

SECURITIES NOTE

DATED 6 JUNE 2023

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules issued by the Malta Financial Services Authority and in accordance with the provisions of the Prospectus Regulation. This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Issuer.

In respect of an issue of up to **€32,000,000 5.5% secured bonds 2035** of a nominal value of €100 per bond, issued and redeemable at par by



JUEL GROUP P.L.C.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF MALTA
WITH COMPANY REGISTRATION NUMBER C 101395

WITH THE JOINT AND SEVERAL GUARANTEE OF
JUEL HOSPITALITY LIMITED (C 100482), JUEL HOLDINGS LIMITED (C 92861),
MUSCAT HOLDINGS LIMITED (C 77653) AND MUSCAT HOLDINGS (II) LIMITED (C 89275)

THIS SECURITIES NOTE HAS BEEN APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY, AS 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 INSTRUMENTS AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENTS.

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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 SECURED BONDS OF THE ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN FINANCIAL ADVISER. A PROSPECTIVE INVESTOR SHOULD MAKE HIS OR HER OWN ASSESSMENT AS TO THE SUITABILITY OF INVESTING IN THE SECURED BONDS SUBJECT OF THIS SECURITIES NOTE.

APPROVED BY THE BOARD OF DIRECTORS

A handwritten signature in blue ink, appearing to read "Adrian Muscat", written over a horizontal line.

Adrian Muscat

A handwritten signature in blue ink, appearing to read "George Muscat", written over a horizontal line.

George Muscat

Signing in their own capacity as directors of the Issuer and on behalf of each of Robert C. Aquilina, Mario Camilleri, and Dennis Gravina, as their duly appointed agents.

Sponsor



Manager & Registrar



Security Trustee

EQUINOX INTERNATIONAL
LIMITED

Legal Counsel

Dr Chris Cilia

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1. IMPORTANT INFORMATION

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY THE ISSUER OF UP TO €32,000,000 SECURED BONDS OF A NOMINAL VALUE OF €100 PER BOND ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 5.5% PER ANNUM PAYABLE ANNUALLY ON 27 JUNE OF EACH YEAR. THE NOMINAL VALUE OF THE SECURED BONDS SHALL BE REPAYABLE IN FULL AT MATURITY ON THE REDEMPTION DATE UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION.

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, 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, ITS DIRECTORS OR ADVISERS.

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

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURED BONDS 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 SECURED BONDS 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 THIS 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 SECURED BONDS ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE INVESTORS FOR ANY SECURED BONDS THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH SECURED BONDS 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 SECURED BONDS 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 SECURED BONDS 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 THIS SECURITIES NOTE AND THE OFFERING AND SALE OF SECURED BONDS.

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

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

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

ALL THE ADVISERS TO THE ISSUER NAMED IN THE REGISTRATION DOCUMENT UNDER THE HEADING “**ADVISERS**” IN SECTION 4.6 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THE PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

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

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 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 Secured Bonds;
Application/s	the application to subscribe for Secured Bonds through an Authorised Financial Intermediary in the form provided to the Applicant by the relevant Authorised Financial Intermediary;
Authorised Financial Intermediaries	the financial intermediaries whose details appear in Annex II, appended to this Securities Note;
Bond Advance Facility Agreement	the bond advance facility agreement dated 5 September 2022 as amended on 14 April 2023 by and between MZI, the Issuer, Juel Hospitality and Equinox International Limited (C 29674) in its capacity as security trustee in terms of such facility, whereby the Issuer was granted the Bond Advance Facility Amount for the purpose of part financing the acquisition of the Hotel Site;
Bond Advance Facility Amount	the amount of €9,272,300;
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	means a meeting of Bondholders held in accordance with section 6.14 of this Securities Note;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
Civil Code	the Civil Code (Cap. 16 of the laws of Malta);
Collateral or Security Interests	means, collectively, the following security interests to be constituted in favour of the Security Trustee: <ul style="list-style-type: none">(i) the first-ranking general hypothec for the amount of €32 million, over all the present and future property of the Issuer;(ii) the first-ranking general hypothec for the amount of €32 million, over all the present and future property of Juel Hospitality;(iii) the first-ranking special hypothec granted by Juel Hospitality for the amount of €32 million over the Hotel Site (and any developments and constructions thereon); and(iv) 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;
Guarantee	the joint and several guarantee granted by Juel Holdings, Juel Hospitality, Muscat Holdings, and Muscat Holdings II to the Security Trustee appended to this Securities Note as Annex I;
Interest Payment Date	27 June of each year between and including each of the years 2024 and 2035, provided that if any such day is not a Business Day such Interest Payment Date shall be carried over to the next following day that is a Business Day;
Intermediaries' Offer	an offer for subscription of Secured Bonds made by the Issuer to the Authorised Financial Intermediaries through subscription agreements as further described in section 8.4. of this Securities Note;
Issue Date	expected on 30 June 2023;
Offer Period	the period between 08:30 hours on 12 June 2023 and 14:00 hours on 27 June 2023;
Official List	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the MSE Bye-Laws;

Pledge Agreement or Pledge	the pledge agreement to be entered into by and between Juel Hospitality, 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;
Redemption Date	27 June 2035;
Redemption Value	the nominal value of each Secured Bond (€100 per Secured Bond);
Registration Document	the registration document issued by the Issuer dated 6 June 2023, forming part of the Prospectus;
Securities Note	this document in its entirety; and
Terms and Conditions	the terms and conditions of the Secured Bonds set out in sections 5.5 and 6 of this Securities Note.

Unless it appears otherwise from the context:

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

3. RISK FACTORS

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

AN INVESTMENT IN THE SECURED BONDS INVOLVES CERTAIN RISKS INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISERS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE SECURED BONDS. THE RISK FACTOR FIRST APPEARING UNDER EACH CATEGORY CONSTITUTES THAT RISK FACTOR THAT THE DIRECTORS 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 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 SECURED BONDS IF SUCH RISK FACTOR WERE TO MATERIALISE.

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

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 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.

3.2.1.2 No prior market for the Secured Bonds

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

3.2.1.3 Orderly and liquid secondary market

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

3.2.1.4 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.

3.2.1.5 Currency of reference

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

3.2.1.6 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.

3.2.1.7 Amendments to the Terms and Conditions

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

3.2.1.8 Continuing Obligations

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

3.2.2 Risks relating to the Guarantors and the Collateral

3.2.2.1 Risks relating to the business of the Guarantors

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

3.2.2.2 Risks relating to the ranking of the Collateral

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

Privileged creditors include, but are not limited to, architects, contractors, masons, and other workmen. Privileged creditors may register a special privilege over an immovable constructed, reconstructed or repaired by them for the debts due to them in respect of the expenses and price of their work. The contractor responsible for the development of the Hotel 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 also waive their right to a special privilege. However, over the course of their business, the Issuer and Juel Hospitality may contract debts with other privileged creditors. In such case, privileged creditors will rank with preference to the Security Trustee in whose favour the general hypothecs and special hypothecs shall be constituted.

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

3.2.2.3 Enforcement of security

Although the Secured Bonds are secured by the Collateral, there can be no assurance that the Collateral will be sufficient to cover the Issuer's payment obligations under the Secured Bonds in case of a default. The amount which may be recovered under the general hypothecs constituted over the assets (both present and future) of the Issuer and Juel Hospitality will depend on the nature and value of the assets forming part of the patrimony of the aforementioned collateral providers at the point in time that the Security Trustee enforces the general hypothecs.

Juel Hospitality has constituted a first-ranking special hypothec over the Hotel Site and any developments thereon in favour of the Security Trustee. There can be no guarantee that the value of the Hotel Site and the Hotel to be developed thereon 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 Hotel Site and, or Hotel. If such circumstances were to arise or subsist at the time that the special hypothec is enforced by the Security Trustee, it could have a material adverse effect on the value of the Hotel Site and, or the Hotel and the recoverability of all the amounts outstanding under the Secured Bonds.

In addition to the aforesaid, the valuation of the Hotel Site and the Hotel 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 Collateral over the Hotel Site and, or the Hotel.

3.2.2.4 Risks relating to the Guarantee granted by the Guarantors

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

The strength of the undertakings given under the Guarantee and, accordingly, the amount which may be recovered by the Security Trustee from the Guarantors is dependent upon and directly linked to the financial position and solvency of the Guarantors.

3.2.2.5 Risks relating to funding from other sources.

As further described in section 5.1 of this Securities Note, the Bond Issue is conditional upon the subscription of a minimum of €21,000,000 in nominal value of Secured Bonds. The Issuer requires approximately €20,400,000 to complete the development and finishing of the Hotel. The Issuer has secured bank financing and financing from the Franchisor in an approximate total amount of €6,700,000. On the assumption that a total of €21,000,000 Secured Bonds is subscribed to by Bondholders, the Group will require approximately €11,000,000 to fund the projected balance of the costs for the completion and development of the Hotel. In this circumstance, the Issuer's financing strategy is to seek alternative funding, either through the issuance of instruments on the capital markets, through bank financing, through its own reserves or through a mix of these financing options.

There is no certainty that the Group will be able to obtain the full capital it requires for the completion of the Hotel through alternative financing or that it will obtain such financing on favourable terms. Accordingly, the Bondholders are subject to the risk that the completion of the Hotel may be stalled and, or suspended until such financing is obtained by the Issuer. A shortage in the financing required will affect the projected timeline for the opening of the Hotel, which in turn may have an adverse effect on the financial position of the Group.

4 PERSONS RESPONSIBLE

This Securities Note includes information given in compliance with the Prospectus Regulation for the purpose of providing prospective investors with information regarding the Issuer. All of the Directors whose names appear in section 4.1 of the Registration Document entitled "**Directors of the Issuer**" accept responsibility for the information contained in this Securities Note.

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

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

4.1 CONSENT FOR USE OF THE PROSPECTUS

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

For the purposes of any subscription for Secured Bonds through any of the Authorised Financial Intermediaries in terms of this Securities Note and any subsequent resale, placement or other offering of the Secured Bonds by such Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Regulation, the Issuer consents to the use of 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 pursuant to the Intermediaries' Offer;
- (ii) to any resale or placement of Secured Bonds subscribed for as aforesaid, taking place in Malta; and
- (iii) to any resale or placement of Secured Bonds subscribed for as aforesaid, taking place within 60 days from the date of the Prospectus.

None of the Issuer, the Sponsor nor the Manager & Registrar or any of their respective advisers take responsibility for any actions of an 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, the Sponsor nor the Manager & Registrar has authorised (nor do they authorise or consent to the use of this Prospectus in connection with) the making of any public offer of the Secured Bonds by any person in any circumstance. Any such unauthorised offers are not made on behalf of the Issuer, the Sponsor or the Manager & Registrar and neither the Issuer, the Sponsor nor the Manager & 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, the Sponsor or the Manager & 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 (as detailed in Annex II to this Securities Note). If the investor is in doubt as to whether it can rely on the Prospectus and, or who is responsible for its contents, it should obtain legal advice.

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

Any resale, placement, or other offering of Secured Bonds to an investor by an Authorised Financial Intermediary shall be made in accordance with any terms and other arrangements in place between such Authorised Financial Intermediary and such investor including as to price, allocations, and settlement arrangements. Where such information is not contained in the Prospectus, it shall be the responsibility of the respective Authorised Financial Intermediary at the time of such resale, placement, or other offering to provide the investor with that information.

Any Authorised Financial Intermediary using this Securities Note in connection with a resale, placement, or other offering of Secured Bonds subsequent to the Bond Issue shall, limitedly for a period of 60 days from the date of the Prospectus, publish on its website a notice to the effect that it is using this Securities Note 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.juel.mt.

5 ESSENTIAL INFORMATION

5.1 REASONS FOR THE BOND ISSUE AND USE OF PROCEEDS

The amount of €9,743,300 will not be received by the Issuer as net bond proceeds. An amount of €9,743,300 in nominal value of Secured Bonds shall be issued and allotted to MZI, or such persons as it may direct, in repayment of the Bond Advance Facility Amount and the premium outstanding thereunder.

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €21,616,700, shall be used for the following purposes:

- (i) approximately €8,000,000 shall be used to finance outstanding principal and interest under a bank loan granted by Bank of Valletta to the Issuer for the purposes of the acquisition of the Sans Souci Site by Juel Hospitality;
- (ii) approximately €13,616,700 shall be utilised to partly finance the construction and development of the Hotel in accordance with approved planning permits as well as finishing costs attributable to the construction and completion of the Hotel. For this purpose, the Issuer (as lender) has entered into a conditional loan agreement with Juel Hospitality (as borrower) whereby the Issuer has agreed to advance the amount of €13,616,700 to Juel Hospitality, subject to the terms and conditions listed therein. The obligation of the Issuer to advance the said funds to Juel Hospitality is conditional upon, *inter alia*, the issue and allotment of the Secured Bonds, which in turn is conditional upon the Secured Bonds being admitted to the Official List. The net bond proceeds relative to this purpose will only be released by the Security Trustee in such amounts as confirmed by an architect or project manager to be due by the Group.

The Issuer has established a minimum aggregate subscription amount of €21,000,000 on which the Bond Issue is conditional. In the event that the Bond Issue is not fully taken up, but the said minimum is satisfied or exceeded, the Issuer shall issue Secured Bonds up to the amount subscribed for.

Should the Bond Issue not be fully subscribed to pursuant to the Intermediaries' Offer, the total amount of net bond proceeds from the Bond Issue shall first be utilised for the purposes set out in section 5.1(i) above. Any remaining balance shall be utilised for the purposes set out in section 5.1(ii).

Following the Bond Issue, all proceeds shall be held by the Security Trustee. The Security Trustee shall, save for the payment of the expenses related to the Bond Issue, retain all remaining net bond proceeds until the Secured Bonds are admitted to the Official List.

5.2 DYNAMICS FOR CLOSING

The net bond proceeds shall be released by the Security Trustee, and the Collateral shall be constituted in favour of the Security Trustee, in the manner described in this section 5.2.

Upon the issue, allotment and listing of the Secured Bonds in favour of MZI in a nominal amount of €9,743,300, Equinox International Limited (C 29674), in its capacity as security trustee, will appear on a deed of cancellation to cancel and terminate all the existing security interests which it holds for the benefit of MZI.

It is expected that within 15 Business Days following listing of the Secured Bonds, approximately €8,000,000 in net bond proceeds shall be released by the Security Trustee to Bank of Valletta to finance outstanding principal and interest under the bank loan in the amount of €8,000,000 granted by Bank of Valletta to the Issuer. Simultaneously with the release of this tranche of net bond proceeds, the Security Trustee shall appear on a public deed to subrogate in favour of Bank of Valletta's note of hypothec having reference number H/20213/2022. By virtue of the aforementioned subrogation, the Security Trustee will benefit from the following security interests:

- (i) the first-ranking general hypothec for the amount of €8,000,000, over all the present and future property of the Issuer;
- (ii) the first-ranking general hypothec for the amount of €8,000,000, over all the present and future property of Juel Hospitality; and
- (iii) the first-ranking special hypothec granted by Juel Hospitality for the amount of €8,000,000 over the San Souci Site (and any developments and constructions thereon).

The Issuer, Juel Hospitality and the Security Trustee shall appear on a public deed to constitute the following collateral:

- (i) a general hypothec for the amount of €24,000,000 and interest thereon, over all the present and future property of the Issuer;
- (ii) a general hypothec for the amount of €24,000,000 and interest thereon, over all the present and future property of Juel Hospitality; and
- (iii) a special hypothec granted by Juel Hospitality for the amount of €24,000,000 and interest thereon over the Hotel Site (and any developments and constructions thereon).

In terms of Maltese law, hypothecs rank according to their date of registration. Notwithstanding the fact that the Collateral is constituted by virtue of separate notes of inscription registered in the Public Registry in Malta on different dates, the Security Trustee shall, for all intents and purposes, be a first-ranking creditor in respect of the Collateral.

In addition to the above, the Pledge Agreement shall be entered into.

5.3 FUNDING FROM OTHER SOURCES

The Group requires approximately €20,400,000 to finance the construction, finishing and furnishing of the Hotel (excluding financing, commissions, and ancillary costs). The amount of €13,616,700 from the net proceeds of the Bond Issue to be received by the Issuer shall be on-lent to Juel Hospitality to partly finance costs required to develop and complete the Hotel. The remaining balance of €6,783,300 shall be financed from a mix of loans granted by the Franchisor, intra-group loans, bank loans and the Group's cash flows.

On the assumption that a total of €21,000,000 Secured Bonds is subscribed to by Bondholders, the Group will require approximately €11,000,000 to fund the projected balance of the costs for the completion and development of the Hotel. In this circumstance, the Issuer's financing strategy is to seek alternative funding, either through the issuance of instruments on the capital markets or through bank financing or through its own reserves or through a mix of these financing options.

5.4 EXPENSES

Professional fees, and costs related to publicity, advertising, printing, listing, registration, Sponsor, and Manager & Registrar fees, selling commission, and other miscellaneous expenses in connection with the Bond Issue are estimated not to exceed €640,000. There is no particular order of priority with respect to such expenses.

5.5 ISSUE STATISTICS

Amount:	up to €32,000,000;
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:	MT0002741206;
Minimum amount per subscription agreement:	minimum of €2,000 and multiples of €100 thereafter, applicable to each subscription agreement and to each underlying Applicant applying for the Secured Bonds through Authorised Financial Intermediaries;
Redemption Date:	27 June 2035;
Plan of Distribution:	the Bond Issue is open for subscription to all categories of investors as follows: (i) an amount of €9,743,300 in nominal value of the Secured Bonds has been reserved for MZI, which has entered into a placement agreement with the Issuer and the Guarantors; and (ii) the remaining balance of €22,256,700 in nominal value of Secured Bonds is open for subscription by Authorised Financial Intermediaries (either for their own account or for the account of their underlying customers) pursuant to the Intermediaries' Offer;
Bond Issue Price:	at par (€100 per Secured Bond);
Status of the Secured Bonds:	the Secured Bonds shall constitute general, direct, secured, and unconditional obligations of the Issuer, to be secured in the manner described in section 6.2, guaranteed by the Guarantors and shall at all times rank <i>pari passu</i> and without any preference among themselves;
Guarantee:	the joint and several guarantee granted by Juel Holdings, Juel Hospitality, Muscat Holdings, Muscat Holdings II to the Security Trustee appended to this Securities Note as Annex I;
Status of the Guarantee:	the Guarantee granted by the Guarantors shall constitute a direct, secured, and unconditional obligation of each Guarantor;
Listing:	application has been made to the Malta Financial Services Authority to approve 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:	Applicants may apply for Secured Bonds through the Authorised Financial Intermediaries during the Offer Period;
Intermediaries' Offer Period:	08:30 hours on 12 June 2023 to 14:00 hours on 27 June 2023, both days included;
Interest:	5.5% per annum;
Interest Payment Date/s:	annually on 27 June as from 27 June 2024 (the first Interest Payment Date);
Governing Law of the Secured Bonds:	the Secured Bonds are governed by and shall be construed in accordance with Maltese law; and
Jurisdiction:	the Maltese courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Secured Bonds.

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

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

6 INFORMATION CONCERNING THE SECURED BONDS 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 5.5% Secured Bonds of a nominal value of €100 per Secured Bond issued by the Issuer at par up to the principal amount of €32,000,000 (except as otherwise provided under section 6.13 entitled “Further Issues”).
- 6.1.2 The Issue Date of the Secured Bonds is expected to be 30 June 2023.
- 6.1.3 The Bond Issue is guaranteed by the Guarantors and secured with the Collateral.
- 6.1.4 The currency of the Secured Bonds is Euro (€).
- 6.1.5 The Secured Bonds are expected to be listed on the Official List on 30 June 2023 and dealing can be expected to commence thereafter.
- 6.1.6 Subject to admission to listing of the Secured Bonds to the Official List, the Secured Bonds are expected to be assigned ISIN: MT0002741206.
- 6.1.7 Unless previously purchased and cancelled, the Secured Bonds shall be redeemable at par on the Redemption Date.
- 6.1.8 The issue of the Secured Bonds is made in accordance with the requirements of the Capital Markets Rules, the Companies Act, and the Prospectus Regulation.
- 6.1.9 Applications per underlying Applicant pursuant to the Intermediaries’ Offer are for a minimum amount of €2,000 per Applicant and in multiples of €100 thereafter.
- 6.1.10 In the event that an Applicant has not been allocated any Secured Bonds or has been allocated a number of Secured Bonds which is less than the number applied for, the Applicant shall receive a full refund or, as the case may be, the balance of the price of the Secured Bonds applied for but not allocated, without interest, by credit transfer to such account indicated by the Applicant to the Authorised Financial Intermediary in the Application, at the Applicant’s sole risk. The Issuer shall not be responsible for any charges, loss or delay arising in connection with such direct credit transfer.
- 6.1.11 The Bond Issue is not underwritten.
- 6.1.12 There are no special rights attached to the Secured Bonds other than the right of Bondholders to the payment of capital and interest in accordance with the ranking specified in section 6.2 of this Securities Note.
- 6.1.13 All Applicants shall be subject to the terms and conditions of the Bond Issue as set out in section 8 of this Securities Note, the terms of which shall form an integral part hereof.

6.2 RANKING OF THE SECURED BONDS, THE COLLATERAL AND GUARANTEE

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

6.2.1 Status of the Secured Bonds

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

6.2.2 Security Trustee and Collateral

The Collateral shall be constituted in favour of the Security Trustee for the benefit of the Bondholders.

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

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

As security for the payment of principal and interest under the Secured Bonds, the Bondholders shall have the benefit of the Collateral detailed in sections 6.2.2.1 to 6.2.2.2 below:

6.2.2.1 Collateral provided by the Issuer

The Issuer shall provide a first-ranking general hypothec over all its assets, present and future, for the amount of €32,000,000.

6.2.2.2 Collateral provided by Juel Hospitality

Juel Hospitality (in its capacity as Guarantor) shall provide the following collateral:

- (i) A first-ranking general hypothec for the amount of €32,000,000, over all the present and future property of Juel Hospitality; and
- (ii) a first-ranking special hypothec granted over the Hotel Site (and any developments and constructions thereon) for the amount of €32,000,000.

6.2.2.3 Guarantee

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

Pursuant to the Guarantee, the Guarantors have agreed, on a joint and several basis, to guarantee the punctual performance by the Issuer of the payment of principal and interest under the Secured Bonds. The Guarantee shall become effective upon the admission to listing of the Secured Bonds on the Official List.

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

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

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

6.2.3 Ranking of Collateral

In terms of Maltese law, hypothecary debts are paid according to the order of registration in the Public Registry in Malta. Privileged debts rank with priority over hypothecary debts and accordingly, privileged creditors shall be paid before those creditors in whose favour a hypothec has been registered.

Should the Security Trustee declare that an Event of Default has occurred which is continuing, the Security Trustee (for the benefit of Bondholders) may enforce the Collateral. The Security Trustee is a first-ranking creditor in respect of the Collateral, except for privileged creditors, which will rank prior to the Security Trustee. During the course of construction of the Hotel over the Hotel Site (or any future developments over the Hotel Site generally), situations may arise whereby the contractors or suppliers engaged by the Group may become entitled by law to register a special privilege over the Hotel (or any future developments over the Hotel Site generally), thereby obtaining a priority in ranking over the Security Trustee in respect of the Hotel Site. In this respect, Juel Hospitality has entered into an agreement with its principal contractor, whereby it has waived its right to register any special privilege over the Hotel Site. However, privileged debts may arise from time to time.

6.2.3.1 Nature of the special hypothec and the general hypothec

The general hypothecs granted by the Issuer and Juel Hospitality will extend over their respective property, both present and future. Such property includes any movable, immovable, tangible, intangible, intellectual property owned by the Issuer and Juel Hospitality. Property transferred out of the patrimony of the Issuer and Juel Hospitality will not be captured by the general hypothec upon such transfer or other disposal.

The special hypothec granted by Juel Hospitality over the Hotel Site (and any constructions and developments thereon) is a type of security interest which attaches to immovable property, the Hotel Site. It will continue to attach to the Hotel Site and, or the Hotel even if the Hotel Site and, or the Hotel is transferred to a third party, unless the special hypothec is duly cancelled in accordance with applicable law.

6.2.4 The Pledge Agreement

In terms of the Trust Deed, the Issuer and Juel Hospitality 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. The insurance policy to be pledged shall constitute a contractor's all risk insurance. Following the completion of the Hotel, an insurance policy securing the replacement value of the Hotel shall be pledged by the Issuer and Juel Hospitality in favour of the Security Trustee.

6.3 THE GUARANTEE

The Secured Bonds shall be guaranteed by the Guarantors on a joint and several basis. Accordingly, the Security Trustee, for the benefit of the Bondholders, shall be entitled to request any of the Guarantors to pay both the interest due and the principal amount under 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 any of the Guarantors without having to first take action against the Issuer.

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

6.4 RIGHTS ATTACHING TO THE SECURED BONDS

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

- (i) the repayment of capital;
- (ii) the payment of interest;
- (iii) the benefit of the Security Interests through the Security Trustee;
- (iv) the benefit of the Guarantee;
- (v) the right to attend, participate in and vote at Bondholders' Meetings 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, 27 June 2023 at the rate of 5.5% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment shall be effected on 27 June 2024 (covering the period from 27 June 2023 to 26 June 2024). Any Interest Payment Date which falls on a day other than a Business Day shall be carried over to the next following day that is a Business Day.

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

6.6 THE LIMITS OF THE VALIDITY OF CLAIMS

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

6.7 YIELD

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Secured Bonds is 5.5% 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 Bondholders and particulars of the

Secured Bonds held by them respectively, and the Bondholders shall have, at all reasonable times during business hours, access to the register of Bondholders held at the CSD for the purpose of inspecting information held on their respective account.

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

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

The Secured Bonds shall be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Secured Bonds shall be subscribed for a minimum of €2,000 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 €2,000 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, 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. 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 27 June 2035.

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

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

6.11 EVENTS OF DEFAULT

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

- (i) the Issuer fails to effect the payment of interest under the Secured Bonds on an Interest Payment Date and such failure continues for a period of 60 days after written notice thereof by the Security Trustee to the Issuer;
- (ii) the Issuer fails to pay the principal amount of a Secured Bond on the date fixed for its redemption; and such failure continues for a period of 60 days after written notice thereof by the Security Trustee to the Issuer;
- (iii) the Issuer fails 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 Issuer distributes dividends without the consent of the Security Trustee;
- (vi) the Collateral and, or the Guarantee are not enforceable against the Issuer and, or any of the Guarantors (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 any of the Guarantors are 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 any of the Guarantors and such appointment is certified by the Security Trustee to be prejudicial, in its opinion, to the Bondholders;
- (xi) an order is made, or an effective resolution is passed for winding up of the Issuer or any of the Guarantors, except for the purpose of a reconstruction, amalgamation or division, the terms of which have been approved in writing by the Security Trustee;
- (xii) the Issuer or any of the Guarantors substantially change the object or nature of business as currently carried on without the consent of the Security Trustee;
- (xiii) the Issuer or any of the Guarantors commit a breach of any of the covenants or provisions contained in the Trust Deed and on their part to be observed and performed and the said breach still subsists for 60 days after having been notified by the Security Trustee (other than any covenant for the payment of interests or principal monies owing in respect of the Secured Bonds);
- (xiv) the security constituted by any hypothec, pledge, or charge upon the whole or any part of the undertaking or assets of the Issuer or any of the Guarantors shall become enforceable, and steps are taken to enforce same and the taking of such steps shall be certified in writing by the Security Trustee to be in its opinion prejudicial to the Bondholders;
- (xv) any representation or warranty made or deemed to be made or repeated by or in respect of the Issuer or any of the Guarantors is or proves to have been incorrect in any material respect in the sole opinion of the Security Trustee;
- (xvi) any material indebtedness of the Issuer or any of the Guarantors is not paid when properly due or becomes properly due and payable or any creditor of the Issuer or any of the Guarantors (as the case may be) becomes entitled to declare any such material indebtedness properly due and payable prior to the date when it would otherwise have become properly due or any guarantee or indemnity of the Issuer or any of the Guarantors in respect of indebtedness is not honoured when properly due and called upon; PROVIDED THAT for the purposes of this provision, material indebtedness shall mean an amount exceeding one million Euro (€1,000,000);
- (xvii) any consent, permit, authorisation, licence or approval of, or registration with, or declaration to governmental, statutory or public bodies, or authorities or courts, required by the Issuer or Juel Hospitality in connection with the Hotel or its development and construction; or pursuant to the execution, delivery, validity, enforceability or admissibility in evidence hereof, or the performance by the Issuer of its obligations hereunder, is substantially modified in the sole opinion of the Security Trustee, or is not granted, or is revoked, or terminated, or expires and is not renewed, or otherwise ceases to be in full force and effect;
- (xviii) it becomes unlawful at any time for the Issuer or any of the Guarantors to perform all or any of their obligations in terms of the Guarantee;
- (xix) it becomes unlawful at any time for the Group to develop and, or operate the Hotel;
- (xx) in the sole opinion of the Security Trustee, a material part of the undertakings, assets, rights, revenues, shares or other ownership interests in the Issuer and, or any of the Guarantors are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government; or
- (xxi) an event of default under the Trust Deed.

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

Provided that in the event of any breach by the Issuer 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 Guarantors are observing and performing all the obligations, conditions and provisions on their respective parts, as applicable, of the Secured Bonds and the Trust Deed.

6.12 TRANSFERABILITY OF THE 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 Bondholders, create and issue further debentures, debenture stock, bonds, loan notes, or any other debt securities, either having the same terms and conditions as any outstanding debt securities of any series (including the Secured Bonds) and so that such further issue shall be consolidated and form a single series with the outstanding debt securities of the relevant series (including the Secured Bonds), or upon such terms as the Issuer may determine at the time of their issue, provided that no issue may be made that would rank senior to the Secured Bonds in respect of the Collateral.

6.14 MEETINGS OF BONDHOLDERS

6.14.1 Authority of the Bondholders' Meeting

- 6.14.1.1 The Bondholders' Meeting represents the supreme authority of the Bondholders in all matters relating to the Secured Bonds and has the power to make all decisions altering the Terms and Conditions.
- 6.14.1.2 A Bondholders' Meeting may be called for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of the Prospectus or the Trust Deed require the approval of a Bondholders' Meeting and to effect any change to the applicable Terms and Conditions, including any change to a material term of issuance of the Secured Bonds or the Prospectus.
- 6.14.1.3 Where the approval of the Bondholders is required for a particular matter, such resolution shall be passed at a Bondholders' Meeting. Resolutions passed at Bondholders' Meetings shall be binding upon all Bondholders and prevail for all the Secured Bonds.

6.14.2 Procedural Rules for Bondholders' Meetings

- 6.14.2.1 A Bondholders' Meeting shall be held at the written request of:
 - (i) the Issuer; or
 - (ii) the Security Trustee.
- 6.14.2.2 The Bondholders' Meeting shall be called by the Security Trustee. A request for a Bondholders' Meeting shall be made in writing to the Security Trustee and shall clearly state the matters to be discussed.
- 6.14.2.3 If the Security Trustee does not call the Bondholders' Meeting within 21 days from receipt of the said request, the requesting party may call the Bondholders' Meeting itself.

- 6.14.2.4 The Security Trustee shall, by not less than 14 days' notice in writing, call such meeting by giving all Bondholders listed in the register of Bondholders as at a date being not more than 30 days preceding the date scheduled for the meeting. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus or the terms of the Secured Bonds that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. If amendments to the Prospectus have been proposed, the main content of the proposal shall be contained in the notice.
- 6.14.2.5 A Bondholders' Meeting shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, at least two Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Secured Bonds then outstanding, shall constitute a quorum. If a quorum is not present within 30 minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Bondholders present at that meeting. The Issuer shall within two days from the date of the original meeting publish by way of a company announcement the date, time, and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven days, and not later than 15 days, following the original meeting. At an adjourned meeting: 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.
- 6.14.2.6 Once a quorum is declared present by the chairman of the meeting, the Bondholders' Meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time for Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.
- 6.14.2.7 The Bondholders' Meeting shall be held on the premises designated by the Security Trustee. The Bondholders' Meeting shall be chaired by the Security Trustee, unless otherwise decided by the Bondholders' Meeting.
- 6.14.2.8 Minutes of the Bondholders' Meeting shall be kept. The minutes shall state the numbers of Bondholders and Secured Bonds represented at the Bondholders' Meeting, the resolutions passed at the meeting and the result of the voting. The minutes shall be signed by the chairman of the meeting. The minutes shall be deposited with the Security Trustee.
- 6.14.2.9 The Bondholders and the Security Trustee have the right to attend the Bondholders' Meeting. The chairman may grant access to the meeting to other parties, unless the Bondholders' Meeting decides otherwise. A Bondholder may attend by a representative holding proxy.
- 6.14.2.10 The Security Trustee shall circulate proxy forms to Bondholders with the notice convening the Bondholders' Meeting.
- 6.14.2.11 Representatives of the Issuer have the right to attend the Bondholders' Meeting. The Bondholders' Meeting may resolve that the Issuer's representatives may not participate in particular matters. The Issuer has the right to be present when voting takes place.
- 6.14.2.12 The Trustee may provide for virtual or remote meetings of Bondholders, provided that any such meetings allow Bondholders to ask questions and to exercise their right to vote at such meetings.

6.14.3 Resolutions passed at Bondholders' Meetings

6.14.3.1 Unless otherwise specified in this Prospectus and, or the Trust Deed, the proposal placed before a Bondholders' Meeting shall only be considered approved if at least 60% in nominal value of the Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal, provided that in the event that the amendment or waiver in question may give rise to changes in:

- (a) the amount payable by a Guarantor under the Guarantee;
- (b) the term and, or frequency of such payments;
- (c) the Events of Default; and, or
- (d) any other term which may otherwise increase the exposure of a Guarantor to the enforcement of the Guarantee, then the Guarantor has the right to veto the decision by the Bondholders to amend or waive the Terms and Conditions.

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

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

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

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

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

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

6.15 AUTHORISATIONS AND APPROVALS

The Directors authorised the Bond Issue pursuant to a Board of Directors' resolution passed on 22 May 2023. The Guarantee being given by the Guarantors in respect of the Secured Bonds has been authorised by a resolution of the board of directors of: (i) Juel Hospitality dated 22 May 2023; (ii) Juel Holdings dated 22 May 2023 (iii) Muscat Holdings dated 22 May 2023; and (iv) Muscat Holdings II dated 22 May 2023.

6.16 NOTICES

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

6.17 GOVERNING LAW AND JURISDICTION

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

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

7 TAXATION

7.1 GENERAL

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

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

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

7.2 MALTA TAX ON INTEREST

Interest payable in respect of a Secured Bond which is the subject of a public issue 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**”). As a result, unless:

- i) 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
- ii) the Bondholder does not qualify as a “Recipient” in terms of article 41(c) of the Income Tax Act,

interest will be paid to such Bondholder net of a final withholding tax, currently at the rate of 15% (or 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.

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 an individual Bondholder qualifying as a “Recipient” 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 should be charged to further tax in respect of such income. Furthermore, such tax should not be available as a credit against the recipient’s tax liability or for a refund, as the case may be, for the relevant year of assessment in Malta. The Issuer will render an account to the Maltese Commissioner for Revenue of all 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.

Any such election made by a “Recipient” 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. Even 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”.

In terms of article 12(1)(c)(i) of the Income Tax Act, Bondholders who do not qualify as “Recipients” and who satisfy the applicable conditions set out in the Income Tax Act should be exempt from tax in Malta on the interest paid to them and will receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law. Such Bondholders should seek advice on the taxation of such income in Malta and on any foreign tax implications that may be applicable to them.

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 independent tax advisers 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.

Although the Issuer will attempt to satisfy any obligations imposed on it to avoid the imposition of the FATCA withholding tax, no assurance can be given that the Issuer will be able to satisfy these obligations. If the Issuer becomes subject to a withholding tax as a result of the FATCA regime, the Bondholders may suffer losses.

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 a Bondholder, no income tax or capital gains should be chargeable in Malta in respect of a transfer of the Secured Bonds. Such Bondholders should seek advice on any foreign tax implications that may be applicable to them.

7.5 DUTY ON DOCUMENTS AND TRANSFERS

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

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

THE ABOVE INFORMATION IS BASED ON TAX LAW AND PRACTICE APPLICABLE AS AT THE DATE OF THIS SECURITIES NOTE, 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	08:30 hours on 12 June 2023 to 14:00 hours on 27 June 2023
2. Commencement of interest on the Secured Bonds	27 June 2023
3. Expected date of announcement of basis of acceptance	27 June 2023
4. Refunds of unallocated monies (if any)	30 June 2023
5. Expected dispatch of allotment advices	30 June 2023
6. Expected date of admission of the Secured Bonds to listing	30 June 2023
7. Expected date of commencement of trading in the Secured Bonds	3 July 2023
8. Expected date of constitution of Collateral	not later than 21 July 2023

8.2 TERMS AND CONDITIONS OF THE SECURED BONDS

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

- 8.2.1** The issue and allotment of the Secured Bonds is conditional upon the Secured Bonds being admitted to the Official List. In the event that this condition is not satisfied within 15 Business Days from the closing of the Offer Period, any Application monies will be returned without interest by direct credit into the Applicant’s bank account.
- 8.2.2** During the Offer Period, the Issuer shall enter into subscription agreements with a number of Authorised Financial Intermediaries pursuant to which the Issuer shall bind itself to allocate a maximum amount of €22,256,700 in nominal value of Secured Bonds to the said Authorised Financial Intermediaries. As described in more detail under section 8.4 below, Authorised Financial Intermediaries (in the names of underlying clients) must provide details of Applicants representing the amount they have been allocated by completing a data file as provided by the Registrar by latest 27 June 2023, accompanied by full payment.
- 8.2.3** By submitting a form of Application to an Authorised Financial Intermediary, the Applicant is thereby confirming to the Issuer, the Registrar and the Authorised Financial Intermediary through whom the Application is made, as applicable, that the Applicant’s remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the Issuer acting through the respective Authorised Financial Intermediary, reserves the right to invalidate the relative form of Application. Furthermore, the Applicant will not be entitled to receive a registration advice or to be registered

in the register of Bondholders, unless the Applicant makes payment in cleared funds and such consideration is accepted by the respective Authorised Financial Intermediary, which acceptance shall be made in the Authorised Financial Intermediary's absolute discretion and may be on the basis that the Applicant indemnifies the Authorised Financial Intermediary against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant's remittance to be honoured on first presentation.

- 8.2.4** The contract created by the Issuer's acceptance of a data file submitted by an Authorised Financial Intermediary pursuant to the subscription agreements, shall be subject to all the terms and conditions set out in this Securities Note and the Memorandum and Articles of Association of the Issuer. 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.
- 8.2.5** If an Application is submitted on behalf of another person, whether legal or natural, the person submitting such Application shall be deemed to have duly bound such other person, whether legal or natural, on whose behalf the Application has been submitted. The person submitting such Application shall be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such representative may be requested to submit the relative power of attorney, or resolution or a copy thereof duly certified by a lawyer or notary public if so required by the respective Authorised Financial Intermediary, but it shall not be the duty or responsibility of the respective Authorised Financial Intermediary to ascertain that such representative is duly authorised to submit an Application. Furthermore, in cases where the decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "**decision maker**") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be made available.
- 8.2.6** 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 Bonds so held.
- 8.2.7** In the case of corporate Applicants or Applicants having separate legal personality, it shall not be incumbent on the Issuer or the Registrar to verify whether the person or persons purporting to bind such Applicant is, or are, in fact duly authorised. Applications by corporate Applicants have to include a valid legal entity identifier (LEI) which must be unexpired. Applications without such information or without a valid LEI will not be accepted.
- 8.2.8** Applications in the name and for the benefit of minors shall be allowed provided that the Applicant already holds an account with the MSE. Any Secured Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s subscribing for Secured Bonds on the minor's behalf, until such time as the minor attains the age of 18 years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of 18 years.
- 8.2.9** 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 Bonds so held and shall have the right to receive interest on the Secured Bonds and to vote at meetings of the Bondholders but shall not, during the continuance of the Secured Bonds, have the right to dispose of the Secured Bonds 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).
- 8.2.10** In the event that a cheque accompanying a form of Application is not honoured on its first presentation, the Authorised Financial Intermediary reserves the right to invalidate the form of Application.
- 8.2.11** For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations (Subsidiary Legislation 373.01 of the laws of Malta), as amended from time to time, 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.

- 8.2.12** It shall be incumbent on the respective Authorised Financial Intermediary to ascertain that all other applicable regulatory requirements relating to subscription of Secured Bonds by an Applicant are complied with, including without limitation the obligation to comply with all applicable requirements set out in Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No. 648/2012 (“MiFIR”), as well as applicable MFSA rules for investment services providers.
- 8.2.13** No person receiving a copy of the Prospectus or any form of Application in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such form of Application unless, in the relevant territory, such an invitation or offer could lawfully be made to such person, or such form of Application could lawfully be used without contravention of any registration or other legal requirements.
- 8.2.14** Subscription for Secured Bonds by persons resident in, or who are citizens of, or who are domiciled in, or who have a registered address in, a jurisdiction other than Malta, may be affected by the law of the relevant jurisdiction. Those persons should consult their professional advisers (including tax and legal advisers) as to whether they require any governmental or other consents, or need to observe any other formalities, to enable them to subscribe for the Secured Bonds. It is the responsibility of any person (including, without limitation, nominees, custodians, depositaries and trustees) outside Malta wishing to participate in the Bond Issue, to satisfy himself / herself / itself as to full observance of the applicable laws of any relevant jurisdiction, including, but not limited to, obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes (of any nature whatsoever) due in such territories. The Issuer shall not accept any responsibility for the non-compliance by any person of any applicable laws or regulations of foreign jurisdictions.
- 8.2.15** The Secured Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and accordingly may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.
- 8.2.16** The Secured Bonds will be issued in multiples of €100. The minimum subscription amount of Secured Bonds that can be subscribed for by an Applicant is €2,000.
- 8.2.17** Subject to all other terms and conditions set out in the Prospectus, the respective Authorised Financial Intermediary reserves the right to reject, in whole or in part, or to scale down, any Application, and to present any cheques and, or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the respective Authorised Financial Intermediary is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents.
- 8.2.18** On completing and delivering a form of Application, the Applicant:
- (i) accepts to be irrevocably contractually committed to acquire the number of Secured Bonds allocated to such Applicant at the Bond Issue Price and, to the fullest extent permitted by law, accepts to be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment, such irrevocable offer to purchase, and pay the consideration for, the number of Secured Bonds applied for by the Applicant (or any smaller amount of Secured Bonds for which the Application is accepted) at the Bond Issue Price (as applicable) being made subject to the provisions of the Prospectus, the form of Application and the Memorandum and Articles of Association of the Issuer;
 - (ii) agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Secured Bonds contained therein;
 - (iii) warrants that the information submitted by the Applicant in the form of Application is true and correct in all respects. All forms of Application need to include a valid MSE account number in the name of the Applicant/s. Failure to include an MSE account number will result in the Application being cancelled by the Issuer (acting through the Registrar) and subscription monies will be returned to the Applicant in accordance with section 8.2.1 above. In the event of a discrepancy between the personal details (including name and surname and the Applicant’s address) appearing on the form of Application and those held by the MSE in relation to the MSE account number indicated on the form of Application, the details held by the MSE shall be deemed to be the correct details of the Applicant;
 - (iv) acknowledges the processing of any personal data for the purposes specified in the privacy notice published by the Issuer, which is available on the Issuer’s website at www.juel.mt. The Applicant hereby acknowledges that the processing of personal data may validly take place, even without the Applicant’s consent, in the circumstances set out in the GDPR and the Data Protection Act and any applicable subsidiary legislation, as may be amended from time to time. The Applicant hereby confirms that he / she / it has been provided with and read the privacy notice;
 - (v) authorises the Issuer (or its service providers, including the CSD and, or the Sponsor and, or the Manager & Registrar) and, or the relevant Authorised Financial Intermediary, as applicable, to process the personal data provided by the Applicant for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act and the GDPR. The Applicant has the right to request access to and rectification of the personal data relating to him/her in relation to the Bond Issue. Any such requests must be made in writing and sent to the Issuer and sent to the CSD at the Malta Stock Exchange. The requests must be signed by the Applicant to whom the personal data relates;

- (vi) confirms that in making such Application, no reliance was placed on any information or representation in relation to the Issuer or the issue of the Secured Bonds other than what is contained in the Prospectus and accordingly agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
- (vii) agrees that any refund of unallocated Application monies, without interest, will be paid by direct credit, at the Applicant's own risk, to the bank account as indicated by the Applicant in the form of Application. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith;
- (viii) warrants that the remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured: (i) the Applicant will not be entitled to receive a registration advice or to be registered in respect of such Secured Bonds, unless and until a payment is made in cleared funds for such Secured Bonds and such payment is accepted by the respective Authorised Financial Intermediary (which acceptance shall be made in its absolute discretion and may be on the basis that the Authorised Financial Intermediary is indemnified for all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of the Applicant's remittance to be honoured on first presentation at any time prior to unconditional acceptance by the Issuer acting through the Registrar of such late payment in respect of the Secured Bonds); or (ii) the Issuer may, without prejudice to other rights, treat the agreement to allocate such Secured Bonds as void and may allocate such Secured Bonds to another person, in which case the Applicant will not be entitled to a refund or payment in respect of such Secured Bonds (other than return of such late payment);
- (ix) agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
- (x) warrants, in connection with the subscription of the Secured Bonds, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with the subscription of Secured Bonds in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Sponsor or the Manager & Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Secured Bonds;
- (xi) agrees to provide the Registrar and, or the Issuer, as the case may be, with any information which may be requested in connection with the Application;
- (xii) warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- (xiii) agrees that all Applications, forms of Application, acceptances of Applications and contracts resulting therefrom will be governed, and construed, in accordance with Maltese law, and to submit to the jurisdiction of the Maltese courts, and agrees that nothing shall limit the right of the Issuer to bring any action, suit or proceedings arising out of or in connection with any such Applications, forms of Application, acceptance of Applications and contracts resulting therefrom in any manner permitted by law in any court of competent jurisdiction;
- (xiv) represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the "United States") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- (xv) agrees that the Advisers to the Bond Issue (listed in section 4.5 of the Registration Document) will owe the Applicant no duties or responsibilities concerning the Secured Bonds or the suitability of the Applicant;
- (xvi) warrants that, where an Applicant submits a form of Application on behalf of another person or on behalf of a corporation or corporate entity or association of persons, the Applicant is duly authorised to do so and such person, corporation, corporate entity, or association of persons will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in the Terms and Conditions and accordingly will be deemed also to have given the confirmations, warranties and undertakings contained in the Terms and Conditions and undertake to submit your power of attorney or a copy thereto duly certified by a lawyer or notary public if so required by the Issuer or the Registrar;
- (xvii) agrees that all documents in connection with the issue of the Secured Bonds will be sent at the Applicant's own risk and may be sent by post at the address (or, in the case of joint Applicants, the address of the first named Applicant) as designated in the respective MSE account quoted by the Applicant; and
- (xviii) renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Secured Bonds.

8.2.19 All forms of Application are to be lodged with an Authorised Financial Intermediary.

8.3 PLAN OF DISTRIBUTION AND ALLOTMENT

The Secured Bonds shall be made available for subscription to all categories of investors as follows:

- (i) an amount of €9,743,300 in nominal value of the Secured Bonds has been reserved for MZI, which has entered into a placement agreement with the Issuer; and
- (ii) the remaining balance of €22,256,700 in nominal value of Secured Bonds are open for subscription by Authorised Financial Intermediaries (either for their own account or for the account of their underlying customers) pursuant to the Intermediaries' Offer.

During the Offer Period, Authorised Financial Intermediaries shall subscribe to Secured Bonds pursuant to conditional subscription agreements entered into by the Issuer, the Guarantors, and the Authorised Financial Intermediaries. The total maximum aggregate amount in nominal value of Secured Bonds which may be subject to the subscription agreements shall be €22,256,700.

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

Applications may be made through any of the Authorised Financial Intermediaries. It is expected that an allotment advice will be dispatched to Applicants within five Business Days of the announcement of the allocation policy. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta), and regulations made thereunder. Such monies shall not bear interest while retained as aforesaid.

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

8.4 INTERMEDIARIES' OFFER

Pursuant to the Intermediaries' Offer, the Issuer shall enter into subscription agreements with Authorised Financial Intermediaries whereby the Issuer shall bind itself to allocate a total amount of up to €22,256,700 in nominal value of Secured Bonds to such Authorised Financial Intermediaries, which in turn shall bind themselves to subscribe to, for their own account or for the account of their underlying clients, a specified number of Secured Bonds, subject to the Secured Bonds being admitted to trading on the Official List.

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

- (i) distribute to the underlying customers any portion of the Secured Bonds subscribed for upon commencement of trading; or
- (ii) complete a data file representing the amount their underlying clients have been allocated in terms of the respective subscription agreement as provided by the Registrar by latest 16:00 hours on 27 June 2023.

Authorised Financial Intermediaries must effect payment to the Issuer for the Secured Bonds subscribed to by not later than 16:00 hours on 27 June 2023.

8.5 PRICING

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

8.6 ALLOCATION POLICY

The Issuer has reserved the full amount of the Secured Bonds as follows:

- (i) an amount of €9,743,300 in nominal value of the Secured Bonds has been reserved for MZI which has entered into a placement agreement with the Issuer; and
- (ii) the remaining balance of €22,256,700 in nominal value of Secured Bonds are open for subscription by Authorised Financial Intermediaries (either for their own account or for the account of their underlying customers) pursuant to the Intermediaries' Offer;

The Issuer has established a minimum aggregate subscription amount of 21 million on which the Bond Issue is conditional. In the event that the Bond Issue is not fully taken up, but the said minimum is satisfied or exceeded the Issuer shall issue Secured Bonds up to the amount subscribed for.

The Issuer shall announce the result of the Bond Issue through a company announcement by not later than 27 June 2023.

8.7 ADMISSION TO TRADING

Application has been made to the Malta Financial Services Authority to authorise the Secured Bonds as admissible to listing pursuant to the Capital Markets Rules.

Application has been made to the Malta Stock Exchange for the Secured Bonds 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 June 2023 and trading is expected to commence on 3 July 2023.

8.8 ADDITIONAL INFORMATION

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

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

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

The business address of the Sponsor is at 67, Flat 3, South Street, Valletta, Malta.

ANNEX I – THE GUARANTEE

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

6 June 2023

Dear Sirs,

Re: GUARANTEE & INDEMNITY

1. Juel Holdings Limited, a company registered and existing under the laws of Malta bearing company registration number C 92861 and having its registered office at Avian Hill, Triq I-Ispanjulett C/W Triq il-Gallina, Kappara, San Gwann, Malta (hereinafter together with its lawful successors and assigns, referred to as “**Juel Holdings**”);
2. Juel Hospitality Limited, a company registered and existing under the laws of Malta bearing company registration number C 100482 and having its registered office at Avian Hill, Triq I-Ispanjulett C/W Triq il-Gallina, Kappara, San Gwann, Malta (hereinafter together with its lawful successors and assigns, referred to as “**Juel Hospitality**”);
3. Muscat Holdings Limited, a company registered and existing under the laws of Malta bearing company registration number C 77653 and having its registered office at Avian Hill, Triq I-Ispanjulett C/W Triq il-Gallina, Kappara, San Gwann, Malta (hereinafter together with its lawful successors and assigns, referred to as “**Muscat Holdings**”);
4. Muscat Holdings (II) Limited, a company registered and existing under the laws of Malta bearing company registration number C 89275 and having its registered office at Avian Hill, Triq I-Ispanjulett C/W Triq il-Gallina, Kappara, San Gwann, Malta (hereinafter together with its lawful successors and assigns, referred to as “**Muscat Holdings II**”),

(Each a “**Guarantor**” and together, collectively, the “**Guarantors**”).

The Guarantors, having noted that:

- A. by virtue of a prospectus dated 6 June 2023 issued by Juel Group p.l.c., a public limited liability company registered and existing under the laws of Malta, bearing company registration number C 101395 (hereinafter, the “**Issuer**”) in connection with the issue of up to €32 million secured bonds (as the same may be amended, varied or supplemented, hereinafter referred to as the “**Prospectus**”) the Issuer shall, under the joint and several guarantee of the Guarantors (as defined hereunder), issue up to €32 million secured bonds at an annual interest rate of 5.5% to be redeemed and finally repaid on 27 June 2035 (hereinafter, referred to as the “**Secured Bonds**”), on which the Issuer shall be entitled to prepay all or part of the principal amount of the Secured Bonds and all interest accrued up to the date of prepayment, subject to the terms and conditions of the Prospectus;
- B. Each 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 Guarantors execute and grant 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 Guarantors have agreed to the conclusion and execution of this Guarantee in favour of the Security Trustee.

NOW, THEREFORE, THE GUARANTORS ARE 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 Guarantors, as duly authorised, without proof of liability or evidence and as primary obligor, hereby jointly and severally with the Issuer, unconditionally and irrevocably guarantee to the Security Trustee, for the benefit of the Security Trustee and the Bondholders the payment of, and undertakes on first demand in writing made by the Security Trustee on a 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 Guarantors

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 a Guarantor to the Security Trustee under this Guarantee shall be up to and shall not be in excess of €32,000,000 (thirty-two million Euro) apart from interest 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 Guarantors which shall be additional to the maximum sum herein stated.

2.3 Indemnity

As a separate and independent stipulation, each 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 each 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, each Guarantor shall be liable towards the Security Trustee as if that obligation were fully valid and enforceable and as if the respective 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 Guarantors under this Guarantee shall be continuing until such time as the Indebtedness is fully repaid and shall in no way be prejudiced or effected, nor shall it in any way be discharged or reduced by reason of:

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

4. WAIVER OF THE GUARANTORS' RIGHTS AND THE GUARANTORS' WARRANTIES

4.1 Until the Indebtedness has been paid in full each 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 respective Guarantor either from the Issuer or from any other person liable for the Indebtedness or demand any collateral in respect of same or dispose of same;
- (c) take any step to enforce any right against the Issuer or any other person liable for the Indebtedness; and
- (d) claim any set-off or counter-claim against the Issuer or any other person liable for the Indebtedness nor shall the respective 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, each 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 respective 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 respective Guarantor in competition with the Security Trustee and pursuant to the above, the Security Trustee is entitled to hold all payments made by a Guarantor or the Issuer on account of the Indebtedness in suspense for a period of six 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 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 months prior to the liquidation of the Issuer; and
- (d) the Security Trustee shall not be required to exhaust any remedy or remedies it may have against the Issuer or other persons who may be liable for the Indebtedness for the settlement of all the Indebtedness before claiming against a 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 a Guarantor under this Guarantee. Each Guarantor hereby waives any benefit of discussion or division which may be available under any applicable law.

5. SETTLEMENTS CONDITIONAL

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

6. ADDITIONAL GUARANTEE.

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

7. BENEFIT OF THIS GUARANTEE AND NO ASSIGNMENT.

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

7.2 The Guarantors shall not be entitled to assign or transfer any of their obligations under the Guarantee.

8. REPRESENTATIONS AND WARRANTIES.

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

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

9. DEMANDS AND PAYMENTS

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

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

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

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

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

10. NOTICES

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

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

The Guarantors

Juel Holdings

Address: Avian Hill, Triq I-Ispanjulett C/W Triq il-Gallina, Kappara, San Gwann, Malta
Tel. No.: (+356) 27391085
Fax No: N/A
Contact Person: Edward Camilleri Bonici

Juel Hospitality

Address: Avian Hill, Triq I-Ispanjulett C/W Triq il-Gallina, Kappara, San Gwann, Malta
Tel. No.: (+356) 27391085
Fax No: N/A
Contact Person: Edward Camilleri Bonici

Muscat Holdings

Address: Avian Hill, Triq I-Ispanjulett C/W Triq il-Gallina, Kappara, San Gwann, Malta
Tel. No.: (+356) 27391085
Fax No: N/A
Contact Person: Edward Camilleri Bonici

Muscat Holdings II

Address: Avian Hill, Triq I-Ispanjulett C/W Triq il-Gallina, Kappara, San Gwann, Malta
Tel. No.: (+356) 27391085
Fax No: N/A
Contact Person: Edward Camilleri Bonici

Equinox International Limited

Address: Level 3, Valletta Buildings, South Street, Valletta VLT 1103, Malta
Tel. No.: (+356) 21238989
Fax No: (+356) 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.

11. AMENDMENTS

Each Guarantor has the power to veto any changes to the terms and conditions of the Secured Bonds which are issued with the benefit of its Guarantee.

12. APPLICABLE LAW AND JURISDICTION

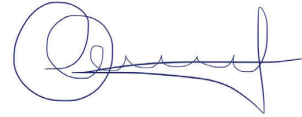
This Guarantee shall be governed by and construed in accordance with Maltese law.

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

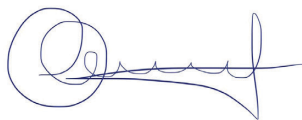
Signature Page



Name: Adrian Muscat
duly authorised, for and on behalf of
Juel Hospitality Limited



Name: Adrian Muscat
duly authorised, for and on behalf of
Juel Holdings Limited



Name: Adrian Muscat
duly authorised, for and on behalf of
Muscat Holdings Limited



Name: Adrian Muscat
duly authorised, for and on behalf of
Muscat Holdings (II) Limited

WE ACCEPT



Name: Louis de Gabriele
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	2560 3000
Bank of Valletta p.l.c.	Premium Banking Centre, 475, Triq il-Kbira San Guzepp, St Venera SVR 1011	2275 1732
Calamatta Cuschieri Investment Services Ltd	Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034	2568 8688
CiliaFormosa Financial Advisors Ltd	Triq id-Delu, Mosta MST 3355	2226 0200
Jesmond Mizzi Financial Advisors Ltd	67 Level 3, South Street, Valletta VLT 1105	2122 4410
Medirect Bank (Malta) plc	The Centre, Tigne` Point, Sliema TPO 0001	2557 4400
Michael Grech Financial Investment Services Ltd	The Brokerage, Level 0 A, St Marta Street, Victoria, Gozo VCT 2551	2258 7000
MZ Investment Services Ltd	61, St Rita Street, Rabat RBT 1523	2145 3739
Timberland Invest Ltd	Aragon House Business Centre, Dragonara Road, St Julians STJ 3140	20908100

**FINANCIAL
ANALYSIS
SUMMARY**

6 JUNE 2023

ISSUER

JUEL GROUP P.L.C.
(C 101395)

REGISTERED ADDRESS

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The Directors
Juel Group p.l.c.
Avian Hill
Triq L-Ispanjulett c/w Triq il-Galina
Kappara, San Gwann, Malta

6 June 2023

Dear Directors,

Financial Analysis Summary

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

The purpose of the financial analysis is that of summarising key financial data appertaining to Juel Group p.l.c. (the “**Issuer**” or the “**Company**”), and Muscat Holdings Ltd, Muscat Holdings (II) Ltd, Juel Holdings Ltd and Juel Hospitality Ltd being the guarantors in relation to the issue of 5.50% secured bonds 2035 (ISIN: MT0002741206) (the “**Guarantors**” together with the Issuer, the “**Group**”). The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data for the years ended 31 December 2020, 31 December 2021 and 31 December 2022 has been extracted from the audited financial statements of Muscat Holdings Ltd, Muscat Holdings (II) Ltd and Juel Holdings Ltd.
- (b) Historical financial data for the year ended 31 December 2022 has been extracted from the audited financial statements of the Issuer and Juel Hospitality Ltd.
- (c) Pro forma consolidated statement of financial position of the Issuer as at 31 December 2022.
- (d) The projected consolidated financial data relating to the Issuer for the years ending 31 December 2023, 31 December 2024 and 31 December 2025 have been provided by management.
- (e) Our commentary on the results of the Group and on its financial position is based on the explanations provided by management.
- (f) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 4 of the Analysis.
- (g) Relevant financial data in respect of the companies included in Part 3 has been extracted from public sources such as the websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

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

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Mizzi', written over the text 'Yours faithfully,'.

Jesmond Mizzi
Managing Director

www.jesmondmizzi.com

Jesmond Mizzi Financial Advisors Ltd. is licensed to conduct Investment Services Business by the Malta Financial Services Authority.
A Member Firm of the Malta Stock Exchange.
Company Registration Number: C30176

A member of the Atlas Group

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DEFINITIONS

ACMUS Group Ltd	ACMUS Group Limited (C 104599);
Franchise Agreement	the franchise agreements between the Franchisor and Juel Hospitality as franchisee;
Franchisor	Hyatt International (Europe Africa Middle East) LLC a limited liability company, organised and existing under the laws of Switzerland with company registration number CHE-106.692.572 and having its registered address at The Circle 09, 8058, Zürich-Airport, Switzerland;
Issuer	Juel Group p.l.c., a public limited liability company duly registered and validly existing under the laws of Malta, bearing company registration number C 101395, and having its registered address at Avian Hill, Triq I-Ispanjulett c/w Triq il-Gallina, Kappara, San Gwann, Malta;
GAP Group	GAP Group p.l.c. and its Subsidiaries;
GAP Group Investments II Limited	GAP Group Investments (II) Limited, a private limited liability company duly registered and validly existing under the laws of Malta, bearing company registration number C 75856 and having its registered office at GAP Holdings, Head Office, Censu Scerri Street, Tigne, Sliema, SLM, 3060;
GAP Group p.l.c.	GAP Group p.l.c., a public limited liability company duly registered and validly existing under the laws of Malta, bearing company registration number C 75875 and having its registered office at GAP Holdings, Head Office, Censu Scerri Street, Tigne, Sliema, SLM, 3060;
Group	the Issuer and its Subsidiaries - Juel Holdings, Juel Hospitality, Muscat Holdings and Muscat Holdings II;
Guarantors	each of Juel Holdings, Juel Hospitality, Muscat Holdings and Muscat Holdings II;
Hotel	the four-star hotel to be developed on two adjacent sites (the "Rocheville Site" and "San Souci Site" respectively) in the area known as "St George's" in Triq Santu Wistin, Swieqi, Malta, measuring approximately 996m ² , and to be operated under the brand name "HYATT CENTRIC MALTA";
Juel Holdings	Juel Holdings Ltd (C 92861);
Juel Hospitality	Juel Hospitality Limited (C 100482);
Muscat Holdings	Muscat Holdings Limited (C 77653);
Muscat Holdings II	Muscat Holdings (II) Limited (C 89275);
MZI	M.Z. Investment Services Ltd (C 23936);
Subsidiary	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.

PART 1 – INFORMATION ABOUT THE GROUP

1. KEY ACTIVITIES

1.1 INTRODUCTION

The Issuer was incorporated on 24 January 2022 and is the holding and finance company of the Group. It acquired the entire issued share capital of Juel Hospitality, Juel Holdings, Muscat Holdings and Muscat Holdings II on 22 December 2022, through a share for share exchange process which enabled the Group's majority shareholder, Adrian Muscat, to consolidate the operations of the Guarantors through a holding structure. On 14 April 2023, the Issuer acquired 33.3% of the Ordinary A shares (carrying voting rights and the right to receive dividends) of GAP Group Investments II Ltd, which is the 99.99% shareholder of the GAP Group, a group of companies which operates in the industry of property development. GAP Group p.l.c., the parent company of the GAP Group, has debt instruments admitted to listing on the Official List of the Malta Stock Exchange.

In February 2023, ACMUS Group Ltd was incorporated as a joint venture with The Ona Property Development Ltd (C 82490), a subsidiary company of The Ona p.l.c. (C 101370). The Ona p.l.c. has a bond issue listed on the official list of the Malta Stock Exchange and the majority shareholder thereof is Cliona Muscat, the sister of Adrian Muscat. ACMUS Group Ltd will serve as a property development vehicle for joint projects between the Group and The Ona p.l.c. Group.

The principal business objectives of the Group are to: (i) hold investment property for rental; (ii) acquire new sites for residential properties for resale; (iii) develop and construct properties acquired; and (iv) operate and manage the Hotel. The Issuer does not carry out any trading activities of its own and its revenue is limited to the dividends it receives from its subsidiaries and associate companies, and interest receivable due under intra-group loan agreements.

As at the date of this report, the Issuer has entered into the following loan agreements with Juel Hospitality:

- (i) a conditional loan agreement with Juel Hospitality pursuant to which it shall advance the net bond proceeds of the Bond Issue (amounting to approximately €13.61 million) to Juel Hospitality for the purposes of partly financing the development, construction and finishing costs of the Hotel;
- (ii) a loan agreement with Juel Hospitality pursuant to which it advanced all the funds it received under a bond advance facility (amounting to approximately €9.27 million) to Juel Hospitality for the purposes of acquiring the Rocheville Site. The said bond advance facility will be repaid through the allotment of Bonds to MZI or such persons as it may direct. As security for the bond advance facility granted by MZI, Equinox International Limited, in its capacity as security trustee, holds a special hypothec and special privilege over the Rocheville Site for the benefit of MZI; and
- (iii) a loan agreement with Juel Hospitality pursuant to which it advanced €8 million in funds it received in terms of a bank loan granted by Bank of Valletta p.l.c. for the purposes of acquiring the San Souci Site.

The Issuer may, from time-to-time advance funds to its Subsidiaries for their operating requirements, as the case so requires. In view of the principal activity of the Issuer as the holding and finance company of the Group, it is economically dependent on the operational results, the financial position, and the financial performance of its Subsidiaries and associate companies.

2. DIRECTORS AND SENIOR MANAGEMENT

2.1 DIRECTORS OF THE ISSUER

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

Adrian Muscat	Executive Director
George Muscat	Non-Executive Director
Mario Camilleri	Independent Non-Executive Director
Robert C. Aquilina	Independent Non-Executive Director
Dennis Gravina	Independent Non-Executive Director

2.2 DIRECTORS OF THE GUARANTORS

Juel Holdings

Adrian Muscat	Director
George Muscat	Director

Juel Hospitality

Adrian Muscat	Director
Mario Camilleri	Director

Muscat Holdings

Adrian Muscat	Director
George Muscat	Director

Muscat Holdings II

Adrian Muscat	Director
George Muscat	Director

2.3 SENIOR MANAGEMENT

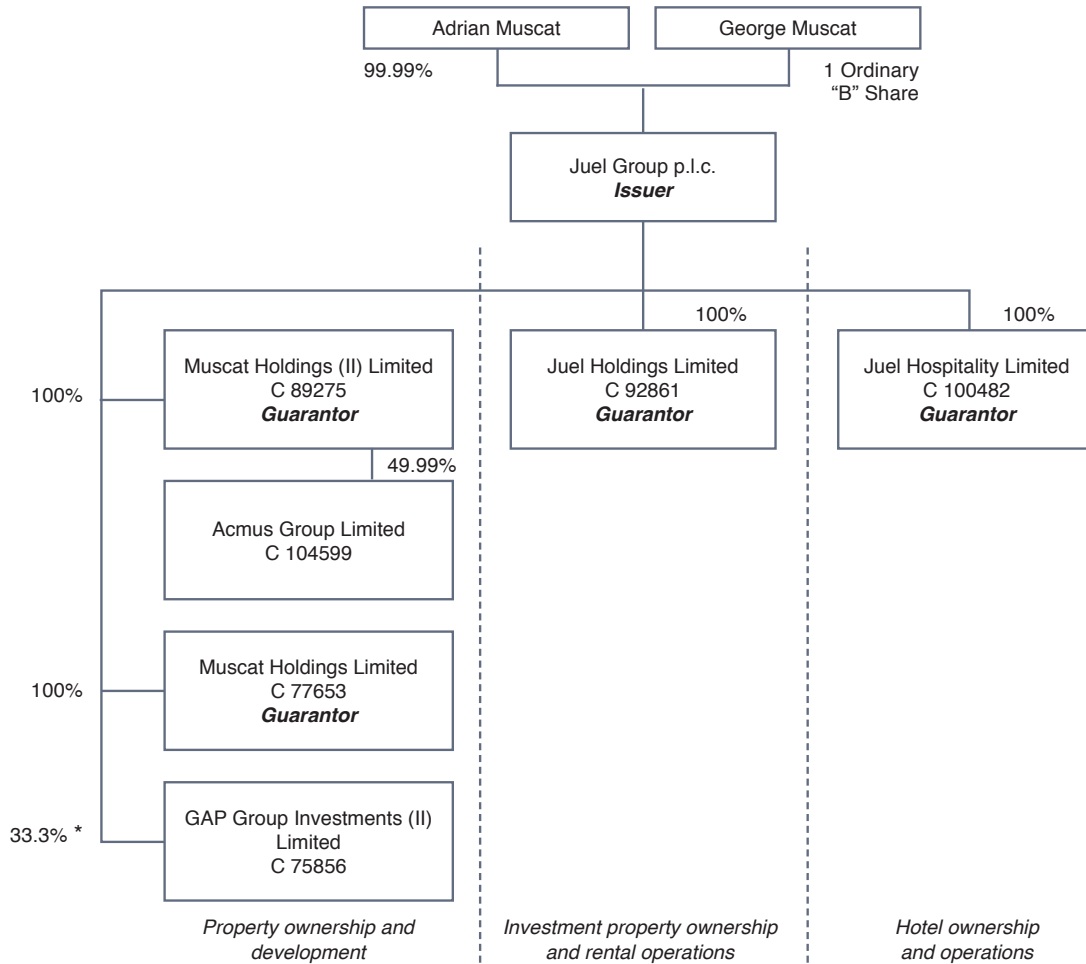
Adrian Muscat is the sole Executive Director of the Issuer entrusted with the day-to-day management of the Group. Mr Muscat is also a director or officer of other companies forming part of the Group. The Executive Director is supported in this role by several consultants and key management, and benefits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

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

Once the Hotel is open to the public, the Hotel shall be operated by Juel Hospitality through an internal management team. For this purpose, Juel Hospitality shall employ skilled and experienced personnel with the necessary qualifications to perform their respective functions and responsibilities. Whilst the operation of the Hotel necessitates the employment of a variety of persons in different roles, the Hotel shall adopt a management structure which allows for the integration of personnel, in a manner that maximises efficiency.

The management of the Hotel shall be led by a core management team headed by a general manager approved by the Franchisor. Given that the construction and finishing works of the Hotel shall not be completed before the latter part of 2024, Juel Hospitality has not yet employed a general manager as well as other members of its core management team. Certain staff members and key personnel of the Hotel may be required to attend brand training programmes.

3. ORGANISATIONAL STRUCTURE



The organisational structure of the Group is depicted above. The Issuer is owned by Mr Adrian Muscat (ID: 166682M) as to 99.99%, whilst one share is held by Mr George Muscat (ID: 312355M). The Issuer also holds 33.3% of the Ordinary A shares (carrying voting rights and the right to receive dividends) of GAP Group Investments II Ltd.

3.1 GUARANTORS

3.1.1 JUEL HOSPITALITY

Juel Hospitality was incorporated on 18 October 2021 with the purpose of managing the Hotel under the “HYATT CENTRIC” brand as further described hereunder.

The Hotel Site, which consists of two adjacent sites known as the Rocheville Site and San Souci Site situated in Swieqi, Malta and measuring in aggregate 996 square metres, was acquired in September 2022 for an aggregate consideration of circa €18.5 million.

The Hotel is in the process of being constructed and developed over the above-mentioned Hotel Site. Once developed and finished, the Hotel shall be licensed as a Class 3B hotel and will form part of the “HYATT CENTRIC” brand of hotels. The Hotel shall feature 187 hotel rooms of which 27 rooms are interconnected spread over nine floors, a spa, pool facilities (indoor and outdoor), a restaurant and lounge.

The demolition of the villas constructed over the Hotel Site and excavation works were completed in Q1 2023 and construction works commenced in Q2 2023. The construction, finishing and furnishing of the Hotel is expected to be completed by Q3 2024, following which the Hotel would (subject to and in accordance with the terms of the Franchise Agreements) open its doors to the public. The costs for the overall construction and finishing expenditure of the Hotel are expected to be in the region of €24,310,000, as detailed below:

Type of work	Projected cost
Demolition and excavation works	€0.31 million
Construction	€4.10 million
Finishing and furnishing	€16.00 million
Financial, commission, ancillary cost	€3.90 million

Juel Hospitality has engaged local construction companies to carry out the development works and shall engage several service providers for the purpose of finishing and furnishing the Hotel. The development, finishing and furnishing costs of the Hotel shall be financed through a mix of net bond proceeds of the Bond Issue, a loan of €2 million granted by the Franchisor to the Franchisee and bank financing.

Juel Hospitality was granted the non-exclusive right and obligation to use the Hyatt Centric brand, proprietary marks, and systems for the operation of the Hotel under the trade name “Hyatt Centric Malta” and associated proprietary marks. The Hyatt Centric brand forms part of the “Hyatt” collection of hotel brands. Whilst the Hotel shall not be the first “Hyatt” branded hotel in Malta, the Hotel shall be the first hotel in Malta to operate under the “HYATT CENTRIC” brand.

Once the Hotel is open to the public, the Hotel shall be operated by Juel Hospitality through an internal management team. For this purpose, Juel Hospitality shall employ skilled and experienced personnel with the necessary qualifications to perform their respective functions and responsibilities. Whilst the operation of the Hotel necessitates the employment of a variety of persons in different roles, the Hotel shall adopt a management structure which allows for the integration of personnel, in a manner which maximises efficiency.

The management of the Hotel shall be led by a core management team headed by a general manager approved by the Franchisor. Given that the construction and finishing works of the Hotel shall not be completed before Q3 2024, Juel Hospitality has not yet employed a general manager as well as other members of its core management team.

The Hotel is expected to generate gross operating profit per available room (GOPAR) of €22,000 as from financial year 2027.

Juel Hospitality was incorporated on 18 October 2021 and as such, its first set of audited financial statements relates to the period from 18 October 2021 to 31 December 2022. An extract thereof is provided below:

Juel Hospitality Limited	
Financial Information	
for the year ended 31 December	2022
	Audited
	15 months
	(€'000)
Revenue	-
Loss for the year	(8)
Cash balance as at year end	277
Property, plant and equipment	20,883
Equity	12
Other financial liabilities	21,016

During the financial year under review, Juel Hospitality was principally involved in the acquisition of the Hotel Site and development thereon. As at 31 December 2022, the carrying value of the Hotel amounted to €20.9 million (accounted for as property, plant and equipment). Other financial liabilities amounted to €21.0 million and principally included amounts due to Group companies.

3.1.2 JUEL HOLDINGS

Juel Holdings was incorporated on 8 August 2019 and operates in the property development and property rental sectors. Historical financial information for the years ended 31 December 2020, 2021 and 2022 pertaining to Juel Holdings has been extracted from the respective audited financial statements.

Juel Holdings Limited			
Income Statement			
for the year ended 31 December			
	2020	2021	2022
	Audited	Audited	Audited
	17 months		
	(€'000)	(€'000)	(€'000)
Revenue	673	489	686
Cost of sales	(466)	(210)	(387)
Gross profit	207	279	299
Administrative expenses	(121)	(148)	(242)
Depreciation	(4)	(31)	(34)
Operating profit	82	100	23
Gain on revaluation of investment property	-	1,952	-
Interest payable	-	-	(2)
Profit before taxation	82	2,052	21
Taxation	(2)	(270)	(1)
Profit for the year	80	1,782	20

Juel Holdings Limited			
Cash Flow Statement			
for the year ended 31 December			
	2020	2021	2022
	Audited	Audited	Audited
	17 months		
	(€'000)	(€'000)	(€'000)
Net cash from / (used in) operating activities	49	217	(190)
Net cash from / (used in) investing activities	(1,293)	(41)	(15)
Net cash from / (used in) financing activities	1,525	(131)	54
Net movement in cash and cash equivalents	281	45	(151)
Cash and cash equivalents at beginning of year	-	281	326
Cash and cash equivalents at end of year	281	326	175

Juel Holdings Limited
Statement of Financial Position
as at 31 December

	2020	2021	2022
	Audited	Audited	Audited
	(€'000)	(€'000)	(€'000)
Non-current assets			
Property, plant and equipment	1,289	251	232
Investment property	-	3,000	3,000
Deferred income tax	26	-	2
	<u>1,315</u>	<u>3,251</u>	<u>3,234</u>
Current assets			
Inventory - development project	177	130	79
Trade and other receivables	114	816	1,008
Cash and cash equivalents	281	326	175
	<u>572</u>	<u>1,272</u>	<u>1,262</u>
Total assets	<u>1,887</u>	<u>4,523</u>	<u>4,496</u>
EQUITY			
Capital and reserves			
Called up share capital	1	1	1
Retained earnings	80	1,862	1,882
	<u>81</u>	<u>1,863</u>	<u>1,883</u>
LIABILITIES			
Non-current liabilities			
Deferred tax	-	240	240
	<u>-</u>	<u>240</u>	<u>240</u>
Current liabilities			
Trade and other payables	282	245	178
Other financial liabilities	1,524	2,175	2,195
	<u>1,806</u>	<u>2,420</u>	<u>2,373</u>
	<u>1,806</u>	<u>2,660</u>	<u>2,613</u>
Total equity and liabilities	<u>1,887</u>	<u>4,523</u>	<u>4,496</u>

Juel Holdings initiated operations in January 2020 through the acquisition of a site located on Triq I-Ahwa Vassallo in Luqa, Malta, with a superficial area of approximately 292 square metres over which it subsequently developed the Luqa Development. A portion of the site in Luqa was acquired jointly with Katari Developments Limited (C 89550). The construction and development of the Luqa Development commenced in March 2020 and was completed in Q1 2021.

The Luqa Development consists of two blocks of apartments. The first block of apartments was developed over the part of the site in Luqa which was jointly acquired with Katari Developments Limited (C 89550). The first block within the Luqa Development consists of 9 residential units and 10 garages / car spaces. Other than one apartment, all the residential units and garages / car spaces forming part of this block have since been sold.

The second block within the Luqa Development is owned by Juel Holdings and consists of 10 residential units and 10 underlying garages. Juel Holdings leases the second block of apartments (with the exception of a small number of garages) to a third party.

Apart from the above-mentioned 10 units within the Luqa Development, Juel Holdings leases to third parties, on a short-term and long-term basis, another 24 residential units: 14 residential units within the Birkirkara Development (owned by Muscat Holdings) and 10 units within the Kappara Development (owned by Muscat Holdings).

The short-let segment of the Group is operated under the brand “StayMela”. The residential units available for rent under the “StayMela” brand are primarily targeted at tourists visiting Malta on a short-term basis which seek a more affordable alternative to hotels. Since the commencement of its operations in 2020, the short-let operation of the Group under the “StayMela” brand has had an average of 68% occupancy of the units leased on a short-term basis in the year 2020, 74% occupancy in the year 2021 and 83% occupancy in the year 2022. The Group attributes the success of its operations under the “StayMela” brand to its pricing strategy, high quality services and the comfort and convenience of the residential units.

Revenue generated by Juel Holdings over the three-year period under review amounted to €1.8 million and operating profit, in aggregate, amounted to €205,000. In FY2021, the fair value of the 10 residential units at the Luqa Development was increased by €1.95 million. Overall, Juel Holdings reported profits for the three-year period of €1.9 million.

Total assets in the Statement of Financial Position as at 31 December 2022 amounted to €4.5 million and principally comprised investment property amounting to €3.0 million (being 10 units at the Luqa Development) and trade and other receivables of €1.0 million (mainly consisting of amounts due from shareholder and related parties).

Total equity as at 31 December 2022 amounted to €1.9 million while total liabilities amounted to €2.6 million. The latter amount primarily reflects amounts due to related parties.

3.1.3 MUSCAT HOLDINGS

Muscat Holdings was established on 14 October 2016 and operates in the property development and property rental sectors. Historical financial information for the years ended 31 December 2020, 2021 and 2022 pertaining to Muscat Holdings has been extracted from the respective audited financial statements.

Muscat Holdings Limited			
Income Statement			
for the year ended 31 December			
	2020	2021	2022
	Audited	Audited	Audited
	(€'000)	(€'000)	(€'000)
Revenue	3,021	1,070	-
Cost of sales	(1,895)	(584)	-
Gross profit	1,126	486	-
Administrative expenses	(67)	(86)	(24)
Depreciation	(2)	(2)	(2)
Rental income	35	95	145
Operating profit	1,092	493	119
Gain on revaluation of investment property	-	3,887	-
Interest payable	(113)	(43)	(63)
Profit before taxation	979	4,337	56
Taxation	(161)	(683)	(18)
Profit for the year	818	3,654	38

Muscat Holdings Limited

Cash Flow Statement

for the year ended 31 December

	2020	2021	2022
	Audited	Audited	Audited
	(€'000)	(€'000)	(€'000)
Net cash from / (used in) operating activities	2,443	579	(2,240)
Net cash from / (used in) investing activities	(1,283)	(86)	-
Net cash from / (used in) financing activities	(1,549)	(808)	2,179
Net movement in cash and cash equivalents	(389)	(315)	(61)
Cash and cash equivalents at beginning of period/year	1,219	830	515
Cash and cash equivalents at end of period/year	830	515	454

Muscat Holdings Limited

Statement of Financial Position

as at 31 December

	2020	2021	2022
	Audited	Audited	Audited
	(€'000)	(€'000)	(€'000)
Non-current assets			
Property, plant and equipment	18	16	13
Investment property	3,727	7,700	7,700
	<u>3,745</u>	<u>7,716</u>	<u>7,713</u>
Current assets			
Inventory - development project	1,654	1,059	1,059
Trade and other receivables	2,395	1,536	3,805
Cash and cash equivalents	830	515	454
	<u>4,879</u>	<u>3,110</u>	<u>5,318</u>
Total assets	8,624	10,826	13,031
EQUITY			
Capital and reserves			
Called up share capital	200	200	200
Retained earnings	3,813	6,867	6,905
	<u>4,013</u>	<u>7,067</u>	<u>7,105</u>
LIABILITIES			
Non-current liabilities			
Bank loans	-	522	2,800
Deferred tax	-	616	616
	<u>-</u>	<u>1,138</u>	<u>3,416</u>
Current liabilities			
Bank loans	924	60	-
Trade and other payables	2,439	1,178	1,167
Other financial liabilities	1,248	1,383	1,343
	<u>4,611</u>	<u>2,621</u>	<u>2,510</u>
	4,611	3,759	5,926
Total equity and liabilities	8,624	10,826	13,031

The first project undertaken by Muscat Holdings consisted of the development of three blocks in St Julian's comprising 31 residential units and 23 underlying garages (the "**St Julian's Development**"). Construction works commenced in 2017 and the development was fully completed in 2019. All said units and garages have been sold and the majority of contracts were signed in FY2019 and the initial part of FY2020.

Thereafter, Muscat Holdings developed three blocks in Birkirkara between Q3 2018 and Q1 2020 (the "**Birkirkara Development**"), of which, one block of 13 residential units and 9 garages were completely sold, save for one garage, between FY2020 and FY2021, a second block of 9 residential units has been reserved for a third party as settlement of an existing liability, while the third block consisting of 14 residential units and nine garages is leased by Muscat Holdings to Juel Holdings to be used exclusively for short let operation purposes by Juel Holdings.

Between Q3 2019 and Q3 2020, Muscat Holdings developed a property in Kappara comprising 10 residential units over five floors, a street level retail outlet and three underlying garages at basement level (the "**Kappara Development**"). The Kappara Development (including the retail shop) was leased to a third party through Juel Holdings under a long-term lease agreement which expired on 23 May 2022. Thereafter, the retail shop was converted to an office for use by the Group. The 10 units in the Kappara Development are being used for short let operation purposes by Juel Holdings.

During FY2020 and FY2021, Muscat Holdings generated revenue of €4.1 million from the sale of property units in the St Julian's Development and the Birkirkara Development. Rental income of €130,000 reflects the lease of units in the Birkirkara Development and the Kappara Development to Juel Holdings. The fair value of the afore-stated leased property was increased by €3.9 million in FY2021. Aggregate profit for the financial years under review amounted to €4.5 million.

No property sales were executed during FY2022. As such, revenue for the said year represented rental income from Juel Holdings amounting to €145,000. Overall, Muscat Holdings reported a profit for FY2022 of €38,000.

Total assets in the Statement of Financial Position as at 31 December 2022 amounted to €13.0 million and mainly comprised investment property of €7.7 million and receivables of €3.8 million. The former amount represents the fair value of the leased property forming part of the Birkirkara Development and the Kappara Development (in aggregate, 24 residential units). Receivables primarily include amounts due from related parties.

Equity as at 31 December 2022 amounted to €7.1 million, while total liabilities amounted to €5.9 million. Bank loans of €2.8 million relates to the outstanding balance of the bank facility used to end-finance the acquisition of the Kappara Development site and an equity release facility to inject funds into Juel Hospitality for the acquisition of the two Swieqi sites, forming part of the Hotel Site.

3.1.4 Muscat Holdings II

Muscat Holdings II was established on 7 November 2018 and operates in the property development sector. Historical financial information for the years ended 31 December 2020, 2021 and 2022 pertaining to Muscat Holdings II has been extracted from the respective audited financial statements.

Muscat Holdings (II) Limited			
Income Statement			
for the year ended 31 December			
	2020	2021	2022
	Audited	Audited	Audited
	(€'000)	(€'000)	(€'000)
Revenue	-	8,745	370
Cost of sales	-	(6,332)	(221)
Gross profit	-	2,413	149
Administrative expenses	(3)	(271)	(4)
Operating profit	(3)	2,142	145
Interest payable	-	-	-
Profit/(loss) before taxation	(3)	2,142	145
Taxation	-	(431)	(19)
Profit/(loss) for the year	(3)	1,711	126

Muscat Holdings (II) Limited
Cash Flow Statement
for the year ended 31 December

	2020	2021	2022
	Audited	Audited	Audited
	(€'000)	(€'000)	(€'000)
Net cash from / (used in) operating activities	(578)	4,908	(4,570)
Net cash from / (used in) financing activities	519	(3,193)	3,078
Net movement in cash and cash equivalents	(59)	1,715	(1,492)
Cash and cash equivalents at beginning of period/year	93	34	1,749
Cash and cash equivalents at end of period/year	34	1,749	257

Muscat Holdings (II) Limited
Statement of Financial Position
as at 31 December

	2020	2021	2022
	Audited	Audited	Audited
	(€'000)	(€'000)	(€'000)
Current assets			
Inventory - development project	5,425	266	5,050
Trade and other receivables	4	1,308	903
Cash and cash equivalents	34	1,749	257
	<u>5,463</u>	<u>3,323</u>	<u>6,210</u>
Total assets	5,463	3,323	6,210
EQUITY			
Capital and reserves			
Called up share capital	1	100	100
Retained earnings	(6)	1,706	1,832
	<u>(5)</u>	<u>1,806</u>	<u>1,932</u>
LIABILITIES			
Non-current liabilities			
Bank Loans	-	-	3,264
	<u>-</u>	<u>-</u>	<u>3,264</u>
Current liabilities			
Bank overdraft and loans	3,216	-	-
Trade and other payables	1,195	536	219
Other financial liabilities	1,057	981	795
	<u>5,468</u>	<u>1,517</u>	<u>1,014</u>
	5,468	1,517	4,278
Total equity and liabilities	5,463	3,323	6,210

In 2019, Muscat Holdings II acquired a plot of land situated in Imgarr and two plots in Naxxar for the development of the Imgarr Development and the Naxxar Development, respectively. The former project was completed in April 2021 and consisted of 14 residential units and 15 garages. The Naxxar Development was constructed between February 2020 and June 2021 and comprised 10 residential units and 12 garages. Other than one garage within the Imgarr Development, all units and garages were sold in FY2021 and FY2022 and generated revenue amounting to €9.1 million. In the financial years under review, Muscat Holdings II registered a net profit (in aggregate) of €1.8 million.

Total assets in the Statement of Financial Position as at 31 December 2022 amounted to €6.2 million and mainly included property acquisitions (namely, "Marsascale Development I" and "Marsascale Development II") and one garage in Imgarr (inventory – development project) of €5.1 million.

In February 2022, Muscat Holdings II acquired a plot of land in Triq il-Bahhara, Marsascala for the purposes of developing 28 residential units, one commercial outlet and 35 lock-up garages. The Marsascala Development I is covered by a fully development permit having permit number PA/03522/21. Construction works commenced in Q3 2022 and are scheduled for completion by Q4 2023 at an estimated cost of *circa* €5.4 million (inclusive of land cost). The project is being funded through bank financing and accumulated reserves. The Directors are projecting to generate approximately €7.8 million in sales proceeds.

In November 2022, Muscat Holdings II acquired three adjacent properties in Triq il-Hut, Marsascala for the purposes of developing the Marsascala Development II. The site is earmarked to be redeveloped into 25 residential units and 18 lock-up garages. Land acquisition and development costs are expected to amount to €4.4 million and is being financed through a bank loan facility and accumulated reserves. Construction works commenced in February 2023 and are expected to be completed by Q2 2024. The Marsascala Development II is covered by a full development period having permit number PA/00876/22. The Directors are projecting to generate approximately €6.3 million in sales proceeds.

Total equity as at 31 December 2022 amounted to €1.9 million, while total liabilities amounted to €4.3 million. The principal amount related to a bank loan of €3.3 million used for the acquisition and development of the Marsascala Development I and the Marsascala Development II.

4. NEW IDENTIFIED PROPERTY DEVELOPMENT PROJECTS

The business strategy of the Group is to identify small to medium-sized property development projects in different localities in Malta. As at the date of this report, the Group has identified two sites in Imgarr for property development.

he majority shareholder of the Juel Group, Adrian Muscat, has entered into a promise of sale agreements pertaining to two sites located in Imgarr. Adrian Muscat has also entered into an agreement with a third party pursuant to which the third party agreed to assign its rights under a promise of sale agreement relating to a site in Imgarr in favour of Adrian Muscat. Adrian Muscat intends to assign and transfer his rights under the aforementioned agreements to ACMUS Group Ltd. The proposed developments are described below:

(a) Proposed development in Imgarr (site 1)

On 14 September 2022, Adrian Muscat entered into an agreement with a third party pursuant to which latter agreed to assign his rights to Adrian Muscat under a promise of sale agreement in respect of two adjacent properties in Triq Sir Harry Luke, Imgarr, Malta, which comprises a total superficial area of 280 square metres. The site has been earmarked by the Group to be redeveloped into six three-bedroomed apartments, a three-bedroomed penthouse and an office over five floors, with eight lock-up garages split equally over the ground and basement levels. The street level garages are divided into two one-car garages, a two-car garage and a three-car garage.

The expected aggregate net sales revenue from the sale of the units and garages forming part this property development project is expected to be in the region of €3.6 million. As at the date of this report, the Group has submitted a planning application having application number PA/05846/22 covering the proposed development which is pending approval. The total cost of this development, including acquisition, construction and finishing costs but excluding financing costs shall be approximately €2.5 million. The Group intends to finance such costs through bank financing, and shareholder loans. Since the proposed property development is at application stage and is pending approval from the Planning Authority in Malta, the Group is not in a position to estimate when construction of the proposed development of the site will commence.

(b) Proposed development in Imgarr (site 2)

On 6 July 2022, Adrian Muscat entered into a promise of sale agreement to acquire two adjacent properties in Triq San Pawl, Imgarr, Malta, which comprises a total superficial area of 265 square metres. The site over which the said properties are built has been earmarked by the Group to be redeveloped into three two-bedroomed apartments, a two-bedroomed penthouse and a one-bedroom penthouse over four floors, with six one-car garages and a three-car garage below street level.

The expected aggregate net sales revenue from the sale of the units and garages forming part this property development project is expected to be in the region of €3.3 million. As at the date of this report, the Group has submitted a planning application having application number PA/06743/22 covering the proposed development which is pending approval. The total cost of this development including acquisition, construction and finishing costs but excluding financing costs shall be approximately €2 million. The Group intends to finance such costs through bank financing and shareholder loans. Since the proposed property development is at application stage and is pending approval from the Planning Authority in Malta, the Group is not in a position to estimate when construction of the proposed development of the site will commence.

5. ECONOMIC AND SECTOR ANALYSIS

5.1 ECONOMIC UPDATE

In 2022, real GDP growth reached 6.9%¹, which is higher than the 5.7% projected in autumn². The economy showed strong growth in both private and public consumption, which were partially offset by a decrease in gross fixed capital formation. In addition to strong performance by the services sectors in general, the export of tourism services in 2022 rebounded quickly, both in terms of total number of visitors and tourism expenditures, contributing to overall positive economic results.

In 2023, real GDP is forecast to grow at a slower pace, by 3.1%, following a wider economic slowdown in Malta's main trading partners. In 2024, real GDP growth is expected to reach 3.7%, supported by net exports and growth in domestic demand. The strong impulse to growth from the recovery in tourism is however set to moderate in 2024, as tourist flows approach pre-pandemic levels.

Harmonised Index of Consumer Prices (HICP) inflation in 2022 reached 6.1%, despite energy prices being kept at 2020 level by government intervention. The Maltese authorities announced that they will continue limiting energy inflation in 2023 and 2024. Nonetheless, inflation in 2023 is set to remain elevated at 4.3%, due to continuing pressures in food, transport, and imported goods prices. In 2024, inflation is expected to subside to 2.4% as imported price pressures are also set to moderate.³

5.2 HOSPITALITY⁴

In 2022, the number of inbound tourists increased considerably by 136% over 2021, reaching 2,286,597 (2021: 968,136 visitors), but still remained 17% below 2019 pre-pandemic level (2019: 2,753,239 inbound tourists). In absolute terms, tourists visiting Malta for leisure purposes accounted for most of the year-on-year increase in arrivals although the number of visitors with business and other motives also increased.

The total number of guest nights that tourists spent in Malta during 2022 increased to around 16.6 million from 8.4 million a year earlier (+98%), but 14% less than the level recorded in 2019 (19.3 million guest nights). Guest nights at collective accommodation made up 52% of the aggregate (2021: 49%), while rented accommodation (other than collective accommodation) held a 48% share (2021: 51%).

Inbound tourists for the first three months of 2023 amounted to 443,062, an increase of 4.0% over the same period in 2019. Total nights spent by inbound tourists surpassed 2.9 million nights in Q1 2023, an increase of 3.8% when compared to Q1 2019.⁵

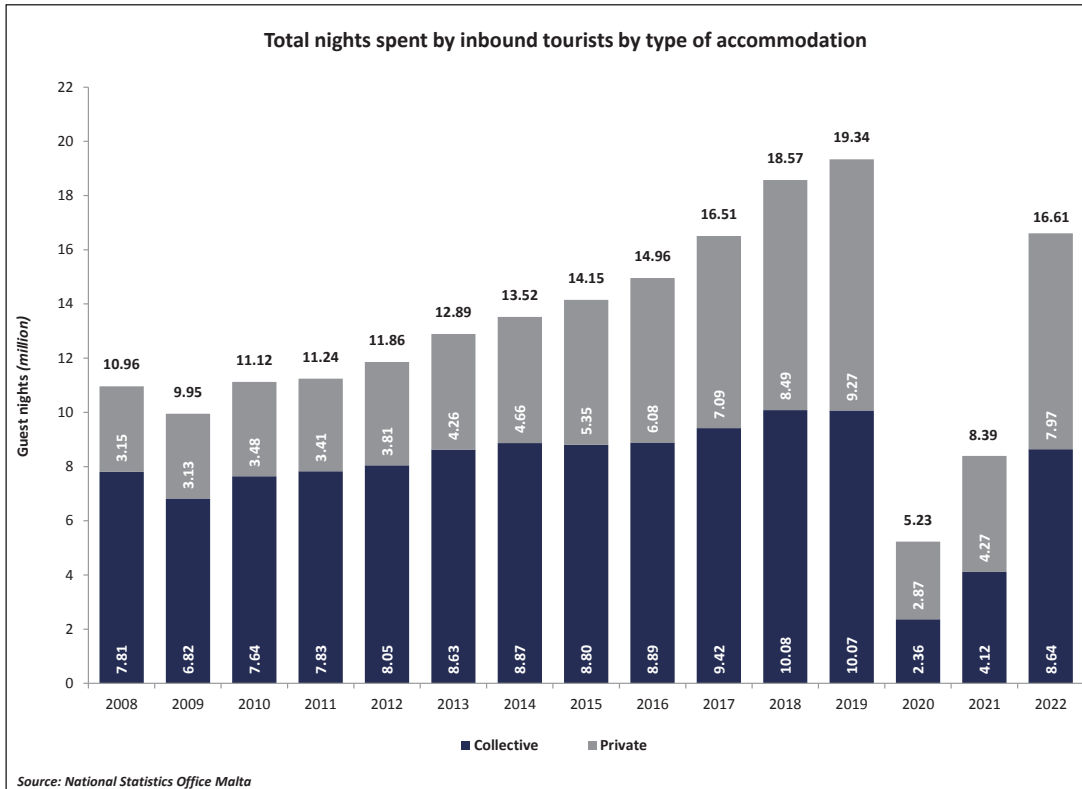
¹ National Statistics Office Malta – News Release 036/2023.

² European Economic Forecast, November 2022, European Commission Institutional Paper 187, page 104).

³ European Economic Forecast – Winter 2023 (European Commission Institutional Paper 194 Feb 2023).

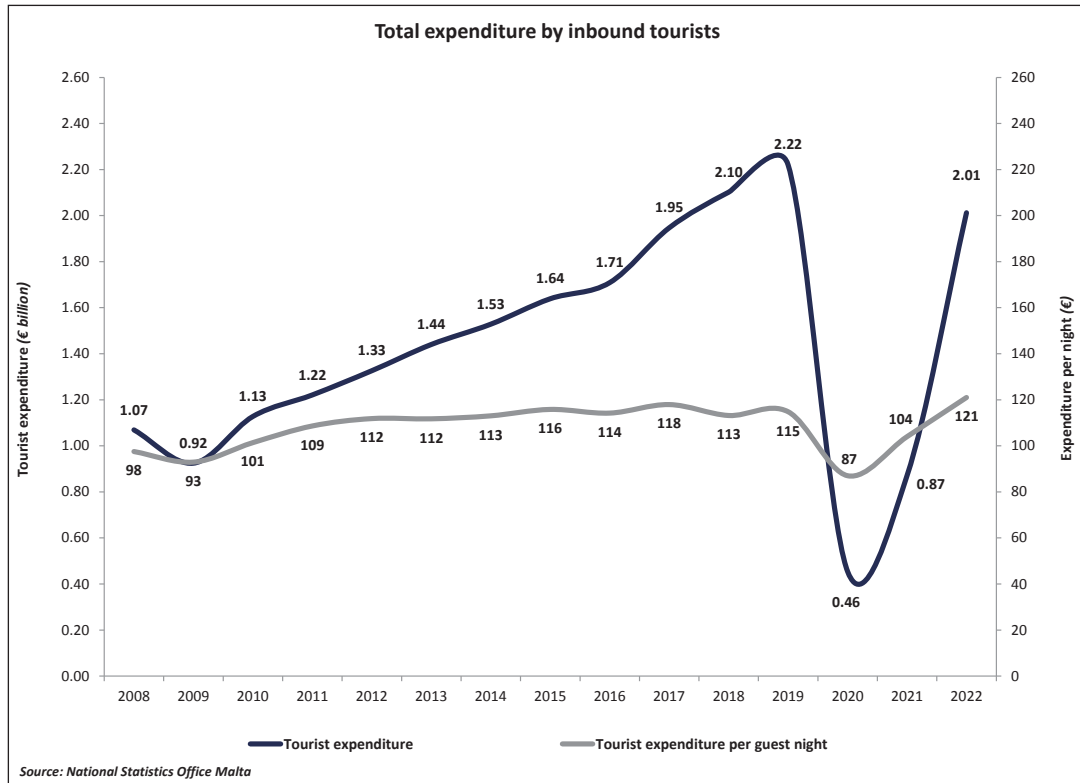
⁴ National Statistics Office Malta – News Release 020/2023.

⁵ National Statistics Office Malta – News Release 078/2023.



The total occupancy rate in collective accommodation establishments during 2022 rose to 53.3%, from 33.2% a year earlier. However, it remained below that recorded in 2019, when it had reached 65.7%. All categories reported increases in their occupancy rates over 2021, with the 2-star category registering the largest increase – of 24.3 percentage points. This was followed by a rise of 23.0 percentage points in the 4-star category. Meanwhile, the smallest increase – of 13.6 percentage points – was registered in the ‘other’ collective accommodation category. Occupancy rates remained below those prevailing before the pandemic, with the most significant gap recorded among 5-star hotels, while in 2-star establishments the rate has almost converged to that prevailing then.¹

¹ National Statistics Office Malta – News Release 040/2023.



Tourist expenditure in Malta more than doubled in 2022 to €2,012.5 million compared to the prior year (2021: €870.7 million). Total spending was just 9% below the level registered in the corresponding period of 2019. Expenditure per capita decreased by 2% from €899 in 2021 to €880 in 2022 (2019: €807), while average length of stay also decreased from 8.7 nights in 2021 to 7.3 nights in 2022 (2019: 7.0 nights). In Q1 2023, total tourist expenditure was estimated at €312.4 million compared to €272.4 million in the same period in 2019 (+15%).

5.3 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, albeit at a slower pace. The annual rate of change stood at 5.9% in the fourth quarter of 2022, from 6.3% in the third quarter of 2022 (see chart below). House price inflation in Malta was higher when compared to the euro area, where prices increased q-o-q by 3.0%.



Residential property prices continue to be supported by numerous factors, including the Government schemes supporting demand for property, such as the first-time and second-time buyers' schemes, the purchase of properties located in Urban Conservation Areas (UCA), purchases of property in Gozo, as well as refund schemes for restoration expenses. The recovery of tourism and normalisation of migrant workers flows from pandemic lows may have also shored up demand for property and contributed to the recent increase in property prices.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 €3,161.9 million, an increase of 49% when compared to the prior year (2020: €2,126.6 million). During 2022, 14,305 final deeds of sale were concluded, a decrease of 63 deeds from a year earlier (2021: 14,368 deeds). The value of the aforementioned deeds amounted to €3,248.8 million compared to €3,161.9 million in 2021 (+€86.9 million or +2.7%).²

In the first quarter of 2023, 3,088 final deeds were registered, an annual decrease of 9.4%. The value of the deeds registered during this period went up by 3.2% over the same quarter of the previous year and amounted to €789.9 million.³

The number of residential building permits issued in 2022 amounted to 1,271 permits (2021: 1,633 permits) for the development of 9,599 residential units (2021: 7,578 residential units). As shown in the below chart, the number of units in 2022 (9,599) reflects a decrease of 26% from the all-time high of 12,885 units in 2018.³ During the first quarter of 2023, 496 building permits for a total of 2,540 new dwellings were approved. When compared to the same quarter of the previous year, the number of building permits decreased by 18.6% while the number of approved new dwellings decreased by 20.7%.⁴

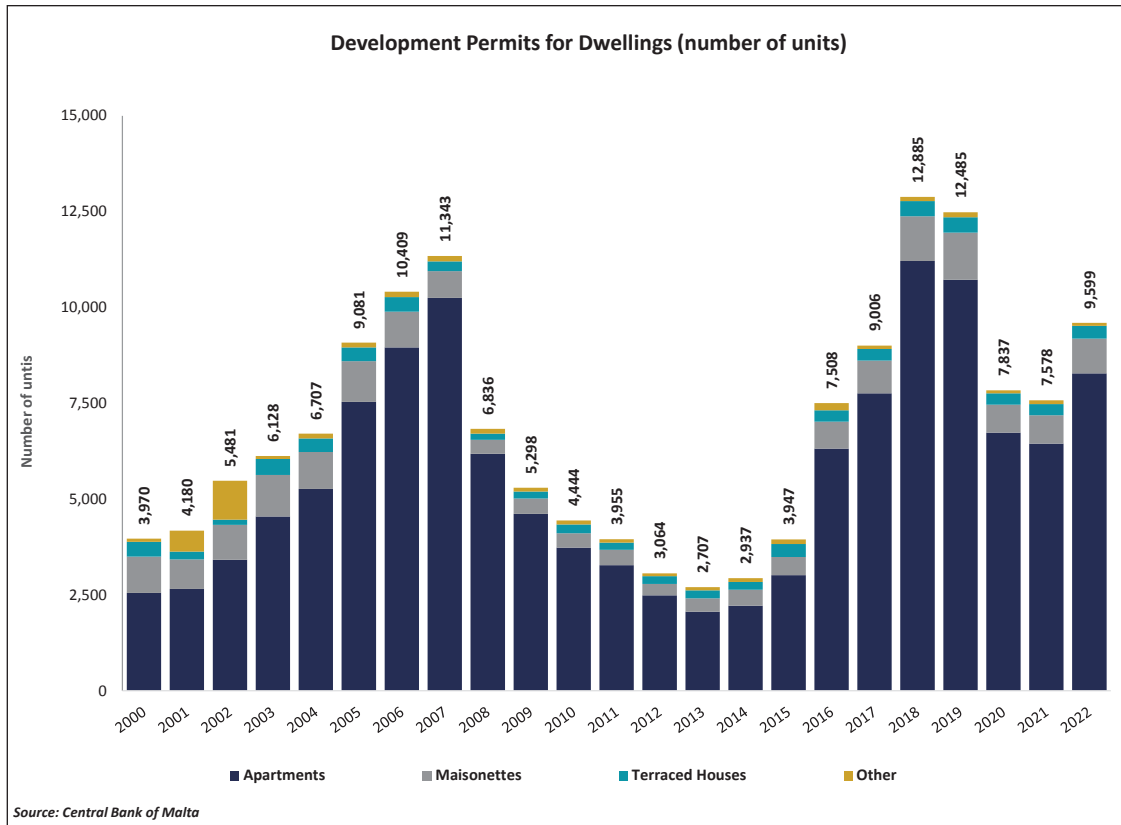
¹ Central Bank of Malta Quarterly Review (2023 Vol. 56 No. 1; page 43).

² National Statistics Office Malta – News Release 006/2023.

³ National Statistics Office Malta – News Release 059/2023.

⁴ <https://www.centralbankmalta.org/real-economy-indicators> (Development Permits for Dwellings, by Type).

⁵ National Statistics Office Malta – News Release 084/2023.



PART 2 – GROUP PERFORMANCE REVIEW

6. PRO FORMA FINANCIAL INFORMATION RELATING TO THE ISSUER

The financial information set out in this review represents pro forma consolidated financial information. This pro forma information presents what the Issuer's consolidated statement of financial position would have looked like had the Group existed in its current form, comprising all its current constituent components, as at 31 December 2022.

Juel Group p.l.c.

Pro forma Consolidated Statement of Financial Position
as at 31 December 2022

	Audited (€'000)	Adjustments			Pro forma (€'000)
		(I) (€'000)	(II) (€'000)	(III) (€'000)	
Non-current assets					
Investment property	10,700	-	-	-	10,700
Property, plant and equipment	21,129	-	-	-	21,129
Equity-accounted investees	-	7,915	-	-	7,915
	<u>31,829</u>	<u>7,915</u>	<u>-</u>	<u>-</u>	<u>39,744</u>
Current assets					
Inventory - development project	6,188	-	-	-	6,188
Trade and other receivables	145	-	-	-	145
Amounts due from shareholders	774	-	(774)	-	-
Cash and cash equivalents	1,164	-	-	-	1,164
	<u>8,271</u>	<u>-</u>	<u>(774)</u>	<u>-</u>	<u>7,497</u>
Total assets	40,100	7,915	(774)	-	47,241
EQUITY					
Capital and reserves					
Share capital and premium	10,951	7,915	-	2,092	20,958
Retained earnings	(17)	-	-	-	(17)
	<u>10,934</u>	<u>7,915</u>	<u>-</u>	<u>2,092</u>	<u>20,941</u>
LIABILITIES					
Non-current liabilities					
Borrowings	6,064	-	-	-	6,064
Deferred tax liability	856	-	-	-	856
	<u>6,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,920</u>
Current liabilities					
Bank loans	8,000	-	-	-	8,000
Bond advance facility	9,488	-	-	-	9,488
Trade and other payables	1,892	-	-	-	1,892
Amounts due to related parties	2,851	-	(2,851)	-	-
Amounts due to shareholders	15	-	2,077	(2,092)	-
	<u>22,246</u>	<u>-</u>	<u>(774)</u>	<u>(2,092)</u>	<u>19,380</u>
	<u>29,166</u>	<u>-</u>	<u>(774)</u>	<u>(2,092)</u>	<u>26,300</u>
Total equity and liabilities	40,100	7,915	(774)	-	47,241

The pro forma adjustments include the following:

- (I) Represents the inclusion of 33.3% of the voting shares in GAP Group Investments II Limited, which equity stake was acquired by the Issuer on 14 April 2023;
- (II) Represents the assignment of related party balances to Mr Adrian Muscat, the ultimate beneficial owner;
- (III) Reflects the capitalisation of amounts due to the shareholder following the adjustment in point (II) above.

On a pro forma basis, total equity of the Group as at 31 December 2022 amounted to €20.9 million.

Total liabilities amounted to €26.3 million, primarily made up of outstanding bank loans amounting to €14.1 million and a bond advance facility of €9.5 million.

Total assets amounted to €47.2 million and principally comprised investment property (residential units used for rental purposes), property, plant and equipment (the Hotel), investment in GAP Group Investments (II) Ltd and inventory of development projects.

7. FINANCIAL INFORMATION RELATING TO THE ISSUER

The Issuer was incorporated on 24 January 2022 and as such, its first set of audited financial statements relate to the period 24 January 2022 to 31 December 2022.

The projected consolidated financial information of the Group for the years ending 31 December 2023, 31 December 2024 and 31 December 2025 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.

Juel Group p.l.c.				
Consolidated Statement of Comprehensive Income				
for the year ending 31 December				
	2022	2023	2024	2025
	Actual	Projection	Projection	Projection
	11 months			
	€'000	€'000	€'000	€'000
Revenue - property development	-	2,975	9,663	1,800
Revenue - hotel operations	-	-	2,038	7,135
Property rental net operating profit	5	315	321	328
Revenue	5	3,290	12,022	9,263
Cost of sales and operating expenses	(8)	(2,217)	(8,735)	(5,272)
EBITDA	(3)	1,073	3,287	3,991
Depreciation and amortisation	-	(27)	(502)	(985)
Operating profit (loss)	(3)	1,046	2,785	3,006
Share of results of associated company	-	3,276	1,842	2,405
Net finance costs	2	103	(980)	(1,982)
Profit (loss) before tax	(1)	4,425	3,647	3,429
Taxation	2	(338)	(894)	(244)
Profit for the year	1	4,087	2,753	3,185
Other comprehensive income				
Hotel revaluation, net of tax	-	-	2,215	560
Total comprehensive income for the year	1	4,087	4,968	3,745

Key Accounting Ratios

	FY2023	FY2024	FY2025
	Projection	Projection	Projection
EBITDA margin (%) <i>(EBITDA / revenue)</i>	32.61	27.34	43.09
Operating profit margin (%) <i>(Operating profit / revenue)</i>	31.79	23.17	32.45
Net profit margin (%) <i>(Profit after tax / revenue)</i>	124.22	22.90	34.38
Return on equity (%) <i>(Profit after tax / average equity)</i>	22.73	10.01	9.99
Return on assets (%) <i>(Profit after tax / average assets)</i>	7.26	3.66	3.99
Return on invested capital (%) <i>(Operating profit / average equity and net debt)</i>	2.35	4.53	4.36
Interest cover (<i>times</i>) <i>(EBITDA / net finance costs)</i>	(10.42)	3.35	2.01

Source: Jesmond Mizzi Financial Advisors Limited

The Issuer was incorporated on 24 January 2022 to act as the holding and finance company of the Group. Other than the acquisition of the Guarantors on 22 December 2022, the Issuer did not undertake any business activity during FY2022. Accordingly, the consolidated statement of comprehensive income for FY2022 primarily comprises the performance of the Guarantors between 23 December 2022 and 31 December 2022.

Revenue from property development operations is expected to amount to €14.4 million during the projected period (FY2023 to FY2025), mainly on account of sales to be generated from the Marsascale Development I and Marsascale Development II projects. The said developments are expected to be completed in Q4 2023 and Q2 2024 respectively.

The Hotel is projected to commence operations in Q4 2024 and revenue for the initial period to 31 December 2024 is estimated to amount to €2.0 million. During the first full year of operations (FY2025), the Hotel is expected to generate revenue of €7.1 million from accommodation and food & beverage.

Property rental net operating profit reflects the net income to be generated from short and long lets of existing inventory of apartments. The projected figures are based on current rentals and taking into account an inflationary rate of 2% per annum.

EBITDA in FY2024 and FY2025 is projected to amount to €3.3 million and €4.0 million respectively. However, due to the volatility in timing of property sales, coupled with the Hotel's operations commencing in late FY2024, EBITDA margin is estimated at 27% and 43% in FY2024 and FY2025 respectively. Interest cover for the said financial years is projected at 3.35 times and 2.01 times respectively.

Share of results of associated company primarily represents the 33.3% share of GAP Group profits which is projected to amount to €6.8 million over the three projected financial years. In FY2025, the Group is projecting an investment income of €0.7 million from its 49.99% shareholding in ACMUS Group Ltd.

Projected net profit is expected to be fairly stable on an annual basis and is estimated to amount to €10.0 million (in aggregate).

On completion of the Hotel and commencement of operations thereof in FY2024, the Group anticipates that the fair value of the property will increase by €2.2 million.

Juel Group p.l.c.

Consolidated Statement of Financial Position

as at 31 December

	2022	2023	2024	2025
	Actual	Projection	Projection	Projection
	€'000	€'000	€'000	€'000
ASSETS				
Non-current assets				
Property, plant and equipment	21,129	32,657	46,239	46,230
Investment property	10,700	10,700	10,700	10,700
Investment in associate	-	11,857	13,699	14,724
	<u>31,829</u>	<u>55,214</u>	<u>70,638</u>	<u>71,654</u>
Current assets				
Inventory	6,188	8,130	4,456	5,956
Trade and other receivables	919	140	436	489
Cash and cash equivalents	1,164	9,026	2,508	3,582
	<u>8,271</u>	<u>17,296</u>	<u>7,400</u>	<u>10,027</u>
Total assets	<u>40,100</u>	<u>72,510</u>	<u>78,038</u>	<u>81,681</u>
EQUITY				
Capital and reserves				
Called up share capital	10,951	20,959	20,959	20,959
Other equity	-	(18)	(18)	(18)
Revaluation reserve	-	-	2,215	2,775
Retained earnings	(17)	4,089	6,842	10,027
	<u>10,934</u>	<u>25,030</u>	<u>29,998</u>	<u>33,743</u>
LIABILITIES				
Non-current liabilities				
Bank borrowings	6,064	-	2,000	1,850
Debt securities	-	31,402	31,464	31,526
Deferred taxation	856	856	2,049	2,350
	<u>6,920</u>	<u>32,258</u>	<u>35,513</u>	<u>35,726</u>
Current liabilities				
Bank overdraft and loans	8,000	8,425	6,066	7,421
Bond advance facility	9,488	-	-	-
Trade and other payables	4,758	1,173	1,818	1,917
Capital creditors	-	5,194	3,482	1,703
Other current liabilities	-	430	1,161	1,171
	<u>22,246</u>	<u>15,222</u>	<u>12,527</u>	<u>12,212</u>
	<u>29,166</u>	<u>47,480</u>	<u>48,040</u>	<u>47,938</u>
Total equity and liabilities	<u>40,100</u>	<u>72,510</u>	<u>78,038</u>	<u>81,681</u>

Key Accounting Ratios

	FY2022	FY2023	FY2024	FY2025
	Actual	Projection	Projection	Projection
Net debt-to-EBITDA (<i>times</i>) <i>(Net debt / EBITDA)</i>	n/a	28.71	11.26	9.32
Net debt-to-equity (<i>times</i>) <i>(Net debt / total equity)</i>	2.05	1.23	1.23	1.10
Net gearing (%) <i>(Net debt / net debt and total equity)</i>	67.19	55.17	55.24	52.45
Debt-to-asset (<i>times</i>) <i>(Total debt / total assets)</i>	0.59	0.55	0.51	0.50
Leverage (<i>times</i>) <i>(Total assets / total equity)</i>	3.67	2.90	2.60	2.42
Current ratio (<i>times</i>) <i>(Current assets / current liabilities)</i>	0.37	1.14	0.59	0.82

Source: Jesmond Mizzi Financial Advisors Limited

Non-current assets of the Group include the following:

- Property, plant and equipment primarily relates to the Hotel. The projections assume that the Hotel is initially recognised at cost and revalued to €46.0 million upon completion in FY2024.
- Investment property is projected to remain static at €10.7 million and comprises 34 residential units (14 units in Birkirkara, 10 units in Kappara and 10 units in Luqa) which the Group manages for short let or long let purposes.
- Investment is associate represents the 33.3% of voting shares in GAP Group Investments II Limited and the 49.99% shareholding in ACMUS Group Ltd.

Current assets mainly comprise inventory and cash balances. Inventory predominantly relates to property development units at cost.

The Group's equity is projected to amount to €25.0 million as at 31 December 2023 and increase to €33.7 million by 31 December 2025 (+€8.7 million). The increase of €8.7 million is on account of uplifts in the carrying value of the Hotel and accumulated profits assumed to be generated in the projected period.

As at 31 December 2023, total liabilities of the Group shall mainly comprise the proposed €32 million bond issue, and bank loans and capital creditors totalling €13.6 million.

The net gearing of the Group is expected to reach 55% in FY2023 in consequence of an increase in borrowings utilised for the purposes of developing residential units and the Hotel, which should improve to 52% by FY2025.

Juel Group p.l.c.

**Consolidated Cash Flow Statement
for the year ending 31 December**

	2022	2023	2024	2025
	Actual	Projection	Projection	Projection
	<i>11 months</i>			
	€'000	€'000	€'000	€'000
Net cash from / (used in) operating activities	(99)	(519)	7,009	2,696
Net cash from / (used in) investing activities	1,260	(7,168)	(11,192)	(793)
Net cash from / (used in) financing activities	3	15,549	(2,335)	(829)
Net movement in cash and cash equivalents	1,164	7,862	(6,518)	1,074
Cash and cash equivalents at beginning of year	-	1,164	9,026	2,508
Cash and cash equivalents at end of year	1,164	9,026	2,508	3,582
Free cash flow¹	1,161	(7,687)	(4,183)	1,903

¹ Free cash flow is arrived at by deducting capital expenditure from cash generated from operating activities.

Operating activities in FY2023 is expected to result in a net cash outflow of €0.5 million on account of an adverse movement in working capital relating to property development works-in-progress. Net cash from operating activities in FY2024 is expected to amount to €7.0 million, principally reflecting net cash inflows to be generated from property sales (being Marsascala Development I and Marsascala Development II) and to a lesser extent the initial 3 months of operation of the Hotel. In the subsequent year (FY2025), net cash inflows from operating activities are projected at €2.7 million mainly reflective of the first full year of operation of the Hotel.

During the three projected years, net cash used in investing activities is estimated to amount to €19.1 million. Cash outflows relating to the development of the Hotel are expected to amount to €19.8 million, while the Group is projecting to receive net dividends from ACMUS Group Ltd of €0.7 million.

In FY2023, net cash from financing activities is projected to amount to €15.5 million and shall principally comprise net proceeds from the proposed bond issue, partly offset by repayment of bank loans. Financing activities in FY2024 and FY2025 are expected to principally include bank loan repayments and interest payments.

8. RELATED PARTY DEBT SECURITIES

The Issuer owns 33.3% of the Ordinary A shares in GAP Group Investments II Ltd, which is the 99.99% shareholder of the GAP Group. Below is a list of outstanding debt securities listed on the Malta Stock Exchange of the GAP Group as at the date of this report.

Security ISIN	Security Name	Amount Listed (€'000)
MT0001231209	4.25% GAP Group plc Secured Bonds 2023	8,349,900
MT0001231225	3.70% GAP Group plc Secured Bonds 2023-2025	16,617,900
MT0001231233	3.90% GAP Group plc Secured Bonds 2024-2026	21,000,000
MT0001231241	4.75% GAP Group plc Secured Bonds 2025-2027	23,000,000
		68,967,800

PART 3 – COMPARATIVE ANALYSIS

The table below provides a comparison between the Issuer and its Bond Issue with other debt issuers listed on the Malta Stock Exchange and their respective debt securities. Although there are a number of variances between the activities of the Issuer and other issuers (including principal markets, competition, corporate life cycle, capital requirements, etc), and also differences between the risks associated with the Group's business model and that of other issuers, the comparative analysis serves as an indication of the financial performance and strength of the Group.

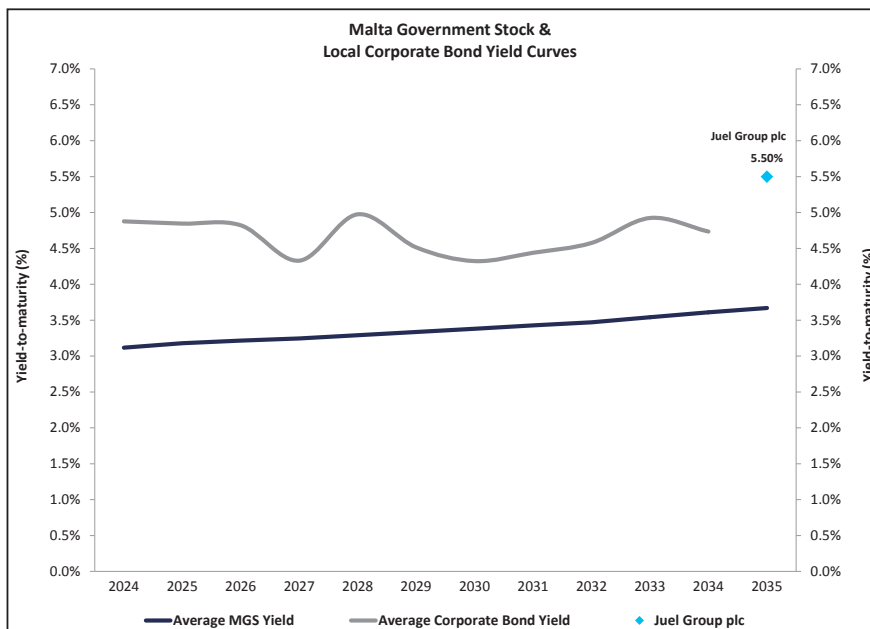
Comparative Analysis*	Amount Issued (€'000)	Yield-to-Maturity (%)	Interest Cover (times)	Net Debt-to-EBITDA (times)	Net Gearing (%)	Debt-to-Assets (times)
6.00% AX Investments plc Unsecured & Guaranteed 2024	40,000	7.21	1.75	14.74	30.01	0.28
6.00% International Hotel Investments plc Unsecured 2024	35,000	4.96	1.87	11.42	41.92	0.40
5.75% International Hotel Investments plc Unsecured 2025	45,000	4.68	1.87	11.42	41.92	0.40
4.25% CPHCL Finance plc Unsecured & Guaranteed 2026	40,000	4.28	1.66	12.42	42.46	0.40
4.00% International Hotel Investments plc Secured 2026	55,000	3.83	1.87	11.42	41.92	0.40
4.00% International Hotel Investments plc Unsecured 2026	60,000	4.18	1.87	11.42	41.92	0.40
3.25% AX Group plc Unsecured 2026	15,000	3.85	1.75	14.74	30.01	0.28
4.35% SD Finance plc Unsecured & Guaranteed 2027	65,000	4.36	4.60	2.66	27.22	0.27
4.00% Eden Finance plc Unsecured & Guaranteed 2027	40,000	4.55	4.24	5.37	25.33	0.23
4.00% Stivala Group Finance plc Secured & Guaranteed 2027	45,000	3.75	4.84	5.58	28.97	0.26
3.65% Stivala Group Finance plc Secured & Guaranteed 2029	15,000	4.59	4.84	5.58	28.97	0.26
3.75% AX Group plc Unsecured 2029	10,000	4.14	1.75	14.74	30.01	0.28
3.65% International Hotel Investments plc Unsecured 2031	80,000	4.69	1.87	11.42	41.92	0.40
4.50% The Ona plc Secured & Guaranteed 2028/2034	16,000	4.73	32.26	9.77	64.11	0.59
5.50% Juel Group plc € Secured 2035	32,000	5.50	4.04	9.25	55.29	0.51

*As at 08 May 2023

Sources: Malta Stock Exchange

Jesmond Mizzi Financial Advisors Limited

Most recent audited annual financial statements except for Juel Group plc (FY2024 - projection).



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 widely considered to be the benchmark risk-free rate for Malta.

The **5.50% Juel Group plc secured and guaranteed bonds** have been priced at a premium of 183 basis points over the corresponding average Malta Government Stock yield.

PART 4 – EXPLANATORY DEFINITIONS

INCOME STATEMENT

Revenue	Total income generated from business activities.
EBITDA	Earnings before interest, taxes, depreciation, and amortisation. It is a metric used for gauging a company's operating performance, excluding the impact of its capital structure, and is usually interpreted as a loose proxy for operating cash flow generation.
Operating profit	Profit from core operations excluding interest and tax.
Profit after tax	Net profit generated from all business activities.

PROFITABILITY RATIOS

EBITDA margin	EBITDA as a percentage of revenue.
Operating profit margin	Operating profit as a percentage of total revenue.
GOPAR	Gross operating profit per available room is a hospitality industry metric that measures the operating profitability of a hotel. It is calculated by dividing a hotel's gross operating profit by the total number of available rooms, and usually serves as a measure for comparing a hotel's performance with other properties within the same category or market.
Net profit margin	Profit after tax as a percentage of total revenue.
Return on equity	Measures the rate of return on the company's net assets and is computed by dividing the net profit by average equity.
Return on assets	Measures the rate of return on the company's assets and is computed by dividing the net profit by average assets.
Return on invested capital	Measures the rate of return from core operations and is computed by dividing operating profit by the average amount of equity and net debt.

CASH FLOW STATEMENT

Net cash flow from / (used in) operating activities	The amount of cash generated (or consumed) from the normal conduct of business.
Cash flow from / (used in) investing activities	The amount of cash generated (or consumed) from activities related to the acquisition, disposal, and/or development of long-term assets and other investments.
Cash flow from / (used in) financing activities	The amount of cash generated (or consumed) that have an impact on the company's capital structure and thus result in changes to share capital and borrowings.

BALANCE SHEET

Non-current assets	These represent long-term investments which full value will not be realised within the next twelve months. Such assets, which typically include property, plant, equipment, and investment property, are capitalised rather than expensed, meaning that a company 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.
Current assets	All assets which could be realisable within a twelve-month period from the balance sheet date. Such amounts may include development stock, accounts receivable, cash and bank balances.
Non-current liabilities	These represent long-term financial obligations which are not due within the next twelve months, and typically include long-term borrowings and debt securities.
Current liabilities	Liabilities which fall due within the next twelve months from the balance sheet date, and typically include accounts payable and short-term debt.
Total equity	Represents the residual value of the business (assets minus liabilities) and typically includes the share capital, reserves, as well as retained earnings.

Financial Strength/Credit Ratios

Interest cover	Measures the extent of how many times a company can pay its net finance costs from EBITDA.
Net debt-to-EBITDA	Measures how many years it will take a company to pay off its net interest-bearing liabilities (including lease liabilities) from its EBITDA generation capabilities, assuming that net debt and EBITDA are held constant.
Net debt-to-equity	Shows the proportion of net debt (including lease liabilities) to the amount of equity.
Net gearing	Shows the proportion of equity and net debt used to finance a company's business and is calculated by dividing a company's net debt by net debt plus equity.
Debt-to-asset	Shows the degree to which a company's assets are funded by debt and is calculated by dividing all interest-bearing liabilities by total assets.
Leverage	Shows how much equity a company is using to finance its assets.
Current ratio	Measures whether or not a company has enough resources to pay its short-term liabilities from its short-term assets.
