

## REGISTRATION DOCUMENT

This Registration Document is issued in accordance with the provisions of Chapter 4 of the Listing Rules issued by the Listing Authority and of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended by Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015.

**Dated 30 October 2017**

In respect of an issue of €12,750,000 3.75% Unsecured Bonds 2027  
of a nominal value of €100 per Bond issued at par by

**BORTEX GROUP FINANCE PLC**

a public limited liability company registered in Malta with registration number C 82346

Guaranteed by

**BORTEX GROUP HOLDINGS COMPANY LIMITED**

a private limited liability company registered in Malta with registration number C 4863

ISIN: MT0001641209

Prospective investors are to refer to the Guarantee contained in Annex A of the Securities Note forming part of the Prospectus for a description of the scope, nature and term of the Guarantee. Reference should also be made to the sections entitled "Risk Factors" contained in the Summary Note, this Registration Document and the Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the Guarantee provided by Bortex Group Holdings Company Limited.

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

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

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

APPROVED BY THE DIRECTORS OF THE ISSUER



Peter Borg



Karen Bugeja



Peter Borg & Karen Bugeja for and on behalf of:  
Christine Demicoli, David Debono, Emanuel Ellul & Joseph Cachia

Legal Advisers

MAEMPELS



Sponsor, Manager & Registrar



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## IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ON BORTEX GROUP FINANCE PLC IN ITS CAPACITY AS ISSUER AND BORTEX GROUP HOLDINGS COMPANY LIMITED IN ITS CAPACITY AS GUARANTOR IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES ISSUED BY THE LISTING AUTHORITY, THE COMPANIES ACT, 1995 (CHAPTER 386 OF THE LAWS OF MALTA) AND COMMISSION REGULATION (EC) NO. 809/2004 OF 29 APRIL 2004 IMPLEMENTING DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS INFORMATION CONTAINED IN PROSPECTUSES AS WELL AS THE FORMAT, INCORPORATION BY REFERENCE AND PUBLICATION OF SUCH PROSPECTUSES AND DISSEMINATION OF ADVERTISEMENTS, AS AMENDED BY COMMISSION DELEGATED REGULATION (EU) NO. 486/2012 OF 30 MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF 4 JUNE 2012, COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF 30 APRIL 2013, COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014 AND COMMISSION DELEGATED REGULATION (EU) NO. 2016/301 OF 30 NOVEMBER 2015.

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

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

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

THE PROSPECTUS AND THE OFFERING, SALE OR DELIVERY OF ANY 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 AND/OR THE GUARANTOR SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT LEGAL ADVISERS, ACCOUNTANTS AND/OR OTHER FINANCIAL ADVISERS AS TO LEGAL, TAX, INVESTMENT OR ANY OTHER RELATED MATTERS CONCERNING THE BONDS AND THE PROSPECTUS.

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

SAVE FOR THE PUBLIC 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 BONDS OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED.

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED THE DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 4 NOVEMBER 2003 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING (THE “**PROSPECTUS DIRECTIVE**”) OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF THE PROSPECTUS DIRECTIVE, THE BONDS CAN ONLY BE OFFERED TO “QUALIFIED INVESTORS” (AS DEFINED IN THE PROSPECTUS DIRECTIVE), AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS DIRECTIVE.

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

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

ALL THE ADVISERS TO THE ISSUER AND GUARANTOR NAMED IN THIS REGISTRATION DOCUMENT UNDER THE HEADING “*ADVISERS TO THE ISSUER AND GUARANTOR*” IN SUB-SECTION 4.3 OF THIS REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR IN RELATION TO THIS PUBLIC OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL, ACCORDINGLY, NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

UNLESS OTHERWISE STATED, THE CONTENTS OF THE ISSUER’S AND/OR GUARANTOR’S WEBSITES OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER’S OR GUARANTOR’S WEBSITES DO NOT FORM PART OF THE PROSPECTUS. ACCORDINGLY, NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITE AS THE BASIS FOR A DECISION TO INVEST IN THE 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 INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS.**

## 1 DEFINITIONS

In this Registration Document the following words and expressions shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

<b>“Act” or “Companies Act”</b>	the Companies Act, 1995 (Chapter 386 of the laws of Malta);
<b>“Authorised Intermediaries”</b>	all the licensed stockbrokers and financial intermediaries listed in Annex D of the Securities Note forming part of the Prospectus;
<b>“Bond/s”</b>	the €12,750,000 unsecured bonds 2027 of a nominal value of €100 per bond issued at par and redeemable on the Redemption Date at their nominal value, bearing interest at the rate of 3.75% per annum. The Bonds are guaranteed by Bortex Group Holdings Company Limited;
<b>“Bondholder”</b>	a holder of Bonds;
<b>“Bond Issue”</b>	the issue of the Bonds;
<b>“Bortex Clothing Industry Company Ltd”</b>	Bortex Clothing Industry Company Limited, a company registered under the laws of Malta with company registration number C 2371 and having its registered office at A 11, Industrial Estate, Marsa MRS 3000, Malta;
<b>“Bortex Tunisia”</b>	Bortex Tunisia SARL, a company registered under the laws of Tunisia with company registration number 719248PAM000 and having its registered office at B.P. 93, Rue Amman KM13, Z.I. Ezzahra 2034, Tunisia;
<b>“Bortex UK”</b>	Bortex Clothing Industry Company Limited, a company registered under the laws of England with company registration number 01394397 and having its registered office at Kingly Brookes, 415 Linen Hall, 162-168 Regent Street, London W1B 5TE, United Kingdom;
<b>“Company” or “Issuer”</b>	Bortex Group Finance plc, a company registered under the laws of Malta with company registration number C 82346 and having its registered office at 32, Hughes Hallet Street, Sliema SLM 3142, Malta;
<b>“CAGR”</b>	compound annual growth rate;
<b>“Directors” or “Board”</b>	the directors of the Issuer whose names are set out in sub-section 4.1 of this Registration Document;
<b>“EBITDA”</b>	earnings before interest, tax, depreciation and amortization;
<b>“Euro” or “€”</b>	the lawful currency of the Republic of Malta;
<b>“Exchange” or “Malta Stock Exchange” or “MSE”</b>	Malta Stock Exchange plc, as originally constituted in terms of the Financial Markets Act (Chapter 345 of the laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
<b>“Financial Analysis Summary”</b>	the financial analysis summary dated 30 October 2017 compiled by the Sponsor, Manager & Registrar in line with the applicable requirements of the Listing Authority policies and which is intended to summarise the key financial data set out in the Prospectus appertaining to the Issuer and the Guarantor, a copy of which is set out in Annex C of the Securities Note forming part of the Prospectus;
<b>“Group” or “Bortex Group”</b>	the Guarantor (parent company) and any subsidiary and associated company or entity, including the Issuer, in which the Guarantor has a controlling interest, as further described in sub-section 5.2 of this Registration Document, principally involved in the business of garment manufacturing, retail, real estate development and hospitality;

<b>“Guarantee”</b>	the suretyship of the Guarantor in terms of the guarantee contained in Annex A of the Securities Note forming part of the Prospectus and as described in Element B.18 of the Summary Note forming part of the Prospectus;
<b>“Guarantor”</b>	Bortex Group Holdings Company Limited, a company registered under the laws of Malta with company registration number C 4863 and having its registered office at ‘St. Therese’, Hughes Hallet Street, Sliema SLM 3142, Malta. Bortex Group Holdings Company Limited is the parent company of the Group;
<b>“K.Borg Company Limited”</b>	K.Borg Company Limited, a company registered under the laws of Malta with company registration number C 13315 and having its registered office at ‘St. Therese’, Hughes Hallet Street, Sliema SLM 3142, Malta;
<b>“Listing Authority”</b>	the board of governors, acting as the Listing Authority under the Malta Financial Services Authority Act (Chapter 330 of the laws of Malta);
<b>“Listing Rules”</b>	the listing rules issued by the Listing Authority, as may be amended from time to time;
<b>“Malta Stock Exchange Bye-Laws”</b>	the Malta Stock Exchange plc bye-laws issued by the authority of the board of directors of Malta Stock Exchange plc, as may be amended from time to time;
<b>“Memorandum and Articles of Association” or “M&amp;As”</b>	the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus;
<b>“MFSA”</b>	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act, 1988 (Chapter 330 of the laws of Malta);
<b>“Official List”</b>	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
<b>“P.Borg Company Ltd”</b>	P.Borg Company Limited, a company registered under the laws of Malta with company registration number C 13314 and having its registered office at A 11, Industrial Estate, Marsa MRS 3000, Malta;
<b>“P.Borg &amp; Son Holdings Limited”</b>	P.Borg & Son Holdings Limited, a company registered under the laws of Malta with company registration number C 70434 and having its registered office at A 11, Industrial Estate, Marsa MRS 3000, Malta;
<b>“P.J.P. Company Limited”</b>	P.J.P. Company Limited, a company registered under the laws of Malta with company registration number C 76599 and having its registered office at 32, Hughes Hallet Street, Sliema SLM 3142, Malta;
<b>“Prospectus”</b>	collectively the Summary Note, this Registration Document and the Securities Note, all dated 30 October 2017, as such documents may be amended, updated, replaced and supplemented from time to time;
<b>“Prospectus Directive”</b>	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as may be amended from time to time;
<b>“Redemption Date”</b>	1 December 2027;
<b>“Registration Document”</b>	this registration document in its entirety issued by the Issuer dated 30 October 2017, forming part of the Prospectus;

<b>“Regulation”</b>	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of the prospectus and dissemination of advertisements;
<b>“Roosendaal Hotels Limited”</b>	Roosendaal Hotels Limited, a company registered under the laws of Malta with company registration number C 3112 and having its registered office at ‘St. Therese’, Hughes Hallet Street, Sliema SLM 3142, Malta;
<b>“Roosendaal Trading Limited”</b>	Roosendaal Trading Limited, a company registered under the laws of Malta with company registration number C 4265 and having its registered office at A 12, Industrial Estate, Marsa MRS 3000, Malta;
<b>“Securities Note”</b>	the securities note issued by the Issuer dated 30 October 2017, forming part of the Prospectus;
<b>“Shanal Limited”</b>	Shanal Limited, a company registered under the laws of Malta with company registration number C 26194 and having its registered office at A 11, Industrial Estate Marsa MRS 3000, Malta;
<b>“Sponsor, Manager &amp; Registrar”</b>	Calamatta Cuschieri Investment Services Limited, a private limited liability company registered under the laws of Malta having its registered office at Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta and bearing company registration number C 13729. Calamatta Cuschieri Investment Services Limited is authorised to conduct investment services by the Malta Financial Services Authority in terms of the Investment Services Act (Chapter 370 of the laws of Malta) and is a member of the MSE; and
<b>“Summary Note”</b>	the summary note issued by the Issuer dated 30 October 2017, forming part of the Prospectus.

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

Unless it appears otherwise from the context:

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

## 2 RISK FACTORS

PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

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

NEITHER THE PROSPECTUS NOR ANY OTHER INFORMATION SUPPLIED HEREIN IN CONNECTION WITH SECURITIES ISSUED BY THE ISSUER: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION, NOR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE GUARANTOR OR THE SPONSOR, MANAGER & REGISTRAR OR AUTHORISED INTERMEDIARIES THAT ANY RECIPIENT OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY SECURITIES ISSUED BY THE ISSUER. PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS AND SHOULD CONSIDER ALL OTHER SECTIONS OF THIS DOCUMENT.

### 2.1 Forward-looking statements

The Prospectus and the documents incorporated therein by reference or annexed thereto contain forward-looking statements that include, among others, statements concerning the Issuer's and Guarantor's strategies and plans relating to the attainment of their respective objectives, capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts and which may, accordingly, involve predictions of future circumstances. Prospective investors can generally identify forward-looking statements by the use of terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", or similar phrases. Such forward-looking statements are inherently subject to a number of risks, uncertainties and assumptions, a few of which are beyond the Issuer's and Guarantor's control.

Important factors that could cause actual results to differ materially from the expectations of the Issuer's and/or Guarantor's directors include those risks identified under this heading "Risk Factors" and elsewhere in the Prospectus. If any of the risks described were to materialise, they could have a material effect on the Issuer's and/or Guarantor's financial results, trading prospects and the ability of the Issuer and/or Guarantor to fulfil their respective obligations under the securities to be issued in terms of the Prospectus.

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

Prospective investors are advised to read the Prospectus in its entirety and, in particular, the sections entitled "Risk Factors" for a further discussion of the factors that could affect the Issuer's and/or Guarantor's future performance. In the light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in the Prospectus may not occur. All forward-looking statements contained in the Prospectus are made only as at the date hereof. The Issuer, Guarantor and their respective directors expressly disclaim any obligations to update or revise any forward-looking statements contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds will be repayable in full upon maturity, unless the Bonds are previously re-purchased and cancelled. An investment in the Bonds involves certain risks, including those described below.



## 2.2 Risks relating to the Issuer's reliance on the Group

The Issuer was incorporated on 30 August 2017 and, accordingly, has no trading record or history of operations. Furthermore, the Issuer itself does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company solely for the needs of the Group and, as such, its assets are intended to consist primarily of loans issued to Group companies.

The Issuer is dependent on the business prospects of the Group and, consequently, the operating results of the Group have a direct effect on the Issuer's financial position. Therefore, the risks intrinsic in the business and operations of Group companies have a direct effect on the ability of the Issuer and the Guarantor to meet their respective obligations in connection with the payment of interest on the Bonds and repayment of principal when due. Accordingly, the risks of the Issuer are indirectly those of the Group and, in turn, all risks relating to the Group are the risks relevant to the Guarantor.

Specifically, the Issuer is principally dependent, including for the purpose of servicing interest payments on the Bonds and the repayment of the principal amount on Redemption Date, on income derived from dividends receivable from Group companies and the receipt of interest payments and loan repayments from Group companies.

The interest payments and loan repayments to be affected by Group companies are subject to certain risks. More specifically, the ability of Group companies to affect payments to the Issuer will depend on the cash flows and earnings of such Group companies, which may be restricted: by changes in applicable laws and regulations; by the terms of agreements to which they are or may become party; or by other factors beyond the control of the Issuer and/or Guarantor. The occurrence of any such factor could, in turn, negatively affect the ability of the Issuer and the Guarantor to meet their respective obligations in connection with the payment of interest on the Bonds and repayment of principal when due.

## 2.3 Risks relating to the Group and its business

### 2.3.1 General

Whilst the Issuer and Guarantor are registered in Malta, some of the Group's operations, business interests and activities are presently located in or conducted from overseas; principally, the United Kingdom and Tunisia.

The Group has a long trading history in the garment manufacturing and retail industries, as well as in real estate developments that consist principally of hotels and residential property. All of said industries globally are characterised by strong and increasing competition. Severe competition in certain countries and changes in economic and market conditions could adversely affect the Group's business and operating results.

The Group's operations and the results of its operations are subject to a number of factors that could adversely affect the Group's business, many of which are common to the manufacturing, retail, hotel and real estate industry and are beyond the Group's control.

### 2.3.2 Risks relating to general retail market conditions

The health of the retail market may be affected by a number of factors, including, inter alia, consumer demand, tastes, preferences, trends, inflation, fluctuation in interest rates, exchange rates, direct and indirect taxation, regulations, energy and fuel costs, unemployment, wage rates, availability of credit, government spending and budget priorities, and other general market and economic conditions. These are particularly accentuated as concerns the Group owing to the size of the Maltese market, which market is central to the success of the Group's retail business. Adverse factors could cause customers and potential customers to postpone or reduce spending on products or services or put downward pressure on prices, which could have an adverse effect on the Group's business, results of operations or cash flows, consequently adversely impacting the Issuer.

As set out in further detail in sub-section 5.2.3 below, a key driver of the projected growth in the Group's turnover and profit relates to the planned continued internationalisation of the Gagliardi brand, whereby the Group intends to increase its international presence in the distribution of Gagliardi over the next few years. This is an area that inherently carries a higher element of execution risk in terms of the achievement of the Group's projected results. The Group will be accessing new markets that are highly competitive and where Gagliardi still has limited brand recognition. The attainment or otherwise of the Group's projected results will also depend on the Group's ability to identify the right countries and the right retail locations to implement its expansion plans. The failure to achieve the expected growth pursuant to said expansion plans could have a material adverse impact on the business, financial condition, results of operations and prospects of the Group.

### 2.3.3 Competition

The Group already operates in highly competitive markets and this level of competition may increase, which may limit the future ability of the Group to maintain its market share and revenue level. The Group competes with store-based retailers, as well as e-commerce and online retailers, for customers, employees, locations and other important aspects of its retail business. Current and potential competitors may have longer operating histories, greater name recognition, larger customer bases and greater financial, technical, marketing and other resources than the Group. Some of these competitors may be able to respond more quickly, engage in more extensive promotional activities, offer more attractive pricing and terms to their customers and adopt more aggressive pricing policies. There can be no assurance that the Group will be able to maintain or increase its market share and to compete effectively with current or future competitors or that the competitive pressures will not consequently have a material adverse effect on Group's business, financial condition, operational performance and, accordingly, on the Issuer's and Guarantor's ability to fulfil their respective obligations under the Bonds.

### 2.3.4 Group's ability to anticipate trends and respond to changing consumer preferences

The retail and fashion industry is subject to rapidly evolving fashion trends and shifting consumer demands. Accordingly, the success of each brand sold by Group entities and, in turn, the success of the Group's outlets in Malta, is dependent upon both the priority customers place on fashion and the Group's ability to anticipate, identify and capitalise upon emerging fashion trends. If the Group fails to anticipate, identify or react appropriately, or in a timely manner, to fashion trends, the Group's outlets could experience reduced customer acceptance of their products. These factors could result in decreased sales volume and lower product margins, and could have a material adverse effect on the Group's results of operations. Consequently, the Group's inability to understand and adapt to the conditions and developments in the retail market may adversely affect the Group's business and operational results.

### 2.3.5 Reliance on franchise arrangements

Besides being engaged in the sale of its own brands, the Group's retail and fashion business is presently also focused on the franchise arrangements pursuant to which the Group is responsible for the sale of brands such as Gant, Lacoste and Ralph Lauren. The termination of such franchise arrangements for any of the aforesaid brands would have a material adverse effect on the Group's operations and income. The Group is, therefore, reliant on maintaining a good relationship with each of the franchise owners to ensure continuity of the respective franchise arrangements.

Furthermore, the success of the marketing, distribution and retail of the said brands' merchandise in Malta is susceptible to the success and reputation of the respective brand internationally, which is beyond the control of the Group.

As the respective franchisors remain the sole and exclusive proprietors of the trademarks and names (logos, images and the like), the Group is exposed to the risk of litigation and the corresponding costs related to their misuse or misapplication.

### 2.3.6 Risks relating to the political, economic and social environment of Tunisia, from where the Group operates part of its garment manufacturing business

Tunisia is regarded as being susceptible to political, economic or social risks not normally encountered in more developed countries. Accordingly, the Group is, in part, susceptible to the political and economic risks that may from time to time influence Tunisia's prospects. Negative political or economic factors and trends in or affecting Tunisia could have a material impact on the business of the Group.

Any unexpected changes in the political, social, economic or other conditions in Tunisia may have an adverse effect on the operations and financial results of the Group and on any investments made by the Group.

Prospective investors should also note that emerging markets present economic and political conditions which differ from those of the more developed markets and could possibly present less social, political and economic stability, which could render investment in such markets more risky than investments in more developed markets.

The Group's prospects should be considered in the light of the risks and the difficulties generally encountered by companies operating in emerging markets. Specific country risks that may have a material impact on the Group's

business, operating results, cash flows and financial condition include: acts of warfare and civil clashes; political, social and economic instability; government intervention in the market, including tariffs, protectionism and subsidies; changes in regulatory, taxation and legal structures; exchange control and rules on expropriation, nationalisation and/or confiscation of assets; difficulties and delays in obtaining permits and consents for operations and developments; inconsistent governmental action and/or lack or poor condition of infrastructure.

The Tunisian legal and judicial system may be different from that which some investors may be more familiar with in certain civil and common law jurisdictions, and investors in Malta may consider such a system as not providing, in various aspects, the level of comfort for investment which they are used to under the Maltese legal system or other civil and common law jurisdictions, and, accordingly, they may consider that the Group may face difficulties in enforcing its legal rights relating to its investments made in Tunisia.

### 2.3.7 The Group may not be able to realise the benefits it expects from investments made in its properties under development

The Group's business, through subsidiaries or associated entities, consists in part of the acquisition, development and, in certain cases, operation of real estate projects, comprising hotels, residences and retail spaces. Property acquisition and real estate development projects are subject to a number of specific risks, many of which are beyond the Group's control, including: the risk of cost overruns; insufficiency of resources to complete the projects; general industry trends, including the cyclical nature of the real estate market; sale or rental transactions not being effected at the prices and within the timeframes envisaged; changes in local market conditions, such as an oversupply of similar properties or a reduction in demand for real estate; shortages and/or price increases in raw materials or other construction inputs, such as, among others, cement, steel, energy and other utilities; acts of nature that may damage the properties or delay their development; higher interest costs; and the erosion of revenue generation. If these risks were to materialise they would have an adverse impact on the Group's revenue generation, cash flows and financial performance.

Renovating, refurbishing or otherwise improving existing properties to maintain the desired standards, and acquiring and developing new and commercially viable properties, is key to the Group's business and growth strategy. The development and/or improvement of the Group's properties in the future presents a number of risks, including: market disruption or oversupply, which may result in the Group being unable to achieve appropriate room rates or sell / let residential units at the prices it anticipates, potentially requiring changes in the Group's pricing strategy that could result in significant losses or charges; and construction delays, cost overruns, lender financial defaults or "acts of God" such as earthquakes, hurricanes, floods or fires, which could increase overall project costs or result in project cancellations.

The Group is also exposed to the risk of delays or refusals in obtaining the necessary planning permissions or other building and other required permits and authorisations, which is a risk commonly associated with property development projects.

Furthermore, the Group is subject to various counter-party risks, including the risk of counter-parties, such as contractors and sub-contractors engaged in the demolition, excavation, construction and finishing of developments in which the Group may be involved, and prospective lessors and/or purchasers, defaulting on their obligations with the Group. Such parties (which may include both third parties as well as related parties) may default or fail to perform on their obligations to the Group due to insolvency, lack of liquidity, market or economic downturns, operational failure or other reasons which are beyond the Group's control.

If such risks, many of which are common to the real estate industry, were to materialise, they could have an adverse impact on the Group's revenue generation, cash flows and financial performance.

The Group's ability to realise the full benefits that it expects from investments made in properties will depend, in turn, on its ability to assess and minimise these risks in an efficient and cost-effective manner. No assurance can be given that the Group will be able to deal with these risks in an efficient and cost-effective manner.

### 2.3.8 The Group may not be able to obtain the capital it requires for development or improvement of existing or new investments on commercially reasonable terms, or at all

The Group's ability to implement its business strategies is dependent upon, amongst other things, its ability to generate sufficient funds internally and to access financing at acceptable costs. No assurance can be given that sufficient financing for its current and future investments will be available on commercially reasonable terms or within the timeframes required by the Group, also taking into account the need, from time to time, for the Group's properties to undergo

renovation, refurbishment or other improvements. Any weakness in the capital markets may limit the Group's ability to raise capital for completion of projects that have commenced or for development of future investments. Failure to obtain, or delays in obtaining, the capital required to complete current or future developments on commercially reasonable terms, including increases in borrowing costs or decreases in loan funding, may limit the Group's growth and materially and adversely affect its business, financial condition, results of operations and prospects.

#### 2.3.9 The Group may be exposed to environmental liabilities attaching to real estate property

Group companies may become liable for the costs of removal, investigation or remediation of any hazardous or toxic substances that may be located on or in, or which may have migrated from, a property owned or occupied by it, which costs may be substantial. Group companies may also be required to remove or remediate any hazardous substances that they may cause or knowingly permit at any property that they own or may in future own. Laws and regulations, which may be amended over time, may also impose liability for the presence of certain materials or substances or the release of certain materials or substances into the air, land or water or the migration of certain materials or substances from a real estate investment, including asbestos, and such presence, release or migration could form the basis for liability to third parties for personal injury or other damages. These environmental liabilities, if realised, could have a material adverse effect on the Group's business, financial condition and results of operations.

#### 2.3.10 Fluctuations in property values

Property values are affected by and may fluctuate, inter alia, as a result of changing demand, changes in general economic conditions, changing supply within a particular area of competing space and attractiveness of real estate relative to other investment choices. The value of the Group's property portfolio may also fluctuate as a result of other factors outside the Group's control, such as changes in regulatory requirements and applicable laws (including in relation to taxation and planning), political conditions, the condition of financial markets, potentially adverse tax consequences, and interest and inflation rate fluctuations.

The Group's operating performance could be adversely affected by a downturn in the property market in terms of capital values. The valuation of property and property-related assets is inherently subjective, due to, among other things, the individual nature of each property and the assumptions upon which valuations are carried out. Accordingly, there can be no assurance that the valuations of Group properties and property-related assets referred to in the Prospectus will reflect actual market values that could be achieved upon a sale, even where any such sale were to occur shortly after the valuation date. Actual values may be materially different from any future values that may be expressed or implied by forward-looking statements set out in the relative valuation or anticipated on the basis of historical trends, as reality may not match the assumptions made.

#### 2.3.11 The hotel industry could be adversely affected by natural disasters, terrorist activity and war

Natural disasters, the spread of contagious disease, industrial action, travel-related accidents, terrorist activity and war, and the targeting of hotels and popular tourist destinations in particular, have, in the past, had a significant negative impact on the hotel industry globally and such events could have a similarly negative impact on the industry in the future.

Events such as the afore-mentioned could directly or indirectly affect travel patterns and reduce the number of business and leisure travellers and reduce the demand for hotel accommodation at the Group's hotels. In addition, concerns about air travel safety could substantially decrease the overall amount of air travel, including premium business travel, which is generally associated with the highest average daily rates at hotels. Such a decrease could have an adverse impact on occupancy levels in hotels owned and/or operated by the Group.

The local incoming tourism industry is impacted by economic conditions in the countries from which Malta's tourism is sourced, by economic and political conditions in competing destinations, by the availability of air travel capacity and connections to the Maltese Islands and by the continued growth in global tourism, particularly from the Far East, that impacts overall hotel occupancy across all European destinations. Adverse movements in the overall balance of these factors could negatively affect the Group's performance and the achievement of its projected results. Additionally, the tourism industry is inherently cyclical and, following the relative peak in this industry's performance which has now extended for a number of years, a relative downturn could potentially be experienced by the industry in the coming years.

Furthermore, actual or threatened war, terrorist activity, political unrest, civil strife and other geopolitical uncertainty may also reduce overall demand for business and leisure travel. The occurrence of any of these events or increasing concerns about these events could have a material adverse impact on the business, financial condition, results of operations and prospects of the Group.

### 2.3.12 Increase in financial gearing further to the Bond Issue

The Group's financial gearing levels will increase further to the Bond Issue. The Group's gearing ratio (net debt / total funding), which stood at 19.1% as at 31 October 2016, would increase to a peak of 35.1% as at 31 October 2018. The increase in the level of financial gearing gives rise to all risks typically associated with higher leverage, including lower asset cover and lower debt service cover levels.

### 2.3.13 Liquidity risk

In view of the fact that the Group is, in part, a property holding organisation, coupled with the fact that property is a relatively illiquid asset, such illiquidity may affect the Group's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely manner and at satisfactory prices in response to changes in economic, real estate, market or other conditions. These factors could have an adverse effect on the Group's financial condition and results.

### 2.3.14 Risks relating to fluctuations in exchange rates and other regional economic developments

The Group's operations are in part exposed, in the case of transactions not denominated in Euro, to foreign currency risk on transactions, receivables and borrowings that are denominated in a currency other than the Euro. As a result, exchange gains and losses may arise on the realisation of amounts receivable and the settlement of amounts payable in foreign currencies.

The Group can be impacted by transaction risk, being the risk that the currency of the costs and liabilities of Group companies fluctuates in relation to the Euro (being the reporting currency of all Group companies), which fluctuation may adversely affect the Group's operating performance.

### 2.3.15 Litigation risk

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

### 2.3.16 Reliance on key senior personnel and management

The Group's growth since inception is, in part, attributable to the efforts and abilities of key personnel of the Group. If one or more of these individuals were unable or unwilling to continue in their present position, they may not be replaceable within the short term, which could have an adverse effect on the Group's business, financial condition and results of operations.

In common with many businesses, the Group will be relying heavily on the contacts and expertise of its senior management teams and other key personnel. Although no single person is solely instrumental in fulfilling the Group's business objectives, there is no guarantee that these objectives will be achieved to the degree expected following the possible loss of key personnel. The loss of the services of any of the key personnel could have, in the short term, a material adverse effect on the Issuer's business.

Furthermore, the expected increase in the scale of the Group's operations (as set out in further detail in sub-section 5.2.3 below) will necessitate a shift in its overall management and control structures. The Group will be taking on the management of an increased number of retail outlets and a larger hotel operation. Management's ability to adapt to these changes will inevitably have a bearing on the extent to which the Group achieves its targets.

### 2.3.17 The Group's insurance policies

Historically, the Group has maintained insurance at levels determined by the Group to be appropriate in light of the cost of cover and the risk profiles of the businesses in which the Group operates. With respect to losses for which the Group is covered by its policies, it may be difficult and may take time to recover such losses from insurers. In addition, the Group may not be able to recover the full amount from the insurer. No assurance can be given that the Group's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates.

### 2.3.18 Other risks

The Group is subject to taxation, planning, environmental and health and safety laws and regulations, including regulations relating to planning permissions. As with any business, the Group is at risk in relation to changes in laws and regulations and the timing and effects of changes in the laws and regulations to which it is subject, including changes in the interpretation thereof which cannot be predicted; and in relation to other factors over which the Group has no control, such as catastrophic events, terrorist attacks and other acts of war or hostility, all of which could have an adverse effect on the business, financial condition and profitability of the Group. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Prospectus upon the business and operations of Group companies.

## 3 PERSONS RESPONSIBLE

This Registration Document includes information prepared in compliance with the Listing Rules of the Listing Authority for the purpose of providing Bondholders with information with regard to the Issuer and the Guarantor. Each and all of the Directors whose names appear in sub-section 4.1 of this Registration Document accept responsibility for all the information contained in the Prospectus.

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

## 4 IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, ADVISERS AND AUDITORS OF THE ISSUER AND GUARANTOR

### 4.1 Directors of the Issuer

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

Peter Borg	Rotating Chair and executive Director
Karen Bugeja	Rotating Chair and executive Director
Christine Demicoli	Executive Director
David Debono	Non-executive Director
Emanuel Ellul	Independent, non-executive Director
Joseph Cachia	Independent, non-executive Director

Mr Peter Borg, Ms Karen Bugeja and Ms Christine Demicoli occupy senior executive positions within the Group. The other three Directors, Mr David Debono, Mr Emanuel Ellul and Mr Joseph Cachia, serve on the Board of the Issuer in a non-executive capacity. Mr Emanuel Ellul and Mr Joseph Cachia are considered as independent Directors since they are free of any significant business, family or other relationship with the Issuer, its controlling shareholders or the management of either, that could create a conflict of interest such as to impair their judgement. In assessing Mr Ellul and Mr Cachia's independence due notice has been taken of sub-section 5.117 of the Listing Rules.

The business address of the Directors is 32, Hughes Hallet Street, Sliema SLM 3142, Malta.

The company secretary of the Issuer is Ms Alexandra Borg. The curriculum vitae of Ms Borg is set out below in sub-section 4.2.

The following are the respective *curriculum vitae* of the Directors:

Name: **Peter Borg**; Rotating Chair and executive Director

Peter Borg joined the family business in 1989. He then became Managing Director of Germal Company Limited, Sandpiper Company Limited and Valletta Light Clothing Limited, all manufacturing concerns. He took over as Managing Director of Bortex Clothing Industry in 1991 and saw the manufacturing group expand from a Malta-based private label manufacturer to a mixed portfolio business with manufacturing operations on three continents and its own chain of retail stores in Malta, as well as overseas. The ‘Gagliardi’ brand was developed and is sold via a combination of own stores, franchise, web and wholesale channels, worldwide. He has also served as director on the Group’s Hospitality and Property Division since 1989. Peter has also been a non-executive director on the boards of Middle Sea Insurance plc and Plaza Centres plc, and is currently Deputy Chairman of Malta Enterprise and non-executive director at P. Cutajar & Co. Ltd.

Name: **Karen Bugeja**; Rotating Chair and executive Director

Karen Bugeja joined the family business in 1990. She read for a Master Degree in Business Administration and specialised in Business Finance. She joined the hospitality side of the business and became Managing Director of the Group’s hotels at the time. The hospitality division is now being repositioned from having standard tourist properties to a more up market ‘lean luxury concept’ in Sliema and Valletta. As CEO of the Group’s Hospitality and Property division, she also spearheads the property development division which is currently launching a luxury living concept in central Sliema. Karen has also served as director on the Group’s manufacturing and retail boards since 1989 and on the board of Airmalta plc for four years, where she also sat on the audit committee.

Name: **Christine Demicoli**; Executive Director; CFO Hospitality and Property Operations

Christine Demicoli is a Certified Public Accountant who graduated with a Bachelor of Accountancy (Honours) from the University of Malta. She joined the Bortex Group in 1995 after two years of work experience with KPMG Malta, where she was involved in a number of auditing assignments for high-profile companies. Christine started working with the Group as the accountant for Sandpiper Limited, Germal Limited and Valletta Light Clothing Limited – all manufacturing concerns – and of Roosendaal Trading Limited, a retail company, formerly known as Technical Services & Supplies Limited. Eventually Christine was asked to assist in the finance department and in the management of the hospitality division, which led the way for her to take on the role of Chief Financial Officer for this sector of the business and of the property development division in 2002. She has served on the Group’s main boards since 2015.

Name: **David Debono**; Non-Executive Director

David Debono began his management career within an international chain of hotels (Sol Melia – Suncrest) in the late 1990s and occupied senior management positions in various departments. He later held the post of group General Manager for Sunsites Limited, a company operating two hotels and a wellness centre in the northern part of Malta. During this time David also obtained Malta’s first ‘Tourism Authority Quality Certification’ for one of the hotels. He joined the Grand Hotel Excelsior in October 2007 as Operations Director and was later appointed Director of Business Development. He joined Baystreet Holdings Limited in April 2011 as Chief Executive Officer, focusing primarily on the company’s business development strategy and corporate development. In 2015, he was made responsible for the setting up of a new subsidiary with interests in the retail industry representing the Spanish brands within the Cortefiel Group. David obtained postgraduate qualifications in operations, strategic management, human resources, finance and marketing from Henley Management College in 2008. In 2011 he received his Master’s degree in Business Administration from Henley Business School (University of Reading), specialising in corporate and business strategy. David is currently conducting further postgraduate research on leadership and competitive strategy.

Name: **Emanuel Ellul**; Independent, non-executive Director

Emanuel Ellul began his career as an apprentice in HM’s Naval Dockyard in 1951, where he was later employed there as a tradesman. In October 1961, after winning a government scholarship, he studied politics and economics at Oxford University in the UK, before proceeding to the Trades Union Congress for a one-year study attachment at the research department. He later returned to Malta and was engaged by the General Workers Union. Emanuel then moved on to the Central Bank of Malta, where he spent 30 years rising through the ranks to Governor. In 2000, he was appointed an advisor to the Minister of Finance, where he held the role of chairman of the Government Privatisation Unit until June 2013. Over the years, Emanuel held various directorships at companies including Middlesea Valletta Life, the Malta Drydocks Corporation and Governor at MCAST. In 2013 he was appointed consultant to Petromal Company Limited and Enemed Co Ltd and, in 2015, was appointed a member of the MFSA’s Resolution Committee.

Name: **Joseph Cachia**; Independent, non-executive Director

Joseph Cachia joined Bortex in 1979 after 15 years as a print media journalist and, later, with Malta Television, where he served as head of the news and current affairs department. His Bortex career spanned 33 years, during which time he was intimately involved in the Group's entire operational spectrum – from planning, production control and outsourcing overseas, to the procurement of raw materials, sales and marketing. Joseph was a pioneer in the Group's marketing division, which was expressly set up early in the 1980s by the Group's founder, Sunny Borg, to develop market strategies that would diversify the Group from a manufacturing operation solely supplying a partner company to a market-oriented enterprise. As director of sales and marketing, Joseph spearheaded the sales drive to attract clients and new business in the United Kingdom, Sweden, Italy, France, Germany, the Netherlands and the USA. Towards the end of his time at Bortex, Joseph was actively engaged in the Group's branching-out into retail trading and in the marketing of the house brand. On retiring from Bortex in 2013 Joseph joined the public service, first in the Finance Ministry and later in the Ministry for the Family, Children's Rights and Social Solidarity, where he is still serving as adviser to the ministry's permanent secretary.

#### 4.2 Directors of the Guarantor

As at the date of this Registration Document, the board of directors of the Guarantor is constituted by the following persons:

Peter Borg	Rotating Chair and executive director
Karen Bugeja	Rotating Chair and executive director
Christine Demicoli	Executive director & Company Secretary
Alexandra Borg	Executive director
Sam Borg	Executive director
David Debono	Non-executive director

The business address of the directors of the Guarantor is 'St. Therese', Hughes Hallet Street, Sliema SLM 3142, Malta.

The company secretary of the Guarantor is Ms Christine Demicoli.

The following are the respective *curriculum vitae* of the directors of the Guarantor:

Name: **Peter Borg**; Rotating Chair and executive director

The *curriculum vitae* of Mr Borg is set out in sub-section 4.1 above.

Name: **Karen Bugeja**; Rotating Chair and executive director

The *curriculum vitae* of Ms Bugeja is set out in sub-section 4.1 above.

Name: **Christine Demicoli**; Executive director & Company Secretary

The *curriculum vitae* of Ms Demicoli is set out in sub-section 4.1 above.

Name: **Alexandra Borg**; Executive director; CFO Manufacturing and Retail Operations

Alexandra Borg joined Bortex in 1989, initially as an Accounts Executive. She obtained her FIA CPA qualifications in 1997 and eventually rose through the ranks to the role she occupies today. Alexandra has played an active part in Bortex's evolution and has helped it grow from a solely Malta-based private label garment manufacturer to one with manufacturing operations on three continents and its own branded retail operations in over 12 countries, including Malta. Besides the finance department, she also retains day-to-day responsibility for the Group's manufacturing operations in Tunisia. She was appointed director on the Guarantor's board in 2015.

Name: **Sam Borg**; Executive director; COO Manufacturing and Retail Operations

Sam Borg joined the family business in May 2011 after reading for a Bachelor of Laws at Exeter University. He started with the Group as Brand Manager for 'Gagliardi' and has been responsible for overseeing sales, marketing, business development



and design for the brand, as well as spearheading the e-commerce operations. Sam has recently been appointed COO for the manufacturing division, thus adding private label operations to his existing responsibilities. He is also the vision behind the communications and social media marketing strategies of the Group. Sam has served on the Guarantor's board since 2015 and is also a founding director on Kwotani Limited.

Name: **David Debono**; Non-executive director

The *curriculum vitae* of Mr Debono is set out in sub-section 4.1 above.

The executive directors of the Issuer and the Guarantor, on the strength of their respective knowledge and experience in the applicable business interests of the Group to which they contribute directly, occupy the senior management and key executive positions across the Group.

#### **4.3 Advisers to the Issuer and Guarantor**

##### **Legal Advisers:**

Name: Maempels  
Address: 16, Sampusa Lane, Birkirkara BKR 2283, Malta

Name: GVZH Advocates  
Address: 192, Old Bakery Street, Valletta VLT 1455, Malta

##### **Sponsoring stockbroker:**

Name: Calamatta Cuschieri Investment Services Limited  
Address: Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta

##### **Financial Advisers**

Name: PricewaterhouseCoopers  
Address: 78, Mill Street, Qormi QRM 3101, Malta

As at the date of the Prospectus the advisers named under this sub-heading have no beneficial interest in the share capital of the Issuer or the Guarantor. Additionally, save for the terms of engagement relative to their respective services provided in connection with the preparation of the Prospectus, no material transactions have been entered into by the Issuer or the Guarantor with any of the advisers referred to above.

The organisations listed above have advised and assisted the directors of the Issuer and the Guarantor in the drafting and compilation of the Prospectus.

#### **4.4 Auditors of the Issuer**

Name: PricewaterhouseCoopers  
Address: 78, Mill Street, Qormi QRM 3101, Malta

The Issuer was set up on 30 August 2017 and since incorporation to the date of this Registration Document no financial statements have been prepared. The Issuer has appointed PricewaterhouseCoopers as its auditors. PricewaterhouseCoopers is a firm of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Chapter 281 of the laws of Malta).

#### **4.5 Auditors of the Guarantor**

Name: PricewaterhouseCoopers  
Address: 78, Mill Street, Qormi QRM 3101, Malta

The annual statutory consolidated financial statements of the Guarantor for the financial years ended 31 October 2014, 2015 and 2016 have been audited by PricewaterhouseCoopers. PricewaterhouseCoopers is a firm of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Chapter 281 of the laws of Malta).

## 5 INFORMATION ABOUT THE ISSUER AND GUARANTOR

### 5.1 Historical development of the Issuer

Full legal and commercial name of the Issuer:	<b>Bortex Group Finance plc</b>
Registered address:	<b>32, Hughes Hallet Street, Sliema SLM 3142, Malta</b>
Place of registration and domicile:	<b>Malta</b>
Registration number:	<b>C 82346</b>
Date of registration:	<b>30 August 2017</b>
Legal form:	<b>The Issuer is lawfully existing and registered as a public limited liability company in terms of the Act</b>
Telephone number:	<b>+356 21333565</b>
Fax number:	<b>+356 21333558</b>
E-mail address:	<b>companysecretary@bortexgroupfinance.com</b>
Website:	<b>www.bortexgroupholdings.com</b>

The Issuer is, except for one share which is held by Mr Peter Borg and another share held by Ms Karen Bugeja, a fully-owned subsidiary of the Guarantor, which latter entity is the parent company of the Group.

The Issuer was incorporated on 30 August 2017 as a public limited liability company, registered in terms of the Companies Act with company registration number C 82346 and is domiciled in Malta, having its registered office at 32, Hughes Hallet Street, Sliema SLM 3142, Malta. The Issuer, which was set up and established to act as a finance company, has as at the date hereof an authorised and issued share capital of €250,000 divided into 250,000 ordinary shares of €1 each, all fully paid up. At present, the shares in the Issuer are subscribed to and held as indicated in sub-section 8.1 of this Registration Document.

The principal object of the Issuer is to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, movable and immovable property or other assets, including but not limited to securities and other financial interests. The issue of bonds falls within the objects of the Issuer.

The Issuer is not intended to undertake any trading activities itself apart from the raising of capital and the advancing thereof to members of the Group. Accordingly, the Issuer is economically dependent principally on the financial and operating performance of the businesses of Group entities, comprising the business of garment manufacturing, retail, real estate development and hospitality (further details of said entities and their respective businesses are set out in sub-section 5.2 of this Registration Document).

The Issuer does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company. The Issuer is, therefore, intended to serve as a vehicle through which the Group will continue to finance its future projects, principally and in the immediate future the projects set out in detail in sub-section 5.2.3 of this Registration Document, as well as other projects that may be undertaken by its subsidiary companies; and/or enabling the Group to seize new opportunities arising in the market.

The Issuer operates exclusively in and from Malta.

## 5.2 Historical development of the Guarantor and overview of the Group's business

### 5.2.1 Introduction

Full legal and commercial name of the Guarantor:	<b>Bortex Group Holdings Company Limited</b>
Registered address:	<b>'St. Therese', Hughes Hallet Street, Sliema SLM 3142, Malta</b>
Place of registration and domicile:	<b>Malta</b>
Registration number:	<b>C 4863</b>
Date of registration:	<b>6 February 1980</b>
Legal form:	<b>The Guarantor is lawfully existing and registered as a private limited liability company in terms of the Act</b>
Telephone number:	<b>+356 21333565</b>
Fax number:	<b>+356 21333558</b>
E-mail address:	<b>companysecretary@bortexgroup.com</b>
Website:	<b>www.bortexgroupholdings.com</b>

The Guarantor is a private limited liability company incorporated and registered in Malta with company registration number C 4863, having its registered office at 'St. Therese', Hughes Hallet Street, Sliema SLM 3142, Malta. The Guarantor is the parent company of the Group, holding shares in a number of subsidiary companies registered in Malta, the United Kingdom and Tunisia, primarily operating in the garment manufacturing, retail, real estate development and hospitality sectors.

The principal object of the Guarantor is to purchase, acquire, hold and deal in any shares, debentures, stocks, bonds or other securities issued by any company or association, solely for and on behalf of the company. The Guarantor is also empowered in terms of its Memorandum and Articles of Association to secure or guarantee the payment of any sums of money or the performance of any obligation by any company, firm or person, including any parent, subsidiary, related company or joint venture, in such manner as may be necessary for carrying out the company's objects or any of them, even by the hypothecation of the Guarantor's property, whether present or future.

As at the date of this Registration Document, the Guarantor has an authorised and issued share capital of €46,587.46 divided into 20,000 ordinary shares having a nominal value of €2.329373 each, all fully paid up, and subscribed to and held as indicated in sub-section 8.2 of this Registration Document.

In the weeks preceding the publication of the Prospectus, a Group corporate restructuring exercise was carried out in order to achieve a cleaner corporate set-up, which process essentially involved the transfer for a nominal value of various insignificant holdings within the Group structure which had been in existence since the Group's inception and which no longer served any particular purpose within the Group context. Pursuant to the corporate restructuring exercise, the Guarantor, previously registered under the name Borchild Limited until 28 September 2017, changed its name to Bortex Group Holdings Company Limited.

Following the date of the Prospectus it is intended that a second phase of the afore-mentioned corporate restructuring of the Group be carried into effect in order to streamline the Group's corporate set-up further, principally through the elimination of various non-active entities forming part of the Group to be executed in virtue of upstream mergers - specifically, pursuant to such mergers Sandpiper Limited (C10308), Roosentours Limited (C 34287), Germal Company Limited (C 4291), Consolidated Coborg Company Ltd (C 4942), Combmed Holdings Company Limited (C 13359), K.Borg Company Limited (C 13315) and P.Borg Company Ltd (C 13314) will cease to exist.

The re-organisation of the Group, once finalised, and which will also involve the segregation of functions and activities carried out by the retained Group entities post the conclusion of the restructuring exercise, shall be implemented in such a manner as to attain a Group structure consisting of a single parent company, the Guarantor, holding or beneficially owning the entirety of shares in various Group subsidiary companies, whether directly or indirectly, which, in turn, carry out the business of the Group either through the operation of clothing manufacture and distribution / retail, or through the operation of activities in the real estate and hospitality sectors. Upon the completion of such steps, the holdings of the Group will be centralised within the Guarantor entity which will become the single parent company of the Group.

The Group's afore-mentioned corporate restructuring exercise shall not involve an economic transfer. The ultimate beneficial ownership of the Group shall be retained in such a way that Mr Peter Borg and Ms Karen Bugeja each continue to hold 50% ownership of the Group.

Accordingly, upon completion of the restructuring exercise as aforesaid, the Guarantor shall carry out the holding function of the Group as the Group's single parent entity, holding the entirety of shares in its immediate subsidiaries; namely, Shanal Limited (the Group's property company), Roosendaal Trading Limited and Bortex Clothing Industry Company Ltd (both entities carrying out activities of clothing manufacture and distribution, also through the direct and entirely owned subsidiary entities of Bortex Clothing Industry Company Ltd, being Bortex UK and Bortex Tunisia), and Roosendaal Hotels Limited (which carries out the Group's activities within the hospitality sector).

As the holding company of the Group, the Guarantor is ultimately dependent on the operations and performance of its subsidiaries.

### 5.2.2 Principal activities and markets

As stated above, the Guarantor is the parent company of the Group, which is principally engaged, through several subsidiaries that operate in various jurisdictions, in the business of manufacturing garments for its own private label, Gagliardi, and other private labels, marketing and retailing garments; and developing high quality property developments, as well as owning and managing hotel and residential properties in Malta. The Group also intends to invest in the Maltese real estate market in the immediate future. More information on current and future projects may be found in sub-section 5.2.3 below.

The Group's operations are, and have been for a number of years, divided into two principal segments – garment manufacturing and retailing on the one hand; and property development and hotel operations on the other. Although the core business of the Group knows its origins in the garment manufacturing sector, and the eventual retailing of those garments, it has also established itself in the hospitality sector and more recently has moved into the boutique hotel sector, through the refurbishment of a historical property in Valletta, Malta, intended to open its doors in 2018.

More specifically, Bortex Clothing Industry Company Ltd, a direct subsidiary of the Guarantor based in Malta, Bortex UK and Bortex Tunisia, both subsidiaries of Bortex Clothing Industry Company Ltd, carry out the design and manufacture of a vast range of formal tailoring, outerwear, casual clothing, footwear and accessories. Roosendaal Trading Limited, also a direct subsidiary of the Guarantor, is then involved in the sale and distribution of such clothing through the operation of a number of retail outlets. The business forming part of the Group's hospitality segment is carried out by Roosendaal Hotels Limited, another direct subsidiary of the Guarantor, which owns and manages the operations of the Hotel 1926 situated in Sliema, Malta (formerly the Plevna Hotel). Shanal Limited was retained as a Group entity to serve as the property company of the Group.

#### *Garment manufacture and retail*

Bortex is among Malta's longest established names in formal men's tailoring. Bortex Clothing Industry Company Ltd was set up over fifty years ago by Maltese entrepreneur Sunny Borg in October of 1964, to produce jeans and similar items of clothing. The venture went from strength to strength, until in 1971 it entered into partnership with the renowned men's fashion manufacturer, Van Gils of Holland, to produce high quality tailoring. Van Gils shares were bought by the British retail group Next plc in 1987 enabling Bortex to spread its product profile into children's and ladies' wear.

In 1991 the Next plc shares in Bortex Clothing Industry Company Ltd were wholly bought up by the Borg family – resulting in the company becoming 100% owned by Sunny Borg and his family.

Over the years the Group has diversified into other product areas such as ladies' formal garments as well as men's shirts, accessories and sportswear. The Group continues to supply the best names on European high-streets with private label products, as well as providing its own brands.

Its own label, Gagliardi, was launched in 2010 and its principal markets apart from Malta include the UK, Ireland, Russia, Serbia and Scandinavia. The retailing of the Gagliardi line is achieved through a mixture of franchising arrangements, own-stores models as well as mixed concessions. In recent years, the Group has also launched its own e-commerce platform through which its Gagliardi line is sold online, the operations of which are based in Malta.

Manufacturing for private label clients still forms a substantial portion of the Group's garment manufacturing operations, with clients based chiefly in Sweden, Switzerland and the United Kingdom. The Group's operations in this sector have been streamlined in order to cater for higher-end and higher-value products rather than mass-produced but lower-value items. The Group benefits from several long-standing relationships with established brands.

The Group now manufactures mainly overseas, retaining Malta as its headquarters. Design, marketing and other knowledge based activities are carried out on the Island. Shipments from Bortex factories in Tunisia transit in Malta on their way to some of Europe's better-end department stores, chain store groups and fashion houses.

### *Property development and hospitality*

The Group has owned and managed a small, yet strategic, property portfolio for several decades. With the exception of a warehouse situated in Zebbug, Malta, as part of the garment operations, the properties are owned and operated by Roosendaal Hotels Limited and Roosendaal Trading Limited. As the name implies, the former is involved in the hotelier industry and currently owns and manages the Hotel Plevna in Tigne', Sliema, currently in the process of a major overhaul that will lead to its rebranding as Hotel 1926. Once re-opened in July 2018, the hotel aims to offer the highest standards of lean luxury by employing state-of-the-art guest management software and technologies. The hotel is complemented with a beach lido concession on the Qui-si-Sana foreshore, which concession is for an indefinite term tied to the operation of the hotel, and which is being upgraded in tandem with the hotel building.

A block of newly-developed luxury apartments, named 'TEN Apartments', and consisting of 18 apartments and 2 penthouses over 7 floors is currently in development, while simultaneously being marketed for sale.

The Group, through Roosendaal Hotels Limited, holds 24% of the issued share capital of P.J.P. Company Limited, with the remaining shareholding held by Ms Karen Bugeja (38%) and P.Borg & Son Holdings Limited (38%), a company in which Mr Peter Borg holds 50% of the issued share capital. In June 2016 P.J.P. Company Limited acquired a residential property situated in St. Paul's Street, Valletta, Malta which is currently being extensively refurbished and which is scheduled to open its doors in December 2017 as an 8-roomed boutique hotel situated in the heart of the city, including a rooftop terrace.

### *Retail store management*

Roosendaal Trading Limited is the principal company within the Group responsible for the operation of the Group's retail outlets for its garment sector in Malta.

The range of stores managed by said company are chiefly multi-brand stores, in which the Group's Gagliardi brand is sold alongside other brands such as Gant, Lacoste and Ralph Lauren, with which the Group has secured distribution arrangements. Roosendaal Trading Limited also operates one mono-brand store, stocking and selling the Gagliardi line exclusively – this store is situated within the MIDI complex in Sliema, Malta.

The Group plans to extend its store network, with flagship stores earmarked for the immediate future both in Sliema and Valletta (as set out in sub-section 5.2.3 below).

The following table provides a list of the principal assets and operations owned by the respective Group companies as at the date of this Registration Document:

<b>OWNING COMPANY</b>	<b>NAME OF PROPERTY</b>	<b>LOCATION</b>	<b>DESCRIPTION</b>	<b>%OWNERSHIP</b>
Roosendaal Hotels Limited	Hotel 1926	Sliema, Malta	Hotel management & operation	100%
Roosendaal Hotels Limited	TEN apartments	Sliema, Malta	Investment property	100%
P.J.P. Company Limited	PJP Boutique Suites	Valletta, Malta	Hotel management & operation	24%
Roosendaal Trading Limited	Bortex Retail Outlet, Mosta	Mosta, Malta	Retail Outlet	100%
Roosendaal Trading Limited	Bortex Retail Outlet, Tower Road, Sliema	Sliema, Malta	Retail Outlet	100%
Roosendaal Trading Limited	Bortex Retail Outlet, Mriehel	Mriehel, Malta	Retail Outlet	100%
Bortex Clothing Industry Company Ltd	Bortex Warehouse, Zebbug	Zebbug, Malta	Warehouse	100%

### 5.2.3 Investments and development & refurbishment projects in the pipeline

The most recent principal investments of the Group are described hereunder:

#### *Refurbishment and extension of the newly branded Hotel 1926 in Sliema, Malta*

The Group currently owns and operates Hotel Plevna, a 3-star hotel located in a quiet residential area off Qui-si-Sana seafront in Sliema, Malta, which consists of 100 rooms and has a concession to operate a private beach situated 200 metres from the hotel on the Qui-si-Sana foreshore. The Group is in the process of undergoing an upgrade and extension project of the hotel following which the hotel shall be formally re-branded to 'Hotel 1926'. This major renovation project is expected to upgrade the standard rating of the hotel to a 4-star spa / suite hotel. The project will involve the refurbishment of the internal spaces and the construction of 3 additional floors, together with a recessed penthouse floor, on top of the existing hotel. This will increase the hotel's room capacity by 44 rooms providing the hotel with a total room stock of 144 rooms, of which 52 will be suites, many of which boasting views of Manoel Island and Valletta. The hotel will consist of a luxury spa, restaurant, roof terrace, as well as private beach club. Works on the hotel are projected to start in November 2017, with the hotel closing down operations whilst the works are carried out. The target is for the hotel to open its doors for operations with the current refurbished rooms on the original 5 floors (100 rooms) by July 2018 in time for the summer season; the internal finishing works of the newly built 44 rooms on the 3 additional floors and the penthouse floor are expected to be completed by the end of 2018, with the hotel being fully operational by such date.

#### *Development of TEN Apartments in Sliema, Malta*

The Group intends re-developing a plot of land it owns in Hughes Hallet Street, Sliema, Malta into a 9-storey building with commercial development at the ground floor area and residential units on the rest of the floors. The block of luxury apartments will be named 'TEN Apartments'. The current plans indicate that the development will include a reception area and commercial spaces at the ground floor level, 18 residential apartments and 2 penthouses with an average area of 140m<sup>2</sup> and 170m<sup>2</sup>, respectively, as well as 69 underground car parking spaces. Works on the project commenced in 2016 and the planned timelines envisage completion of construction works by November 2018, with the finishes of the apartments targeted to be completed by March 2019.

#### *International retail expansion strategy, particularly via the opening of Gagliardi retail outlets overseas*

One of the key drivers in the projected growth of the Group's turnover and profits relates to the planned continued internationalisation of the Gagliardi clothing brand. The Group currently distributes Gagliardi through wholesale and franchise arrangements principally in the United Kingdom, Ireland, Scandinavian and Eastern European countries, as well as online with the United States being the largest destination market. The Group's intention is to register a marked increase in its international presence in the next few years.

Specifically, the Group is currently targeting the opening of nine new Gagliardi outlets between 2018 and 2020 through a combination of direct investment and franchised stores, spread across Western Europe, Eastern Europe, Scandinavia and North America.

The Group's internationalisation strategy also envisages a stepped increase in e-commerce sales through increased advertising.

#### *Development of a mixed-use complex in Mriehel, Malta*

The Group has purchased a plot of land stretching over an area of approximately 438m<sup>2</sup> overlooking the Mriehel Bypass for redevelopment into a mixed-use commercial complex built across 5 floors, with a retail outlet at the lower floors and office space in the upper levels. The design also envisages 3 levels of underground car parking. The retail space will be utilised by the Group as an 'out-of-town' outlet store for all menswear proposition, whereas the office space and related car parking facilities will be leased to third parties. Construction works are well underway and target completion date for this development is by the end of the first quarter of 2018.

#### *Redevelopment of the Group's existing retail outlet in Mosta, Malta*

The Group owns a 2-storey building in Constitution Street, Mosta, Malta which is currently being used as one of the Group's retail outlets and is built on a site area of 181m<sup>2</sup>, which it intends to develop into a mixed-use commercial building. The plan is for the proposed development to have 4 commercial levels, a basement for storage and ancillary uses. Part of the ground floor and top level will be used as a catering outlet from which the Group expects to generate rental income. The remaining parts of the development will be used as a commercial outlet for the Group's retail purposes. The Group plans to commence

the renovation of the site in question in January 2019, with the closure of the existing Bortex outlet located on the site – completion of this project is targeted by October 2019.

#### *Refurbishment of PJP Boutique Suites in Valletta, Malta*

The Group, through Roosendaal Hotels Limited, holds 24% of the issued share capital of P.J.P. Company Limited, which in June 2016 acquired a residential property situated in St. Paul's Street, Valletta, Malta, and which property is currently being extensively refurbished and is scheduled to open its doors in December 2017 as an 8-roomed boutique hotel situated in the heart of the city, including a rooftop terrace.

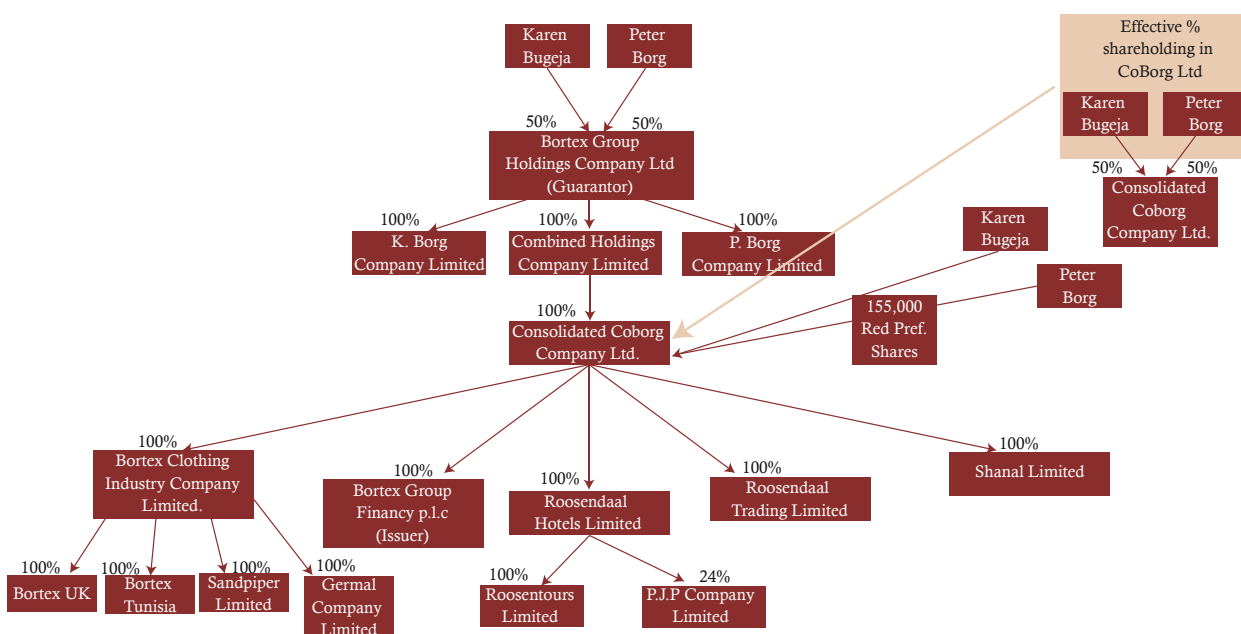
In the short to medium term future the Group intends to invest in each of the proposed projects set out above. The Group intends to raise funds for the financing of these projects partially through the Bond Issue (as set out in sub-section 5.1 of the Securities Note), with the remaining capital expenditure being funded by bank finance and own funds.

Save for the above, the Group is not party to any other principal investments, and has not entered into or committed to any material investments subsequent to 31 October 2016, being the date of the latest audited consolidated financial statements of the Guarantor.

#### 5.2.4 Group organisational structure

As previously stated, the Issuer is, essentially, a special purpose vehicle set up to act as a financing company for the needs of the Group and, as such, it is dependent on the business prospects and operating results of Group entities. As the holding company of the Group, the Guarantor is, likewise, ultimately dependent on the operations and performance of its subsidiaries.

The organisational structure of the Group is illustrated in the diagram below as at the date of this Registration Document:



## 6 TREND INFORMATION AND FINANCIAL PERFORMANCE

### 6.1 Trend information of the Issuer

In view of the Issuer's purpose of acting as a financing company to the Group, its business is limited to the raising of capital for the financing of capital projects and the loaning of such capital to the Guarantor and/or its subsidiary companies, the collection of interest from Group entities and the settlement, in turn, of interest payable on capital raised from third parties, in the circumstances via the issue of listed bonds.

There has been no material adverse change in the prospects or in the financial or trading position of the Issuer since the date of its incorporation.

## 6.2 Trend information of the Group

There has been no material adverse change in the prospects or in the financial or trading position of the Guarantor since the date of its last published audited consolidated financial statements dated 31 October 2016.

At the time of publication of this Registration Document, the Issuer and the Guarantor consider that their respective future performance is intimately related to the performance of the Group. The Issuer and Guarantor consider that generally they shall be subject to the normal business risks associated with the industries in which the Group and subsidiary companies are involved and operate as disclosed in this Registration Document and, barring unforeseen circumstances, do not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of their respective businesses and that of the Group, at least up to the end of the next financial year.

The following is an overview of the most significant recent trends affecting the Group and the markets in which it operates:

### 6.2.1 Trends in the retail apparel market in Europe<sup>1</sup>

The value of the European retail apparel market totalled approximately €314.4 billion in 2015, with Germany, Italy and the United Kingdom occupying the top three spots in terms of retail industry size, and accounting for 16.8%, 13.4% and 16.1% of the European retail industry value, respectively. In recent years, the European retail industry has been characterised by fluctuating levels of growth; between 2011 and 2015 an overall CAGR of 1.3% was recorded. Comparatively, Malta's retail sector registered a CAGR of 4.6% over the same period.

The market outlook indicates an expectation of gradual recovery, with a projected CAGR between 2016 and 2020 of 2.8%. The aggregate value of the industry by the end of 2020 is expected to amount to approximately €359.8 billion.

A key factor to the improved expectations remains the online fashion channel which is expected to grow fast in Europe at a projected CAGR between 2015 and 2020 of 12.9%. Robust and high-speed internet infrastructure and high penetration are the main driving forces for the growth of online retail in Europe.

### 6.2.2 Trends in the local tourism and hospitality markets<sup>2</sup>

Year-on-year Malta reaches new record highs in the number of inbound tourists visiting the country. Latest figures for local tourism at the end of 2016 indicate that Malta recorded an influx of circa two million tourists in 2016, representing an increase of circa 10.2% on 2015 and an average annual increase of 6.8% between 2011 and 2016.

Malta's main tourism source countries are the United Kingdom representing 29% of tourists, followed by Italy (16%), Germany (7%), France (7%) and Scandinavia, which consists of Denmark, Finland, Norway and Sweden (6%). 2012 to 2014 witnessed an increase in the number of Libyan tourists visiting Malta, particularly due to the civil unrest in the country.

Tourism spend has also been on the rise, with a total spend of circa €1.7 billion in 2016. Latest figures issued by the Malta Tourism Authority indicate an average spend per capita of €869 and an average length of stay of 7.6 days for 2016.

The continued increase in tourism numbers has had a positive effect on the local hotel market. Available data for 2016 indicates that the 4-star hotel sector in Malta registered a strong performance, with continued year-on-year growth in both occupancy and rate levels. The outlook for the local market remains buoyant with events such as Valletta 2018 expected to generate additional demand whilst promoting Malta's image on the international scene.

Information relative to the profit forecasts or estimates of the Issuer and the Guarantor is set out in the Financial Analysis Summary.

1. Source of information quoted in sub-section 6.2.1: (i) MarketLine, *Apparel Retail in Europe, September 2016*; & (ii) NSO data, upon request, 2017

2. Source of information quoted in sub-section 6.2.2: (i) NSO data – *Inbound Tourism December 2013-2016*; (ii) Malta Tourism Authority – *Tourism in Malta Facts and Figures 2016*; and (iii) *The BOV MHRA Survey 2016 Q4*



### 6.3 Key financial review

#### 6.3.1 Financial information of the Issuer

The Issuer was registered and incorporated on 30 August 2017 to issue the Bonds and loan the proceeds to the Group. The Issuer has not conducted any business and has no trading record. Since incorporation to the date of this Registration Document no financial statements have been prepared in respect of the Issuer.

There has not been any significant change in the financial or trading position of the Issuer, which has occurred since the Company's date of incorporation.

#### 6.3.2 Selected financial information of the Guarantor

The historical financial information about the Guarantor (which comprises the Guarantor and its subsidiaries) is included in the audited consolidated financial statements for each of the financial years ended 31 October 2014, 2015 and 2016. The said statements are available for inspection as set out under the heading "Documents available for inspection" in section 17 of this Registration Document. There were no significant changes to the financial or trading position of the Guarantor since the 31 October 2016 financial statements. Set out below are highlights taken from the audited consolidated financial statements of the Guarantor for the financial years ended 31 October 2014, 2015 and 2016.

*Extracts from the historical consolidated financial information of the Guarantor:*

##### 6.3.2.1 Consolidated Income Statement

<b>Consolidated Income Statement</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>Revenue</b>	<b>25,091</b>	<b>21,722</b>	<b>20,621</b>
Cost of sales	(18,284)	(14,662)	(13,486)
<b>Gross Profit</b>	<b>6,807</b>	<b>7,060</b>	<b>7,136</b>
Administrative expenses	(2,348)	(2,324)	(2,365)
Selling expenses	(2,703)	(3,246)	(3,435)
Other operating expenses	(56)	(40)	(41)
<b>EBITDA</b>	<b>1,700</b>	<b>1,450</b>	<b>1,295</b>
Depreciation and amortisation	(683)	(766)	(763)
<b>Operating Profit</b>	<b>1,017</b>	<b>684</b>	<b>532</b>
Investment and other related income	312	405	46
Finance costs (net of finance income)	(164)	(181)	(229)
Share of profit/(loss) from joint venture	(26)	4	-
<b>Profit before tax</b>	<b>1,139</b>	<b>912</b>	<b>349</b>
Tax	(27)	(57)	(47)
<b>Profit for the year</b>	<b>1,112</b>	<b>855</b>	<b>302</b>
<b>Profit attributable to:</b>			
Owners of the company	324	222	78
Non-controlling interests	788	633	224
<b>Profit for the year</b>	<b>1,112</b>	<b>855</b>	<b>302</b>

The consolidated income statements indicate that the Group's profits after tax have contracted from €1.1 million in FY14 to €0.3 million in FY16<sup>3</sup>. At EBITDA level the decrease was from €1.7 million in FY14 to €1.3 million in FY16. The results in the period were affected by a deterioration in earnings generated from the hospitality segment, as well as the incidence of inventory adjustments recognised in relation to certain product lines that are no longer being sold.

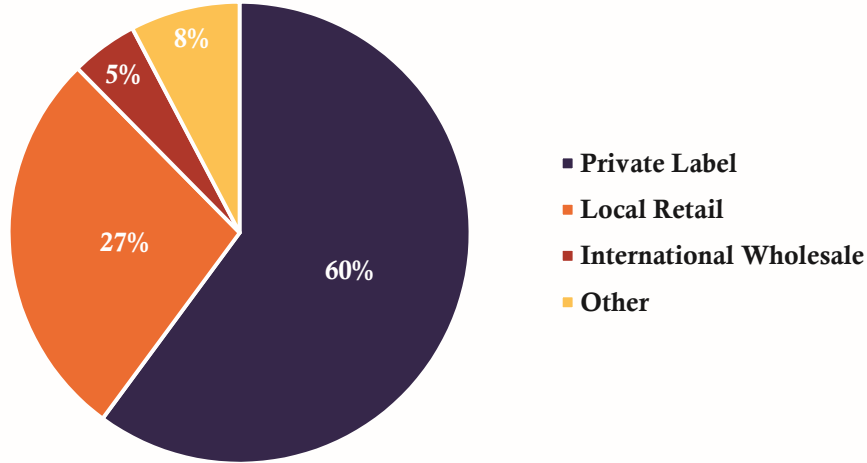
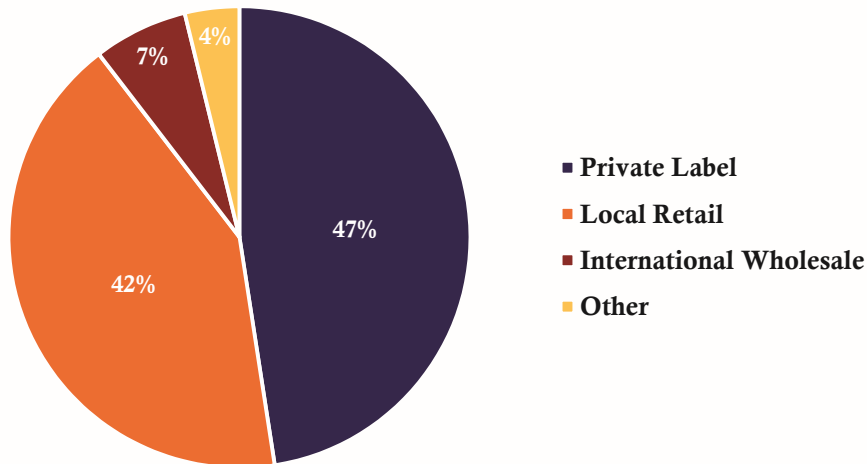
#### Revenue

Revenue contracted from €25.1 million in FY14 to €20.6 million in FY16 with the decrease arising primarily in the garment segment as illustrated in the table below:

<b>Analysis of Group Revenue</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Garment segment	23,553	20,178	19,055
Hospitality segment	1,539	1,544	1,566
<b>Total Revenue</b>	<b>25,091</b>	<b>21,722</b>	<b>20,621</b>

The reduction in revenue in the garment segment is primarily due to a shift from the historical high-volume manufacture of garments for private label customers towards the wholesale and retail of Gagliardi branded garments locally and internationally. As illustrated in the charts below, the share of revenue generated from private label customers decreased from 60% in FY14 to 47% in FY16

<sup>3</sup>For the purposes of this sub-section 6.3.2, references to "FY14", "FY15" and "FY16" shall mean "the financial years ended 31 October 2014, 2015 and 2016", respectively

**Analysis of FY14 Revenue from Garment segment****Analysis of FY16 Revenue from Garment segment**

Concurrently, the Group has registered a sustained growth in revenue from its retail sales on the local market, which increased at a CAGR of 11% between FY14 and FY16. This increase reflects organic growth as well as the opening of three new outlets in this period, namely: Tigne' Point (2015), Baystreet Ladies and Kids (2016) and PAMA Village (2016).

Sales of Gagliardi products through franchise arrangements with international wholesalers increased at a CAGR of 6.6% in the period between FY14 and FY16, with the main driver being increased business in Sweden and Russia.

*Gross Profit*

The Group's gross profit margin increased from 27.1% in FY14 to 34.6% in FY16, which primarily reflects the effect of the shift in sales mix of the garment segment towards Gagliardi garments that generate higher margins than those achieved from the private label business.

*Operating Expenses*

Operating expenses primarily include selling expenses and administrative expenses increased by €0.7 million from €5.1 million in FY14 to €5.8 million in FY16. Selling expenses, which relate primarily to the costs of operating the Group's retail outlets, were the main contributor to the increase in operating expenses. The increase in these selling expenses was mainly due to the opening of three new retail outlets during the period, as well as the hiring of new personnel in line with the Group's plan to continue developing the Gagliardi brand.

*Profit for the year attributable to non-controlling interests*

The Group's profits are partly attributable to the ultimate beneficial owners of the Group and to non-controlling interests. The portion attributable to non-controlling interests relate to the shares held by the two main shareholders of the Group who, further to a Group restructuring implemented during the current financial year, acquired ownership and control of the Group's entire equity capital. Going forward this will remove the requirement to account for non-controlling interest upon the preparation of the Group's consolidated financial statements as reflected in the Group's interim unaudited consolidated financial statements at 30 April 2017 as presented in sub-section 6.3.3 below.

## 6.3.2.2 Consolidated Statement of Comprehensive Income

<b>Consolidated Statement of Comprehensive Income</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>Profit for the year</b>	<b>1,112</b>	<b>855</b>	<b>302</b>
<b>Other comprehensive income</b>			
<i>Items that will not be classified to profit or loss:</i>			
Revaluation of land and buildings	-	-	5,137
Deferred income taxes on revaluation	-	-	(514)
Movement in deferred tax liability on revaluation	-	132	8
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Gains from changes in fair value	12	176	15
Reclassification adjustments for net gains included in profit or loss upon disposal	(80)	(271)	-
Currency translation differences	-	98	(240)
<b>Total comprehensive income for the year</b>	<b>1,044</b>	<b>990</b>	<b>4,708</b>

The principal items included in the consolidated statements of comprehensive income for the periods include the recognition of a revaluation surplus on the Group's hotel property of €4.6 million, net of deferred tax recognised in FY16 and the effect of the change in tax rates on immovable property that resulted in the recognition of income of €132,000 in FY15.

## 6.3.2.3 Summary Consolidated Statement of Financial Position

<b>Consolidated Statement of Financial Position</b>	<b>31-Oct-14</b>	<b>31-Oct-15</b>	<b>31-Oct-16</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>ASSETS</b>			
Property, plant & equipment	10,186	10,878	15,931
Investment property	1,868	1,825	701
Trade and other receivables	503	477	452
Loans and advances	1,974	1,974	2,146
Other non-current assets	254	19	1
<b>Total non-current assets</b>	<b>14,785</b>	<b>15,173</b>	<b>19,230</b>
Inventories	10,262	14,515	15,647
Trade and other receivables	4,227	4,432	4,379
Other current assets	1,537	709	922
<b>Total current assets</b>	<b>16,026</b>	<b>19,656</b>	<b>20,949</b>
Non-current assets classified as held for sale	1,916	243	258
<b>Total assets</b>	<b>32,727</b>	<b>35,072</b>	<b>40,437</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	47	47	47
Reserves	5,997	6,210	7,276
Non-controlling interests	17,108	17,703	20,733
<b>Total equity</b>	<b>23,151</b>	<b>23,960</b>	<b>28,055</b>
<b>LIABILITIES</b>			
Borrowings	2,345	1,884	2,618
Other non-current liabilities	790	659	1,165
<b>Total non-current liabilities</b>	<b>3,136</b>	<b>2,543</b>	<b>3,783</b>
Borrowings	3,312	5,562	5,183
Trade and other payables	3,021	2,920	3,122
Other current liabilities	107	88	293
<b>Total current liabilities</b>	<b>6,440</b>	<b>8,569</b>	<b>8,598</b>
<b>Total liabilities</b>	<b>9,576</b>	<b>11,112</b>	<b>12,381</b>
<b>Total equity &amp; liabilities</b>	<b>32,727</b>	<b>35,072</b>	<b>40,437</b>

The Group's consolidated statement of financial position as at 31 October 2016 indicated total assets of €40.4 million, an increase of €7.7 million (23.5%) on the position reported at 31 October 2014. This reflects an increase in the value of the Group's hotel property in Sliema revalued by €4.6 million at 31 October 2016. As a result, the carrying amount of property, plant and equipment increased from €10.1 million at 31 October 2014 to €15.9 million at 31 October 2016.

Other significant assets held by the Group include inventories, which increased from €10.3 million at 31 October 2014 to €15.6 million at 31 October 2016. This reflects an increase in production levels in 2015 and 2016 that resulted in higher inventory levels, which the Group plans to release gradually over the next few years in line with its planned international retail expansion.

The book value of the Group's equity increased by €4.9 million (+21%) to €28.1 million as at 31 October 2016. The Group has distributed total dividends of €1 million between FY14 and FY16, which is equivalent to 15% of the total comprehensive income recognised in the period.

The Group's total liabilities increased by €2.8 million (+29%) from €9.6 million at 31 October 2014 to €12.4 million at 31 October 2016. This movement primarily reflects an increase in the level of borrowings, which increased from €5.6 million in FY14 to €7.8 million in FY16, reflecting the bank facilities drawn down to finance the Group's capital investments in the period.

The statement of financial position presented in the above analysis reflects non-controlling interests relating to the shares held by current shareholders who did not have ownership and control of the Group's equity capital at 31 October 2016. The shareholding restructuring implemented during the current financial year has no effect on the economic interests being consolidated in the Group's financial statements, with the only adjustment relating to the transfer of non-controlling interests (balance of €20.8m as at 31 October 2016) to equity reserves. The effect of this adjustment is reflected in the Group's interim unaudited consolidated statement of financial position at 30 April 2017 as presented in sub-section 6.3.3 below.

#### 6.3.2.4 Summary Consolidated Cash Flow Statement

<b>Consolidated Cash Flow Statement</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>Total FY14-FY16</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>Cash flows from operating activities</b>				
Cash generated from operations	2,967	(3,153)	2,005	1,820
Investment income	315	405	46	766
Net interest payments	(167)	(182)	(230)	(579)
Income tax refund/(paid)	(18)	(156)	79	(96)
<b>Net cash generated from/(used in) operating activities</b>	<b>3,097</b>	<b>(3,086)</b>	<b>1,900</b>	<b>1,911</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(905)	(1,354)	(2,269)	(4,528)
Purchase of other assets	(239)	-	(1)	(240)
Proceeds from disposal of available-for-sale investments	599	1,578	1,162	3,339
Proceeds from disposal of other assets	-	238	81	319
Loans granted to associate undertaking	-	-	(172)	(172)
<b>Net cash flows (used in)/from investing activities</b>	<b>(545)</b>	<b>462</b>	<b>(1,199)</b>	<b>(1,282)</b>
<b>Cash flows from financing activities</b>				
Proceeds from current and non-current borrowings	13	-	1,624	1,637
Payments of current and non-current borrowings	-	(468)	(786)	(1,254)
Dividends paid	(205)	(181)	(611)	(997)
<b>Net cash (used in)/from financing activities</b>	<b>(192)</b>	<b>(649)</b>	<b>227</b>	<b>(614)</b>
<b>Net cash movement in the period</b>	<b>2,360</b>	<b>(3,273)</b>	<b>928</b>	<b>15</b>
<b>Beginning of Year Cash and Cash equivalents</b>	<b>(4,014)</b>	<b>(1,635)</b>	<b>(4,854)</b>	
Effects of currency translation on cash and cash equivalents	19	53	(99)	
<b>End of Year Cash and Cash equivalents</b>	<b>(1,635)</b>	<b>(4,854)</b>	<b>(4,024)</b>	

The Group's consolidated cash flow statements indicate that cash generated from operating activities during the period FY14 to FY16 amounted to €1.9 million. Cash generated from operations of €1.8 million mainly comprised EBITDA from operations of €4.4 million and reinvestment in working capital (net cash outflow) of €2.5 million. In addition, the Group generated investment income of €0.8m which includes net gains from the disposal of available-for-sale financial assets, as well as dividends received. Net interest payments amounted to a total of €0.6 million.

The net cash outflows used in investing activities of €1.3 million in FY14-FY16 primarily related to the investment in the Group's capital projects of €4.5 million which was funded through the proceeds from disposal of part of the Group's available-for-sale investments (net inflow of €3.4 million).

The Group has repaid €1.3 million of its borrowings and distributed dividends of €1 million to its shareholders.

The Group carried a net overdraft position of €4 million as at 31 October 2016, comprising a cash balance of €0.9 million and a bank overdraft balance of €4.9 million.

### 6.3.3 Guarantor's interim financial results

The interim unaudited financial results of the Guarantor for the six months ended 30 April 2016 and 30 April 2017 are set out below:

*Extracts from the unaudited interim consolidated financial information of the Guarantor:*

<b>Guarantor's Consolidated Income Statement for the six months ended</b>	<b>30-Apr-16</b>	<b>30-Apr-17</b>
	<b>€'000</b>	<b>€'000</b>
<b>Revenue</b>	10,820	9,808
Cost of sales	(7,257)	(6,478)
<b>Gross Profit</b>	<b>3,563</b>	<b>3,330</b>
Administrative expenses	(1,140)	(1,634)
Selling expenses	(1,698)	(1,893)
Other operating income/(expenses)	24	(30)
<b>EBITDA</b>	<b>749</b>	<b>(227)</b>
Depreciation and amortisation	(347)	(368)
<b>Operating Profit</b>	<b>402</b>	<b>(594)</b>
Investment and other related income	(2)	(0)
Finance costs (net of finance income)	(99)	(69)
Share of profit/(loss) from joint venture	-	-
<b>Profit before tax</b>	<b>301</b>	<b>(664)</b>
Tax (expense)/income	(23)	1,497
<b>Profit for the period</b>	<b>278</b>	<b>833</b>

The Group's revenue during the first six months to 30 April 2017 amounted to €9.8 million, a decrease of 9% over the comparative period in 2016.

The Group reported a negative EBITDA of €0.2 million for the six months to 30 April 2017. The results for the period are affected by the significant write-off of a bad debt of €0.6 million, which in view of its magnitude is of a non-recurring nature. If adjusted for this non-recurring item, interim EBITDA results for the period to 30 April 2017 would amount to €0.4 million compared to the EBITDA of €0.7 million in the comparative six-month period to 30 April 2016. This reduction in performance compared to the same period last year is principally the result of slower trading in the garment segment and a slight deterioration in the results of the hospitality segment. The Group expects increased trading activity in the garment and retail segment and further improvement in gross profit margins for the rest of the financial year 2017.

Reported in the Group's profit after tax in the first six months of 2017 is tax income receivable in the form of a cash grant amounting to €1.5 million. This related mainly to the conversion of investment tax credits available to the Group into cash grants in terms of the Business Promotion Act (Chapter 325 of the laws of Malta). The Group will receive the cash grant in instalments between 2017 and 2019.

<b>Guarantor's Consolidated Cash Flow Statement for the six months ended</b>	<b>30-Apr-16</b>	<b>30-Apr-17</b>
	<b>€'000</b>	<b>€'000</b>
<b>Cash flows from operating activities</b>		
Cash generated from operations	661	536
Investment gain/(loss)	(2)	(0)
Net interest payments	(99)	(69)
Income tax refund	8	8
<b>Net cash generated from operating activities</b>	<b>569</b>	<b>475</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(389)	(560)
Proceeds from disposal of other assets	15	-
Loans granted to related parties	(26)	-
<b>Net cash flows used in investing activities</b>	<b>(400)</b>	<b>(561)</b>
<b>Cash flows from financing activities</b>		
Proceeds from current and non-current borrowings	917	1,624
Payments of current and non-current borrowings	(66)	(1,371)
<b>Net cash from financing activities</b>	<b>851</b>	<b>253</b>
<b>Net cash movement in the period</b>	<b>1,020</b>	<b>167</b>
<b>Cash and Cash equivalents at beginning of interim period</b>	<b>(4,854)</b>	<b>(4,024)</b>
Effects of currency translation on cash and cash equivalents	(113)	(56)
<b>Cash and Cash equivalents at end of interim period</b>	<b>(3,948)</b>	<b>(3,913)</b>

Net cash flows generated from operating activities are slightly lower in the first six months to 30 April 2017 when compared to the same period to 30 April 2016, which reflects the reduction in trading activity. The Group has invested in further property, plant and equipment in the first six months of 2017 as it maintains its investment in capital projects. In terms of financing activities in the period to 30 April 2016 (net cash inflow of €0.8 million), the Group had drawn down more bank borrowings than it made repayments when compared to the same period up to 30 April 2017 (net cash inflow of €0.25 million).

The Group carried a net overdraft position of €3.9 million as at 30 April 2017, comprising a cash balance of €1.1 million and a bank overdraft balance of €5 million.



<b>Guarantor's Consolidated Statement of Financial Position as at</b>	<b>31-Oct-16</b>	<b>30-Apr-17</b>
	<b>€'000</b>	<b>€'000</b>
<b>ASSETS</b>		
Property, plant & equipment	15,931	16,124
Investment property	701	693
Trade and other receivables	452	439
Loans and advances	2,146	2,146
Other non-current assets	1	500
<b>Total non-current assets</b>	<b>19,230</b>	<b>19,902</b>
Inventories	15,647	15,589
Trade and other receivables	4,379	4,401
Other current assets	922	2,152
<b>Total current assets</b>	<b>20,949</b>	<b>22,143</b>
Non-current assets classified as held for sale	258	255
<b>Total assets</b>	<b>40,437</b>	<b>42,300</b>
<b>EQUITY &amp; LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	47	47
Reserves	7,276	7,374
Retained earnings	-	21,409
Non-controlling interests	20,733	-
<b>Total equity</b>	<b>28,055</b>	<b>28,830</b>
<b>LIABILITIES</b>		
Borrowings	2,618	2,952
Other non-current liabilities	1,165	1,165
<b>Total non-current liabilities</b>	<b>3,783</b>	<b>4,117</b>
Borrowings	5,183	5,223
Trade and other payables	3,122	4,082
Other current liabilities	293	49
<b>Total current liabilities</b>	<b>8,598</b>	<b>9,354</b>
<b>Total liabilities</b>	<b>12,381</b>	<b>13,471</b>
<b>Total equity &amp; liabilities</b>	<b>40,437</b>	<b>42,300</b>

As presented in sub-section 6.3.2.3, the main change to the financial position of the Group as at 30 April 2017 from the position as at 31 October 2016 related to the reflection of the shareholding restructuring implemented during the current financial year as noted. As a result, the balance previously relating to non-controlling interests (€20.8 million as at 31 October 2016) was transferred to retained earnings as at 30 April 2017 with a balance of €21.4 million.

Another change also included in the financial position as at 30 April 2017 is the tax income receivable by the Group in the form of a cash grant amounting to €1.5 million. This receivable is included in the Statement of Financial Position at 30 April 2017 split between other non-current assets (€0.5 million) and in other current assets (€1 million).

### 6.3.4 Capital resources

The following table sets out the capitalisation and indebtedness of the Group in the past three financial years ended 31 October 2014 to 31 October 2016 and as at 30 April 2017:

*Capitalisation and indebtedness of the Group:*

<b>Statement of Group's Indebtedness</b>	<b>31-Oct-14</b>	<b>31-Oct-15</b>	<b>31-Oct-16</b>	<b>30-Apr-17</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Bank Loans	1,848	1,690	2,601	3,133
Bank Overdraft	3,149	5,405	4,922	5,042
<b>Total Borrowings</b>	<b>4,997</b>	<b>7,095</b>	<b>7,523</b>	<b>8,175</b>
Cash and Cash Equivalents	(1,514)	(551)	(898)	(1,130)
<b>Net Debt</b>	<b>3,483</b>	<b>6,544</b>	<b>6,625</b>	<b>7,045</b>
Total Equity	23,151	23,960	28,055	28,830
<b>Total Funding</b>	<b>26,634</b>	<b>30,504</b>	<b>34,680</b>	<b>35,875</b>
<i>Financial Gearing (Net Debt: Total Funding)</i>	<i>13.1%</i>	<i>21.5%</i>	<i>19.1%</i>	<i>19.6%</i>

The table above illustrates the capital indebtedness of the Group in the past three financial years. As at 31 October 2016, the Group reported net debt (which refers to the Group's total borrowings net of cash balances) of €6.6 million, which equates to a financial gearing level (worked out as net debt as a percentage of total funding) of 19.1%. The analysis indicates that in line with the increase in the overall level of borrowings, the Group's financial gearing has stepped up from 13.1% at 31 October 2014 to 19.7% at 30 April 2017.

## 7 MANAGEMENT AND ADMINISTRATION

### 7.1 The Issuer

#### 7.1.1 The Board of Directors

The Memorandum of Association of the Issuer provides that the business and affairs of the Issuer shall be managed and administered by a Board of Directors to be composed of not less than 4 and not more than 8 Directors, who are appointed by the shareholders.

Directors of the Issuer are appointed by means of an ordinary resolution in general meeting. Accordingly, the Guarantor is empowered to appoint the Directors of the Issuer, thereby putting it in a position to appoint an absolute majority of the Directors of the Issuer and, accordingly, have control over the management and operations of the Issuer.

The Issuer is currently managed by a Board of 6 Directors, who are responsible for the overall direction and management of the Company. The Board currently consists of 3 executive Directors, who are entrusted with the company's day-to-day management, and 3 non-executive Directors, 2 of whom are also independent of the Issuer, whose main functions are to monitor the operations of the executive Directors and their performance, as well as to review any proposals tabled by the executive Directors. In line with generally accepted principles of sound corporate governance, at least 1 of the Directors shall be a person independent of the Group. All of the Directors of the Issuer were elected by the shareholders upon the Issuer's incorporation and no Directors have been removed and no further Directors elected and appointed since the Issuer's inception.

As at the date of the Prospectus, the Board of the Issuer is composed of the individuals listed in sub-section 4.1 of this Registration Document.

None of the Directors have been:

- a) convicted in relation to fraud or fraudulent conduct in the last 5 years;
- b) made bankrupt or associated with any liquidation or insolvency caused by action of creditors;

- c) the subject of any official public incrimination or sanction by any statutory or regulatory authority; or
- d) disqualified by a court from acting as director or manager in the last 5 years.

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

#### **7.1.2 Directors' service contracts**

None of the Directors have a service contract with the Issuer.

#### **7.1.3 Conflict of interest**

In addition to being directors of the Issuer, Mr Peter Borg, Ms Karen Bugeja and Ms Christine Demicoli are also directors of the Guarantor and of various other Group companies. Mr David Debono is a non-executive director of both the Issuer and the Guarantor.

Ms Alexandra Borg and Mr Sam Borg (apart from being directors of the Guarantor) are also directors of various other Group companies.

Additionally, Mr Peter Borg and Ms Karen Bugeja are the ultimate beneficial owners of 50% each of the Group.

In light of the foregoing, such directors are susceptible to conflicts between the potentially diverging interests of the Issuer and the Guarantor, as the case may be, and any of such other companies in transactions entered into, or proposed to be entered into, between them. The Audit Committee of the Issuer has the task of ensuring that any potential conflicts of interest that may arise at any moment pursuant to these different roles held by the directors are handled in the best interest of the Issuer and according to law. The fact that the Audit Committee is constituted in its majority by independent, non-executive Directors provides an effective measure to ensure that transactions vetted by the Audit Committee are determined on an arms-length basis.

Additionally, the Audit Committee has, pursuant to the relative terms of reference, been granted express powers to be given access to the financial position of the Issuer, the Guarantor and all other entities comprising the Group on a quarterly basis. To this effect, the Issuer, the Guarantor and all other entities comprising the Group are to submit to the Audit Committee bi-annual accounts, as well as at least quarterly comparisons of actuals against projections.

To the extent known or potentially known to the Issuer and the Guarantor, as at the date of this Registration Document, other than the information contained and disclosed herein, there are no other conflicts of interest between any duties of the directors of the Issuer and the Guarantor and their private interests and/or their duties which require disclosure in terms of the Regulation.

#### **7.1.4 Loans to Directors**

There are no loans outstanding by the Issuer to any of its Directors, nor any guarantees issued for their benefit by the Issuer.

#### **7.1.5 Removal of Directors**

In terms of the Issuer's Articles of Association, the first Directors of the Issuer shall serve until the end of the first annual general meeting during which the new directors shall be appointed. Thereafter, all other directors shall hold office from the general meeting at which they are elected until the end of the next annual general meeting. All retiring directors shall be eligible for re-election. The Directors of the Issuer currently in office are expected to remain in office at least until the next Annual General Meeting of the Issuer.

A Director may, unless he resigns, be removed by an ordinary resolution of the shareholders as provided by Article 140 of the Act.

#### **7.1.6 Powers of Directors**

By virtue of the provisions of the Articles of Association of the Issuer, the Directors are empowered to transact all business and do all such things which are not by the Articles expressly reserved for the shareholders in general meeting.

Specifically, the Directors are vested with the management of the Issuer and their powers of management and administration emanate directly from the Memorandum and Articles of Association and the law. The Directors are empowered to act on behalf of the Issuer and, in this respect, have the authority to enter into contracts, sue and be sued in representation of the Issuer.

Directors may not vote on any contract, arrangement or investment in which they have a personal material interest, whether direct or indirect.

In terms of the Memorandum and Articles of Association, the Board of Directors may exercise all the powers of the Issuer to borrow money and to hypothecate or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligations of the Issuer or of any third party as it thinks fit, subject to the limit established in the Articles of Association and the overriding authority of the shareholders in general meeting to change, amend, restrict and/or otherwise modify such limit and the Directors' borrowing powers.

There are no provisions in the Issuer's Memorandum and Articles of Association regulating the retirement or non-retirement of Directors over an age limit.

#### **7.1.7 Aggregate emoluments of the Issuer's Directors**

Pursuant to the Issuer's Articles of Association, the maximum annual aggregate emoluments that may be paid to the Directors are approved by the shareholders in general meeting.

The remuneration of Directors shall be deemed to accrue from day to day. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Issuer or in connection with the business of the Issuer.

For the financial year ending on 31 October 2018 it is expected that the Issuer will pay an aggregate of €24,000 to its Directors.

#### **7.1.8 Non-executive Directors**

The non-executive Directors' main functions are to monitor the operations of the executive Directors and their performance, as well as to review any investment opportunities that are proposed by the executive Directors. All proposed acquisitions are brought to the Board of Directors for approval.

#### **7.1.9 Employees**

The Issuer does not have any employees of its own and is, therefore, reliant on the resources which are made available to it by other Group entities. As at the date of this Registration Document, the Group has a total of 640 employees.

#### **7.1.10 Working capital**

As at the date of this Registration Document, the directors of both the Issuer and of the Guarantor are of the opinion that working capital available to the Issuer and the Guarantor, respectively, is sufficient for the attainment of their objects and the carrying out of their respective business for the next twelve (12) months of operations.

### **7.2 The Guarantor**

#### **7.2.1 The board of directors of the Guarantor**

The Memorandum of Association of the Guarantor provides that the board of directors shall be composed of not less than 3 and not more than 8 directors. As at the date of the Prospectus, the board of directors of the Guarantor is composed of 6 directors as listed in sub-section 4.2 of this Registration Document.

#### **7.2.2 Directors' service contracts**

None of the directors of the Guarantor have a definitive service contract with the company.

### 7.2.3 Removal of the Guarantor's directors

A director may, unless he resigns, be removed by an ordinary resolution of the shareholders as provided by Article 140 of the Act. The directors of the Guarantor currently in office are expected to remain in office at least until the next Annual General Meeting of the company.

### 7.2.4 Loans to directors

There are no loans outstanding by the Guarantor to any of its directors, nor any guarantees issued for their benefit by the Guarantor.

### 7.2.5 Aggregate emoluments of the Guarantor's directors

Pursuant to the Guarantor's Articles of Association, the maximum annual aggregate emoluments that may be paid to the directors of the company are approved by the shareholders in general meeting.

Such remuneration shall be deemed to accrue from day to day. The directors may also be paid for all traveling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors or any committee of the directors or general meetings of the company or in connection with the business of the company.

For the financial year ending on 31 October 2018 it is expected that the Guarantor will not pay any emoluments to its directors strictly in relation to their role of directors of the Guarantor entity.

## 8 MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### 8.1 Major shareholders of the Issuer

The Issuer has an authorised and issued share capital of €250,000 divided into 250,000 ordinary shares of €1 each, which are subscribed to and allotted as fully paid up shares as follows:

Name of shareholder	Number of shares held
Bortex Group Holdings Company Limited (C 4863) (the Guarantor)	249,998 ordinary shares of €1 each
Mr Peter Borg	1 ordinary share of €1
Ms Karen Bugeja	1 ordinary share of €1

To the best of the Issuer's knowledge there are no arrangements in place as at the date of the Prospectus the operation of which may at a subsequent date result in a change in control of the Issuer.

The Issuer adopts measures in line with the Code of Principles of Good Corporate Governance forming part of the Listing Rules (the "Code") with a view to ensuring that the relationship with its major shareholders is retained at arm's length, including adherence to rules on related party transactions requiring the sanction of the Audit Committee, which is constituted in its majority by independent, non-executive Directors, of which one, in the person of Mr Joseph Cachia, also acts as Chair. The Audit Committee has the task of ensuring that any potential abuse is managed, controlled and resolved in the best interests of the Issuer. The composition of the Board, including the presence of two independent, non-executive Directors, effectively minimises the possibility of any abuse of control by any major shareholder.

### 8.2 Major shareholders of the Guarantor

The authorised share capital of the Guarantor is €46,587.46 divided into 20,000 ordinary shares having a nominal value of €2.329373 each. The issued share capital of the Guarantor is €46,587.46 divided into 20,000 ordinary shares having a nominal value of €2.329373 each. The issued share capital has been subscribed to and fully paid up, as follows:

Name of shareholder	Number of shares held
Mr Peter Borg	5,100 ordinary shares of €2.329373 each
Ms Karen Bugeja	5,100 ordinary shares of €2.329373 each
P.Borg Company Ltd (C 13314)	4,900 ordinary shares of €2.329373 each
K.Borg Company Limited (C 13315)	4,900 ordinary shares of €2.329373 each

The Issuer and the Guarantor are, therefore, ultimately owned as to 50% by Mr Peter Borg and as to 50% by Ms Karen Bugeja.

### **8.3 Related party transactions concerning the Guarantor**

The Issuer adopts measures in line with the Code with a view to ensuring that the relationship with its major shareholder is retained at arm's length, including adherence to rules on related party transactions requiring the sanction of the Issuer's Audit Committee, which is constituted in its majority by independent, non-executive Directors, of which one, in the person of Mr Joseph Cachia, also acts as Chairman. The Audit Committee has the task of ensuring that any potential abuse is managed, controlled and resolved in the best interests of the Issuer.

More specifically, the Guarantor regularly enters into trading transactions with fellow subsidiaries within the Group in its normal course of business. Trading transactions between these companies include items which are normally encountered in a group context and include rental charges, management fees, recharging of expenses and financing charges. These transactions will be subject to regular scrutiny of the Audit Committee of the Issuer, which will be provided with all relative material contracts for their review, to ensure that they are made on an arm's length basis and that there is no abuse of power by the Issuer or the Guarantor in the context of related party transactions. In this regard, the Audit Committee of the Issuer will meet as and when necessary for the purpose of discussing any transactions or circumstances which may potentially give rise to such conflict or abuse.

As from the date of registration of the Issuer to the date of this Registration Document, the Issuer has not entered into any transactions which in terms of the Listing Rules would constitute related party transactions.

## **9 BOARD COMMITTEES**

### **9.1 Audit Committee of the Issuer**

The terms of reference of the Audit Committee of the Issuer consist of inter alia its support to the Board in its responsibilities in dealing with issues of risk, control and governance, and associated assurance. The Board has set formal terms of establishment and the terms of reference of the Audit Committee that establish its composition, role and function, the parameters of its remit, as well as the basis for the processes that it is required to comply with. The Audit Committee, which meets at least once every three months, is a sub-committee of the Board and is directly responsible and accountable to the Board. The Board reserved the right to change the Committee's terms of reference from time to time.

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

- a) its monitoring responsibility over the financial reporting processes, financial policies and internal control structures;
- b) maintaining communications on such matters between the Board, management and the independent auditors;
- c) facilitating the independence of the external audit process and addressing issues arising from the audit process; and
- d) preserving the company's assets by understanding the company's risk environment and determining how to deal with those risks.

Additionally, the Audit Committee has the role and function of considering and evaluating the arm's length nature of any proposed transaction to be entered into by the Issuer and a related party, given the role and position of the Issuer within the Group, to ensure that the execution of any such transaction is, indeed, at arm's length and on a sound commercial basis and, ultimately, in the best interests of the Issuer. In this regard, the Audit Committee of the Issuer has the task of ensuring that any potential abuse which may arise in consequence of the foregoing state of affairs is immediately identified and resolved.

For this purpose, as stated in sub-section 7.1.3 above, the Audit Committee has, pursuant to the relative terms of reference, been granted express powers to be given access to the financial position of the Issuer, the Guarantor and all other entities comprising the Group on a quarterly basis.

All of the Directors sitting on the Audit Committee are non-executives and a majority of said Directors are also of an independent capacity. The Audit Committee is presently composed of Mr Emanuel Ellul, Mr Joseph Cachia and Mr David Debono, all three members being non-executive Directors and Mr Emanuel Ellul and Mr Joseph Cachia also being independent of the Issuer. The Audit Committee is chaired by Mr Joseph Cachia, whilst Mr Emanuel Ellul and Mr David Debono act as members. In compliance with the Listing Rules, Mr Joseph Cachia is the independent, non-executive Director who is competent in accounting and/or auditing matters. In his capacity as Chairman of the Audit Committee, Mr Joseph Cachia holds meetings with the executive Directors as necessary to review the Issuer's accounts and operations. The Issuer considers that the members of the Audit Committee have the necessary experience, independence and standing to hold office as members thereof. The CVs of the said Directors may be found in sub-section 4.1 above.

## 10 COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

### 10.1 The Issuer

The Issuer complies with the Code of Principles of Good Corporate Governance forming part of the Listing Rules (the "Code"), with the exceptions mentioned below, and is confident that the adoption of the Code shall result in positive effects accruing to it.

The Board of Directors sets the strategy and direction of the Issuer and retains direct responsibility for appraising and monitoring the Issuer's financial statements and annual report. The activities of the Board are exercised in a manner designed to ensure that it can effectively supervise the operations of the Issuer so as to protect the interests of bondholders, amongst other stakeholders. The Board is also responsible for making relevant public announcements and for the Issuer's compliance with its continuing listing obligations.

As required by the Act and the Listing Rules, the Issuer's financial statements are to be subject to annual audit by the Issuer's external auditors. Moreover, the non-executive Directors will have direct access to the external auditors of the Issuer who attend at Board meetings at which the Company's financial statements are approved. Moreover, in ensuring compliance with other statutory requirements and with continuing listing obligations, the Board is advised directly, as appropriate, by its appointed broker, legal advisers and the external auditors. Directors are entitled to seek independent professional advice at any time on any aspect of their duties and responsibilities, at the Issuer's expense.

As at the date hereof, the Board considers the Issuer to be in compliance with the Code save for the following exceptions:

**Principle 8:** The Board of Directors considers that the size and operation of the Issuer does not warrant the setting up of nomination and remuneration committees. Given that the Issuer does not have any employees other than the Directors and the company secretary, it is not considered necessary for the Issuer to maintain a remuneration committee. Also, the Issuer will not be incorporating a nomination committee. Appointments to the Board of Directors are determined by the shareholders of the Issuer in accordance with the company's Memorandum and Articles of Association. The Issuer considers that the members of the Board possess the level of skill, knowledge and experience expected in terms of the Code.

### 10.2 The Guarantor

The Guarantor is a private company and, accordingly, is not bound by the provisions of the Code set out in the Listing Rules. While the Guarantor is not required to adopt the provisions of the Code, the Audit Committee of the Issuer has been specifically tasked with keeping a watching brief over the financial performance of the Guarantor and other Group subsidiaries, as well as ensuring that rules regarding related party transactions carried out with the Guarantor are adhered to at all times, as set out in sub-section 7.1.3 above.

## 11 HISTORICAL FINANCIAL INFORMATION

The Issuer was set up on 30 August 2017 and since incorporation to the date of this Registration Document no financial statements have been prepared. There has not been any significant change in the financial or trading position of the Issuer which has occurred since the Company's date of incorporation.

The Guarantor's historical financial information for the three financial years ended 31 October 2014, 2015 and 2016, as audited by PricewaterhouseCoopers, is set out in the audited consolidated financial statements of the Guarantor. Such audited consolidated financial statements are available for inspection as set out in section 17 below.

There were no significant changes to the financial or trading position of the Guarantor or the Group since the end of the financial period to which the Guarantor's afore-mentioned last audited consolidated financial statements relate.

Furthermore, the Issuer and the Guarantor hereby confirm that there has been no material change or recent development which could adversely affect potential investors' assessments in respect of the Bonds, other than the information contained and disclosed in the Prospectus.

## 12 LITIGATION PROCEEDINGS

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or Guarantor is aware) during the period covering twelve months prior to the date of the Prospectus which may have, or have had, in the recent past significant effects on the financial position or profitability of the Issuer, the Guarantor and/or the Group, taken as a whole.

## 13 ADDITIONAL INFORMATION

### 13.1 Share capital of the Issuer

The Issuer has, as at the date hereof, an authorised and issued share capital of €250,000 divided into 250,000 ordinary shares of €1 each, all fully paid up. The Guarantor holds 249,998 ordinary shares of €1 each, Mr Peter Borg holds 1 ordinary share of €1 and Ms Karen Bugeja holds 1 ordinary share of €1.

There are no classes of shares and each share confers the right to 1 vote at general meetings of the Company. All ordinary shares rank *pari passu* in all respects.

In terms of the Issuer's Memorandum and Articles of Association, no issue of shares in the Issuer shall take place where such issue would dilute a substantial interest of the shareholders of the Issuer without prior approval of the shareholders in general meeting.

The shares of the Issuer are not listed on the Exchange. Application has not been filed for the shares of the Issuer to be quoted on the Official List of the Exchange. There is no capital of the Issuer which has been issued to the public during the two years immediately preceding the publication of the Prospectus.

It is not expected that shares in the Issuer shall be issued during the current financial year, whether fully or partly paid up, in consideration for cash or otherwise.

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

### 13.2 Memorandum and Articles of Association of the Issuer

#### *Objects*

The Memorandum and Articles of Association of the Issuer are registered with the Registry of Companies, Malta. The principal object of the Issuer is to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, movable and immovable property or other assets, including but not limited to securities and other financial interests. The issue of bonds falls within the objects of the Issuer. Clause 4 of the Memorandum of Association contains the full list of objects of the Issuer.

The Memorandum and Articles of Association of the Issuer otherwise regulate matters customarily dealt with therein, including matters such as voting rights and restrictions thereof, and the appointment and powers of Directors.

A copy of the Memorandum and Articles of Association of the Issuer may be inspected during the lifetime of the Prospectus at the registered office of the Issuer as set out in section 17 of this Registration Document and at the Registry of Companies of the MFSA during the lifetime of the Company.

#### *Voting rights and restrictions*

The holders of shares in the Issuer are entitled to vote at meetings of the shareholders of the Issuer on the basis of one (1) vote for each share held.

### 13.3 Share capital of the Guarantor

The Guarantor has, as at the date hereof, an authorised and issued share capital of €46,587.46 divided into (i) 5,100 ordinary shares of €2.329373 each, fully paid up and held by Mr Peter Borg, (ii) 5,100 ordinary shares of €2.329373 each, fully paid up and held by Ms Karen Bugeja, (iii) 4,900 ordinary shares of €2.329373 each, fully paid up and held by P.Borg Company Ltd (C 13314) and (iv) 4,900 ordinary shares of €2.329373 each, fully paid up and held by K.Borg Company Limited (C 13315).

The shares of the Guarantor are not listed on the Exchange. Application has not been filed for the shares of the Guarantor to be quoted on the Official List of the Exchange.

It is not expected that shares in the Guarantor shall be issued during the upcoming financial year, whether fully or partly paid up, in consideration for cash or otherwise.



There is no capital of the Guarantor which is currently under option which could result in a change in control of the company, nor is there any agreement by which any part of the capital of the Guarantor is to be put under such option.

#### **13.4 Memorandum and Articles of Association of the Guarantor**

The principal object of the Guarantor is to purchase, acquire, hold and deal in any shares, debentures, stocks, bonds or other securities issued by any company or association, solely for and on behalf of the company.

The Guarantor is also empowered in terms of its Memorandum and Articles of Association to secure or guarantee the payment of any sums of money or the performance of any obligation by any company, firm or person, including any parent, subsidiary, related company or joint venture, in such manner as may be necessary for carrying out the company's objects or any of them, even by the hypothecation of the Guarantor's property, whether present or future.

The Memorandum and Articles of Association of the Guarantor otherwise regulate matters customarily dealt with therein, including matters such as voting rights and restrictions thereof, and the appointment and powers of directors. A copy of the Memorandum and Articles of Association of the Guarantor may be inspected during the lifetime of the Prospectus at the registered office of the Issuer during office hours and at the Registry of Companies during the lifetime of the company.

##### *Voting rights and restrictions*

Unless otherwise provided in the terms of the issue, the holders of shares in the Guarantor are entitled to vote at meetings of the shareholders of the Guarantor on the basis of one (1) vote for each share held.

##### *Appointment of directors*

In terms of Article 139(4) of the Act, a director shall be appointed by ordinary resolution of the company in general meeting.

##### *Commissions*

There were no commissions, discounts, brokerages or other special terms granted during the two (2) years immediately preceding the publication of the Prospectus in connection with the issue or sale of any capital of the Guarantor or any of its subsidiaries, including the Issuer.

#### **14 MATERIAL CONTRACTS**

The Issuer, the Guarantor and/or other Group entities have not entered into any material contracts which are not in the ordinary course of their respective businesses which could result in either the Issuer or Guarantor or any member of the Group being under an obligation or entitlement that is material to the Issuer's or Guarantor's ability to meet their obligations to security holders in respect of the Bonds, as such securities are issued pursuant to, and described in, the Securities Note.

#### **15 PROPERTY VALUATION REPORTS**

In connection with the issue of the Bonds in accordance with the terms of the Prospectus, the Issuer commissioned DeMicoli & Associates Architects to issue property valuation reports in relation to the properties listed below owned by the Group and referred to in sub-section 5.2.2 of this Registration Document:

- i. Hotel 1926 (formerly the Plevna Hotel), including the beach club, situated in Sliema, Malta;
- ii. Bortex Retail Outlet situated in Mosta, Malta; and
- iii. Bortex Retail Outlet situated in Mriehel, Malta.

The following are the details of said independent valuer:

Name:	DeMicoli & Associates Architects
Business address:	Capital Business Centre, Entrance A, Level 2, Triq taz-Zwejt, San Gwann SGN 3000, Malta

Listing Rule 7.4.3 provides that property valuations to be included in a prospectus must not be dated (or be effective from) more than 60 days prior to the date of publication of the prospectus in question. Accordingly, the property valuation reports referred to herein are dated 18 September 2017.

A copy of said reports dated 18 September 2017 compiled by DeMicoli & Associates Architects in respect of the above-listed properties owned by the Group, the aggregate value of which has been estimated at circa €12.2 million, are available for inspection as set out in section 17 of this Registration Document.

## **16 THIRD PARTY INFORMATION, STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTEREST**

Save for the Financial Analysis Summary and the architects' property valuation reports referred to in section 15 above, the Prospectus does not contain any statement or report attributed to any person as an expert.

The Financial Analysis Summary dated 30 October 2017 has been included in Annex C of the Securities Note in the form and context in which it appears with the authorisation of Calamatta Cuschieri Investment Services Limited of Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta, which has given and has not withdrawn its consent to the inclusion of said report herein.

The architects' property valuation reports dated 18 September 2017 have been included in Annex E of the Securities Note in the form and context in which they appear with the authorisation of DeMicoli & Associates Architects of Capital Business Centre, Entrance A, Level 2, Triq taz-Zwejt, San Gwann SGN 3000, Malta which has given and has not withdrawn its consent to the inclusion of said reports herein.

Neither of the foregoing experts have any beneficial interest in the Issuer or the Guarantor. The Issuer confirms that the Financial Analysis Summary and the architects' property valuation reports have been accurately reproduced in the Prospectus and that there are no facts of which the Issuer or the Guarantor is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

## **17 DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents or certified copies thereof, where applicable, are available for inspection at the registered office of the Issuer at 32, Hughes Hallet Street, Sliema SLM 3142, Malta during the term of the Bonds during office hours:

- i. the Memorandum and Articles of Association of the Issuer;
- ii. the Memorandum and Articles of Association of the Guarantor;
- iii. the audited consolidated financial statements of the Guarantor for the financial years ended 31 October 2014, 2015 and 2016;
- iv. the interim unaudited financial results of the Guarantor for the six months ended 30 April 2016 and 30 April 2017;
- v. the original Guarantee given by the Guarantor in respect of the Bonds, as set out in Annex A of the Securities Note;
- vi. the independent architects' property valuation reports dated 18 September 2017;
- vii. the Financial Analysis Summary dated 30 October 2017 reproduced in Annex C of the Securities Note; and
- viii. the letter of confirmation drawn up by PricewaterhouseCoopers dated 30 October 2017.

The documents listed in (i) to (iv) above are also available for inspection in electronic form on the Issuer's website [www.bortexgroup Holdings.com](http://www.bortexgroup Holdings.com)