transaction is at arm's length and on a commercial basis and ultimately in the best interests of the Issuer or the Guarantor, as the case may be.

All Directors sitting on the audit committee are independent non-executive directors. Francis X. Gouder acts as chairperson, whilst Mark Castillo and Chris Cilia act as members. Francis X. Gouder, as independent non-executive director, is competent in accounting and auditing matters, having previously served in various senior positions in a financial institution.

Pursuant to its terms of reference, the audit committee has a remit that covers the Guarantor, separately from the Issuer.

9. MAJOR SHAREHOLDERS

The Issuer's majority shareholder is Gap Group Investments II Limited (C 75856), which is the holder of 99.99% of the issued share capital of the Issuer. Paul Attard, Adrian Muscat and George Muscat, the Directors, hold the remainder of the shares collectively between them. Paul Attard and Adrian Muscat each hold one ordinary share in the issued share capital of the Issuer whereas George Muscat holds two ordinary shares in the issued share capital of the Issuer. In accordance with the Code of Principles for Good Corporate Governance, the Issuer adopts measures to ensure that the relationship with its shareholders and the three individual Directors (Paul Attard, Adrian Muscat and George Muscat), who are the ultimate beneficial owners of all the shares in the Issuer, is retained at arm's length, including adherence to Rules on Related Party Transactions requiring the sanction of the audit committee, in which the majority is constituted by independent non-executive directors, of which one shall also act as chairman.

There are no arrangements known to the Issuer, the operation of which may at a subsequent date result in a change in control of the Issuer.

10. 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 is 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.

There has been no significant change in the financial position of the Group since 30 June 2022 (being the date of the last financial period for which financial information has been published) to the date of the Prospectus.

11. REGULATORY DISCLOSURES

There is no information that has been disclosed under the Market Abuse Regulation over the last 12 months which is relevant as at the date of the Prospectus.

12. MATERIAL CONTRACTS

The entities forming part of the Group have not entered into any material contracts that are not in the ordinary course of their respective business and which could result in either of the said entities being under an obligation or entitlement that is material to their ability to meet their obligations to security holders in terms of the Prospectus.

13. PROPERTY VALUATION REPORT

The Issuer commissioned architect Tancred Mifsud to issue a property valuation report in respect of the Żonqor Development

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 accessible on the Issuer's website at the following hyperlink: <https://gap.com.mt/investor-relations/> and is deemed to be incorporated by reference in the Prospectus.

14. STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTEREST

Save for the property valuation report incorporated by reference in the 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 they appear with the authorisation of MZI of 61, M.Z. House, St. Rita Street, Rabat RBT 1523, Malta, which has given and has not withdrawn its consent to the inclusion of such report herein. The author of the financial analysis summary is Mr. Evan Mohnani, Senior Financial Advisor at MZI. MZI does not have any material interest in the Issuer.

The property valuation has been included in the form and context in which it appears with the authorisation of Arch. Tancred Mifsud of Tancred Mifsud Services who has given and has not withdrawn his consent to the inclusion of the report herein. Architect Tancred Mifsud do not have any material interest in the Issuer.

The Issuer confirms that the financial analysis summary and the property 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.

15. DOCUMENTS AVAILABLE FOR INSPECTION AND INCORPORATED BY REFERENCE

For the duration of the Registration Document, the following documents are incorporated by reference:

- (a) the audited consolidated financial statements of the Issuer for the three financial years ended 31 December 2019, 31 December 2020 and 31 December 2021;
- (b) the unaudited interim financial statements of the Issuer for the six-month period ended 30 June 2022;
- (c) the property valuation report of the Żonqor Development; and
- (d) the financial analysis summary prepared by MZI.

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

The Memorandum and Articles of Association and the memorandum and articles of association of the Guarantor are available for inspection at the registered office of the Issuer.

16. CROSS-REFERENCE LIST OF DOCUMENTS INCORPORATED BY REFERENCE

The following table of cross-references sets out specific items set out in the documents below which are incorporated by reference:

- i. the audited consolidated financial statements of the Issuer for the three financial years ended 31 December 2019, 31 December 2020 and 31 December 2021;
- ii. the unaudited interim financial statements of the Issuer for the six-month period ended 30 June 2022.

GAP GROUP P.L.C.	Page number in Annual Report	Page number in Annual Report	Page number in Annual Report	Page number in the Interim Financial Statements
Information incorporated by reference in this Registration Document	Financial year ended 31 December 2019	Financial year ended 31 December 2020	Financial year ended 31 December 2021	Interim financial information for the six months ended 30 June 2022
Income Statement	14	14	9	5
Statement of Financial Position	15 - 16	15 - 16	10 - 11	6 - 7
Statement of Cash Flows	18	18	13	9
Notes to the Financial Statements	19 - 45	19 - 45	14 - 40	10 - 12
Independent Auditor's Report	9 - 13	9 - 13	41 - 48	N/A

SECURITIES NOTE

DATED 5 DECEMBER 2022

This document is a Securities Note 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.

This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Issuer.

In respect of an issue of:
up to €23,000,000 4.75% Secured Bonds 2025-2027
of a nominal value of €100 per Secured Bond issued at par
(the "Secured Bonds")*
by



A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA
WITH COMPANY REGISTRATION NUMBER C 75875

with the joint and several Guarantee of
GAP ZONQOR LIMITED
(C 103533)

ISIN: MT0001231241

Legal Counsel
to the Sponsor, Manager & Registrar



CAMILLERI PREZIOSI
ADVOCATES

Legal Counsel
to the Issuer

Dr Chris Cilia

Security Trustee

EQUINOX INTERNATIONAL
LIMITED

Sponsor, Manager & Registrar



MZ INVESTMENT SERVICES

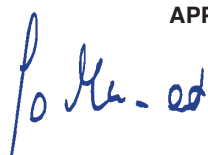
THIS SECURITIES NOTE HAS BEEN APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY AS THE COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THIS MEANS THAT THE MALTA FINANCIAL SERVICES AUTHORITY HAS ONLY APPROVED THIS SECURITIES NOTE AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY 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 SECURITIES AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENTS. THIS SECURITIES NOTE HAS BEEN DRAWN UP AS PART OF A SIMPLIFIED PROSPECTUS IN ACCORDANCE WITH ARTICLE 14 OF THE PROSPECTUS REGULATION.

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. INVESTORS SHOULD MAKE THEIR OWN ASSESSMENT AS TO THE SUITABILITY OF INVESTING IN THE SECURITIES SUBJECT OF THIS SECURITIES NOTE.

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

APPROVED BY THE BOARD OF DIRECTORS



George Muscat



Paul Attard

signing in their own capacity as directors of the Issuer and on behalf of each of
Mark Castillo, Chris Cilia, Francis X Gouder and Adrian Muscat as their duly appointed agents.

CONTENTS

1	IMPORTANT INFORMATION	3
2	DEFINITIONS	5
3	RISK FACTORS	7
3.1	Forward-looking statements	7
3.2	Risks Relating to the Secured Bonds	7
4	PERSONS RESPONSIBLE	10
4.1	Consent for Use of the Prospectus	10
5	ESSENTIAL INFORMATION	11
5.1	Reasons for the Bond Issue and Use of Proceeds	11
5.2	Dynamics for Closing	12
5.3	Funding from other sources	12
5.4	Expenses	12
5.5	Issue Statistics	12
5.6	Interest of Natural and Legal Persons Involved in the Bond Issue	13
5.7	Collateral	13
5.8	Trust Deed	14
6	INFORMATION CONCERNING THE SECURITIES TO BE ISSUED AND ADMITTED TO TRADING	16
6.1	General	16
6.2	Ranking of the Secured Bonds and the Collateral	17
6.3	The Guarantee	18
6.4	Rights attaching to the Secured Bonds	18
6.5	Interest	18
6.6	The Limits of the Validity of Claims	18
6.7	Yield	18
6.8	Registration, Form, Denomination and Title	18
6.9	Payments	19
6.10	Redemption and Purchase	19
6.11	Events of Default	20
6.12	Transferability of the Secured Bonds	21
6.13	Further Issues	21
6.14	Authorisations and Approvals	21
6.15	Notices	21
6.16	Governing Law and Jurisdiction	22
7	TAXATION	22
7.1	General	22
7.2	Malta Tax on Interest	22
7.3	Exchange of Information	23
7.4	Maltese Taxation on Capital Gains Arising on Transfer of the Secured Bonds	24
7.5	Duty on Documents and Transfers	24
8	TERMS AND CONDITIONS OF THE BOND ISSUE	24
8.1	Expected Timetable of the Bond Issue	24
8.2	Early Redemption Option	24
8.3	Terms and Conditions of Application	24
8.4	Plan of Distribution and Allotment	28
8.5	Intermediaries' Offer	29
8.6	Pricing	29
8.7	Allocation Policy	29
8.8	Admission to Trading	29
8.9	Additional Information	29
	ANNEX I – THE GUARANTEE	30
	ANNEX II – AUTHORISED FINANCIAL INTERMEDIARIES	37
	ANNEX III – FINANCIAL ANALYSIS SUMMARY	38

1 IMPORTANT INFORMATION

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY GAP GROUP PLC (THE “ISSUER”) OF UP TO €23,000,000 SECURED BONDS 2025 -2027 OF A NOMINAL VALUE OF €100 PER BOND ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 4.75% PER ANNUM PAYABLE ANNUALLY ON 22 DECEMBER OF EACH YEAR. THE NOMINAL VALUE OF THE SECURED 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 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 ADVISORS.

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

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

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

THIS SECURITIES NOTE IS VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE HEREOF. FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD, THE ISSUER IS NOT OBLIGED TO SUPPLEMENT 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 THE PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. IT IS THE RESPONSIBILITY OF PERSONS WHO HAVE POSSESSION OF THIS DOCUMENT TO INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THE PROSPECTUS AND THE OFFERING AND SALE OF SECURITIES.

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

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

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

ALL THE ADVISORS TO THE ISSUER NAMED IN THE REGISTRATION DOCUMENT UNDER THE HEADING “**ADVISORS**” IN SECTION 3.3 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THE PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

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

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

2 DEFINITIONS

Words, expressions, and capitalised terms used in this Securities Note shall, except where the context otherwise requires and except where otherwise defined herein, bear the same meaning as the meaning given to such words, expressed and capitalised terms as indicated in the Registration Document. 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 made by an Applicant by completing an Application Form and delivering same to an Authorised Financial Intermediary during the Offer Period;
Application Form	an application submitted by an Applicant to an Authorised Financial Intermediary in the form provided by an Authorised Financial Intermediary to an Applicant;
Appropriateness Test	the appropriateness testing in terms of the COBR;
Authorised Financial Intermediaries	the financial intermediaries whose details appear in Annex II to this Securities Note;
Bond Issue	the issue of the Secured Bonds;
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 5.8.2. of this Securities Note;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
Civil Code	the Civil Code (Cap.16 of the laws of Malta);
COBR	the conduct of business rulebook issued by the MFSA, as may be amended from time to time;
Collateral or Security Interests	means, collectively, the following security interests to be constituted in favour of the Trustee: (i) the fourth-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 GZL; (iii) the first-ranking special hypothec granted by GZL for the full nominal value of the Secured Bonds and interest thereon over the Żonqor Site (and any developments and constructions thereon); (iv) the first-ranking special privilege granted by GZL in terms of article 2010 (c) of the Civil Code for the amount of €14,247,000 over the Żonqor Site (and any developments and constructions thereon); and (v) 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 between 22 December 2025 and 21 December 2027, 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 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;
ESMA Guidelines	the guidelines issued by the European Securities and Markets Authority (ESMA) on complex debt instruments and structured deposits dated 4 February 2016;
Eligible Counterparty	shall bear the meaning assigned thereto in the COBR;
Guarantee	the joint and several guarantee granted by GZL to the Security Trustee appended to this Securities Note as Annex I;
Guarantor	GZL;

Interest Payment Date	22 December of each year between and including each of the years 2025 and the year 2027, 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 detailed in section 8.5. of this Securities Note;
Issue Date	expected on 30 December 2022;
MIFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast);
Offer Period	the period between 08:30 hours on 9 December 2022 and 14:00 hours on 21 December 2022 during which the Secured Bonds are on offer to the Authorised Financial Intermediaries by virtue of the Intermediaries' Offer;
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 GZL, the Issuer, 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;
Professional Client	shall bear the meaning assigned thereto in the COBR;
Redemption Date	22 December 2027;
Redemption Value	the nominal value of each Secured Bond (€100 per Secured Bond);
Registration Document	the registration document issued by the Issuer dated 5 December 2022, forming part of the Prospectus;
Reserve Account	the reserve account maintained by the Security Trustee for the benefit of the Bondholders;
Secured Bond/s	up to €23,000,000 Secured Bonds of a nominal value of €100, redeemable at the Redemption Value on the Redemption Date or a Designated Early Redemption Date, bearing interest at the rate of 4.75% per annum on the nominal value of the Secured Bond, as detailed in this Securities Note;
Securities Note	this document in its entirety;
Subscription Agreements	the subscription agreements to be entered into by the Issuer and the Authorised Financial Intermediaries, as further detailed in section 8.5. of this Securities Note;
Suitability Testing	the suitability testing in terms of the COBR;
Terms and Conditions	the terms and conditions of the Secured Bonds set out in sections 5.5 and 6 of this Securities Note; and
Trust Deed	the trust deed signed by and between the Issuer, Guarantor and the Security Trustee dated 5 December 2022.

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*; and
- (iii) the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative.

3. RISK FACTORS

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

AN INVESTMENT IN THE SECURED BONDS INVOLVES CERTAIN RISKS INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISORS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL 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 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 investment advisor before investing in the Secured Bonds. In particular, investors should consult with an investment advisor with a view to 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 advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its 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 any interest or 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 Ranking of the general hypothec granted by the Issuer

In terms of Maltese law, hypothecary debts are paid according to the order of registration in the Public Registry in Malta. The Issuer shall secure its obligations under the Bond Issue by virtue of, *inter alia*, a fourth-ranking general hypothec over all its assets, present and future. A first-ranking general hypothec was constituted over the 2016 Bonds, a second-ranking hypothec was constituted over the 2020 Bonds and a third-ranking general hypothec was constituted over the 2021 Bonds. In the case of a competition of creditors following an Event of Default or an event of default under the 2016 Bonds, the 2020 Bonds or the 2021 Bonds, the Security Trustee will rank after the general hypothecs constituted in favour of the security trustee of the 2016 Bonds, the 2020 Bonds and the 2021 Bonds.

The ranking of the general hypothec granted by the Issuer is also subject to the rights of privileged creditors who will rank with priority over hypothecary debts. 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 creditors which rank ahead of the Security Trustee. 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.

3.2.1.4 Subsequent changes in interest rate and the potential impact of inflation

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

The coupon payable on the Secured Bonds is a nominal interest rate. The real interest rate is computed by subtracting inflation from the nominal interest rate, the result of which indicates the real return on the Secured Bond 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.

3.2.1.5 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 2.2 of the Registration Document.

3.2.1.6 Orderly and liquid secondary market

The existence of an orderly and liquid secondary 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.

3.2.1.7 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.

3.2.1.8 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 (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.

3.2.1.9 Changes in law

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

3.2.1.10 Amendments to the Terms and Conditions

In the event that the Issuer wishes to amend any of the Terms and Conditions it may call a meeting of Bondholders in accordance with the provisions of section 5.8.2. of this Securities Note. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

3.2.2 Risks relating to the Guarantor and the Collateral

3.2.2.1 Risks relating to the business of the Guarantor

The risk factors contained in section 2.2.2. of the Registration Document entitled "**Risks relating to the property sector**" apply to the business of the Guarantor. If any of the risks mentioned in section 2.2.2. of the Registration Document were to materialise, they could have a material adverse effect on the ability of the Guarantor to satisfy its obligations under the Guarantee.

3.2.2.2 Risks relating to the Guarantee and the Collateral granted by the Guarantor

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

The strength of the undertakings given under the Guarantee and, accordingly, the level of recoverability by the Security Trustee from the Guarantor of any amounts due under any of the Secured Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor. The Guarantee will be further supported by a first-ranking special hypothec over the Żonqor Site (and any developments and constructions thereon) for the full nominal value of the Secured Bonds and interest thereon and a special privilege for the amount of €14,247,000. There can be no guarantee that the value of the Żonqor Site (and, once constructed, the Żonqor Development) over the term of the Secured Bonds will be sufficient to cover the full amount of interest and principal outstanding under the Secured Bonds. This may be caused by a number of factors, including, but not limited to, general economic factors that could have an adverse impact on the value of the Żonqor Development. If such circumstances were to arise or subsist at the time that the Security Interests are to be enforced by the Trustee, it could have a material adverse effect on the recoverability of all the amounts that may be outstanding under the Secured Bonds.

In addition to the aforesaid, the valuation of the Żonqor Development 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 the assumptions. There can be no assurance that the property valuation and property-related assets will reflect actual market values at the time of enforcement of the security interests over the Żonqor Development.

3.2.2.3 Ranking of security interests granted by the Guarantor

The security interests to be constituted by the Guarantor in favour of the Security Trustee shall rank after the claims of privileged creditors should a note of inscription of a special privilege be registered with the Public Registry in Malta 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. GGCL, as the contractor responsible for the development of the Żonqor Development, has waived its right to the registration of a special privilege with the Public Registry in Malta and has further undertaken to use best efforts to ensure that any of its sub-contractors will waive their right to a special privilege. However, no assurances can be given that a sub-contractor of GGCL will not register a special privilege over the Żonqor Site (and any developments and constructions thereon). In addition, over the course of its business, the Guarantor 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 hypothec and special hypothec is constituted.

3.2.3 Risk relating to funding from other sources

3.2.3.1 Risks relating to the Group's ability to secure sufficient project financing

GZL requires the amount of €15,900,000 to acquire the Żonqor Site. It also requires the amount of €17,640,000 to develop and complete the Żonqor Development which is expected to be completed by Q4 2024. The total acquisition cost of €15,900,000 required for the acquisition of the Żonqor Site will be financed from the proceeds of the Bond Issue. The amount of €6,640,000 will also be financed from the proceeds of the Bond Issue to be utilised for the development of the Żonqor Development, whilst the remaining balance of €11,000,000 shall be financed from the Group's cash flows. There is no certainty that the Group shall be able to obtain the full capital it requires for the completion of the Żonqor Development. Accordingly, the Bondholders are subject to the risk that the completion of the Żonqor Development may be stalled and, or suspended until the necessary financing is obtained, if at all.

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 Secured Bonds. All of the Directors whose names appear under the sub-heading entitled “**Directors**” under the heading entitled “**Directors, Senior Management, Advisors and Auditors**” in section 3 of the Registration Document, accept responsibility for the information contained in this Securities Note.

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

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

4.1 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 the Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale or placement or other offering of Secured Bonds, provided this is limited only:

- (i) in respect of Secured Bonds subscribed for through the Authorised Financial Intermediaries during the Offer Period;
- (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 advisors 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 the Prospectus in connection with) the making of any public offer of the Secured Bonds by any person in any circumstance. Any such unauthorised offers are not made on behalf of the Issuer 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 the 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 the Prospectus.

Investors should enquire whether an intermediary is considered to be an Authorised Financial Intermediary in terms of the Prospectus. If the investor is in doubt as to whether 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 the Prospectus in connection with a resale, placement, or other offering of Secured Bonds subsequent to the Bond Issue shall, limitedly for the period of 60 days from the date of the Prospectus, publish on its website a notice to the effect that it is using the Prospectus for such resale, placement, or other offering in accordance with the consent of the Issuer and the conditions attached thereto. The consent provided herein shall no longer apply following the lapse of such period.

Any new information with respect to 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.gap.com.mt

5 ESSENTIAL INFORMATION

5.1 REASONS FOR THE BOND ISSUE AND USE OF PROCEEDS

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €22,540,000 shall be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

- (a) up to €15,900,000 shall be used for the acquisition of the Żonqor Site by GZL, including costs pertaining stamp duty, expenses, and costs due to the Notary Public and applicable brokerage fees; and
- (b) €6,640,000 shall be used to finance costs required to develop and complete the Żonqor Development. The amount of €6,640,000 shall be released in a corresponding value contained in an architect's confirmation of value of works.

The Bond Issue is conditional upon it being fully subscribed. In the event that the Bond Issue is not fully taken up, no allotment of the Secured Bonds shall be made, the subscription to Secured Bonds shall be deemed not to have been accepted by the Issuer and all money received from subscribers shall be refunded accordingly.

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 Secured 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, GZL and the Security Trustee shall appear on a deed of sale and purchase for the sale and transfer of the Żonqor Site to GZL. Simultaneously with the entry into of the deed of sale and purchase, each of the Issuer and the Guarantor 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 Issuer, the Guarantor and the Security Trustee shall enter into the Pledge Agreement.

The Issuer has entered into an intra-group loan agreement with the Guarantor pursuant to which it shall advance the amount of €22,540,000 for the acquisition of the Żonqor Site and the development and completion of the Żonqor Development. The obligation of the Issuer to advance the said funds to the Guarantor is conditional upon, *inter alia*, the admission of the Secured Bonds on 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 €22,540,000 as follows:

- (i) the amount of approximately €14,247,000 shall be released to the vendor of the Žonqor Site on the deed of sale. The Security Trustee shall appear on the said deed of sale pursuant to a delegation of authority granted by GZL in its favour to pay the purchase price of Žonqor Site to the vendor. The amount of €600,000 shall be released to the Issuer to finance the deposit paid by the Issuer to the vendor of the Žonqor Site. The remaining amount of €1,053,000 shall be utilised to pay stamp duty, notarial fees and brokerage fees and shall be released to the notary public responsible for such purpose. Simultaneously upon the entry into this deed of sale of the Žonqor Site, each of the Issuer and Guarantor 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) following the due perfection of the Collateral, the balance of €6,640,000 million shall be released to GZL for the purposes set out in section 5.1(b) above.

5.3 FUNDING FROM OTHER SOURCES

GZL requires approximately €17,640,000 to develop and complete the Žonqor Development. From the net proceeds received from the Secured Bonds, the Issuer shall utilise approximately €6,640,000 of same to commence development works on the Žonqor Development. The remaining balance of approximately €11,000,000 required for the completion of the Žonqor Development, shall be funded from the Group's cash flows or alternative funding, including bank financing.

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 the Bond Issue are estimated not to exceed €460,000. There is no particular order of priority with respect to such expenses.

5.5 ISSUE STATISTICS

Amount:	up to €23,000,000.
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:	MT0001231241.
Minimum amount per subscription:	minimum of €5,000 and multiples of €100 thereafter.
Minimum amount per Subscription Agreement:	minimum of €5,000 and multiples of €100 thereafter, applicable to each underlying Applicant applying for the Secured Bonds through Authorised Financial Intermediaries in terms of the Subscription Agreements.
Redemption Date:	22 December 2027 or on the Designated Early Redemption Date.
Designated Early Redemption Date:	any date falling between 22 December 2025 and 21 December 2027, 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 interests accrued up to the date of prepayment, by giving not less than 30 days' notice to the Bondholders and " Early Redemption " shall be construed accordingly.
Intermediaries' Offer:	the Secured Bonds shall form part of an Intermediaries' Offer subject to the allocation policy referred to in this Securities Note.
Bond Issue Price:	at par (€100 per Secured Bond).
Status of the 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 of this Securities Note, guaranteed by the Guarantor and shall at all times rank <i>pari passu</i> and without any preference among themselves.
Guarantee:	the joint and several guarantee dated 5 December 2022 granted by GZL for the punctual performance of the Issuer's payment obligations under the Bond Issue.
Status of the Guarantee:	the Guarantee granted by GZL shall constitute a direct, secured, and unconditional obligation of GZL.

Collateral:	means, collectively, the following security interests to be constituted in favour of the Security Trustee: (i) the fourth-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 GZL; (iii) the first-ranking special hypothec granted by GZL for the full nominal value of the Secured Bonds and interest thereon over the Żonqor Site (and any developments and constructions thereon); (iv) the first-ranking special privilege in terms of article 2010 (c) of the Civil Code for the amount of €14,247,000 over the Żonqor Site (and any developments and constructions thereon); and (v) the Pledge Agreement.
Listing:	the Malta Financial Services Authority has approved the Secured Bonds for admissibility to listing and subsequent trading on the Official List. Application has been made to the Malta Stock Exchange for the Secured Bonds to be listed and traded on its Official List.
Allocation:	the Secured Bonds are open for subscription during the Offer Period by Authorised Financial Intermediaries either for their own account or on behalf of their clients. The Secured Bonds are open for subscription by all categories of investors.
Subscription Agreement:	the conditional subscription agreements to be entered into by the Issuer with Authorised Financial Intermediaries in respect of the amount of the Secured Bonds reserved for subscription by Authorised Financial Intermediaries for their own account or on behalf of their respective clients.
Offer Period:	08:30 hours on 9 December 2022 to 14:00 hours on 21 December 2022, both days included.
Interest:	4.75% per annum.
Interest Payment Date/s:	annually on 22 December as from 22 December 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.
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 for the Secured Bonds by Authorised Financial Intermediaries and the commissions payable thereto, and any fees payable in connection with the Bond Issue to the advisors listed in section 3.3. of the Registration Document, so far as the Issuer is aware no person involved in the Bond Issue has an interest material to the Bond Issue.

5.7 COLLATERAL

The Secured Bonds are secured, and Bondholders shall have the benefit of the following collateral:

- (i) the fourth-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 GZL;
- (iii) the first-ranking special hypothec granted by GZL for the full nominal value of the Secured Bonds and interest thereon over the Żonqor Site (and any developments and constructions thereon);
- (iv) the first-ranking special privilege in terms of article 2010 (c) of the Civil Code for the amount of €14,247,000 over the Żonqor Site (and any developments and constructions thereon); and
- (v) the Pledge Agreement.

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.

A hypothec is general or special: it is general when it affects all the property present and future of the debtor; it is special when it affects a particular immovable. A special hypothec continues to attach to any immovables charged therewith. A general hypothec attaches to the property affected thereby only so long as such property does not pass into the hands of a third-party. Special privileges over immovables continue to attach to such immovables whatever transfers to other persons take place. The Security Trustee shall be deemed to be a privileged creditor over the Żonqor Site pursuant to article 2010 (C) of the Civil Code.

5.8 TRUST DEED

5.8.1 The Trust Deed

The Issuer and the Guarantor have entered into the Trust Deed 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 Guarantor to pay principal and interest on the Secured Bonds in the event of a claim under the Guarantee in accordance with their terms. The Trust Deed also regulates the constitution of the Collateral and the Guarantee in favour of the Security Trustee and the maintenance of the Reserve Account. The Trust Deed also regulates the powers of the Trustee during the term of the Bond Issue and Bondholders' Meetings.

The Guarantee 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 Guarantor), save to the extent that the Security Trustee shall apply any amounts held to the credit of the Reserve Account, held by it towards the redemption of the Secured Bonds on the Redemption Date or a Designated Early Redemption Date.

The terms and conditions of the Trust Deed shall be binding on each Bondholder as if it had been a party thereto and as if the Trust Deed contained covenants on the part of each Bondholder to observe and be bound by all the provisions thereof.

5.8.2 Bondholders' Meetings

The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the sanctioning of a modification of any of the Terms and Conditions or any provisions of the Trust Deed. 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.

In terms of the Trust Deed, Bondholders' Meetings shall be convened in accordance with the following provisions:

Purpose of Bondholders' Meetings

- 5.8.2.1 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.
- 5.8.2.2 Where the approval of the Bondholders is required for a particular matter, such resolution shall be passed at a Bondholders' Meeting. Resolutions passed at Bondholders' Meetings shall be binding upon all Bondholders and prevail for all the Secured Bonds.

Procedural Rules for Bondholders' Meetings

- 5.8.2.3 A Bondholders' Meeting shall be held at the written request of:
 - (i) the Issuer; or
 - (ii) the Security Trustee
- 5.8.2.4 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.

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.
- 5.8.2.5 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 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.

- 5.8.2.6 A Bondholders' Meeting shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, at least two Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Secured Bonds then outstanding, shall constitute a quorum. If a quorum is not present within 30 minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Bondholders present at that meeting. The Issuer shall within two days from the date of the original meeting publish by way of a company announcement the date, time, and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven days, and not later than 15 days, following the original meeting. At an adjourned meeting the number of Bondholders present, in person or by proxy, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.
- 5.8.2.7 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.
- 5.8.2.8 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.
- 5.8.2.9 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.
- 5.8.2.10 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.
- 5.8.2.11 The Security Trustee shall circulate proxy forms to Bondholders with the notice convening the Bondholders' Meeting.
- 5.8.2.12 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.
- 5.8.2.13 The Trustee may provide for virtual or remote meetings of Bondholders, provided that any such meetings allow Bondholders to ask questions and to exercise their right to vote at such meetings.

Resolutions passed at Bondholders' Meetings

- 5.8.2.14 Unless otherwise specified in the Prospectus and, or the Trust Deed, the proposal placed before a Bondholders' Meeting shall only be considered approved if at least 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.
- 5.8.2.15 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.
- 5.8.2.16 In all matters, the Issuer, the Security Trustee, and any Bondholder shall have the right to demand a poll.
- 5.8.2.17 The Bondholders' Meeting may not adopt resolutions which may give certain Bondholders an unreasonable advantage at the expense of other Bondholders.
- 5.8.2.18 The Security Trustee shall ensure that resolutions passed at the Bondholders' Meeting are properly implemented; however, the Security Trustee may refuse to carry out resolutions being in conflict with the Prospectus or any applicable law.
- 5.8.2.19 The Issuer and the Bondholders shall be notified of resolutions passed at the Bondholders' Meeting.

5.8.3 Modification of the Trust Deed

The Trustee may agree, without the consent of the Bondholders, to the modification of any of the provisions of the Trust Deed of a formal, minor, or technical nature or to correct a manifest error. The Trustee also may, in its absolute and uncontrolled discretion, waive on such terms and conditions as it shall deem expedient any of the covenants and provisions contained in the Trust Deed on the part of the Issuer and, or the Guarantor to be performed and observed. Any such waiver, modification, authorisation, or determination shall be binding on the Bondholders and, if the Trustee so requires, such modification shall be notified to the Bondholders as soon as practicable.

5.8.4 Enforcement

In terms of the Trust Deed, the Trustee may in its absolute and uncontrolled discretion, and shall upon the request in writing of not less than 75% in value of the Bondholders, by notice in writing to the Issuer declare the Secured Bonds to have become immediately due and payable upon the happening of an Event of Default.

5.8.5 Release of Security and the Reserve Account

The Trust Deed regulates the release of the Collateral and the maintenance of the Reserve Account. All sales of residential units, commercial units and garages forming part of the Żonqor Development are expected to be executed on the basis that units are sold free and unencumbered, and accordingly released of all hypothecary rights and privileges encumbering those units and garages. For this purpose, the Security Trustee is authorised and empowered, pursuant to the Trust Deed, to release individual units / garages of the Żonqor Development from security interests encumbering such unit / garage upon receipt by it from the Issuer and, or the Guarantor or from a prospective purchaser of a fixed portion of the purchase price of each unit / garage, as better described below.

The Security Trustee and the Issuer have agreed on a list of projected prices for each unit and garage / car space sold in terms of the Żonqor Development (the “**Projected Sales Price/s**”). The Projected Sales Prices reflect the opinion of the Directors as at the date of the Prospectus. The Security Trustee shall only be bound to release the Security Interests registered in its favour over a particular residential unit or garage upon the receipt of 65% of the Projected Sales Price assigned to the respective unit and, or garage.

The above procedure is intended to ensure that the Security Interests created for the interest of Bondholders is only reduced against a cash payment made by the Issuer to the credit of the Reserve Account to be held by the Security Trustee for the benefit of Bondholders.

In the absence of unforeseen circumstances and subject to there being no material adverse changes in circumstances, the Directors are of the view that the percentages of the Projected Sales Price of units and garages forming part of the Żonqor Development allocated to the Security Trustee from available cash flows that will be credited to the Reserve Account, will be sufficient to cover the redemption of the Secured Bonds, on the Redemption Date. The Trustee is empowered to amend the percentage of the Projected Sales Prices received.

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 4.75% Secured Bonds 2025-2027 of a nominal value of €100 per Secured Bond issued by the Issuer at par up to the principal amount of €23,000,000 (except as otherwise provided under section 6.13 entitled “**Further Issues**”). The Issue Date of the Secured Bonds is expected to be 30 December 2022.

6.1.2 The Bond Issue is guaranteed by the Guarantor and secured with the Collateral.

6.1.3 The currency of the Secured Bonds is Euro (€).

6.1.4 The Secured Bonds are expected to be listed on the Official List on 30 December 2022 and dealing can be expected to commence thereafter. Dealing may commence prior to notification of the amount allotted being issued to Applicants.

6.1.5 Subject to admission to listing of the Secured Bonds to the Official List, the Secured Bonds are expected to be assigned ISIN number MT0001231241.

- 6.1.6** Unless previously purchased and cancelled, the Secured Bonds shall be redeemable at par on the Redemption Date or a Designated Early Redemption Date.
- 6.1.7** 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.
- 6.1.8** Applications under the Subscription Agreements per underlying Applicant are for a minimum amount of €5,000 per Applicant and in multiples of €100 thereafter.
- 6.1.9** The Bond Issue is conditional upon it being fully subscribed. In the event that the Bond Issue is not fully taken up, no allotment of the Secured Bonds shall be made, the subscription to Secured Bonds shall be deemed not to have been accepted by the Issuer and all money received from subscribers shall be refunded accordingly.
- 6.1.10** The Bond Issue is not underwritten.
- 6.1.11** There are no special rights attached to the Secured Bonds other than the right of the Bondholders to the payment of capital and interest and in accordance with the ranking specified in section 6.2 hereunder.
- 6.1.12** All Applications shall be subject to the terms and conditions of the Bond Issue as set out in section 8 hereunder, the terms of which shall form an integral part hereof.

In view of the early redemption component referred to in section 6.1.6 above, the Secured Bonds are complex financial instruments for the purposes of MIFID II. Accordingly, the Secured Bonds may only be suitable for investors who have the knowledge and experience to understand the risk related to this type of financial instrument. Potential investors should consult an investment advisor before investing in the Secured Bonds.

6.2 RANKING OF THE SECURED BONDS AND THE COLLATERAL

6.2.1 Ranking of Collateral

The Secured Bonds are secured by the Collateral and guaranteed by the Guarantee. The Security Trustee shall hold the Security Interests for the benefit of the Bondholders in proportion to their respective holding of Secured Bonds, subject to the terms of the Trust Deed.

A description of the ranking of the Collateral is set out sections 6.2.1.1 to section 6.2.1.3. of this Securities Note.

6.2.1.1 Fourth-ranking general hypothec granted by the Issuer

The Issuer shall secure its obligations under the Bond Issue by virtue of a fourth-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 in Malta. A first-ranking general hypothec over the Issuer's assets, present and future, was constituted in favour of the security trustee of the 2016 Bonds and a second-ranking general hypothec was constituted in favour of the security trustee of the 2020 Bonds and a third-ranking general hypothec was constituted in favour of the security trustee of the 2021 Bonds. Accordingly, in the case of the insolvency of the Issuer, the security trustee of the 2016 Bonds, the 2020 Bonds and the 2021 Bonds, shall be paid out of the assets of the Issuer in priority to the Security Trustee. In addition to the aforesaid, privileged debts rank with priority over hypothecary debts. Accordingly, privileged creditors shall be paid before those creditors in whose favour a hypothec has been registered.

6.2.1.2 First-ranking general hypothec granted by GZL

GZL shall secure the Issuer's 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 the case of the insolvency of GZL, subject to the rights of privileged creditors, the general hypothec granted by GZL will rank with priority over hypothecary debts.

6.2.1.3 First-ranking special hypothec and first-ranking special privilege granted by GZL

GZL shall secure the Issuer's obligations under the Bond Issue by virtue of a first-ranking special hypothec for the full nominal value of the Secured Bonds and interest thereon and a first-ranking special privilege for the amount of €14,247,000, over the Żonqor Site (and any developments and constructions thereon) for the full nominal value of the Secured Bonds and interest thereon. In the case of the insolvency of GZL, subject to the rights of privileged creditors, the special hypothec granted by GZL will rank over the Żonqor Site with priority over hypothecary debts.

During the course of construction of the Żonqor Development, situations may arise whereby the contractors or suppliers may become entitled by law to register a special privilege over the Żonqor Development, thereby obtaining a priority in ranking over the Security Trustee. GZL has entered into an agreement with GGCL, the principal contractor, whereby GGCL waived its right to register any special privilege over Żonqor Development 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. Whilst this is intended to minimise the possibility that any real rights are created over the Žonqor Development that would have the effect of diminishing the value of the Security Interests registered in favour of the Security Trustee, there can be no guarantee that a sub-contractor conducting works on one or more of the Žonqor Development may constitute a special privilege according to law.

6.2.2 Pledge Agreement

In terms of the Trust Deed, the Guarantor and the Issuer 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.

6.3 THE GUARANTEE

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

Information on the Guarantor is contained in section 3 of the Registration Document entitled “**Directors, Senior Management, Advisors and Auditors**”, section 5 of the Registration Document entitled “**Information about the Guarantor**” (which section contains an overview of the Guarantor’s business) and section 7.2.2. of the Registration Document entitled “**Key Financial Review – GZL**”

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 Guarantee;
- (v) the right to attend, participate in and vote at meetings of Bondholders in accordance with the 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, 22 December 2022 at the rate of 4.75% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment shall be effected on 22 December 2023 (covering the period 22 December 2022 to 21 December 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. Where a claim is not made within the said time period, accrued interest and the amount of principal under the Secured Bonds not paid to a Bondholder shall be deemed not to be due to the said Bondholder.

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 4.75% per annum. The gross yield to call as at the earliest possible Redemption Date (being 22 December 2025) is 4.75% 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 submission of an Application Form, Applicants 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 Applicants who opt not to avail themselves of this facility should indicate such on the Application Form. 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 issued 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 22 December 2027 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 Guarantor, 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 the Prospectus;
- (v) The Guarantor distributes dividends without the consent of the Security Trustee;
- (vi) The Collateral and, or the Guarantee are not enforceable against the Issuer and, or the Guarantor (as applicable);
- (vii) in terms of article 214(5) of the Companies 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 the Guarantor is unable to pay their debts within the meaning of article 214(5) of the Companies 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 Guarantor and such appointment is certified by the Security Trustee to be, in its opinion, prejudicial, to the Bondholders;
- (xi) an order is made, or an effective resolution is passed for the winding up of the Issuer or the Guarantor, 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 the Guarantor substantially change the object or nature of business as currently carried on;
- (xiii) the Issuer or the Guarantor commits 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 the Guarantor shall become enforceable, and steps are taken to enforce same and the taking of such steps shall be certified in writing by the Security Trustee to be in its opinion prejudicial to the Bondholders;
- (xv) any representation or warranty made or deemed to be made or repeated by or in respect of the Issuer or the Guarantor 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 Guarantor is not paid when properly due or becomes properly due and payable or any creditor of the Issuer or the Guarantor (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 Guarantor 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, licence or approval of, or registration with, or declaration to governmental, statutory or public bodies, or authorities or courts, required by the Issuer or the Guarantor in connection with the Žonqor Development or its development and construction is, in the sole opinion of the Security Trustee, modified in such a way that the Security Trustee deems the modification to be materially prejudicial to Bondholders, or if any such consent, permit, authorisation, licence or approval of, or registration with, or declaration to governmental, statutory or public bodies, or authorities or courts 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 Guarantor to perform all or any of their obligations hereunder or to develop the Žonqor Development or to continue with the development of the said project;
- (xix) 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 Guarantor are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government.

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

Provided that in the event of any breach by the Issuer of any of the covenants, obligations or provisions herein contained due to any fortuitous event of a calamitous nature beyond the control of the Issuer, then the Security Trustee may, but shall be under no obligation so to do, give the Issuer such period of time to remedy the breach as in its sole opinion may be justified in the circumstances and if in its sole opinion the breach is remediable within the short term and without any adverse impact on the Bondholders. Provided further that in the circumstances contemplated by this proviso, the Security Trustee shall at all times act on and in accordance with any directions / 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 Guarantor 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 SECURED 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 AUTHORISATIONS AND APPROVALS

The Directors authorised the Bond Issue pursuant to a board of directors' resolution passed on 23 November 2022. The Guarantee being given by the Guarantor in respect of the Secured Bonds has been authorised by a resolution of the board of directors of GZL on 23 November 2022.

6.15 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.

6.16 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 Guarantor 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.

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. 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 tax advisors in case of doubt.

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

8 TERMS AND CONDITIONS OF THE BOND ISSUE

8.1 EXPECTED TIMETABLE OF THE BOND ISSUE

1. Offer Period	9 December 2022 - 21 December 2022
2. Commencement of interest on the Secured Bonds	22 December 2022
3. Expected date of announcement of basis of acceptance	22 December 2022
4. Refunds of unallocated monies (if any)	30 December 2022
5. Expected dispatch of allotment advices	30 December 2022
6. Expected date of admission of the securities to listing	30 December 2022
7. Expected date of commencement of trading in the securities	3 January 2023
8. Expected date of constitution of Collateral	not later than 21 January 2023

8.2 EARLY REDEMPTION OPTION

At the sole option of the Issuer, 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 on any date falling between 22 December 2025 and 21 December 2027, by giving not less than 30 days' notice to the Bondholders.

8.3 TERMS AND CONDITIONS OF APPLICATION

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 on the other.

- 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 of the close of the Offer Period, any monies received by the Authorised Financial Intermediaries from an Applicant and, or received by the Issuer, will be returned without interest by direct credit into the respective Applicant's bank account.
- 8.3.2** The Issuer shall enter into the Subscription Agreements with Authorised Financial Intermediaries pursuant to which the Issuer shall bind itself to allocate, in aggregate between them, the total nominal value of Secured Bonds to the said Authorised Financial Intermediaries. As described in more detail under section 8.5 below, Authorised Financial Intermediaries (in the names of underlying clients) must provide the Issuer with the details of Applicants representing the amount they have been allocated by completing a data file as provided by the Registrar by latest 22 December 2022, accompanied by full payment.
- 8.3.3** Applications to Authorised Financial Intermediaries must be submitted by latest 14:00 hours on 21 December 2022.
- 8.3.4** By submitting a signed Application Form, (i) the Applicant's remittance (if applicable) 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 Sponsor, Manager and Registrar reserves the right to invalidate the relative 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.
- 8.3.5** The contract created by the Issuer's acceptance of an Application filed by an Applicant and, or a data file 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.
- 8.3.6** If an Application Form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have duly bound his principal, or the relative corporation, corporate entity, or association of persons, and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such representative may be requested to submit the relative power of attorney/resolution, or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer and the Sponsor, Manager and Registrar, but it shall not be the duty or responsibility of the Registrar or Issuer to ascertain that such representative is duly authorised to appear on the Application Form.
- 8.3.7** In the case of joint Applicants, reference to the Applicant in these terms and conditions is a reference to each of the joint Applicants, and liability therefor is joint and several. The 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.
- 8.3.8** In the case of corporate Applicants or Applicants having separate legal personality, the Application Form must be signed by a person authorised to sign and bind such Applicant. It shall not be incumbent on the Issuer or Sponsor, Manager and Registrar to verify whether the person or persons purporting to bind such an Applicant is or are in fact 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.
- 8.3.9** 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** Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. 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 signing the Application Form 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.

- 8.3.11** All Applications for Secured Bonds must be submitted on the appropriate Application Form within the time limits established therein. All Application Forms are to be lodged with any of the Authorised Financial Intermediaries by not later than 14:00 hours on 21 December 2022, together with payment of the full price of the Secured Bonds applied for. Payments may be made in cash or by cheque payable to the respective Authorised Financial Intermediary. In the event that a cheque accompanying an Application Form is not honoured on its first presentation, the Authorised Financial Intermediary and, or the Issuer acting through the Sponsor, Manager and Registrar reserve the right to invalidate the relative Application Form.
- 8.3.12** 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 in the Application Form, 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.
- 8.3.13** For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations (Subsidiary Legislation 373.01 of the laws of Malta), as amended from time to time, 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.
- 8.3.14** 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.
- 8.3.15** No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person, or such Application Form could lawfully be used without contravention of any registration or other legal requirements.
- 8.3.16** Subscription for Secured Bonds by persons resident in, or who are citizens of, or who are domiciled in, or who have a registered address in, a jurisdiction other than Malta, may be affected by the law of the relevant jurisdiction. Those persons should consult their professional advisors (including tax and legal advisors) as to whether they require any governmental or other consents, or need to observe any other formalities, to enable them to subscribe for the Secured Bonds. It is the responsibility of any person (including, without limitation, nominees, custodians, depositaries and trustees) outside Malta wishing to participate in the Bond Issue, to satisfy himself / herself / itself as to full observance of the applicable laws of any relevant jurisdiction, including, but not limited to, obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes (of any nature whatsoever) due in such territories. The Issuer shall not accept any responsibility for the non-compliance by any person of any applicable laws or regulations of foreign jurisdictions.
- 8.3.17** The Secured Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and accordingly may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.
- 8.3.18** Subject to all other terms and conditions set out in the Prospectus, an Authorised Financial Intermediary reserves the right to reject, in whole or in part, or to scale down, any Application, including multiple or suspected multiple Applications, and to present any cheques and, or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Authorised Financial Intermediary is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Authorised Financial Intermediaries shall only accept original Application Forms and photocopies / facsimile copies will not be accepted.
- 8.3.19** The Secured Bonds will be issued in multiples of one hundred Euro (€100). The minimum subscription amount of Secured Bonds that can be subscribed for by an Applicant is five thousand Euro (€5,000).
- 8.3.20** By not later than 22 December 2022, the Issuer shall announce the result of the Bond Issue and shall determine the basis of acceptance of Applications and allocation policy to be adopted.
- 8.3.21** On the completion and delivery of an Application Form and, or data file, the Applicant:
- (i) agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Secured Bonds contained therein;

- (ii) warrants that the information submitted by the Applicant in the Application Form is true and correct in all respects. All Applications need to include a valid MSE account number in the name of the Applicant/s. Failure to include an MSE account number will result in the Application being cancelled by the Issuer (acting through the Registrar) and subscription monies will be returned to the Applicant in accordance with section 8.3.1 above. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the Application Form and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;
- (iii) 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.gap.com.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;
- (iv) 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 that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act 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;
- (v) confirms that in making such Application and, or subscribing for the Secured Bonds, 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;
- (vi) 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 in the Application Form. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith;
- (vii) 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 payment is made in cleared funds for such Secured Bonds and such payment is accepted by the respective Authorised Financial Intermediary or by the Issuer acting through the Registrar (which acceptance shall be made in its absolute discretion and may be on the basis that the Authorised Financial Intermediary or the Issuer acting through the Registrar 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);
- (viii) 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;
- (ix) agrees to provide the Sponsor, Manager and Registrar and, or the Issuer, as the case may be, with any information which it / they may request in connection with the Application;
- (x) agrees that all Applications, acceptances of Applications and contracts resulting therefrom will be governed, and construed, in accordance with Maltese law, and to submit to the jurisdiction of the Maltese courts, and agrees that nothing shall limit the right of the Issuer to bring any action, suit or proceedings arising out of or in connection with any such Applications, acceptance of Applications and contracts resulting therefrom in any manner permitted by law in any court of competent jurisdiction;
- (xi) warrants that, where an Applicant signs and submits an Application Form on behalf of another person or on behalf of a corporation or corporate entity or association of persons, the Applicant is duly authorised to do so and such person, corporation, corporate entity, or association of persons will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in the Terms and Conditions and accordingly will be deemed also to have given the confirmations, warranties and undertakings contained in the Terms and Conditions and undertake to submit the power of attorney or a copy thereto duly certified by a lawyer or notary public if so required by the Issuer or the Registrar;

- (xii) warrants that where the Applicant is under the age of 18 years, or where an Application is being lodged in the name and for the benefit of a minor, the Applicant is the parent/s or legal guardian/s of the minor;
- (xiii) warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his / her Application 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 and, or his / her Application;
- (xiv) warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- (xv) 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;
- (xvi) agrees that the advisors to the Bond Issue (listed in section 3.3 of the Registration Document) will owe the Applicant no duties or responsibilities concerning the Secured Bonds or the suitability of the Applicant;
- (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 these Secured Bonds.

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

Authorised Financial Intermediaries shall be required to conduct an Appropriateness Test prior to selling Secured Bonds where such Secured Bonds are sold on a non-advisory basis. Authorised Financial Intermediaries shall be required to conduct Suitability Testing prior to selling Secured Bonds, where 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. The obligation of Authorised Financial Intermediaries to carry out an Appropriateness Test and, or Suitability Testing shall where the prospective Applicant of Secured Bonds is a retail client. The requirement to carry out an Appropriateness Test and, or Suitability Testing shall also apply when transfers of Secured Bonds are carried out on the secondary market.

Sales of Secured Bonds to professional clients and, or eligible counterparties, including on the secondary market, shall be governed by the requirements set out in the COBR and the requirements set out in the above paragraph relating to the Appropriateness Test and Suitability Testing shall not apply in respect of such sales.

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 the Authorised Financial Intermediaries pursuant to the Intermediaries’ Offer. During the Offer Period, an Authorised Financial Intermediary shall subscribe for Secured Bonds by virtue of a conditional Subscription Agreement entered into by and between the Issuer, the Guarantor, and the respective Authorised Financial Intermediary. The total aggregate amount in nominal value of Secured Bonds which shall be subject to the Subscription Agreements shall not exceed €23,000,000.

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.

Subscriptions 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 €23,000,000 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 14:00 hours on 21 December 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 each enter into a Subscription Agreement pursuant to the Intermediaries' Offer. The Bond Issue is conditional upon it being fully subscribed. In the event that the Bond Issue is not fully taken up, no allotment of the Secured Bonds shall be made, the subscription to Secured Bonds shall be deemed not to have been accepted by the Issuer and all money received from subscribers shall be refunded accordingly. The Issuer shall announce the result of the Bond Issue through a company announcement by not later than 22 December 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 5 December 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 30 December 2022 and trading is expected to commence on 3 January 2023.

8.9 ADDITIONAL INFORMATION

Save for the financial analysis summary set out as Annex III to this Securities Note, 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 Guarantor. The Issuer confirms that the financial analysis summary has been accurately reproduced in this Securities Note and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

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



To: Equinox International Limited
Level 3, Valletta Buildings,
South Street,
Valletta VLT 1103 – MALTA
(hereinafter, together with its lawful successors and assigns referred to as the “**Security Trustee**”).

5 December 2022

Dear Sirs,

Re: GUARANTEE & INDEMNITY

Gap Zonqor Limited, a company registered in Malta bearing company registration number C 103533 (“GZL”) (hereinafter together with its lawful successors and assigns, referred to as the “Guarantor”), having noted that:

- A.** by virtue of a prospectus dated 5 December 2022 issued by Gap Group p.l.c. (the “**Issuer**”) in connection with the issue of €23 million Secured Bonds 2025 - 2027 (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 Guarantor, issue up to €23,000,000 Secured Bonds at an annual interest rate of 4.75% to be redeemed and finally repaid on 22 December 2027, or, at the sole option of the Issuer, on any date falling between 22 December 2025 and 21 December 2027, 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 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) “**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, unconditionally and irrevocably guarantees to the Security Trustee, for the benefit of itself and the Bondholders (in proportion to their respective holding of Secured Bonds) 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 €23,000,000 (twenty three million euro) 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 present and future property of the Guarantor for the full nominal value of the Secured Bonds and interest thereon;
- (ii) a first-ranking special hypothec granted by the Guarantor over the Zonqor Site (and any developments and constructions thereon) for the full nominal value of the Secured Bonds and interest thereon;
- (iii) a first-ranking special privilege granted by the Guarantor over the Zonqor Site (and any developments and constructions thereon) for the amount of €14,247,000; and
- (iv) a pledge agreement to be entered into by and between the Guarantor, the Issuer 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.

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 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
- (b) the incapacity or disability 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 the Guarantor; 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.

The Security Trustee is being expressly authorised to vary the Prospectus and, or modify the Indebtedness or to release or modify any guarantees or any security the Security Trustee may hold as security for the Indebtedness and this without the need of any prior or subsequent notice to the Guarantor and without any prejudice to the rights of the Security Trustee hereunder. The Guarantor is also hereby expressly consenting to any assignments and transfers made by the Issuer in accordance with the Prospectus and this without the need of any prior or subsequent notice to the Guarantor and without any prejudice to the rights of the Security Trustee hereunder.

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;
- (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;
- (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. APPROPRIATION OF PAYMENTS

The Security Trustee is entitled to appropriate payments received by it from the Issuer towards the credit of the Reserve Account or such other purposes contemplated in the Prospectus.

6. 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.

7. 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.

8. BENEFIT OF THIS GUARANTEE AND NO ASSIGNMENT

8.1 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.

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

9. REPRESENTATIONS AND WARRANTIES

9.1 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 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 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 and 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.

9.2 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, except for representations and warranties in limbs (f) and (h) which are given only as at the date of this Guarantee.

10. DEMANDS AND PAYMENTS

10.1 All the Indebtedness shall be due by the Guarantor under this Guarantee as a debt, certain, liquidated and due on the seventh 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 Article 11 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 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.

- 10.2** 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.
- 10.3** 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.

11. 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 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:

Gap Zonqor Limited

Address: Gap Holdings Head Office, Ċensu Scerri Street, Sliema SLM3060, Malta
Tel. No.: 23271000
Fax No: 23271210
Contact Person: Paul Attard

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 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 days of dispatch or in case of other methods immediately upon confirmed transmission.

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.

Yours faithfully,

The original copy has been signed by

Name: Paul Attard
duly authorised, for and on behalf of
Gap Zonqor Limited

Yours faithfully,

The original copy has been signed by

Name: George Muscat
duly authorised, for and on behalf of
Gap Group p.l.c.

WE ACCEPT

The original copy has been signed by

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

The original copy has been signed by

Name: Donald Vella
duly authorised, for and on behalf of
Equinox International Limited

ANNEX II – AUTHORISED FINANCIAL INTERMEDIARIES

NAME	ADDRESS	TELEPHONE
APS Bank p.l.c.	APS Centre, Tower Street, Birkirkara BKR 4012, Malta	25603000
Bank of Valletta p.l.c.	Premium Banking Centre, 475, Triq il-Kbira San Guzepp, St Venera SVR 1011, Malta	22751732
CiliaFormosa Financial Advisors Ltd	Triq id-Delu, Mosta MST 3355, Malta	22260200
FINCO Treasury Management Ltd	The Bastions, Office No 2, Emvin Cremona Street, Floriana FRN 1281, Malta	21220002
Jesmond Mizzi Financial Advisors Ltd	67, Level 3, South Street, Valletta VLT 1105, Malta	21224410
MeDirect Bank (Malta) p.l.c.	The Centre, Tigne` Point, Sliema TPO 0001, Malta	25574400
Michael Grech Financial Investment Services Ltd	The Brokerage, Level 0A, St Marta Street, Victoria VCT 2550, Gozo	22587000
MZ Investment Services Ltd	61, St. Rita Street, Rabat RBT 1523, Malta	21453739
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Fourth Floor, High Street, Sliema SLM 1551, Malta	22583000

Financial Analysis Summary

5 December 2022

ISSUER

Gap Group p.l.c. (C 75875)



MZ INVESTMENT SERVICES



MZ INVESTMENT SERVICES

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

5 December 2022

Dear Sirs

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 Gap Group p.l.c. (the "**Issuer**" or "**Gap Group**"); Gap Zonqor Limited being the guarantor in relation to the issue of 4.75% secured bonds 2025 – 2027 (ISIN: MT0001231241) (the "**2022 Bond Guarantor**"); Gap QM Limited and Gap Qawra Limited being the guarantors in relation to the issue of 3.90% secured bonds 2024 – 2026 (ISIN: MT0001231233) (the "**2021 Bond Guarantors**"); and Gap QM Limited being the guarantor in relation to the issue of 3.70% secured bonds 2023 – 2025 (ISIN: MT0001231225) (the "**2020 Bond Guarantor**"). 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 to 31 December 2021 has been extracted from the audited consolidated financial statements of Gap Group p.l.c.
- (b) Historical financial data has been extracted from the audited financial statements of Gap QM Limited for the period 23 September 2020 to 31 December 2021.
- (c) The projected consolidated financial data relating to the Issuer for the years ending 31 December 2022 and 31 December 2023 has been provided by management.
- (d) Our commentary on the results of Gap 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 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 Gap 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

TABLE OF CONTENTS

DEFINITIONS	3
PART 1 – INFORMATION ABOUT GAP GROUP	5
1. Key Activities	5
1.1 Introduction	5
2. Directors and Senior Management	5
2.1 Directors of the Issuer	5
2.2 Directors of the 2020 Bond Guarantor, 2021 Bond Guarantors and 2022 Bond Guarantor.....	6
2.3 Senior Management	6
3. Organisational Structure	6
3.1 2022 Bond Guarantor	7
3.2 2021 Bond Guarantors	7
3.3 2020 Bond Guarantor	7
4. Current Development Projects	7
4.1 Qawra II Development	7
4.2 Mosta Development.....	8
4.3 Qawra III Development.....	8
5. Completed Projects	9
5.1 Luqa Development	9
5.2 Mellieha Development	9
5.3 Marsascala Development	10
5.4 San Pawl tat-Tarġa Development	10
5.5 Birkirkara Development	10
6. New Development Projects	10
6.1 Żonqor Development.....	10
7. The Reserve Account	11
8. Economic and Sector Analysis	11
8.1 Economic Update	11
8.2 Property Market.....	12
PART 2 – GAP GROUP PERFORMANCE REVIEW	14
9. Financial Information	14
PART 3 - COMPARABLES	20
PART 4 - EXPLANATORY DEFINITIONS	22



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

DEFINITIONS

2016 Bond(s)	the €40,000,000 4.25% secured bonds 2023 issued by the Issuer pursuant to a prospectus dated 16 September 2016 and carrying ISIN MT0001231209. The outstanding nominal value of the said bonds as at the date of this report amounts to €8,367,900;
2020 Bond(s)	the €21,000,000 3.70% secured bonds 2023 - 2025 (ISIN: MT0001231225) issued by the Issuer pursuant to a prospectus dated 20 November 2020. The outstanding nominal value of the said bonds as at the date of this report amounts to €21,000,000;
2021 Bond(s)	the €21,000,000 3.90% secured bonds 2024 - 2026 (ISIN: MT0001231233) issued by the Issuer pursuant to a prospectus dated 6 December 2021. The outstanding nominal value of the said bonds as at the date of this report amounts to €21,000,000;
2022 Bond(s)	the €23,000,000 4.75% secured bonds 2025 - 2027 (ISIN: MT0001231241) to be issued by the Issuer pursuant to a prospectus dated 5 December 2022;
2020 Bond Guarantor	GQM, being the guarantor in relation to the issue of the 2020 Bonds;
2021 Bond Guarantors	each of GQM and GQL, being the guarantors in relation to the issue of the 2021 Bonds;
2022 Bond Guarantor	GZL, being the guarantor in relation to the issue of the 2022 Bonds;
Birkirkara Development	the construction, development and finishing of a total of 14 residential units and 11 lock up garages, over a site in Birkirkara measuring 450m ² ;
Gap Group or Group	the Issuer, its parent, GDL, GHL, GGF, GGL, GGCL, GML, GPL, GQL, GQM, GZL, MHL and GLL;
GDL	Geom Developments Limited (C 50805);
GHL	Geom Holdings Limited (C 64409);
GGCL	Gap Group Contracting Limited (C 75879);
GGF	Gap Group Finance Limited (C 54352);
GGL	Gap Gharghur Limited (C 72015);
Gharghur Development	the 34 luxury apartments (6 of which are at penthouse level) and 41 garages/car spaces, spread over 4 blocks with a variety of one, two and three bedroomed units, all in a completely finished state, forming part of the development on the site in Triq Caravaggio, Gharghur, Malta measuring approximately 2,585m ² ;
GLL	Gap Luqa Limited (formerly Qawra Investments Limited) (C 32225);
GML	Gap Mellieħa (I) Limited (C 72013);
GPL	Gap Properties Limited (C 47928);
GQL	Gap Qawra Limited (C 100153);
GQM	Gap QM Limited (C 96686);
GZL	Gap Zonqor Limited (C 103533);
Hypothecated Property	the immovable property described hereunder, namely: (i) A cash balance amounting to the outstanding balance of 2016 Bonds is held by the security trustee for the benefit of the holders of the 2016 Bonds; (ii) The Qawra Site II and Mosta Site and all constructions to be developed thereon (namely, the Qawra II Development and Mosta Development) are secured in favour of the security trustee for the benefit of the holders of the 2020 Bonds; (iii) The Qawra Site III, Qawra Site II and Mosta Site and all constructions to be developed thereon (namely, the Qawra III Development, Qawra II Development and Mosta Development) are secured in favour of the security trustee for the benefit of the holders of the 2021 Bonds; (iv) The Żonqor Site and all constructions to be developed thereon (namely, the Żonqor Development) are secured in favour of the security trustee for the benefit of the holders of the 2022 Bonds;



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

Issuer	Gap Group p.l.c., a public limited liability company duly registered and validly existing under the laws of Malta with company registration number C 75875 and having its registered office at Gap Group Head Office, Ċensu Scerri Street, Sliema SLM 3060, Malta;
Luqa Development	the construction, development and finishing of a total of 268 apartments and 301 garages spread over 5 zones with a mix of one, two and three bedroomed units over the site having a developable area of approximately 8,500m ² known as Ta' Blejkiet in Luqa;
Marsascala Development	the construction, development and finishing of a total of 63 residential units and 92 lock up garages, over a site in Marsascala measuring 2,402m ² ;
Mellieħa Development	the 159 residential units and 169 lock-up garages, spread over 10 blocks with a variety of one, two and three bedroomed residential units, all in a completely finished state, over the site known as Ta' Masrija in Mellieħa measuring approximately 5,100m ² ;
Mosta Development	the construction, development and finishing of a total of 114 residential units and 150 car spaces, spread over 11 blocks with a variety of two and three bedroomed residential units over the Mosta Site;
Mosta Site	the site having a façade directly on Triq id-Difiża Ċivili and on Triq tal-Qares, in Mosta, measuring approximately 5,895m ² , including its subterrain;
MHL	Manikata Holdings Limited (C 53818);
Qawra I Development	the 151 residential units and 181 garages/car spaces, spread over 7 blocks, identified as Blocks A to G (both included) with a variety of one, two and three bedroomed units, all in a completely finished state, forming part of the development of the site in Triq il-Porzjunkola, Qawra, Malta measuring approximately 3,508m ² ;
Qawra II Development	the construction, development and finishing of a total of 93 residential units, comprising a mix of one and two bedroomed units, and 151 garages spread over 2 blocks, over the Qawra Site II;
Qawra III Development	the construction, development and finishing of a total of 46 residential units, comprising a mix of two and three bedroomed units, and 58 lock-up garages spread over the Qawra Site III. Subject to the approval of PC0017/21 and PA03106/22, the development is expected to increase to 116 residential units and 173 lock-up garages;
Qawra Site II	the site located in Triq in-Nakkri, Qawra, measuring approximately 1,924m ² ;
Qawra Site III	the site located in Triq it-Tamar, Qawra, measuring approximately 2,375m ² and divided into Portion A and Portion B;
San Pawl Tat-Tarġa Development	the construction, development and finishing of a total of 9 residential units and 7 lock up garages, over a site in San Pawl Tat-Tarġa measuring 330m ² ; and
Security 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 (Chapter 331 of the laws of Malta).
Żonqor Development	the 118 residential units spread over 10 blocks with a variety of one, two and three bedroomed residential units, 182 lock-up garages and two Class 4B shops, all in a completely finished state, over the Żonqor Site;
Żonqor Site	the site having a façade directly on Triq l-Għawwiema, Triq l-Għaguża and Triq il-Bajja in Żonqor, Marsascala, Malta, measuring approximately 3,817m ² .



MZ INVESTMENT SERVICES

PART 1 – INFORMATION ABOUT GAP GROUP

1. KEY ACTIVITIES

1.1 INTRODUCTION

The Issuer was incorporated in June 2016 as a public limited liability company under the Companies Act (Chapter 386 of the laws of Malta) with an authorised and issued share capital of €2.5 million, fully paid up.

The Issuer's principal object is that of a holding company and to promote, including through subsidiaries, the acquisition and development of real estate properties. As such, the Issuer is mainly dependent on the business prospects of its operating subsidiaries.

As at the date of this report, the following projects have been completed: (i) the Mellieha Development; (ii) the Luqa Development; (iii) the Birkirkara Development; (iv) the Marsascala Development; and (v) the San Pawl tat-Tarġa Development. As such, the Group is currently focused on developing: (i) the Qawra II Development; (ii) the Mosta Development; and (iii) the Qawra III Development.

Through GZL, the Group is in the process of acquiring the Żonqor Site and subsequently developing the Żonqor Development.

Each project undertaken by the Group is typically undertaken through a special purpose vehicle established for that project, and each special purpose vehicle is managed through its board of directors, which has common members with the directors of the Issuer. Furthermore, the Issuer engages the services of its Subsidiary, GGCL, as the contractor responsible for the development of the immovable properties. Other than the foregoing, the Issuer is not dependent on other entities within the Group or outside the Group with respect to the management of its projects.

Several projects undertaken by the subsidiaries of the Issuer were fully and, or partly funded (as applicable) by virtue of the issue of secured bonds on the Official List of the Malta Stock Exchange. The outstanding debt securities listed on the Official List are included below:

- (i) The 2016 Bonds were issued in September 2016 to principally finance the Mellieha Development, the Gharghur Development and the Qawra I Development.
- (ii) The 2020 Bonds were issued in November 2020 to principally finance the Qawra II Development and the Mosta Development.
- (iii) The 2021 Bonds were issued in December 2021 to fund primarily the continuation of the Qawra II Development and the Mosta Development, and to acquire the Qawra Site III and partly fund the Qawra III Development.

In April 2022, the Group redeemed in full the outstanding amount of €29.1 million in 3.65% Secured Bonds 2022.

2. DIRECTORS AND SENIOR MANAGEMENT

2.1 DIRECTORS OF THE ISSUER

The Issuer is managed by a Board comprising six 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:

George Muscat	Chairman and Executive Director
Paul Attard	Executive Director
Adrian Muscat	Executive Director
Francis X. Gouder	Independent Non-Executive Director
Mark Castillo	Independent Non-Executive Director
Chris Cilia	Independent Non-Executive Director



MZ INVESTMENT SERVICES

2.2 DIRECTORS OF THE 2020 BOND GUARANTOR, 2021 BOND GUARANTORS AND 2022 BOND GUARANTOR

The following are the directors of each of **GQM**, **GQL** and **GZL**:

George Muscat	Executive Director
Paul Attard	Executive Director
Adrian Muscat	Executive Director

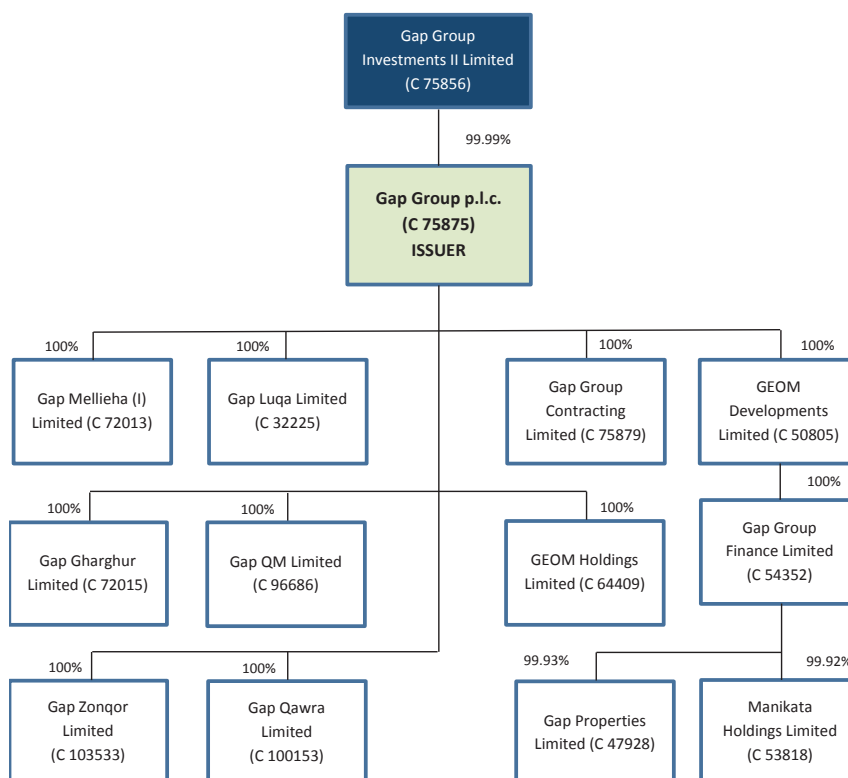
2.3 SENIOR MANAGEMENT

The Issuer itself has no employees and is managed directly by its board of directors. Each project company employs a number of management personnel and other employees devoted to managing each Project. The Group adopts a centralised management structure whereby it can deploy senior management personnel to perform duties in different parts of the Group depending on the requirements of each Group company; those services are then re-charged to the Group company where they are from time to time deployed.

Senior management of the Group is engaged by GGCL, the members of which are the following:

George Muscat	Chairman
Paul Attard	Director of Sales and Marketing
Adrian Muscat	Director of Sites
Keith Fenech	Chief Financial Officer
Raymond Gixti	Project Manager
Chris Gauci	Sales Manager
Elton Deguara	Sales Manager

3. ORGANISATIONAL STRUCTURE



The organisational structure of the Gap Group is depicted above. The Group is equally owned by three individual shareholders, namely, Paul Attard, Adrian Muscat and George Muscat, through Gap Group Investments II Limited (C 75856). Each of GML, GPL, GGL, GDL, GHL, GLL and GQM are project companies each entrusted with the construction and development of real-estate projects which, as at the date of this report, have been completed or are ongoing.

GZL is a recently incorporated company entrusted with the construction and development of the Zonqor Development.



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

3.1 2022 BOND GUARANTOR

3.1.1 Gap Żonqor Limited

GZL is a private limited liability company, registered and operating in Malta in terms of the Companies Act with company registration number C 103533, having its registered office at GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema, SLM 3060, Malta. GZL has an authorised share capital of €1,200 (one thousand two hundred Euro) and an issued share capital of €1,200 (one thousand two hundred Euro) divided into ordinary shares of €1 (one Euro) each, fully paid up. GZL was set up on 18 October 2022 to acquire the Żonqor Site and develop the Żonqor Development.

3.2 2021 BOND GUARANTORS

3.2.1 Gap Qawra Limited

GQL is a private limited liability company, registered and operating in Malta in terms of the Companies Act with company registration number C 100153, having its registered office at GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema, SLM 3060, Malta. GQL has an authorised share capital of €5,000 (five thousand Euro) and an issued share capital of €5,000 (five thousand Euro) divided into ordinary shares of €1 (one Euro) each, fully paid up. GQL was set up on 20 October 2021 to acquire the Qawra Site III and develop the Qawra III Development.

3.2.2 Gap QM Limited

GQM is a private limited liability company, registered and operating in Malta in terms of the Companies Act with company registration number C 96686, having its registered office at GAP Holdings Head Office, Ċensu Scerri Street, Tigné, Sliema, SLM 3060, Malta. GQM has an authorised share capital of €5,000 (five thousand Euro) and an issued share capital of €5,000 (five thousand Euro) divided into ordinary shares of €1 (one Euro) each, fully paid up. GQM was set up on 23 September 2020 to acquire the Qawra Site II and Mosta Site and develop the Qawra II Development and Mosta Development.

3.3 2020 BOND GUARANTOR

3.3.1 Gap QM Limited

See section 3.2.2 above.

4. CURRENT DEVELOPMENT PROJECTS

4.1 QAWRA II DEVELOPMENT

In Q4 2020, GQM acquired a building site located in Triq in-Nakkri, Qawra (in the limits of St Paul's Bay) for a consideration of €4.6 million. The site has a superficial area of approximately 1,924m² which, on completion, shall comprise two blocks of apartments consisting, in aggregate, of 93 residential units.

The Qawra II Development shall be spread over eight levels and shall include 151 lock-up garages spread over three underground levels. The combined gross floor space of the apartments and garages shall consist of an area of 16,810m². The apartments shall be sold in a complete state and will mainly comprise a mix of one and two bedroomed residential units. Each block shall have separate entrances served with passenger lifts accessing both the residential units and the underlying garage levels. Furthermore, the topmost floor of each block shall consist of penthouses having full ownership of the respective roof and airspace.

The village of Qawra is located in the northern part of Malta. Being a coastal village, Qawra is a popular tourist destination but is also attractive to locals seeking to purchase a summer home or a reasonably priced residency. The Qawra II Development will include mainly a mix of one and two bedroomed apartments, measuring approximately 90m² to 120m², and have been priced to target primarily first-time buyers and buy-to-let investors. The Directors are of the view that, in the current economic conditions, the pricing strategy adopted has been designed to promote the sale of the residential units forming part of the Qawra II Development to a market where the Directors believe demand will remain strong.



MZ INVESTMENT SERVICES

The overall costs of construction and finishings of the Qawra II Development, excluding the cost of acquisition of the Qawra Site II, is expected to be in the region of €7.6 million. Construction commenced in Q1 2021 and such works were completed in Q1 2022. The project including finishing works is expected to be finalised by Q4 2022. Development works are being carried out by GGCL pursuant to a works contract entered into between GQM and GGCL for a value of approximately €7.6 million. Payment under the said contract is being settled by GQM according to agreed fixed monthly payments.

As at 31 October 2022, 57 units (61%) were subject to preliminary sale agreements. Projected revenues to be generated from the sale of units of the Qawra II Development is expected to amount to €21.5 million (net of sales commissions).

4.2 MOSTA DEVELOPMENT

In Q4 2020, GQM acquired a building site located directly on Triq id-Difiza Ċivili and on Triq tal-Qares, in Mosta, for a consideration of €10.1 million. The site has a superficial area of *circa* 5,895m² which on completion, shall comprise 114 apartments spread over 11 blocks.

The Mosta Development shall be spread over six levels and shall include 150 parking spaces, spread over two levels. The combined gross floor space of the apartments and garages shall consist of a saleable area of 20,208m². The apartments shall be sold in a complete state, including all common areas except for the commercial units which will be sold in shell form internally and finished externally. Each block shall have separate entrances served with passenger lifts accessing both the apartments and the underlying garage levels. Furthermore, the penthouses at the topmost level of each block, shall be owned by third parties and shall include full ownership of the respective roof and airspace.

The village of Mosta is located in the northern region of Malta and is sought after by locals for the purposes of their primary residence. Mosta is a relatively large town which boasts of historical sites, shopping centres and other amenities. The Mosta Development is located on the outskirts of Mosta in a quieter area of the village. The project targets two different segments of prospective buyers. The majority of the development (68% of the Mosta Development) is targeted at the medium segment of the market. Such part of the development consists of two to three bedroomed apartments which have an approximate square meterage of 120m² – 165m² per apartment. The remainder of the development (32% of the Mosta Development) is targeted at the medium to high segment of the market. Such part of the development consists of larger apartments having a square meterage of 200m² per apartment, with each apartment enjoying unobstructed valley and distant views and is targeted at the medium to high segment of the market.

The overall construction and finishing expenditure of the Mosta Development is expected to be in the region of €9.1 million. Construction is expected to be completed by Q2 2023 and fully finished by Q4 2023. Development works are being carried out by GGCL pursuant to a works contract entered into between GQM and GGCL for a value of approximately €9.1 million.

As at 31 October 2022, 32 units (out of 45 units available on the market) were subject to preliminary sale agreements. Projected revenues to be generated from the sale of units of the Mosta Development is expected to amount to €40 million (net of sales commissions).

4.3 QAWRA III DEVELOPMENT

On 20 October 2021, GQL acquired the rights under a preliminary agreement dated 18 February 2021 related to the sale and transfer of the temporary utile dominium of the Qawra Site III. In terms of the said preliminary agreement so assigned in GQL's favour, GQL agreed to purchase and acquire the temporary utile dominium for the remaining period of 107 years out of the original grant of 150 years granted on the 6 July 1978 of Qawra Site III for a consideration of €7,500,000. Qawra Site III has a superficial area of approximately 2,375m².

GQL has in hand approved development permits for the purposes described below:

- Portion A, measuring approximately 1,395m² may be developed to comprise three blocks of residential units consisting of four maisonettes and two shops at ground floor, 36 apartments spread over 6 floors and 6 penthouses on the 7th floor. The project also includes 58 lock-up garages spread over two underground levels.
- Portion B, measuring approximately 980m², was earmarked for future development or for resale, depending on market circumstances and business opportunities of the Group.



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

The Group now intends to develop the full site into one residential project which shall comprise 116 residential units (mainly two-bedroomed apartments) and 173 underlying garages. As such, the Group has submitted applications to the Planning Authority (PC0017/21 and PA03106/22) to consider and approve the revised development plans. Subject to the issuance of development permits, the costs of development will be financed from the Group's internally generated cash flows.

Each residential block shall have separate entrances served with passenger lifts accessing both the residential units and the underlying garage levels. Furthermore, the topmost floor of each block shall consist of penthouses having full ownership of the respective roof and airspace.

The residential units will be sold in a completed state, including all common areas and will comprise a mix of two and three bedroomed residential units, measuring approximately 180m² to 210m², which shall be priced to target primarily first-time buyers and buy-to-let investors. The commercial units shall be sold in shell form internally and finished externally.

The construction of the Qawra III Development commenced in Q1 2022, with construction and finishes envisaged to be completed by Q2 2024. Development works shall be carried out by GGCL pursuant to a works contract entered into between GQL and GGCL for a value of approximately €9.1 million (both for the development of Portion A and Portion B).

The Directors are of the view that, in the current economic conditions, the pricing strategy adopted has been designed to promote the sale of the residential units forming part of the Qawra III Development to a market where the Directors believe demand will remain strong.

Projected revenues to be generated from the sale of units of the Qawra III Development is expected to amount to €27.6 million (net of sales commissions).

5. COMPLETED PROJECTS

5.1 LUQA DEVELOPMENT

In April 2017, GLL acquired the legal title over a site, including its sub-terrain and airspace, having *circa* 8,500m² of developable land in Luqa, accessible from eight streets, namely, Triq Ġorġ Zahra, Triq Tumas Galea, Triq I-Iskola, Triq Ġeraldu Spiteri, Triq W. Briffa, Triq Indri Micallef, Triq I-Ahwa Vassallo and Triq Ġuzeppi Callus, in an area known as Ta' Blejkiet in Luqa. The site is situated in the heart of the residential area of Luqa with close and direct access to the town's village core.

The Luqa Development is split into five zones and comprises 21 blocks having 301 underlying lock-up garages/car spaces and 268 residential units. To date, the project is fully complete in terms of construction works and finishings.

As at 31 October 2022, GLL had completed the sale of 261 residential units or 97% of aggregate inventory and the remaining 7 units were subject to promise of sale agreements.

5.2 MELLIEHA DEVELOPMENT

In October 2016, GML acquired a plot of land measuring *circa* 5,100m² with access from the three streets surrounding the property situated in the Ta' Masrija area in Mellieha over which the Mellieha Development was developed.

The Mellieha Development comprises 159 luxury apartments which are being sold finished in a complete state, including all common areas. The development encompasses 10 blocks of apartments, each with separate entrances and served with passenger lifts accessing both the apartments and underlying garage levels. The apartments at the top level also have access to roof level and enjoy full ownership thereof. The development also includes 174 lock-up underground garages spread over 3 underground levels. To date, the project is fully complete in terms of construction works and finishings.

As at 31 October 2022, GML had completed the sale of 157 residential units or 99% of aggregate inventory and the remaining 2 units were subject to promise of sale agreements.



MZ INVESTMENT SERVICES

5.3 MARSASCALA DEVELOPMENT

In 2019, GPL acquired a site measuring 2,402m² which is accessible from three streets, namely, Triq il-Kappara, Triq il-Vajrita and Triq Guzeppi Lanzon, Marsascala. Development works commenced in Q1 2020 and are now completed. The project comprises 63 residential units and 93 garages.

As at 31 October 2022, GPL had completed the sale of 54 residential units or 86% of aggregate inventory. The remaining 9 units included 8 units which were subject to promise of sale agreements and 1 unit in stock and available for sale.

5.4 SAN PAWL TAT-TARĠA DEVELOPMENT

In 2019, GGL acquired a site measuring 330m², situated in Triq Jean de la Vallette, San Pawl ta-Tarġa, Naxxar over which nine residential units and eight garages were developed. As at 31 December 2021, the project was fully completed.

The residential units were placed on the market towards the end of Q3 2020 and one unit was contracted by end of FY2021. As at 31 October 2022, GGL had completed the sale of 7 residential units or 78% of aggregate inventory and the remaining 2 units were subject to promise of sale agreements.

5.5 BIRKIRKARA DEVELOPMENT

In 2019, GGL acquired a site measuring 450m², situated in Triq Qormi, Birkirkara, over which 14 residential units and nine garages were constructed. The project was fully completed by 31 December 2021.

As at 31 October 2022, GGL had completed the sale of 13 residential units or 93% of aggregate inventory while the last remaining unit was subject to a promise of sale agreement.

6. NEW DEVELOPMENT PROJECTS

6.1 ŽONQOR DEVELOPMENT

GZL shall appear on a deed of sale in respect of the sale and transfer of the emphyteusis of the Žonqor Site for a consideration of €14,847,000. As at the date of this report, Gap Projects Limited has agreed to purchase the Žonqor Site from the vendors of the said site. The amount of €600,000 has been paid by the Issuer to the vendors on account of the purchase price. On the deed of sale Gap Projects Limited shall assign and novate all its rights and obligations under the said promise of sale agreement to GZL.

The village of Marsascala is located in the south eastern region of Malta. Originally a small fishing village, Marsascala evolved into a tourist destination and a permanent hometown or summer residence for locals as well as foreigners seeking a retirement home in Malta. Marsascala is a seaside village which boasts of a picturesque bay, a promenade continuing to St Thomas Bay and has a range of restaurants and bars.

The Žonqor Site is situated on four streets in the Žonqor area of Marsascala, with its main façade being south facing. The development is fully residential, apart from two small shops. Once constructed and developed, the Žonqor Development will consist of 118 apartments to be sold in a finished state (excluding internal doors) and including all common areas.

The apartments shall be spread on 8 levels in each block. The development shall also include 182 lock-up garages spread over 5 underground levels and 2 Class 4B shops. The combined gross floor area of the apartments and garages constitutes a saleable area of 31,560m².

Each block shall have separate entrances served with passenger lifts accessing both the residential units and the underlying garage levels. Furthermore, the topmost floor of each block shall consist of penthouses having full ownership of the respective roof and airspace.

The residential units will be sold in a complete state and will comprise a mix of one, two and three bedroomed residential units, measuring approximately 55m² to 210m², respectively, which shall be priced to target primarily local first-time buyers and second-time buyers as well as foreign investors seeking a summer residence in Malta. The Directors are of the view that, in the current economic conditions, the pricing strategy adopted has been designed



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

to promote the sale of the residential units forming part of the Żonqor Development to a market (first-time buyers, second-time buyers and buyers seeking a summer residence) where the Directors believe demand will remain strong.

The overall costs of construction and finishes of the Żonqor Development, excluding the cost of acquisition of the Żonqor Site, is expected to be in the region of €17.64 million.

The construction of the Żonqor Site is expected to commence in Q1 2023, with construction and finishes envisaged to be completed by Q1 2025. Development works are being carried out by GGCL pursuant to a works contract entered into between GZL and GGCL for a value of approximately €16.2 million. Payment under the said contract shall be settled by GZL according to agreed fixed monthly payments.

The Directors expect the aggregate net sales revenues from the Żonqor Development to be in the region of €45.5 million.

7. THE RESERVE ACCOUNT

All sales of units, including residential units and garages/car spaces, forming part of the Hypothecated Property shall be made on condition that units are released of all hypothecary rights and privileges encumbering the units being sold. For this purpose, the Security Trustee shall be empowered to release individual units of the Hypothecated Property from the security interest encumbering such unit/s upon receipt by it from the Issuer or from a prospective purchaser of a fixed amount of the purchase price attributed to each unit forming part of the Hypothecated Property.

All amounts received by the Trustee from the sales proceeds of units, forming part of the Hypothecated Property, shall be credited to the Reserve Account and shall be retained for the purpose of redeeming the 2016 Bonds, 2020 Bonds, 2021 Bonds and, or the 2022 Bonds (as the case may be) on maturity. In the absence of unforeseen circumstances and subject to there being no material adverse changes in circumstances, the directors of the Issuer are of the view that the percentages available for cash flows that will be credited to the Reserve Account will be sufficient to cover the redemption of the outstanding Bonds on maturity.

8. ECONOMIC AND SECTOR ANALYSIS

8.1 ECONOMIC UPDATE ¹

The Maltese economy is expected to grow strongly by 5.7% in 2022, driven by domestic demand and export of services, including tourism. Growth is forecast to moderate to 2.8% in 2023, as the supporting growth momentum of exported services fades and the impact of higher prices reduces household purchasing power. Economic growth is projected to reach 3.7% in 2024. Malta has kept energy prices unchanged due to the implementation of sizeable government measures. The government remains committed to keeping energy prices stable also for 2023 and 2024. As a result, the general government deficit is projected to be at 6% in 2022, among the highest in the EU, only gradually decreasing in 2023 and 2024. Public debt remains close to 60% of GDP.

In the first nine months of 2022, Russia's invasion of Ukraine impacted economic growth in Malta only to a limited extent, given Malta's low direct exposure to trade with these two countries. On the back of a strong economic performance in the first half of 2022, real GDP growth for the full year is expected to reach 5.7%, driven by robust domestic demand and a strong positive contribution from net exports.

The tourism sector in Malta is expected to show robust growth in 2022, as the number and expenditure of tourists by August 2022 reached around 80% of the 2019 level. In the current volatile environment, real GDP growth is forecast to moderate markedly to 2.8% in 2023 as the positive contribution of net exports diminishes and domestic demand growth slows down, due to weakening private consumption and negative growth in government consumption. In 2024, GDP growth is expected to reach 3.7%, supported by net exports and growth in public consumption.

Overall, growth of exports in 2023 is expected to weaken, as the general slowdown in economic performance among Malta's trading partners starts to have a greater negative impact on the Maltese economy.

¹ European Economic Forecast – Autumn 2022 (European Commission, Institutional Paper 187, November 2022).



MZ INVESTMENT SERVICES

In the past two years, Malta managed to maintain strong employment growth by limiting the impact of the pandemic through fiscal support. Employment grew by 2.9% in 2021, with the wage support measures remaining largely in place. Employment is set to continue growing at a similar pace in 2022 and over the forecast horizon. Labour shortages are expected to persist. Demand for labour remains strong in tourism and administrative services sectors, while Malta continues to attract foreign workers, adding to its labour force. Malta's unemployment rate is forecast to decline to 3.2% in 2022, and to further decrease to all-time lows in 2023 and 2024.

Malta's government intervened to keep energy prices unchanged in 2022, with an expressed government's commitment to pursue this line of action over the forecast horizon. Despite this effort, inflation in 2022 is expected to rise to 6.1%. Inflation is particularly high in imported goods, particularly food, transport, hospitality and housing services. These factors will continue to drive price increases in 2023, with inflation expected at 4.0%. At the same time, wage growth is expected to remain moderate.

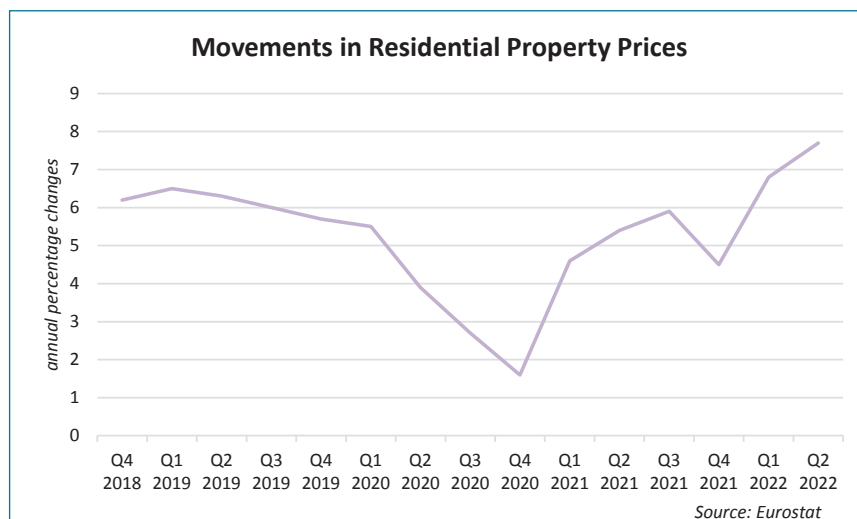
The government deficit is expected to decrease from 7.8% of GDP in 2021 to 6.0% in 2022. The increase in public expenditure related to measures to mitigate the impact of high energy prices is the main factor explaining this still high deficit level despite strong nominal GDP growth and the phasing out of pandemic-related support measures. These energy-related measures are estimated to account for 2.9% of GDP in 2022 and are expected to further rise to 3.5% of GDP in 2023, before declining to 2.7% of GDP in 2024. As a result, the general government deficit is set to decrease only marginally to 5.7% of GDP in 2023 and more markedly to 4.4% in 2024.

Tax revenue is expected to increase over the forecast horizon, in line with nominal GDP. Following further growth in employment, the revenue from social contributions is also projected to continue increasing.

The government debt-to-GDP ratio is set to increase to 57.4% in 2022 and gradually reach 60.6% in 2024 as the primary balance remains negative and nominal GDP growth becomes less dynamic.

8.2 PROPERTY MARKET

The NSO's Property Price Index (PPI) – which is based on actual transactions involving apartments, maisonettes and terraced houses – continued to increase in annual terms. However, the annual rate of change slowed down to 4.5% in the last quarter of 2021 from 5.9% in the third quarter of 2021. Moreover, house price inflation in Malta remained below that in the euro area where prices increased at an annual rate of 9.4%.



Notwithstanding the slower growth recorded in the fourth quarter of 2021, the annual average house price inflation remains close to that recorded in the last four years before the pandemic. At the same time, residential property prices seem to have returned to a growth trend following the slowdown in growth during the initial stages of the pandemic. In Q1 2022 and Q2 2022, the annual percentage rate of change increased from 4.5% in Q4 2021 to 6.8% and 7.7% respectively.



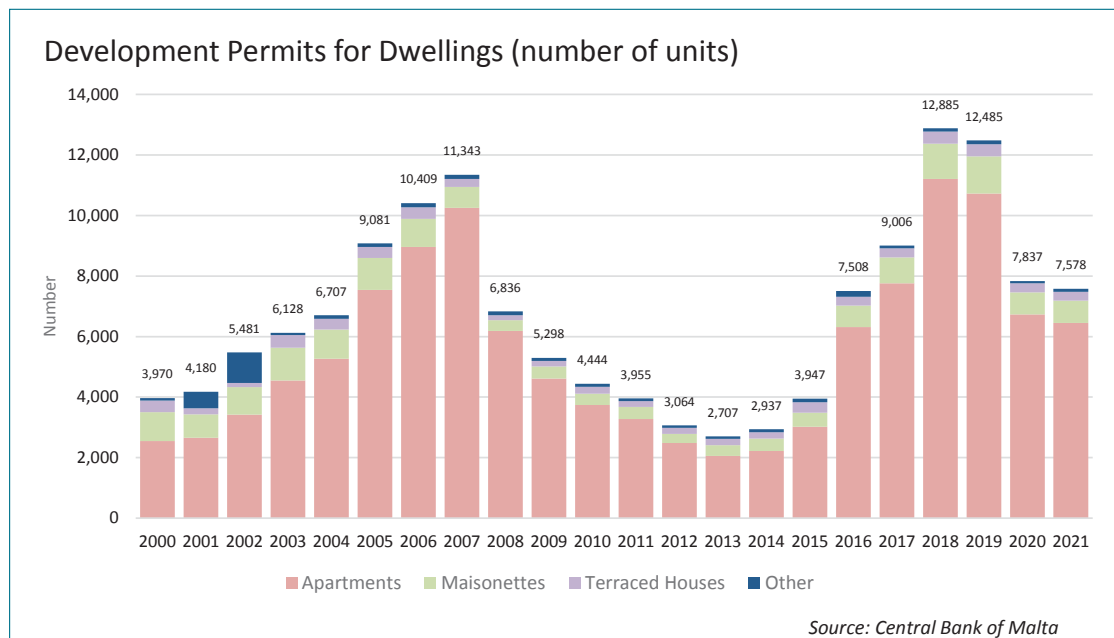
MZ INVESTMENT SERVICES

Residential property prices are being supported by numerous factors including low interest rates and a number of Government schemes, which include the temporary measures launched following the pandemic. Such schemes reflect, for example, lower property tax rate and stamp duty to eligible transfers of immovable property. In particular, in 2020, 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. Moreover, Budget 2021, Budget 2022 and Budget 2023 extended or introduced more incentives supporting the property market that were in place before the pandemic.¹

In 2021, the number of final deeds of sale relating to residential property amounted to 14,368 compared to 11,057 deeds in 2020 (+30%). The value of deeds completed in 2021 amounted to €3,155.3 million, an increase of 48% when compared to the prior year (2020: €2,126.6 million).

During the first 10 months of 2022, 11,956 final deeds of sale were concluded, an increase of 327 deeds from the same period a year earlier (Jan to Oct 2021: 11,629 deeds). The value of the afore-mentioned deeds amounted to €2,693.9 million compared to €2,549.2 million in the first 10 months of 2021 (+€144.7 million or +5.7%).²

The number of residential building permits issued in 2021 amounted to 1,633 permits (2020: 1,675 permits) 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.



During the first half of 2022, 1,047 building permits for a total of 5,367 new dwellings were approved. When compared to the corresponding 6-month period of 2021, the number of building permits and approved new dwellings increased by 15% (+137 permits) and 39% (+1,500 new dwellings) respectively.³

¹ Central Bank of Malta Quarterly Review (2022 Vol. 55 No. 2; pages 57 and 58); Budget Speech 2023, page 72.

² National Statistics Office Malta – News Release 201/2022

³ National Statistics Office Malta – News Release 145/2022



MZ INVESTMENT SERVICES

PART 2 – GAP GROUP PERFORMANCE REVIEW

9. FINANCIAL INFORMATION

The following financial information is extracted from the audited consolidated financial statements of the Issuer for the years ended 31 December 2019 to 2021. The projected consolidated financial information for the years ending 31 December 2022 and 31 December 2023 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.

GAP Group p.l.c.

Consolidated Statement of Comprehensive Income for the year ended 31 December

	2019	2020	2021	2022	2023
	Actual	Actual	Actual	Forecast	Projection
	€'000	€'000	€'000	€'000	€'000
Revenue	28,287	23,786	50,116	30,481	46,366
Cost of sales	(20,500)	(15,816)	(35,317)	(22,097)	(33,028)
Administrative expenses	(1,650)	(1,167)	(2,550)	(1,655)	(1,020)
Operating profit	6,137	6,803	12,249	6,729	12,318
Investment income	729	592	717	501	235
Finance costs	(3,493)	(1,811)	(1,574)	(1,035)	(1,318)
Profit before tax	3,373	5,584	11,392	6,195	11,235
Taxation	(2,245)	(1,482)	(2,527)	(1,822)	(3,709)
Profit for the year	1,128	4,102	8,865	4,373	7,526
Other comprehensive income					
Movement in fair value of financial assets	157	(123)	76	12	85
Total comprehensive income for the year	1,285	3,979	8,941	4,385	7,611

Key Accounting Ratios

	FY2019	FY2020	FY2021	FY2022	FY2023
	Actual	Actual	Actual	Forecast	Projection
Operating profit margin (Operating profit/revenue)	22%	29%	24%	22%	27%
Interest cover (times) (Operating profit/net finance cost)	2.22	5.58	14.29	12.60	11.37
Interest cover 2 (times) (Operating profit/finance cost)	1.76	3.76	7.78	6.50	9.35
Net profit margin (Profit after tax/revenue)	4%	17%	18%	14%	16%
Earnings per share (€) (Profit after tax/number of shares)	0.45	1.64	3.55	1.75	3.01
Return on equity (Profit after tax/shareholders' equity)	10%	27%	41%	17%	22%
Return on capital employed (Operating profit/total assets less current liabilities)	8%	7%	13%	7%	12%
Return on assets (Profit after tax/total assets)	1%	4%	8%	4%	7%

Source: MZ Investment Services Limited



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

In FY2020, the Group generated revenue amounting to €23.8 million compared to €28.3 million in FY2019 (-16%). Approximately 55% of revenue was derived from sales of units forming part of the Mellieha Development and *circa* 39% from the Luqa Development. Operating profit for the year amounted to €6.8 million, an increase of €0.7 million from a year earlier, and total comprehensive income amounted to €4.0 million (FY2019: €1.3 million).

Operating profit margin improved from 22% in FY2019 to 29%, while net profit margin increased from 4% in FY2019 to 17%. Due to higher operating profits, interest cover increased from 2.22 times in FY2019 to 5.58 times in the last financial year. The efficiency ratios being a measure of a company's ability to use one's assets to generate income have also increased year-on-year. In fact, return on equity increased from 10% to 27% in FY2020, return on capital employed decreased by 1 percentage point to 7% while return on assets increased from 1% in FY2019 to 4%.

In FY2021, the Group's revenue more than doubled from €23.8 million in FY2020 to €50.1 million. Approximately 85% of revenue was generated from the Luqa Development and Mellieha Development, while 15% was derived from projects described in section 5.3 to 5.5 of this report (primarily from the Marsascala Development). In consequence, operating profit increased by €5.4 million (+80% y-o-y) to €12.2 million (FY2020: €6.8 million), though operating margin decreased from 29% in FY2020 to 24% in FY2021. Due to the improvement in profitability, the return on equity increased substantially by 14 percentage points to 41% (FY2020: 27%).

Finance costs decreased from €1.8 million in FY2020 to €1.6 million in FY2021, though this represents that portion of finance costs which was not attributable to the development phases of Group projects.

Profit for the year (FY2021) increased by 125% to €8.9 million (FY2020: €4.0 million), while net profit margin improved by 1 percentage point to 18%. The efficiency ratios, being a measure of a company's ability to use one's assets to generate income, have also increased year-on-year. In fact, return on equity increased from 27% to 41% in FY2021, return on capital employed improved by 5 percentage points to 13%, while return on assets doubled from 4% in FY2020 to 8%.

Revenue in FY2022 is projected to amount to €30.5 million compared to €50.1 million in the prior year, the majority of which is expected to be generated from sales of units at the Luqa Development and Marsascala Development. Approximately 17% of revenue is projected from the Mellieha Development, San Pawl tat-Targa Development and Birkirkara Development, while 10% is expected to be generated from sales of residential units from the Qawra II Development.

Operating profit is forecasted to amount to €6.7 million compared to €12.2 million in FY2021, which will result in a 2% drop in operating profit margin to 22% (FY2021: 24%). Net finance costs and taxation are expected to decrease on a y-o-y basis by €0.3 million and €0.7 million respectively.

Net profit in FY2022 is projected at €4.4 million compared to €8.9 million in FY2021 (-51%). The net profit margin is expected to be impacted by 4 percentage points to 14%. Reflective of the lower profitability, earnings per share is estimated to decrease from €3.55 in FY2021 to €1.75. For the same reason, return on equity is projected to decrease from 41% to 17% in FY2022, return on capital employed should decline by 5 percentage points to 7%, while return on assets is expected to fall to 4% from 8% in the prior year.

In FY2023, the Group expects to generate revenue of €46.4 million, an increase of €15.9 million from FY2022, mainly on account of property sales related to the Mosta Development and Qawra II Development. As such, operating profit is projected to amount to €12.3 million (FY2022: €6.7 million), resulting in an operating profit margin of 27% (FY2022: 22%).

The Group expects to register a net profit margin of 16% in FY2023 compared to 14% in the prior year and thus report a net profit of €7.6 million (FY2022: €4.4 million). Due to higher profitability (y-o-y), all efficiency ratios are expected to improve: 22% return of equity compared to 17% in FY2022; return on capital employed of 12% compared to 7% in the prior year and a return of 7% on assets (FY2022: 4%).



MZ INVESTMENT SERVICES

GAP Group p.l.c.

Consolidated Statement of Financial Position

as at 31 December

	2019	2020	2021	2022	2023
	Actual	Actual	Actual	Forecast	Projection
	€'000	€'000	€'000	€'000	€'000
ASSETS					
Non-current assets					
Property, plant and equipment	32	23	19	26	26
Loans and other receivables	10,111	10,382	10,676	15,445	15,530
Sinking fund	6,036	12,577	9,670	2,362	33,349
	<u>16,179</u>	<u>22,982</u>	<u>20,365</u>	<u>17,833</u>	<u>48,905</u>
Current assets					
Inventory - development project	48,958	62,649	45,820	73,358	54,626
Trade and other receivables	2,553	4,303	9,481	496	496
Sinking fund	12,498	7,528	35,247	8,619	-
Cash and cash equivalents	7,698	2,060	1,260	8,860	4,804
Amounts held by the trustee	-	4,373	-	9,482	2,423
	<u>71,707</u>	<u>80,913</u>	<u>91,808</u>	<u>100,815</u>	<u>62,349</u>
Total assets	<u>87,886</u>	<u>103,895</u>	<u>112,173</u>	<u>118,648</u>	<u>111,254</u>
EQUITY					
Capital and reserves					
Called up share capital	2,500	2,500	2,500	2,500	2,500
Other capital	3,057	2,934	3,011	2,941	2,941
Retained earnings	5,598	9,700	16,064	20,520	28,131
	<u>11,155</u>	<u>15,134</u>	<u>21,575</u>	<u>25,961</u>	<u>33,572</u>
LIABILITIES					
Non-current liabilities					
Borrowings and other financial liabilities	6,141	7,737	6,892	3,513	-
Debt securities	56,991	69,864	69,002	72,440	64,314
	<u>63,132</u>	<u>77,601</u>	<u>75,894</u>	<u>75,953</u>	<u>64,314</u>
Current liabilities					
Bank overdrafts	-	500	-	-	-
Borrowings and other financial liabilities	2,610	657	3,061	-	1,347
Other current liabilities	10,989	10,003	11,643	16,734	12,021
	<u>13,599</u>	<u>11,160</u>	<u>14,704</u>	<u>16,734</u>	<u>13,368</u>
	<u>76,731</u>	<u>88,761</u>	<u>90,598</u>	<u>92,687</u>	<u>77,682</u>
Total equity and liabilities	<u>87,886</u>	<u>103,895</u>	<u>112,173</u>	<u>118,648</u>	<u>111,254</u>



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

Key Accounting Ratios

	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Forecast	FY2023 Projection
Gearing ratio (Total net debt/net debt and shareholders' equity)	78%	78%	60%	64%	43%
Gearing ratio 2 (times) (Total net debt/shareholders' equity)	3.54	3.45	1.52	1.80	0.75
Net debt to Operating profit (years) (Net debt/Operating profit)	6.44	7.68	2.68	6.93	2.04
Net assets per share (€) (Net asset value/number of shares)	4.46	6.05	8.63	10.38	13.43
Liquidity ratio (times) (Current assets/current liabilities)	5.27	7.25	6.24	6.02	4.66

Source: MZ Investment Services Limited

In FY2020, the Group raised €21 million through the issue of the 2020 Bonds, of which, €15 million of proceeds was used to acquire the Qawra II Site and the Mosta Site. The remaining balance was utilised to settle capital creditor balances and to part fund ongoing development costs in relation to the Qawra II Development and the Mosta Development. Inventory increased from €49.0 million in FY2019 to €62.6 million, while cash balances (including sinking fund amounts) decreased from €20.2 million in FY2019 to €14.0 million.

Total assets as at 31 December 2021 amounted to €112.2 million compared to €103.9 million in the prior year. The principal item is inventory of sites and progress development works which stood at €45.8 million in FY2021 (FY2020: €62.6 million). Due to the substantial turnover in FY2021, cash balances increased on y-o-y basis from €14.0 million in FY2020 to €36.5 million (inclusive of sinking fund amount).

The Group's equity increased by 43% from €15.1 million in FY2020 to €21.6 million on account of the net profits reported during the year and after deducting the distribution of an interim dividend of €2.5 million.

Total liabilities of the Group mainly comprised debt securities which remained unchanged at almost €70 million.

The gearing ratio of the Group decreased from 78% in FY2020 to 60% in FY2021 primarily on account of the above-mentioned increase in cash balances and retained earnings. Net debt to operating profit improved considerably to 2.68 years compared to 7.68 years in FY2020. The liquidity ratio was at 6.24 times (FY2020: 7.25 times) particularly in view of the significant amount of property inventory held in current assets, while the majority of borrowings are non-current liabilities repayable after more than 1 year. Furthermore, net assets per share increased from €6.05 in FY2020 to €8.63 in FY2021.

In the initial 4 months of FY2022, the Group issued €21 million 3.9% secured bonds 2024 – 2026 and cancelled €10.8 million of the 4.25% secured bonds 2023. Furthermore, the Group repaid in full €29.1 million 3.65% secured bonds 2022. Assuming the successful issue of €23 million in 4.75% secured bonds 2025 – 2027 in Q4 2022, the outstanding balance of debt securities as at year end is expected to amount to €72.4 million compared to €69.0 million in FY2021.

The gearing ratio of the Group is projected to increase from 60% in FY2021 to 64% in FY2022. Due to the combination of increased debt (for property acquisition and development purposes) and lower profitability, net debt to operating profit is expected to lengthen from 2.68 years in FY2021 to 6.93 years in FY2022. Notwithstanding, net assets per share should increase to €10.38 compared to €8.63 in the previous financial year.

Inventory as at 31 December 2022 is expected to amount to €73.4 million (FY2021: €45.8 million) and shall mainly include the Qawra II Site, the Mosta Site, the Qawra III Site and construction thereon as well as the Żonqor Site to be acquired by year end. The liquidity ratio is projected to remain stable at 6.02 times (FY2021: 6.24 times).



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

In FY2023, the Group will utilise *circa* €8.3 million of funds held in the sinking fund to redeem in full the 4.25% secured bonds 2023 and thereby reduce outstanding bonds from €72.4 million (FY2022) to €64.3 million. In view of the projected sales for the year, the security trustee is expected to receive €33.3 million into the sinking fund reserve for the benefit of bondholders, equivalent to 52% of amount of bonds in issue.

During the year, the Group will be predominantly focused on the development of the Mosta Development, Qawra III Development and the Żonqor Development and sales thereof. As such, the inventory amount of €54.6 million is expected to relate to the above-mentioned projects. The Group's liquidity ratio is expected to decrease y-o-y but remain healthy at 4.66 times (FY2022: 6.02 times).

Total equity in FY2023 is expected to increase by €7.6 million (+29%) to €33.6 million which will have a positive effect on the Group's gearing position. In fact, it is projected that the Group's leverage ratio will decline by 21 percentage points (y-o-y) to 43%. Furthermore, net debt to operating profit is expected to improve from 6.93 years (FY2022) to 2.04 years (FY2023). Net assets per share is projected to continue to strengthen to €13.43 compared to €10.38 in FY2022.

GAP Group p.l.c.

Consolidated Cash Flow Statement for the year ended 31 December

	2019	2020	2021	2022	2023
	Actual	Actual	Actual	Forecast	Projection
	€'000	€'000	€'000	€'000	€'000
Net cash from (used in) operating activities	(20,317)	(10,862)	24,475	(11,233)	24,499
Net cash from (used in) investing activities	(1,206)	507	(2,866)	(783)	(22,132)
Net cash from (used in) financing activities	27,395	3,620	1,437	(6,149)	(13,482)
Net movement in cash and cash equivalents	5,872	(6,735)	23,046	(18,165)	(11,115)
Cash and cash equivalents at beginning of year	14,324	20,196	13,461	36,507	18,342
Cash and cash equivalents at end of year	20,196	13,461	36,507	18,342	7,227

Net cash outflow from operating activities in FY2020 amounted to €10.9 million compared to cash outflows of €20.3 million in FY2019. The cash outflow in FY2020 was mainly due to a y-o-y increase of €13.7 million in property inventory. Net cash from investing activities amounted to €0.5 million (FY2019: cash used in investing activities of €1.2 million) and primarily represented investment income.

Net cash from financing activities in FY2020 amounted to €3.6 million which was principally raised from issuance of bonds and bank loan facilities. In FY2020, net movement in cash and cash equivalents amounted to €6.7 million (adverse balance) compared to €5.9 million in FY2019 (positive balance).

Net movement in cash and cash equivalents in FY2021 amounted to €23.0 million (FY2020: adverse balance of €6.7 million). Net cash from operating activities reached €24.5 million, primarily on account of cash inflows from final sales contracts and a positive movement in working capital changes (mainly inventory).

Net cash used in investing activities amounted to €2.9 million, compared to inflows of €0.5 million in the prior year, on account of €3.6 million utilised for investment purposes while inflows of €0.7 million reflected investment income. Net cash from financing activities amounted to €1.4 million and represented net inflows from borrowings of €3.9 million and the payment (outflow) of €2.5 million in dividends.

In FY2022, the Group is projecting a net cash outflow from operating activities amounting to €11.2 million, mainly on account of the substantial increase in inventory estimated at €27.5 million. During the year, the Group expects to conclude the acquisition of the Żonqor Site for *circa* €15.4 million and advance further in the development of the Qawra II Development, Mosta Development and Qawra II Development.

Net movement in investments and investment income, reported as investing activities, is projected to result in a net cash outflow of €0.8 million (FY2021: net outflow of €2.9 million).

Net cash flows used in financial activities is projected to amount to €6.1 million (FY2021: net inflows of €1.4 million), reflective of a net increase in secured bonds, repayment of other borrowings and yearly interest paid.



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

In FY2023, net cash inflows from operating activities are projected to amount to €24.5 million, comprising amounts received from deposits and final contracts of €44.6 million and cash paid for development purposes, administrative costs and taxation of €20.1 million.

Movement in investing activities is projected to amount to an adverse balance of €22.1 million. During the year, it is expected that *circa* €8.6 million will be transferred from the trustee to the Group for the repayment of the 4.25% secured bonds 2023, while €31.0 million will be transferred by the Group to the sinking fund reserves of the 2020 Bonds and 2021 Bonds. The balance relates to interest income earned by the Group.

Net cash used in financing activities is estimated to amount to €13.5 million and shall comprise the full repayment of €8.3 million in 4.25% secured bonds 2023, the part repayment of the MDB loan amounting to €2.2 million and interest paid of €3.0 million.

Reserve Account

In terms of the respective prospectus, the Issuer is required to build a sinking fund, the value of which will, by the redemption dates of the respective bonds, be equivalent to 100% of the outstanding value of bonds. Below is a table outlining the actual and expected balance to be held in the reserve account as at the end of the financial years indicated hereunder.

Contributions to Reserve Account as at 31 December	2019	2020	2021	2022	2023
	Actual	Actual	Actual	Forecast	Projection
	€'000	€'000	€'000	€'000	€'000
4.25% Secured Bonds 2023	17,712	18,405	19,091	8,619	
3.65% Secured Bonds 2022	822	1,700	25,826		
3.70% Secured Bonds 2023 - 2025				2,362	18,638
3.90% Secured Bonds 2024 - 2026					14,711
	18,534	20,105	44,917	10,981	33,349

The 3.65% secured bonds were fully redeemed in April 2022 and accordingly, all funds held in the reserve account were utilised for such purpose.

The Security Trustee holds a balance of €8.6 million for the purpose of redeeming the 4.25% secured bonds in 2023.



MZ INVESTMENT SERVICES

PART 3 – COMPARABLES

The table below compares the Issuer and its bond issues 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 Gap Group.

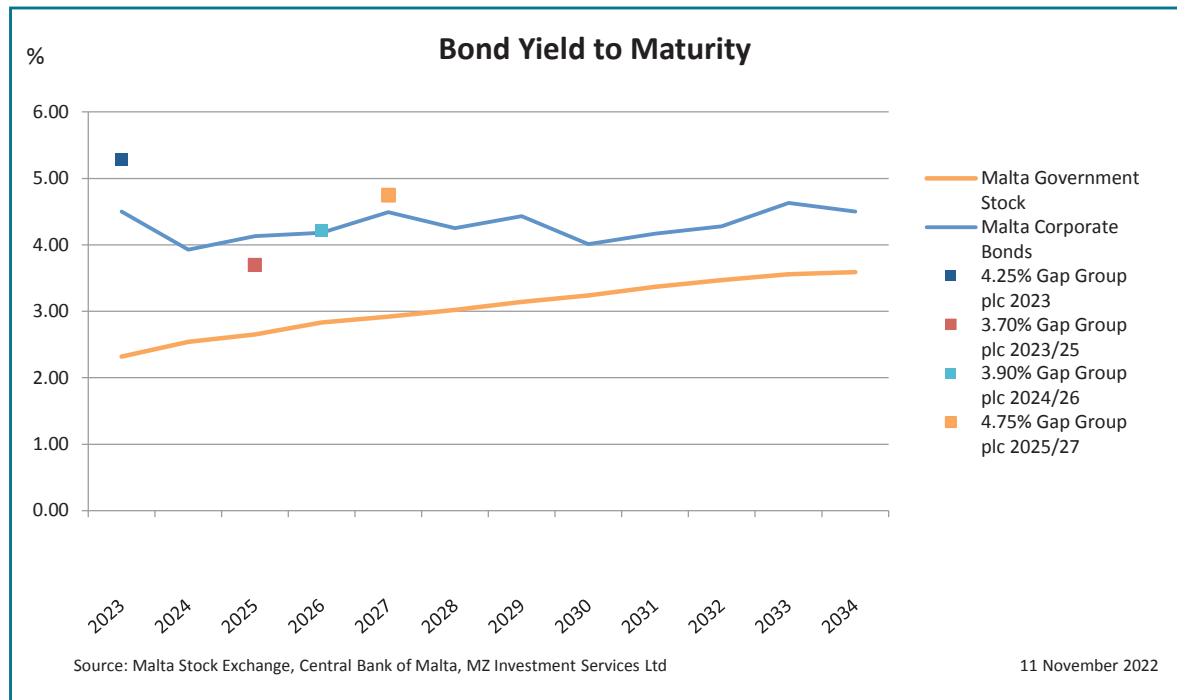
Comparative Analysis	Nominal Value (€)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'000)	Net Asset Value (€'000)	Gearing Ratio (%)
4.25% GAP Group plc Secured € 2023	8,349,900	5.28	14.81	112,173	21,575	60.31
5.30% United Finance Plc Unsecured € Bonds 2023	8,500,000	4.50	1.68	37,992	9,916	65.59
5.80% International Hotel Investments plc 2023	10,000,000	4.24	1.06	1,695,229	838,216	40.59
6.00% AX Investments Plc € 2024	40,000,000	3.21	1.69	374,099	237,143	25.10
6.00% International Hotel Investments plc € 2024	35,000,000	4.91	1.06	1,695,229	838,216	40.59
5.30% Mariner Finance plc Unsecured € 2024	35,000,000	4.31	3.30	102,348	52,929	46.65
5.00% Hal Mann Vella Group plc Secured € 2024	30,000,000	3.93	2.60	123,752	48,512	53.05
5.10% 1923 Investments plc Unsecured € 2024	36,000,000	5.10	4.58	149,687	52,831	49.89
4.25% Best Deal Properties Holding plc Secured € 2024	9,137,200	2.99	-	24,561	6,893	62.61
3.70% GAP Group plc Secured € 2023-2025 Series 1	21,000,000	3.70	14.81	112,173	21,575	60.31
5.75% International Hotel Investments plc Unsecured € 2025	45,000,000	5.64	1.06	1,695,229	838,216	40.59
5.10% 6PM Holdings plc Unsecured € 2025	13,000,000	5.09	52.47	155,313	70,709	14.82
4.50% Hili Properties plc Unsecured € 2025	37,000,000	4.13	1.41	208,696	110,881	32.31
4.35% Hudson Malta plc Unsecured € 2026	12,000,000	4.18	4.51	58,951	12,557	68.49
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	4.57	0.83	1,863,456	899,566	40.81
4.00% International Hotel Investments plc Secured € 2026	55,000,000	4.57	1.06	1,695,229	838,216	40.59
3.75% Premier Capital plc Unsecured € 2026	65,000,000	4.03	11.70	317,675	60,118	74.24
4.00% International Hotel Investments plc Unsecured € 2026	60,000,000	4.13	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	4.22	14.81	112,173	21,575	60.31
4.35% SD Finance plc Unsecured € 2027	65,000,000	4.60	4.60	349,955	142,068	27.22
4.00% Eden Finance plc Unsecured € 2027	40,000,000	4.49	3.63	193,529	109,284	28.55
4.00% Stivala Group Finance plc Secured € 2027	45,000,000	4.23	3.25	362,955	235,392	26.66
4.00% Hili Finance Company plc Unsecured € 2027	50,000,000	4.25	4.48	727,669	154,632	71.84
4.75% GAP Group plc Secured € 2025-2027	23,000,000	4.75	14.81	112,173	21,575	60.31
3.85% Hili Finance Company plc Unsecured € 2028	40,000,000	4.25	4.48	727,669	154,632	71.84
3.65% Stivala Group Finance plc Secured € 2029	15,000,000	3.36	3.25	362,955	235,392	26.66
3.80% Hili Finance Company plc Unsecured € 2029	80,000,000	4.67	4.48	727,669	154,632	71.84
3.75% AX Group plc Unsec Bds 2029 Series II	10,000,000	3.75	1.69	374,099	237,143	25.10
3.65% International Hotel Investments plc Unsecured € 2031	80,000,000	4.47	1.06	1,695,229	838,216	40.59
3.50% AX Real Estate plc Unsec Bds 2032	40,000,000	4.08	-	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

11-Nov-22

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, MZ Investment Services Ltd



MZ INVESTMENT SERVICES



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 2016 Bonds are trading at a yield of 5.28%, which is *circa* 78 basis points higher when compared to other corporate bonds maturing in 2023. The premium over FY2023 Malta Government Stock is 296 basis points.

The 2020 Bonds are trading at a yield of 3.70%, which is *circa* 43 basis points lower when compared to other corporate bonds maturing in 2025. The premium over FY2025 Malta Government Stock is 105 basis points.

The 2021 Bonds are trading at a yield of 4.22%, which is *circa* 4 basis points higher when compared to other corporate bonds maturing in 2026. The premium over FY2026 Malta Government Stock is 139 basis points.

The 2022 Bonds are priced at a yield of 4.75%, which is *circa* 29 basis points higher when compared to other corporate bonds maturing in 2027. The premium over FY2027 Malta Government Stock is 183 basis points.



MZ INVESTMENT SERVICES

PART 4 - EXPLANATORY DEFINITIONS

INCOME STATEMENT

Revenue	Total revenue generated by the Issuer from its business activities during the financial year.
Cost of sales	Operating expenses include the cost of construction 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 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 and disposal 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.

BALANCE SHEET

Non-current assets	Non-current asset 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 loans & other receivables.
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MZ INVESTMENT SERVICES

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	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	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.
Other capital	Other capital is included in total equity and mainly comprises a loan from shareholders. This loan is classified as quasi equity since it is interest free and only repayable to the shareholders after the settlement of amounts due to bondholders.
Net assets per share	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.