

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

Dated 5 May 2014

The Secured Bonds are being issued by

PENDERGARDENS DEVELOPMENTS P.L.C.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA
WITH COMPANY REGISTRATION NUMBER C 58098

For a description of the security in respect of the Bonds, see the section entitled “**Creating the Security**” in Section 4.3.1 of this Registration Document.

THE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THESE SECURITIES AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT THE SAID INSTRUMENTS ARE 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.

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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 ADVISOR.

Legal Counsel
to the Sponsor & Manager

Legal Counsel
to the Issuer

Security Trustee

Sponsor
& Manager

Registrar

CAMILLERI PREZIOSI
ADVOCATES

VZM VELLA ZAMMIT McKEON
ADVOCATES

EQUINOX INTERNATIONAL
LIMITED

CHARTS
WEALTH MANAGEMENT • CORPORATE BROKING


BORŻA TA' MALTA
MALTA STOCK EXCHANGE

IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ON PENDERGARDENS DEVELOPMENTS P.L.C. IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES OF THE LISTING AUTHORITY, THE COMPANIES ACT (CAP. 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 AND COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014).

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS, TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF 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 OR ITS DIRECTORS OR ADVISORS.

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 HOWEVER 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.

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 APPLYING FOR ANY SUCH SECURITIES AND ANY APPLICABLE EXCHANGE

CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE SECURITIES DESCRIBED IN THE SECURITIES NOTE OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED.

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED 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 OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF SAID DIRECTIVE, THE SECURITIES CAN ONLY BE OFFERED TO "QUALIFIED INVESTORS" (AS DEFINED IN SAID 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 SAID DIRECTIVE.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, 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 ACT.

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

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

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1. DEFINITIONS

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

Act	the Companies Act (Cap. 386 of the Laws of Malta);
Bond Issue or Offer	the issue of the Secured Bonds;
Bondholder/s	a holder of Secured Bonds;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
Collateral or Security Interests	<ul style="list-style-type: none"> i. the first-ranking general hypothec to be constituted by the Company in favour of the Trustee, over all its assets present and future for the amount of €42 million (forty two million euro), interest thereon and any other amounts due under the Bonds; ii. the first-ranking special hypothec to be constituted by the Company in favour of the Trustee over the Hypothecated Property for the amount of €42 million (forty two million euro), interest thereon and any other amounts due under the Bonds; and iii. the pledge on the proceeds of insurance covering the replacement value of the Project;
Deed of Hypothec	a deed to be entered into by and between the Trustee and the Issuer in the acts of Notary Pierre Attard whereby <i>inter alia</i> the Issuer constitutes the Collateral in favour of the Trustee;
Directors or Board	the directors of the Issuer whose names are set out under the heading “ Identity of Directors, Senior Management, Advisors and Auditors ”;
Euro or €	the lawful currency of the Republic of Malta;
Existing Note	the Global Note issued by the Issuer in favour of the Equinox International Limited (the “ Existing Note Trustee ”) representing the amount due by the Issuer to the Existing Note Trustee and creating, acknowledging and representing the indebtedness of the Issuer to the Existing Note Trustee in accordance with the terms and conditions set out in the Global Note issued pursuant to a prospectus dated 6 February 2013; which Global Note has a final maturity in 13 January 2019 but with optional redemption dates on any day falling between (and including) 15 January 2015 and 13 January 2019, at the sole option of the Issuer, on which the Issuer shall be entitled to prepay all or part of the principal amount of the Global Note and all interests accrued up to the date of prepayment, by giving 30 days prior written notice of such prepayment between 15 January 2015 and 13 January 2019 (both days included) and “ Early Redemption of the Existing Note ” shall be construed accordingly;
Existing Noteholder	a holder of Existing Notes as at the Cut-Off Date;
Group	PVL and its subsidiaries Pendergardens Limited (C 41880), PCL and the Issuer;
Hypothecated Property	the plot of land together with the improvements made thereon situated within Pendergardens, having a superficial area of approximately 4,596m ² and earmarked for the construction of Block 16, Block 17 and Towers I & II of Pendergardens, consisting of residential apartments, commercial outlets, office space and underlying car park spaces, as detailed in Section 4.2 of the Registration Document;
Issuer or Company	Pendergardens Developments p.l.c., a public limited liability company duly registered and validly existing under the laws of Malta with company registration number C 58098 and having its registered office at GB Buildings, Watar Street, Ta’ Xbiex XBX 1301, Malta;
Listing Authority	the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act (Cap. 345 of the Laws of Malta) by virtue of L.N. 1 of 2003;

Malta Stock Exchange or MSE	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the Laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
MFSA	Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta);
New Developments	the construction and development of each of Block 17 and Towers I & II;
Offer Period	the period between 12 May 2014 to 26 May 2014 during which the Bonds are on offer;
Pender Contracting Limited or PCL	Pender Contracting Limited, a private limited liability company duly registered and validly existing under the laws of Malta with company registration number C 38017 and having its registered office at GB Buildings, Watar Street, Ta' Xbiex XBX 1301, Malta;
Pender Ville Limited or PVL	Pender Ville Limited, a private limited liability company duly registered and validly existing under the laws of Malta with company registration number C 36675 and having its registered office at GB Buildings, Watar Street, Ta' Xbiex XBX 1301, Malta;
Pendergardens	the mixed use residential and commercial development to be constructed on a site measuring 18,500m ² in Pender Place, St Andrew's Road, St Julians, part of which has already been completed as at the date of this Prospectus as detailed in Section 4.1.3 hereof;
Project or Phase II	<p>the construction and development of:</p> <ol style="list-style-type: none"> i. Block 16 - consisting of 46 residential apartments, 971m² of commercial space and 4 levels of underlying car park spaces; ii. Block 17 - comprising 2 floors of commercial space and a further 7 floors of residential apartments (43 units), 4 levels of underground car park spaces and an adjacent swimming pool at level 1; and iii. Towers I & II - consisting of an 18-floor tower and a 16-floor tower connected by a single common core. The first seven floors of both towers are earmarked for office space, whilst the remaining floors will be developed into residential apartments (30 units). Towers I & II will also include retail space at ground level and 4 levels of underlying car park spaces. <p>Phase II is described in further detail in Section 4.2 of this Registration Document;</p>
Prospectus	collectively, the Registration Document, the Securities Note and the Summary Note;
Redemption Date	shall have the meaning set out in the Securities Note;
Registration Document	this document in its entirety;
Regulation	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in 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 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; and Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 as regards to regulatory technical standards for publication of supplements to the Prospectus;

Secured Bond(s) or Bond(s)	the Series I Bonds and the Series II Bonds;
Securities Note	the securities note issued by the Issuer dated 5 May 2014, forming part of the Prospectus;
Security Trustee or Trustee	Equinox International Limited having its registered office at 9, Level 2, Valletta Buildings, South Street, Valletta VLT 1103;
Series I Bonds	the €15 million secured bonds due 2020 of a face value of €100 per bond redeemable at their nominal value on the Redemption Date, bearing interest at the rate of 5.5% per annum, as detailed in the Securities Note;
Series II Bonds	the €27 million secured bonds due 2022 of a face value of €100 per bond, redeemable at their nominal value on the Redemption Date and bearing interest at the rate of 6% per annum, as detailed in the Securities Note;
Summary Note	the summary note issued by the Issuer dated 5 May 2014, forming part of the Prospectus.

2 RISK FACTORS

PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THIS PROSPECTUS, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS A VIEW ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING. THE 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 FINANCIAL RESULTS AND TRADING PROSPECTS AND THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE SECURITIES ISSUED BY IT FROM TIME TO TIME. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER FACES. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE OF THE ISSUER.

NEITHER THE PROSPECTUS NOR ANY OTHER INFORMATION SUPPLIED 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 SPONSOR OR AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS 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 IN 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 strategies and plans relating to the attainment of its objectives, capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts and which may involve predictions of future circumstances. Investors can generally identify forward-looking statements by the use of terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", or similar phrases. These forward-looking statements are inherently subject to a number of risks, uncertainties and assumptions. Important factors that could cause actual results to differ materially from the expectations of the Issuer's Directors include those risks identified under the heading "Risk Factors" and elsewhere in the Prospectus. If any of the risks described were to materialise, they could have a serious effect on the Issuer's financial results, trading prospects and the ability of the Issuer to fulfill its obligations under the securities to be issued. Accordingly, the Issuer cautions the reader that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ

from those expressed or implied by such statements and no assurance is given that the future results or expectations will be achieved.

2.2 Risks relating to the Issuer

(i) The Issuer is subject to market and economic conditions generally

The Issuer is subject to the general market and economic risks that may have a significant impact on the Project, its timely completion and budgetary constraints. These include factors such as the state of the local property market, inflation and fluctuations in interest rates, exchange rates, property prices and other economic and social factors affecting demand for real estate generally. In the event that general economic conditions and property market conditions experience a downturn which is not contemplated in the Issuer's planning during the construction and completion of the Project, this shall have an adverse impact on the financial condition of the Issuer and its ability to meet its obligations under the Bonds.

(ii) The Issuer has a limited history of operations

The Issuer has a limited trading record and history of operations. It was set up in November 2012 specifically to undertake the construction and development of Block 16 and raised finance for the purpose of developing and completing Block 16, which is currently under construction. The Issuer is substantially a start-up operation with all the attendant risks that start-ups normally entail. These risks include, but are not limited to, the lack of financial stability and risks of delays in completion of the Project. In the event that these risks were to materialise they could have a significant impact on the financial position of the Issuer.

(iii) The property market is a very competitive market that can influence the sales of units in the Project

The real estate market in Malta is very competitive in nature. An increase in supply and/or a reduction in demand in the property segments in which the Issuer operates and targets to sell the properties being developed, may cause sales of units forming part of the Project to sell at prices which are lower than is being anticipated by the Issuer or that sales of such units are in fact slower than is being anticipated. If these risks were to materialise, particularly if due to unforeseen circumstances there is a delay in the tempo of sales envisaged by the Issuer, they could have a material adverse impact on the Issuer and its ability to repay the Bonds and interest thereon.

(iv) The Issuer depends on third parties in connection with its business, giving rise to counter party risks

The Issuer, through PCL, relies upon third party service providers such as architects, building contractors and suppliers for the construction and completion of the Project. PCL has engaged the services of third party contractors for the purpose of the development of the Project including excavation, construction and finishing of the developments in a timely manner and within agreed cost parameters. This gives rise to counter-party risks in those instances where such third parties do not perform in line with the Issuer's expectations and in accordance with their contractual obligations. If these risks were to materialise, the resulting development delays in completion could have an adverse impact on the Issuer's business, and its financial condition, results of operations and prospects.

(v) Material risks relating to real estate development may affect the economic performance and value of the property under development

There are a number of factors that commonly affect the real estate development industry, many of which are beyond the Issuer's control, and which could adversely affect the economic performance and value of the Issuer's real estate property under development. Such factors include:

- changes in general economic conditions in Malta;
- general industry trends, including the cyclical nature of the real estate market;
- changes in local market conditions, such as an over-supply of similar properties, a reduction in demand for real estate or change of local preferences and tastes;
- possible structural and environmental problems;
- acts of nature, such as earthquakes and floods, that may damage the property or delay its development; and
- increased competition in the market segment in which the Issuer is undertaking the real estate development may lead to an over supply of commercial or residential properties in such markets, which could lead to a lowering of prices and

a corresponding reduction in revenue of the Issuer from the Project.

Any of the factors described above could have a material adverse effect on the Issuer's business, its respective financial condition and prospects and accordingly on the repayment of the Bond and interest thereon.

(vi) The Project relies on sales of units and garage spaces for completion

The Issuer makes reliance on the revenues that it expects to generate from the sale of a number of units and garage spaces forming part of the Project to be able to complete the development of the whole Project. If the proceeds from sales of units and/or garage spaces is not in line with expectations or if the proceeds from sales is lower than expectations the Issuer may be unable to complete the development of the whole Project, which could itself have a material adverse impact on the generation of sufficient cash by the Issuer to be able to re-pay the Bonds upon redemption.

(vii) The Issuer has a highly leveraged capital structure

The Issuer's capital structure is highly dependant on debt financing through the Bonds. This could have an adverse effect on the financial condition of the Issuer and prospects of the Project if sales of units and/or garages were to slow down below the current expectations of the Issuer or where the price of real-estate at which the Issuer expects to sell units and garage spaces are materially lower than the projected prices expected by the Issuer.

(viii) The Issuer may be exposed to environmental liabilities attaching to real estate property

The Issuer 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. The Issuer may also be required to remove or remediate any hazardous substances that it causes or knowingly permits at any property that it owns 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 its business, financial condition and results of operations.

(ix) Property valuations may not reflect actual market values

The valuations referred to in the Prospectus are prepared by an independent qualified architect in accordance with the valuation standards published by the Royal Institution of Chartered Surveyors (RICS). In providing a market value of the respective properties, the independent architect has made certain assumptions which ultimately may cause the actual values to be materially different from any future values that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends as reality may not match the assumptions. There can be no assurance that such property valuations and property-related assets will reflect actual market values.

3 IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, ADVISORS AND AUDITORS

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

3.1 Directors and Company Secretary

Edmund Gatt Baldacchino	Chairman
Edward Licari	Deputy Chairman
John Attard	Non-Executive Director
Philip Farrugia	Independent Non-Executive Director
Joseph FX Zahra	Independent Non-Executive Director
Massimo Vella LL.D	Company Secretary

The business address of the Directors and Company Secretary is 1001, Pendergardens, St Andrews Road, St Julians STJ 9023, Malta.

THE DIRECTORS ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE DIRECTORS ACCEPT RESPONSIBILITY ACCORDINGLY.

The persons listed under the sub-heading “**Advisors**” have advised and assisted the Directors in the drafting and compilation of the Prospectus.

3.2 Senior Management

As at the date of this Prospectus the Issuer has no employees. The Issuer is therefore reliant on the resources which are made available to it by its parent company, PVL, including the services of its senior management, whose names and responsibilities are set out hereunder:

Peter Diacono	Chief Executive Officer
Robert Darmanin	Financial Controller
Michael De Maria	Sales & Marketing Manager
Ernest Debono	Cost Manager & Quantity Surveyor

3.3 Advisors

Legal Counsel to the Sponsor & Manager

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

Legal Counsel to the Issuer

Name: Vella Zammit McKeon
Address: 43E, St Paul’s Buildings, West Street,
Valletta VLT 1532 - MALTA

Financial Advisors

Name: PricewaterhouseCoopers
Address: 78, Mill Street,
Qormi QRM 3101 - MALTA

Sponsor & Manager

Name: Charts Investment Management Service Limited
Address: Valletta Waterfront, Vault 17, Pinto Wharf,
Floriana FRN 1913 – MALTA

Registrar

Name: Malta Stock Exchange plc
Address: Garrison Chapel, Castille Place,
Valletta VLT 1063 - MALTA

3.4 Auditors

Name: PricewaterhouseCoopers
Address: 78, Mill Street,
Qormi QRM 3101 - MALTA

The financial statements of the Issuer for the period 5 November 2012, being the date of incorporation, to 31 December 2013 have been audited by PricewaterhouseCoopers. PricewaterhouseCoopers is a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act (Cap. 281 of the Laws of Malta).

3.5 Security Trustee

Name: Equinox International Limited
Address: 9, Level 2, Valletta Buildings, South Street,
Valletta VLT 1103 - MALTA

4 INFORMATION ABOUT THE ISSUER

4.1 Historical Development

4.1.1 Introduction

Full Legal and Commercial Name of the Issuer:	Pendergardens Developments p.l.c.
Registered Address:	GB Buildings, Watar Street, Ta' Xbiex XBX 1301, Malta
Place of Registration and Domicile:	Malta
Registration Number:	C 58098
Date of Registration:	5 November 2012
Legal Form:	The Issuer is lawfully existing and registered as a public limited liability company in terms of the Act
Telephone Number:	+356 2248 8600
Fax:	+356 2138 1441
Email:	info@penderville.com
Website:	http://www.pendergardens.com

The principal object of the Issuer is to acquire and develop real estate properties. At present, the Issuer is involved in the construction and development of Phase II of the Pendergardens project. This second phase commenced in January 2013 with Block 16 and the construction thereof will be completed by mid-2015. In the third quarter of 2014, the Issuer will initiate development of Block 17 and Tower I & II, and both properties will be built over a four-year period.

4.1.2 Overview of the Issuer's business

In January 2013, the Company acquired from PVL a parcel of land known as Block 16 measuring 1,379m², and entered into a fixed price contract with PCL for the development of the said property. The transactions are described in further detail in Section 8 under the heading "**Related party transactions**".

In addition to the commencement of construction of Block 16, the Company has entered into a number of preliminary agreements for the sale of units as outlined in Section 4.2.8 under the heading "**Proceeds from sales and leases**".

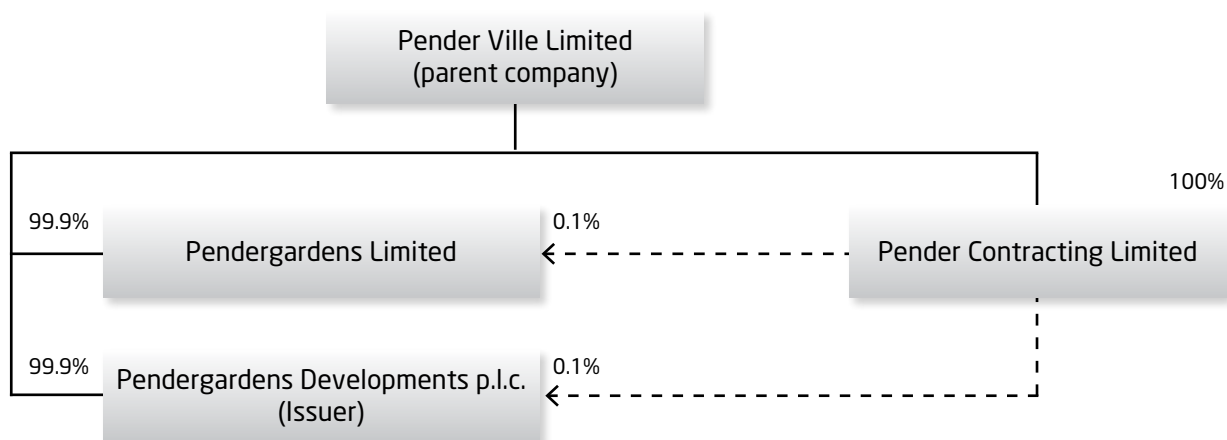
In February 2013, the Company issued €12 million 7% Secured Notes of a nominal value of €1,000 each, redeemable at par between 2015 and 2019. Interest on the Notes is due and payable annually in arrears on 14 January of each year. The net proceeds are being used for the development of Block 16.

On 30 April 2014, the Company entered into (i) a preliminary agreement with PVL to acquire from PVL the remaining portion of land within Phase II measuring 3,217m², over which it plans to develop and construct the New Developments; and (ii) a novation agreement with PVL and PCL pursuant to which it undertook to settle payment of works in progress executed by PCL on the said

site. The Issuer has also entered into a fixed price contract with PCL for the development of Block 17 and Towers I & II. The said transactions are described in further detail in Section 8 under the heading “**Related Party Transactions**”.

Save for the above, the Company has no other trading history.

4.1.3 Group organisational structure



PENDER VILLE LIMITED ('PVL')

PVL is a private limited company incorporated, registered and operating in Malta under the Act, with registration number C 36675 and whose registered office is at GB Buildings, Watar Street, Ta'Xbiex XBX 1301, Malta. It has an authorised share capital of €11,646,867 (eleven million six hundred forty six thousand eight hundred and sixty seven euro) divided into 5,000,000 (five million) ordinary shares of €2.329373 (two point three two nine three seven three euro) and an issued share capital of €10,092,606 (ten million ninety two thousand six hundred and six euro) divided into 4,332,756 (four million three hundred and thirty two thousand seven hundred and fifty six) ordinary shares of €2.329373 (two point three two nine three seven three euro), of which, €9,434,421 (nine million four hundred thirty four thousand four hundred and twenty one euro) is paid up. The company was set up on 22 July 2005 by a consortium of investors to acquire and develop the Pender Place site (18,500m²) (“**Pendergardens**”) and the Mercury House site (8,500m²) (“**The Exchange**”) located in St Julians, marked as bold on site plan included hereunder. The whole project has in July 2012 been granted full development permits by the Malta Environment and Planning Authority (MEPA).



Site Plan

Pendergardens, which has a Special Designated Area status, is being developed in two phases. The first phase has been completed and includes 150 residential apartments spread over 6 blocks (Blocks 10 to 15) together with 406 car park spaces (“Phase I”). As at the date of this Prospectus, 149 apartments and 183 car park spaces have been sold over a six year period to a mix of Maltese residents (46%) and foreigners (EU nationals – 43%, non-EU nationals – 11%). The remaining one apartment was not placed on the market due to its proximity to the next phase of development and will therefore be offered for sale once Towers I & II are finalised. The apartment is currently being used as offices by PVL. Phase II of Pendergardens will include the development of (i) Block 16 having a gross floor area measuring *circa* 16,404m² and consisting of 46 residential apartments, double height commercial space (971m² with a potential to be increased to 1,336m²) and four levels of underlying car park; (ii) Block 17 having a gross floor area measuring *circa* 20,771m² and consisting of 43 residential apartments, commercial space (5,853m²) and underlying car park; and (iii) Towers I & II comprising a gross floor area measuring *circa* 22,684m², and which will offer 30 residential apartments and 8,784m² of office and retail space.

Following the completion of Phase I, management has turned focus on Phase II commencing with the development of Block 16. On 11 December 2012, the directors of PVL approved the transfer of a parcel of land measuring 1,379m² to the Issuer for the purpose of developing Block 16. Funding for developing the said property was raised in February 2013 through a debt issuance of €12million pursuant to a prospectus dated 6 February 2013. Subject to the execution of the Bond Offer, a further parcel of land measuring 3,217m² will be transferred from PVL to the Issuer to enable the latter to initiate development of Block 17 and Towers I & II.

The Exchange is earmarked for commercial use and will be promoted as a financial and business centre. It will consist of 16,700m² of office space within two towers and 10,800m² of retail and leisure outlets fronting a large public piazza. Car park spaces, numbering *circa* 476, will be available in the underground levels with direct vertical access to the offices and outlets. In 2009, an area measuring 950m² was sold to FIMBank plc, an international trade finance bank listed on the Malta Stock Exchange. Construction works were completed by PCL in September 2011 and the bank transferred its operations to the new premises in June 2012.

PENDER CONTRACTING LIMITED (‘PCL’)

PCL is a private limited company incorporated, registered and operating in Malta under the Act, with registration number C 38017 and whose registered office is at GB Buildings, Watar Street, Ta’ Xbiex XBX 1301, Malta. It has an authorised and issued share capital of €23,293.73 (twenty three thousand two hundred ninety three euro and seventy three cents) divided into 10,000 (ten thousand) ordinary shares of €2.329373 (two point three two nine three seven three euro), fully paid up. The company was set up on 17 February 2006 principally to act as PVL’s main contractor to execute the construction and development of Pendergardens and The Exchange.

Pursuant to an agreement entered into by and between the Issuer and PCL on 22 January 2013, PCL has been engaged by the Issuer to construct, develop and finalise Block 16 in accordance with the specifications agreed upon between the Issuer and PCL. The contract of works, which is based on the FIDIC conditions of contract for Plant and DesignBuild, First Edition 1999, with modifications to ensure price certainty, provides for PCL to construct, finish and handover Block 16 in accordance with the milestone dates, programme, and specifications annexed to the said contract. Furthermore the contract price, exclusive of VAT, of €10,019,000 (ten million nineteen thousand euro) is a fixed price and PCL guarantees that any cost overruns will be for its own account.

A second agreement has been entered into by and between the Issuer and PCL on 30 April 2014, whereby PCL will be engaged by the Issuer, to construct, develop and finalise Block 17 and Towers I & II in accordance with the specifications agreed upon between the Issuer and PCL. The contract of works, which is based on the FIDIC conditions of contract for EPC/Turnkey Projects, with modifications to ensure price certainty, provides for PCL to construct, finish and handover the New Developments in accordance with the projected completion date, and specifications annexed to the said contract. Furthermore, the contract price of €35,847,000 (thirty five million eight hundred and forty seven thousand euro) is a fixed price and PCL guarantees that any cost overruns will be for its own account.

Each of the above-mentioned contracts also allows for daily delay penalties and for the waiver of the contractor’s special privilege and special hypothec. The said waiver of special privilege and special hypothec will be registered by way of public deed.

PENDERGARDENS LIMITED

Pendergardens Limited is a private limited company incorporated, registered and operating in Malta under the Act, with registration number C 41880 and whose registered office is at GB Buildings, Watar Street, Ta' Xbiex XBX 1301, Malta. It has an authorised and issued share capital of €1,514,092.45 (one million five hundred and fourteen thousand ninety two euro and forty five cents) divided into 650,000 (six hundred and fifty thousand) ordinary shares of €2.329373 (two point three two nine three seven three euro), fully paid up. The company was set up on 17 July 2007 and owns a portion of land measuring *circa* 4,300m² forming part of Pendergardens. The said site is intended for the development of 15 detached and semi-detached villas.

PENDERGARDENS DEVELOPMENTS PLC (THE 'ISSUER')

The Issuer is a wholly-owned subsidiary of PVL which was established on 5 November 2012, principally to raise funding through debt issuances and thereafter to develop Phase II. The Company has an authorised and issued share capital of €3,300,000 (three million three hundred thousand euro) divided into 3,300,000 (three million three hundred thousand) ordinary shares of €1 each, fully paid up. PVL holds 3,295,959 (three million two hundred and ninety five thousand nine hundred and fifty nine) ordinary shares of €1 each, and PCL holds 4,041 (four thousand and forty one) ordinary shares of €1 each. Following the Bond Issue and upon finalisation of the transactions described in section 8 of this Registration Document, the Company's issued share capital shall be increased by an additional €5,779,000 (five million seven hundred and seventy nine thousand euro), to a total issued share capital of €9,079,000 (nine million and seventy nine thousand euro).

4.2 The Project

4.2.1 Market situation

The real estate market in Malta remains a very competitive one, particularly in the context of existing and projected developments in the Sliema and St Julians area. Pendergardens faces strong competition from various existing as well as prospective developments, including similar mixed-use projects located in the same captive area and elsewhere in Malta. Competition is strong in each market segment whether it is for residential units, offices or retail space.

The high levels of supply in the residential property market, which was not met with a corresponding growth in demand, has in recent years brought about a level of stagnation and lack of growth in the market. Notwithstanding this challenging environment, the Directors believe that there are signs of recovery in the market and that the demand for middle to higher-end properties is sustainable even in the current market dynamics.

The Pendergardens product distinguishes itself in the market by combining a number of unique features - a modern and contemporary lifestyle based on quality and generous living spaces, with the convenience of being located close to various amenities and within walking distance of Spinola and St George's Bay. The sales initiatives undertaken so far on Block 16, as it is still in its construction phase and due for completion in the second quarter of 2015, has been encouraging, with 52 per cent of residential units already the subject of preliminary agreements having a total value of €6.9 million when final deeds of sale and purchase are completed.

4.2.2 Permits

Phase II is covered by two applications submitted to the Malta Environment & Planning Authority (MEPA), numbered PA6137/07 and PA4269/07, which were sanctioned for full development on 2 February 2012 and 31 July 2012 respectively. Further detail on the MEPA applications and approvals thereof is provided in Annex I of this Registration Document under the heading "**Architect's Valuations**".

4.2.3 Phase II - Block 16

Block 16 comprises a footprint of 1,379m² and a gross floor area measuring approximately 16,404m². The property is situated on St Andrew's Road, St Julians and its frontage will include double height commercial space. Above the retail area, it is planned to construct 46 apartments, of which 16 are duplex units and 2 are 3-bedroomed duplex penthouses. Furthermore, Block 16 will include 4 levels of underlying car spaces. Works on this site commenced in January 2013 and should be completed by mid-2015.

Phase II - Block 16 Residential	No. of Units	%
1-bedroom unit	10	22
2-bedroom unit	16	35
2-bedroom duplex unit	2	4
3-bedroom duplex penthouse	2	4
3-bedroom duplex unit	14	31
3-bedroom penthouse	2	4
	-----	-----
	46	100
	=====	=====

Block 16 will, in addition to the residential units, comprise *circa* 971m² of retail area. The commercial area will be split into a number of retail outlets depending on the requirements and specifications of prospective tenants.

The residential apartments being developed in Block 16 will be delivered and sold in a finished and complete state and will include electrical, plumbing, telephone, data and air conditioning installations points, intelligent lighting system, gypsum plastering, floor tiles and bathrooms, including sanitary ware and accessories, external apertures (in double glazed aluminium) and the internal doors. The level of finishes will be higher than those of Phase I units and a notable upgrade will be the option to connect to a LPG infrastructure for a more efficient and environmentally cleaner energy source for cooking and water heating.

As at the date of this Registration Document, civil works on the underlying car park, the commercial units and the apartments at Level 0 to Level 2 (out of 9 levels) are complete. Construction on the remaining floors is ongoing, and mechanical & electrical installations have commenced.

4.2.4 Phase II - Block 17

Block 17 will, when completed, comprise 43 residential apartments distributed on 7 floors, an outside communal pool and surrounding deck on the first level and 4 underground levels of car spaces. The initial 2 levels, below the apartments, are earmarked for commercial and office use. The property is adjacent to Towers I & II and has a footprint of *circa* 1,926m² and a gross floor area measuring approximately 20,771m². Development on this site is expected to commence in the first quarter of 2015 and should be completed by mid-2018.

Phase II - Block 17 Residential	No. of Units	%
1-bedroom unit	20	46
2-bedroom unit	21	49
3-bedroom duplex penthouse	2	5
	-----	-----
	43	100
	=====	=====

The commercial area at Block 17 will consist of a gross floor area of 5,853m².

The residential apartments at Block 17 will be completed to a finished state, similar to the Block 16 apartments as set out in Section 4.2.3 above.

4.2.5 Phase II - Towers I & II

Towers I & II will comprise the development of an 18-storey property having a footprint of *circa* 1,291m² and a gross floor area measuring approximately 22,684m². The site is situated on St Andrew's Road, St Julians and will be the final property to be developed to complete the Pendergardens project. Towers I & II will include 8 floors of commercial and office space (*circa* 8,784m²), and a further 10 floors of residential apartments. The offices and apartments will be segregated internally and will therefore have different lobby areas and separate elevators. The property will also have 4 levels of underlying car spaces, which will form part of the car park areas beneath Blocks 16 and 17, providing in aggregate 280 car parking spaces. Construction on this site is expected to commence in the third quarter of 2014 and should be completed by mid-2018.

Phase II - Towers I & II Residential	No. of Units	%
2-bedroom unit	28	93
3-bedroom duplex penthouse	2	7
	-----	-----
	30	100
	=====	=====

Towers I & II is envisaged to be the flagship property at Pendergardens aimed at a higher market segment with a level of finish that is superior to other parts of the development. The commercial, retail and office areas will be delivered with all common and external areas finished to a very high level and all utility infrastructures delivered to each floor. The internal areas will be left in shell form so as to allow prospective tenants to complete to their specific requirements. The developer will be offering its services to finish these areas to clients' requirements at an added cost. Generators will deliver back-up power for essential services to the apartments and offices in the event of grid power failure.

4.2.6 Phase II development expenditure

The overall cost of constructing and developing Phase II is expected to amount to €45.87 million as detailed below:

	€'000
Block 16	
Payments made to 31 December 201	3,602
Payments to completion	6,418

Total cost of Block 16	10,019

Block 17 and Towers I & II	
Fixed price agreement	35,847

Total cost of Block 17 and Towers I & II	35,847

Total cost of Phase II (excluding VAT)	45,866
	=====

4.2.7 Pricing and sales strategy

The Directors have devised a pricing strategy for Phase II apartments based on the experience and knowledge acquired from sales of units in Phase I. PVL commenced marketing the Pendergardens apartments and car park spaces in 2007 and by 2012 had sold 149 units. Sales tempo over the aforesaid six year period, except for 2009, was broadly in line with management's expectations. In the first two years of launch *circa* 45% of total units were sold, but declined significantly in 2009 in the midst of the global economic crisis. During the last three years (2010 – 2012), there was a substantial increase in demand for units at Pendergardens and as a result the remaining units (44% of total complement) were all sold.

In order to maintain interest in its apartments, the Group has established a very competitive pricing strategy for Block 16 units with a similar price range as previously established for Phase I. A typical 3 bedroom duplex apartment is priced at *circa* €450,000 (four hundred and fifty thousand euro) and the average price per unit amounts to *circa* €367,000 (three hundred and sixty seven thousand euro). As to commercial outlets, Block 16 has available 971m² of retail area which could be split as required by prospective purchasers.

It is the intention of the Company to initiate marketing Block 17 and Towers I & II once construction works commence on the respective properties. The sales campaign will take place in a staggered manner so as to maximise potential revenue, and will be done through a number of estate agents in Malta as well as through the Company's sales office and website www.pendergardens.com

Pricing of Towers I & II apartments will be reflective of the extensive sea views that the property commands and the premium level of finishes of the apartments. As to the initial 8 floors of the said property, which is earmarked for commercial activity, the Company's primary objective will be to dispose of available commercial and office space, and will be priced broadly in line with similar offerings in the area. In the interim period, until the said commercial and office space is eventually sold, the Company plans to offer the premises on a lease basis.

4.2.8 Proceeds from sales and leases

The following table illustrates the projected proceeds from sales and leases of units, net of applicable commissions, generated from Phase II.

PHASE II	2014	2015	2016-22	Total
Proceeds from sales and leases	€'000	€'000	€'000	€'000
Apartments & car spaces ¹	1,062	8,466	41,444	50,972
Commercial area & car spaces	-	-	33,266	33,266
Total proceeds from sales (net of commissions)	1,062	8,466	74,710	84,238
Commercial leases	-	-	5,658	5,658
Total proceeds (net of commissions)	1,062	8,466	80,368	89,896

¹ As at 31 December 2013 the Company received net proceeds of €0.7 million in relation to preliminary sale agreements.

The Issuer commenced its marketing campaign on Block 16 in the last quarter of 2012 and as at the date of the Prospectus has already entered into preliminary sale agreements for 24 units equivalent to final sales proceeds of €6.9 million (six million and nine hundred thousand euro). Sales proceeds are expected to increase over the course of development of Phase II and are expected to peak in 2018 and 2019 as Block 17 and Towers I & II are placed on the market.

4.2.9 Completion of Phase II

The program of development works relating to Phase II is expected to be completed in the first semester of 2018 and is expected to result in a cash investment in the region of €64 million. This estimate includes all direct construction costs, making due allowance for inflation and contingencies, together with all indirect costs and overheads that are necessarily expected to be incurred to complete Phase II.

A breakdown of estimated development expenditure to complete Phase II and expected funding sources thereof is provided below:

Completion of Phase II	€'000
Expenditure programme	
Cash consideration paid on acquisition of land from PVL	(8,953)
Fixed price contracts: Block 16 (payments to completion)	(6,418)
Fixed price contracts: Block 17 and Towers I & II	(35,847)
Non refundable VAT on development costs (in development phase)	(4,754)
Net finance costs in construction period (2014-17)	(7,329)
Operating expenses in construction period (2014-17)	(297)

Total estimated cash outflows to completion of Phase II	(63,598)
	=====

4.3 Security, Release of Security and Reserve Account

4.3.1 Creating the Security

The Existing Note is secured by a general hypothec over all the Issuer's assets present and future as well as a special hypothec over Block 16 in favour of the Existing Note Trustee for the benefit of the Existing Note investors and participants in the Existing Note. The Issuer has already given notice to the Existing Note Trustee, as required under the terms of issue of the Existing Note that subject to the raising of the Series I Bond and the Series II Bond it shall redeem such part of the Global Note that is not surrendered in exchange for either Series I Bonds or Series II Bonds on 14 January 2015.

Agreement has been reached between the Issuer and the Existing Note Trustee for the latter to receive out of the proceeds of the Series I Bond and the Series II Bond an amount equivalent to the sum of (i) the principal amount remaining outstanding on the Existing Note following the exchange of the Existing Note for Series I and Series II Bonds; and (ii) interest accrued from the last interest payment date on the Existing Note up to and including 14 January 2015 – that is the first early redemption date of the Existing Note. Upon receipt of this amount, which the Existing Note Trustee shall hold and utilise to repay the outstanding amount of the Existing Note on 14 January 2015, the Existing Note Trustee shall then release the security interests and cancel the general hypothec against the Issuer and the special hypothec over Block 16.

Agreement has also been reached between PVL and Bank of Valletta p.l.c. ("**BOV**") for the latter to waive all hypothecary rights registered in its favour as security for advances made available to PVL. The hypothecary rights are registered over each of Block 17 and Towers I & II. The release and waiver of the hypothecary rights arising in favour of BOV shall take place after the Bond Issue and upon receipt by BOV of the amount of €5 million. Out of the proceeds of the Bond Issue the Issuer shall pay to PVL the consideration due for the acquisition of the land, which PVL shall pay directly to BOV.

Following the above, the Issuer shall have no hypothecs registered against it or its property and shall thereafter be in a position to constitute the appropriate security in favour of the Security Trustee for the purpose of securing the Series I Bond and the Series II Bond in accordance with this Prospectus.

4.3.1.1 Dynamics for Closing

Following the close of the Offer Period and conditional allocations made by the Registrar all proceeds shall be transferred to the Security Trustee who shall hold same in trust for the benefit of Bondholders and, save for the payment of the expenses related to the Bond Issue, shall retain all remaining Bond proceeds until all security for the benefit of Bondholders has been duly constituted in its favour. It is expected that within 15 Business Days from the close of the Offer Period and following the conditional allocation of the Bonds, the Issuer shall enter into a public deed with PVL, whereby PVL shall sell, transfer and convey unto the Issuer the lands over which each of Block 17 and Towers I & II shall be constructed and developed on the same terms and conditions contained in the promise of sale agreement. The Security Trustee shall appear on that deed for the purpose of:

- (i) Ensuring that the Issuer obtains legal title to the site of the New Developments;
- (ii) Releasing in favour of PVL the cash amount of the purchase consideration, and to PCL the cash amount of the consideration for the works in progress and improvements to the site, amounting in total to €8.95 million. It is expected that the deed will contemplate that PVL will delegate the Security Trustee to pay the amount of €5 million directly to BOV on behalf of PVL;
- (iii) Upon receipt of the payment mentioned in (i) above, BOV shall waive its general hypothecary rights as well as all its special hypothecs over the site of the New Developments;
- (iv) Obtains from the Issuer the Security Interests.

Following registration of the notarial deed described above and the presentation to the Security Trustee of the appropriate notes of privilege and hypothec, and the subsequent admission of the Bonds to trading on the Malta Stock Exchange, the Bonds shall be issued and unconditionally allocated to investors, whereupon the Security Trustee shall release the remaining proceeds of the Bond Issues to the Issuer.

4.3.1.2 Status of the Security Interests

As at the date of this Registration Document the Security Interests have not been constituted. The Bonds shall only be issued and allotted following the satisfaction of the two conditions precedent, namely (i) the constitution in favour of the Security Trustee of the Security Interests; and (ii) the admission of the Bonds, as and when issued, to trading on the Malta Stock Exchange.

Pursuant to the Trust Deed, the Issuer has agreed to constitute in favour of the Security Trustee for the benefit of Bondholders as Beneficiaries, *inter alia* a special hypothec over the Hypothecated Property and a general hypothec over all its assets, present and future.

The hypothec will secure the claim of the Trustee, for the benefit and in the interest of Bondholders, for the repayment of the principal and interest under the Secured Bonds by a preferred claim over the Hypothecated Property. In addition, the general hypothec will also grant to the Trustee, as additional and further security for the repayment of the Secured Bonds, a preferred and prior ranking claim over all the assets present and future of the Issuer.

Accordingly, following the issue and allotment of the Series I and Series II Bonds and application of the proceeds as set out above, the Security Trustee for the benefit of the beneficiaries will have the benefit of a special hypothec over the Hypothecated Property for the full amount of €42 million (forty two million euro) and interests thereon in addition to the general hypothec over all the assets, present and future of the Company for the full amount of €42 million (forty two million euro).

Furthermore, PCL being the principal contractor engaged to construct and develop the Project has undertaken to waive its right to inscribe a special privilege in its favour until such time that the indebtedness represented by the Secured Bonds and secured by the hypothecs granted in favour of the Security Trustee has been settled and repaid in full.

The Bonds shall not be issued and allotted and accordingly no funds will be released to the Issuer before the Security Trustee is satisfied that the Security Interests have been duly constituted in its favour.

4.3.2 Releasing Security and the Reserve Account

4.3.2.1 All sales of residential units, commercial areas and garage spaces within the Project shall be made on the basis that units are released of all hypothecary rights and privileges encumbering the units being sold as security for the repayment of the Bonds. For this purpose, and save for what is stated below with respect to the first €25 million in sales proceeds, the

Security Trustee is empowered, pursuant to the Trust Deed, to release individual units of the Hypothecated Property from the Security Interest encumbering such unit/s and garage space/s upon receipt by it from the Company or from a prospective purchaser of a fixed percentage of the purchase price of units and garage spaces, as described below.

4.3.2.2 For this purpose the Security Trustee and the Issuer have agreed:

- (i) in each of the years 2016 and 2017, the Issuer shall transfer to the Reserve Account the higher of the sum of €100,000 or in the event that the threshold mentioned in section 4.3.2.4 B below has been reached or exceeded in either of those years, the amounts payable under section 4.3.2.4 shall be paid into the Reserve Account; and
- (ii) in any event when the threshold of €25 million set out in section 4.3.2.4 B has been reached or exceeded there shall be transferred into the Reserve Account a fixed allocation of the sales proceeds from each unit (whether commercial or residential) and garage space, and it is only upon receipt by the Trustee of such an amount that the Trustee shall be bound to release a particular residential or commercial unit or garage space from the effects of any Security Interest encumbering the Hypothecated Property. This is intended to ensure, save for amounts required by the Issuer for the completion of the Project, that the security created for the interest of Bondholders is only reduced against a cash payment made by the Issuer to the credit of the Reserve Account to be held by the Security Trustee for the benefit of Bondholders. The funds so received by the Trustee shall be held by it under trust in a segregated bank account with a licensed credit institution in Malta for the benefit of the Bondholders and shall be so held with a view to meeting the redemption of the Secured Bonds on their respective dates of maturity (“**Maturity Date**”) or otherwise for the Issuer to re-purchase Secured Bonds in the market for cancellation. Any shortfall in the amount receivable by the Security Trustee pursuant to the foregoing shall be required to be made up, in whole or in part, out of the available sale proceeds from any subsequent sale or sales until such shortfall shall have been made up in its entirety.

4.3.2.3 The proceeds from the sale of a unit or garage space can be classified under two heads:

- (i) The deposit paid by a buyer on account of the purchase consideration which shall not exceed 10% of the gross sale price of that unit or garage space (the “**Payment on Account**”); and
- (ii) The outstanding balance of the purchase consideration, after deducting commissions payable by the Issuer (and VAT on commissions) and provisional tax on the full sales price (the “**Net Balance of Price**”).

4.3.2.4 Pursuant to the Trust Deed allocations of sales proceeds shall be made as follows:

- A. Sales proceeds equivalent to the first €25 million consisting of Payments on Account and Net Balance of Price shall be fully allocated to the Issuer for the specific purpose of meeting construction and development costs with respect to Block 17 and Towers I & II.
- B. Sales Proceeds equivalent to the next following €25 million shall be allocated as follows:
 - (i) All Payments on Account shall be allocated to the Issuer; and
 - (ii) The Net Balance of Price shall be allocated as to 90% to the Trustee and 10% to the Issuer;
- C. Sales Proceeds after the first €50 million outlined in paragraphs A and B above shall be allocated as follows:
 - (i) All Payments on Account shall be allocated to the Issuer; and
 - (ii) The Net Balance of Price shall be allocated as to 95% to the Trustee and 5% to the Issuer until such time as the Reserve Account has been fully funded.

The following example illustrates the allocation of sales proceeds, in the case mentioned in paragraph B above:

	€	Allocation to Issuer €	Allocation to Trustee €	Payment to Third Party €
Total sale amount	250,000			
Payment on account	25,000	25,000		
Balance of price	225,000			
	17,500			17,500
	14,750			14,750
	192,750	19,275	173,475	
		-----	-----	-----
Total amounts receivable		44,275	173,475	32,250
		=====	=====	=====

The above is merely an example to illustrate the workings of the allocation of sales proceeds on the basis of the allocations set out in paragraph B above.

Irrespective of whether any sales proceeds have been received by the Issuer for each of the years 2016 and 2017, the Issuer shall still remain bound to transfer to the Reserve Account the amount of €100,000.

The Trustee shall hold the monies received in a Reserve Account and subject to the limitations set out in the preceding paragraph, and provided such limitations are adhered to, the Trustee, from time to time may, but shall not be obliged to, invest such monies in such a manner and in such instruments as are herein provided, namely:

- (i) Any amount out of the Reserve Account may be applied against the re-purchase of the Secured Bonds in the market; and/or
- (ii) Investment or re-investment in any debt securities issued by or guaranteed by the Government of Malta or other member state of the European Union or the EEA or by an OECD sovereign state, without any currency exchange risk;
- (iii) Subject to the limitations on amount set out below, to deposit with a Bank licensed as a credit institution in Malta or any Member State of the European Union, provided that not more than 50 per cent of any amount standing to the credit of the Reserve Account, from time to time, shall be deposited with the same institution if the amount of the deposit exceeds the sum of €25 million;
- (iv) Amounts not exceeding €10 million may be invested in debt securities admitted to listing and trading on a Regulated market in the European Union, provided that not more than €2 million may be exposed to one or more debt securities issued by the same issuer; and provided that such investment will not expose the Reserve Account to any currency exchange risk;
- (v) An amount not exceeding €2 million may be advanced to any member of the Group, under terms and conditions which are at arm's length, provided that the Reserve Account remains in credit by at least another €2 million following such advance.

In the absence of unforeseen circumstances and subject to there being no material adverse changes in circumstances the Directors are of the view that the percentages of sales proceeds allocated to the Security Trustee from available cash flows that will be credited to the Reserve Account will be sufficient to cover the redemption of the Secured Bonds on their respective Redemption Dates.

4.3.2.1 The Reserve Account - Projections

On the basis of the current projections of sales made by the Company and taking into account the requirements of cash for the completion of the Project, it is expected that, save for unforeseen circumstances, the Security Trustee shall start receiving funds in

the Reserve Account in the year 2018, when from 90% or 95% of the Net Balance of Price from sales contracts entered into in that year, it is expected to receive *circa* €8.3 million; followed by another €5.8 million in 2019; and €6 million in 2020. It is expected that following the redemption of the Series I Bond in 2020, the Security Trustee shall further receive *circa* €11.8 million in 2021 and an additional €9.1 million representing the Net Balance of Price on sales contracts entered into in those years.

It is the intention of the Company and Trustee to apply part of the funds standing to the credit of the Reserve Account to re-purchase Bonds in the market, thus reducing the total value of Bonds outstanding prior to the Bonds' respective Redemption Dates. The funds standing to the credit of the Reserve Account which are not utilised to re-purchase Bonds in the market shall be invested in line with the investment parameters set out in the Trust Deed and which are summarised above. Interest or other income from such investments will accrue to the credit of the Reserve Account.

Taking into account all of these factors including interest and other income receivable in the Reserve Account, without the re-purchase of Bonds in the market, the amount transferred to the Reserve Account over the life-time of the Bonds will be in the region of €41.2 million, which, in conjunction with the bank interest received on these amounts, should cover the redemption of the principal of the Series I Bond in 2020 and subsequently the redemption of the Series II Bond in 2022.

5 TREND INFORMATION AND FINANCIAL PERFORMANCE

5.1 Trend Information

There has been no material adverse change in the prospects of the Issuer since the date of publication of their latest audited financial statements.

The Issuer considers that generally it shall be subject to the normal business risks associated with the property market and barring unforeseen circumstances, does 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 its upcoming prospects, at least up to the end of 2015.

The property market in Malta has been somewhat subdued in the last few years. Notwithstanding the softening of the property market, there is still active demand for owning property at Pendergardens, albeit at lower levels than at the height of the property market in 2007. The Directors are satisfied that their target of selling the full complement of units, which were placed on the market to date, has been achieved and are confident that demand for Blocks 16, 17 and Towers I & II will be equivalent. As at the date of this Registration Document, sales results for Block 16 have significantly exceeded targets set in the prospectus dated 6 February 2013 with 70% of targets set for the end of 2015 being already achieved by April 2014.

Management has acquired considerable knowledge from Phase I, not only from the construction and development perspective, but also from a prospective buyer's point of view. The Company's offerings will be based on this experience, and the units will therefore be finished to a higher quality standard than the previous blocks and will also incorporate new features such as the facility to connect to an LPG infrastructure to provide tenants a more efficient and environmentally cleaner energy source. Furthermore, since six blocks are now complete and tenants are residing at Pendergardens, a prospective investor can better appreciate the development generally, its piazza, landscaping and open spaces, and management thereof and the high quality of finishes of its apartments and common areas.

As to the commercial element, Block 16, 17 and Towers I & II will offer *circa* 15,973m² of gross commercial/retail/office area, which is expected to be appealing to prospective tenants and investors given that the frontage will be situated on a main arterial road and thereby offering maximum exposure. Moreover, the area enjoys a high level of activity as it is surrounded by a number of hotels (mostly in the five-star category), office blocks, including those to be developed at The Exchange Financial and Business Centre, and various retail, food and beverage outlets.

5.2 Key Financial Review

The financial information about the Issuer is included in the audited financial statements for the period 5 November 2012 (being the date of incorporation) to 31 December 2013. The said statements have been published and are available on the Issuer's website (<http://www.pendergardens.com>) and at its registered office. Set out overleaf are highlights taken from the audited financial statements of the Issuer for the period ended 31 December 2013.

Pendergardens Developments p.l.c.
Income Statement for the period 5 November 2012 to 31 December 2013

€

Administrative expenses	(26,042)
Net finance costs	(185)
Loss for the period	(26,227)

Pendergardens Developments p.l.c.
Balance Sheet as at 31 December 2013

€'000

ASSETS

Current assets	18,740
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EQUITY AND LIABILITIES

Equity	3,274
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Liabilities

Non-current liabilities	11,679
Current liabilities	3,787
Total liabilities	15,466

Total equity and liabilities	18,740
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Pendergardens Developments p.l.c.
Cash Flow Statement for the period 5 November 2012 to 31 December 2013

€'000

Net cash from operating activities	(3,387)
Net cash from financing activities	11,634
Net movement in cash and cash equivalents	(8,247)
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	(8,247)

The Company was incorporated on 5 November 2012 principally to develop and market Phase II of the Pendergardens project.

On 8 January 2013, the Company acquired from PVL a parcel of land, known as Block 16, for a total amount of €4,755,460 (four million seven hundred fifty five thousand four hundred and sixty euro). In consideration, the Company issued ordinary shares amounting to €3,294,460 (three million two hundred ninety four thousand four hundred and sixty euro) and transferred the balance of €1,461,000 (one million four hundred sixty one thousand euro) to a shareholder's loan account, which is unsecured and interest free. By 9 June 2014, PVL agreed to convert the shareholder's loan in ordinary shares of the Issuer.

Subsequent to the land acquisition, the Company entered into a fixed price contract with PCL for the construction and development of Block 16 for the total price of €10,019,000 (ten million and nineteen thousand euro). The Block 16 project is mainly funded by the proceeds from an issue of €12 million (twelve million euro) in debt securities pursuant to a prospectus dated 6 February 2013.

As at 31 December 2013, the underlying 4 levels of car parking space, the commercial units and the initial 2 floors of residential apartments were complete from civil works.

5.3 Investments

Since incorporation, the Company acquired a parcel of land, known as Block 16, at Pendergardens from its parent company PVL by means of a public deed dated 8 January 2013, and has entered into a preliminary agreement dated 30 April 2014 to acquire from PVL the remaining parcel of land within Phase II at Pendergardens to construct and develop Block 17 and Towers I & II. Phase II will be financed from the proceeds of the Secured Bonds and from internally generated cash flows.

Other than the above, the Company is not party to any principal investments, and has not entered into or committed for any principal investments.

6 MANAGEMENT

6.1 The Board of Directors

The Issuer is managed by a board of five directors entrusted with the overall direction and management of the Issuer. The Board currently consists of the Chairman as Executive Director, two Non-Executive Directors and two independent Non-Executive Directors. The business address of each Director is at 1001, Pendergardens, St Andrews Road, St Julians STJ 9023, Malta.

The Board of Directors is entrusted with the Company's day-to-day management, and is responsible for the execution of the Company's investments and the funding thereof, and the awarding of project contracts for the development of the Company's properties.

6.1.1 Curriculum vitae of Directors

The following are the directors of the Issuer and their respective curriculum vitae:

Edmund Gatt Baldacchino is co-owner, a director and Chief Executive Officer of United Group Limited, which is active in the automobile, real estate and retail sectors. He initiated and directed various expansions and diversification programs which resulted in the evolution of the United Group to its present level of development. He is also Chairman of PVL and all its subsidiaries, and also served on a number of Boards of various public entities.

Edward Licari is the co-owner and managing director of Combined Industries Ltd, a family run business involved in various investments since 1974. He directed an expansion and diversification programme within his own personal business which resulted in other sector specific involvements in both the manufacturing industry, as well as in retail operations. His experience ranges from a portfolio of past activities relating to various sectors, as well as through his various executive directorships in such commercial involvements. Edward Licari has a long affiliation with the real estate business dating back to 1974. He is deputy chairman of PVL, PCL and Pendergardens Limited. He is also currently an executive director of various companies involved in the construction and development of real estate projects, both residential and commercial, in Malta.

John Attard is a co-owner and director of Michael Attard Ltd, the sole agents and concessionaires of Peugeot and Citroen automobiles, besides others, for Malta. He has been a director of the company since 1983 and is involved in administration, sales and marketing. The company diversified in 2005, entering the real estate business. John Attard was appointed a director of PVL, PCL and Pendergardens Limited in 2007.

Philip Farrugia is a former senior bank executive. He joined Barclays Bank in 1969. Philip Farrugia was appointed director and senior manager of HSBC Home Loans (Malta) Ltd between 2000 and 2003. In 2011 he was appointed executive director, and chief technology and services officer of HSBC Bank Malta p.l.c. until his retirement in May 2012. During his employment with HSBC Bank Malta p.l.c. he sat on various senior bank committees. He is a non-executive director of HSBC Life Insurance (Malta) Limited and of HSBC Merchant Services Limited.

Joseph F.X. Zahra is an economist and founding partner and Managing Director of MISCO, the independent consulting group operating in Malta, Italy and Cyprus. He has a wealth of practical board experience gained from over many years of leading organisations in the private and government sectors in both an executive and non-executive director capacity. He has a long history of working effectively with chairs, directors and senior executives to improve corporate performance. He has been a consultant and board facilitator in the corporate world, for over 25 years guiding executives in changing the way they do business, using

new technologies and business models. He has addressed numerous seminars on industrial development, managerial economics, financial services and management all over Europe as well as in North America, consulting companies and organizations across a diverse range of industries and professions.

Mr. Zahra is a former director of the Central Bank of Malta and member of the Monetary Policy Council, former chairman of Bank of Valletta p.l.c., Maltacom p.l.c. and Middlesea Insurance p.l.c. as well as Chairman of the National Commission for Higher Education. In 2005 he was appointed by the Prime Minister of Malta as the Chairman of the National Euro Changeover Committee. In July 2013, Pope Francis appointed him President of the Commission for the reforms of the economic and administrative structures of the Holy See. He sits on a number of boards of directors of both private and listed companies operating in financial services, oil services, transportation and accommodation.

6.1.2 Directors' service contracts and remuneration

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

In accordance with the Issuer's Articles of Association, the total emoluments payable to all Directors, whether as fees and/or salaries by virtue of holding employment with the Issuer, is subject to shareholder approval at general meeting.

Save for the independent Directors, none of the Directors will be receiving emoluments for the financial period ended 31 December 2013. The aggregate emoluments received by the independent Directors in that period amounted to €18,667 (eighteen thousand six hundred and sixty seven euro).

The Directors currently in office are expected to remain in office at least until the next Annual General Meeting.

6.1.3 Conflict of interest

Edmund Gatt Baldacchino, Edward Licari and John Attard are directors of the Issuer, its parent company PVL, and the contracting company PCL. Accordingly, conflicts of interest could potentially arise in relation to transactions involving the Issuer, PVL and PCL.

The audit committee of the Issuer, which is chaired by an independent Non-Executive Director, has the task of ensuring that any potential conflicts of interest that may arise at any moment, pursuant to these different roles held by Directors, are handled in the best interest of the Issuer and according to law. To the extent known or potentially known to the Issuer as at the date of this Registration Document, there are no other potential conflicts of interest between any duties of the Directors and of executive officers of the Issuer and their private interests and/or their other duties which require disclosure in terms of the Regulation.

6.1.4 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.

6.1.5 Removal of Directors

A Director may, unless he resigns, be removed by the shareholder appointing him or by an ordinary resolution of the shareholders as provided in sections 139 and 140 of the Act.

6.1.6 Powers of Directors

By virtue of the Articles of Association of the Issuer, the Directors are empowered to transact all business which is not by the Articles expressly reserved for the shareholders in general meeting. The powers of the Directors of the Issuer are better described in Section 13.2 below.

7 MANAGEMENT STRUCTURE

7.1 General

As at the date of this Prospectus the Issuer has no employees. The Issuer is therefore reliant on the resources which are made available to it by PVL, including the services of its senior management, whose names and responsibilities are set out hereunder:

Peter Diacono	Chief Executive Officer
Robert Darmanin	Financial Controller
Michael De Maria	Sales and Marketing Manager
Ernest Debono	Cost Manager and Quantity Surveyor

The Directors believe that the current organisational structure is adequate for the present activities of the Company. 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.

7.2 Major Shareholders

The Issuer is a wholly owned subsidiary of PVL. In accordance with the Code of Corporate Governance, the Issuer adopts measures to ensure that the relationship with PVL is retained at arm's length, including adherence to Rules on Related Party Transactions requiring the sanction of the Audit Committee, in which the majority is constituted by independent Non-Executive Directors, of whom one shall also act as chairman.

The following Directors have an indirect interest in PVL:

Name of Directors	Number of shares held	Shareholding percentage in PVL
Edmund Gatt Baldacchino indirectly through United Group Ltd	1,000 ordinary shares of €2.329373 each, fully paid up 832,189 ordinary shares of €2.329373 each, 93.47069% paid up	19.23%
Edward Licari indirectly through Silverline Investments Ltd	1,000 ordinary shares of €2.329373 each, fully paid up 832,189 ordinary shares of €2.329373 each, 93.47069% paid up	19.23%
John Attard indirectly through MICJON Company Ltd	1,000 ordinary shares of €2.329373 each, fully paid up 499,000 ordinary shares of €2.329373 each, 93.46547% paid up	11.54%

8 RELATED PARTY TRANSACTIONS

The Company has on 8 January 2013 acquired from PVL a parcel of land measuring 1,379m² and located within Pendergardens (known as Block 16) for a total amount of €4,755,460 in consideration for the issue of €3,294,460 in ordinary shares of the Company by way of capitalisation of the shareholder's loan, and the balance of €1,461,000 payable on such shareholder's loan. By virtue of another agreement entered into on 30 April 2014 PVL and the Issuer agreed that the loan balance of €1,461,000 due to PVL shall also be discharged by the issue of ordinary shares to PVL in the Issuer through a capitalisation of the said shareholder's loan.

On 22 January 2013, the Company entered into a fixed price contract with PCL for the execution and completion of the civil works, finishes and overheads pertaining to the construction of Block 16 for the total price of €10,019,000, excluding VAT. Pursuant to this

contract the stipulated price cannot be amended. Furthermore PCL as the contractor agreed to waive the right to register a special privilege over the Block 16 land.

The Company has on 30 April 2014 entered into a preliminary agreement with PVL to acquire from PVL a parcel of land measuring 3,217m² and located within Pendergardens (known as Block 17 and Towers I & II), and a novation agreement with PVL and PCL pursuant to which it undertook to settle payment of works in progress executed by PCL on said site, for a total consideration of €13,271,127. The said amount shall be paid as to a cash amount of €4,894,969 payable out of the proceeds of the Bond Issue to PVL, with the balance of €4,318,000 being settled through the issue of ordinary shares in the Company. In addition the Company shall pay directly to PCL pursuant to the said novation agreement the amount of €4,058,158 out of the Bond Issue proceeds for works in progress on the site. The said transactions shall be executed within 15 Business Days following the completion of the Bond Offer.

Following the capitalisation of shareholder's loans and the partial discharge of the purchase consideration of the land within Pendergardens for the development of Block 17, Towers I & II, the Issuer shall have increased its issued share capital by €5,779,000.

On 30 April 2014, the Company has entered into a fixed price contract with PCL for the execution and completion of the civil works, finishes and overheads pertaining to the construction of Block 17 and Towers I & II for the total price of €35,847,000 excluding VAT, subject to the execution of the Bond Offer and the listing of the Secured Bonds on the Official List of the Malta Stock Exchange. Pursuant to this contract the stipulated price cannot be amended. Furthermore, pursuant to the said fixed price contract, PCL agreed to waive the right as contractor to register a special privilege over the Block 17 and Towers I & II land.

9 AUDIT COMMITTEE

The terms of reference of the Audit Committee consist of inter alia its support to the Board of Directors of the Issuer 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 is a sub-committee of the Board and is directly responsible and accountable to the Board. The Board reserves the right to change these terms of reference from time to time.

Briefly, the 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; and
- c. preserving the Company's assets by understanding the Company's risk environment and determining how to deal with those risks.

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

A majority of Directors sitting on the Audit Committee are of a non-executive capacity. Philip Farrugia acts as chairman, whilst Joseph FX Zahra and Edmund Gatt Baldacchino act as members. In compliance with the Listing Rules, Philip Farrugia is the independent Non-Executive Director who is competent in accounting and/or auditing matters having previously served in various senior positions in a financial institution.

10 COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

The Company is subject to, and supports, the Code of Principles of Good Corporate Governance (the "Code") forming part of the Listing Rules. The Board has taken such measures as are necessary in order for the Company to comply with the requirements of the Code to the extent that these were considered appropriate and complementary to the size, nature and operations of the Company, as follows:

- **Principle 1 & 4:** The Company is headed by an effective board, which is responsible for accountability, monitoring, strategy formulation and policy development;

- **Principle 2:** The roles of Chairman and Chief Executive are occupied by different individuals;
- **Principle 3:** The Board is composed of an Executive Director and 4 Non-Executive Directors, of which, 2 Directors are independent Non-Executive Directors. The implementation of the Board's decisions is entrusted to the senior management of PVL, the parent company of the Issuer;
- **Principle 5:** The Board of Directors aims to meet regularly and all Directors are given ample opportunity to discuss the agenda and convey their opinions;
- **Principle 6:** The Company does not have any employees and is therefore reliant on the senior management of PVL. The Chief Executive Officer of PVL ensures that Directors are provided with relevant information to enable them to effectively contribute to Board decisions.

Since inception, the Group has been engaged in the acquisition and development of the site over which Phase I has been developed and the site earmarked for the development of Phase II. The Group had originally acquired the site through PVL. Following the successful completion of Phase I, the Group established the Company as a public company and as the vehicle through which it raised debt finance for the development of Block 16 which forms an integral part of Phase II. All human resources of the Group, that were originally engaged by PVL remain employed by PVL, as the parent company, but all personnel are deployed by the Group in the development of the Project, which is currently the only project being undertaken by the Group. The Directors believe that this is simply an intra-group matter of human resources deployment and that in the circumstances where the only project being developed by the Group at this stage is Phase II – they have all the necessary assurances that senior management employed by PVL will be completely focused on this project. In addition, the Directors believe that through the involvement of the senior management of PVL, that is made available to the Company, there are benefits for the Company in terms of the experience and knowledge acquired by PVL's senior executives following the completion of Phase I. The Directors consider that the current organisational structure and intra-group arrangements for the deployment of senior management is adequate for the present activities of the Company. The Directors will maintain this structure under continuous review to ensure that it meets the changing demands of the business

- **Principle 7:** The Board of Directors performs a self-evaluation of its own performance and that of its committees on an annual basis, and the Board's performance is always under the scrutiny of the immediate and ultimate shareholders. The Board considers the present evaluation procedure to suffice and therefore does not consider it necessary to formalise the evaluation process through the setting up of an evaluation committee;
- **Principle 8:** The Board of Directors considers that the size and operation of the Company does not warrant the setting up of a nomination and remuneration committee. The Company does not have any employees, and therefore it is expected that the Company will not maintain a remuneration committee. Remuneration to the Board of Directors of the Company are determined by the shareholders of the Company in accordance with its Memorandum and Articles of Association. Also, the Company will not be incorporating a nomination committee. Appointments to the Board of Directors of the Company are determined by the shareholders of the Company in accordance with its Memorandum and Articles of Association;
- **Principle 9:** The Company is highly committed to having an open and communicative relationship with its bondholders and investors;
- **Principle 10:** The Company ensures that it is in constant contact with its principal institutional shareholders and bondholders;
- **Principle 11:** By virtue of the Memorandum and Articles of Association, the Directors are obliged to keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with that of the Company. The Board member concerned shall not take part in the assessment by the Board as to whether a conflict of interest exists. A Director shall not vote in respect of any contract, arrangement, transaction or proposal in which he has a material interest;
- **Principle 12:** The Company recognises the importance of its role in the corporate social responsibility arena and seeks to ensure that in its operations the environment is respected. The Directors are also aware of the importance of having good relations with stakeholders and, through PVL, strive to work together with them in order to invest in human capital, health and safety issues and to adopt environmentally responsible practices.

Save for the instances of non-adherence to the Code which have been explained above, the Board is of the opinion that the Company is in compliance with the Code.

11 HISTORICAL INFORMATION

The historical financial information for the period 5 November 2012, being the date of incorporation, to 31 December 2013 as audited by PricewaterhouseCoopers are set out in the audited financial statements of the Issuer. Such financial statements are available on the Issuer's website www.pendergardens.com. There were no significant changes to the financial or trading position of the Issuer since the end of the financial period to which the last annual financial statements relate.

12 LITIGATION

There have not been governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the period covering twelve (12) 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.

13 ADDITIONAL INFORMATION

13.1 Share Capital

The authorised share capital of the Company is €3,300,000 (three million three hundred thousand euro) divided into 3,300,000 (three million three hundred thousand) ordinary shares of €1 (one euro) each.

The issued share capital of the Company is €3,300,000 (three million three hundred thousand euro) divided into 3,300,000 (three million three hundred thousand) ordinary shares of €1 (one euro) each, fully paid up and subscribed as follows:

Shareholder	Number of shares held
PVL	3,295,959
PCL	4,041

The authorised share capital of the Company may be increased by an ordinary resolution of the shareholders in a general meeting. In terms of the Company's Prospectus and Articles of Association none of the capital shall be issued in such a way as would effectively alter the control of the Company or nature of the business, without the prior approval of the Company in a general meeting.

The shares of the Company are not listed on the Malta Stock Exchange. Application has not been filed for the shares of the Company to be quoted on the Official List or the Alternative Companies List of the Malta Stock Exchange. The Directors of the Issuer have no intention of submitting an application for the admissibility of the Issuer's shares to listing and subsequent trading on the Malta Stock Exchange.

The Company was registered on 5 November 2012. Accordingly there is no capital of the Company, save for the capital issued on original subscription and the capitalisation of the shareholder's loan amounting to €3,294,460 (three million two hundred ninety four thousand four hundred and sixty euro) which has been issued during the two (2) years immediately preceding the publication of this Registration Document.

Pursuant to the execution of the Bond Offer, the Company will be increasing its issued share capital by a further €5,779,000 in fully paid up shares, including the capitalisation of an existing shareholder's loan of €1,461,000 and the part consideration for the acquisition of a parcel of land at Pendergardens known as Block 17 and Towers I & II. Further to these increases the Company's issued share capital will amount to €9,079,000.

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

13.2 Memorandum and Articles of Association

OBJECTS

The principal objects of the Issuer are: (i) to carry on the business of a finance, investment and property development company; (ii) to carry on the business of the financing or re-financing of the funding requirements of the business of the Group; (iii) to borrow and raise money for the purpose of its business and to secure the repayment of the money borrowed by hypothecation or other charge upon the whole or part of the movable and immovable assets or property of the Company, present or future; and (iv) to issue notes, bonds, commercial paper or other instruments creating or acknowledging indebtedness and the sale or offer thereof to the public. Clause 3 of the Memorandum of Association contains the full list of objects of the Issuer. A copy of the Memorandum and Articles of Association of the Issuer may be inspected during the lifetime of this Registration Document at the registered office of the Issuer, on its website www.pendergardens.com and at the Registry of Companies of the Malta Financial Services Authority.

APPOINTMENT OF DIRECTORS

The Directors are appointed by the shareholders in terms of the Company's Articles of Association.

POWERS OF DIRECTORS

The Directors are vested with the management of the Company 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 Company and in this respect have the authority to enter into contracts, sue and be sued in representation of the Company. In terms of the Memorandum and Articles of Association they may do all such things as are not by the Memorandum and Articles of Association reserved for the Company in general meeting.

Directors may not vote on any proposal, issue, arrangement or contract in which they have a personal material interest.

The maximum limit of aggregate emoluments of the Directors is, in terms of the Memorandum and Articles of Association, to be established by the shareholders in general meeting. Within that limit the Directors shall have the power to vote remuneration to themselves or any number of their body. Any increases in the maximum limit of Directors' aggregate emoluments have to be approved by the general meeting. The Directors may also vote that pensions, gratuities or allowances are to be granted on retirement to any director who has held any other salaried office with the Company or to his widow or dependents. However, any such proposal shall have to be approved by the shareholders in general meeting.

In terms of the Memorandum and Articles of Association, the Board of Directors may exercise all the powers of the Company to borrow money and give security thereof, subject to the limitations 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 limitations and the Directors' borrowing powers.

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

COMMISSIONS

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

13.3 Material Contracts

The Issuer has not entered into any material contracts that are not in the ordinary course of its business and which could result in any member thereof being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to

security holders in respect of the securities being issued pursuant to, and described in, the Securities Note forming part of the Prospectus.

13.4 Property Valuation Report

The Issuer commissioned Architect Aaron Abela B.E.&A.(Hons) to issue a property valuation report, in relation to Phase II. The following are the details of the said valuer:

Name:	Aaron Abela
Business address:	'Arken' Triq iz-Zonqor Marsaskala MSK 1019, 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. The valuation report is dated 31 March 2014.

A copy of the report compiled by Arch. Aaron Abela in respect of Phase II is annexed to this Registration Document as Annex I and is available for inspection as set out in Section 13.6 below.

13.5 Interests of Experts and Advisors

Save for the the property valuation report contained in Annex I to the Registration Document, and the financial analysis summary set out as Annex II to the Securities Note, the Prospectus does not contain any statement or report attributed to any person as an expert.

The property valuation report and financial analysis summary have been included in the form and context in which they appear with the authorisation of Arch. Aaron Abela of 'Arken', Triq iz-Zonqor, Marsaskala MSK 1019, Malta and Charts Investment Management Service Limited of Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913, Malta respectively, which have given and have not withdrawn their consent to the inclusion of such reports herein. Arch. Aaron Abela and Charts Investment Management Service Limited do not have any material interest in the Issuer. The Issuer confirms that the property valuation report and financial analysis summary have been accurately reproduced in the Prospectus and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

13.6 Documents available for Inspection

For the duration period of this Registration Document the following documents (or copies thereof) shall be available for inspection at the registered address of the Issuer:

- a. Memorandum and Articles of Association of the Issuer;
- b. Audited Financial Statements of the Issuer for the 14 month period ended 31 December 2013;
- c. The Letter of Confirmation drawn up by PricewaterhouseCoopers dated 5 May 2014;
- d. Financial Analysis Summary prepared by Charts Investment Management Service Limited dated 5 May 2014;
- e. The Agreement dated 30 April 2014 between the Issuer and PVL for the capitalisation of shareholder's loan;
- f. The Preliminary Agreement dated 30 April 2014 with PVL for the acquisition of land earmarked for the development of Block 17 and Towers I & II;
- g. The Novation Agreement dated 30 April 2014 with PVL and PCL for the settlement of work in progress executed on said site;
- h. The Agreement dated 22 January 2013 between the Issuer and PCL for the construction and development of Block 16 and another agreement dated 30 April 2014 between the Issuer and PCL for the development of Block 17 and Towers I & II;
- i. Property Valuation Report dated 31 March 2014 prepared by Arch. Aaron Abela in respect of Phase II; and
- j. The Trust Deed dated 30 April 2014.

These documents are also available for inspection in electronic form on the Issuer's website at www.pendergardens.com



Perit Aaron Abela B.E.&A(Hons)
Arken, Triq iz-Zonqor, Marsaskala, MSK 1019 Malta
arken@go.net.mt tel: 2163 3555 mob: 7963 9410
VAT reg. no. MT 1595 5707
Warrant no 424

31th March 2014

The Directors
Pendergardens Developments plc
Pender Place,
St. Andrew's Road
St. Julian's STJ 9023
Malta

Valuation Report – Undeveloped Immovable Property earmarked for the construction of Tower T1, Tower T2 and Block 17 and Immovable Property in course of development identified as Block 16 both forming part of Pendergardens Development in St Andrew's Road, St Julian's Malta, for the purposes of the proposed Bond Issue.

Introduction

In accordance with your instructions, the undersigned in the capacity of warranted architect and civil engineer has carried out a market evaluation of the above-mentioned property. This report is based on a visual inspection made on the 3th February 2014 and relates to the general state of the property as it is today and described below. It is not intended to read as, or substituted for a formal structural survey of the inspected property.

Basis of Valuation

It is understood that the purpose of the valuation report is for inclusion with the Prospectus to be published in connection with the proposed public bond issue. The valuation has been prepared in accordance with Chapter 7 of the Listing Rules published by the Malta Financial Services Authority.

The valuation has been carried out by the undersigned, as an external and independent valuer in terms of and with regards given to, the UK Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The undersigned confirms that there is no conflict of interest in advising you of the opinion of the value of the property, since the undersigned will not benefit from the valuation instruction, other than the valuation fee.

The valuation was based on direct knowledge of the site, and its potential, as well as on such inspections and investigations as are, in the professional judgment of the undersigned, appropriate and possible in the circumstances. The valuation relies on

information provided by the Directors of Pendergardens Developments plc, and their professional advisers, as far as concerns tenures, privileges, charges and other related matters. The valuation is nevertheless based on the assumption that no harmful or hazardous materials lie on the present excavated site and that there is no contamination in or from the ground.

The market value is the amount that a property might be expected to realise, usually expressed in monetary terms, when it is offered for sale in an open market, for a reasonable period of time, by a willing seller, in order to enable the property to be brought to the attention of all or most potential and willing buyers and when the transaction is not affected by any special circumstances that might affect the buyer, the seller or the property. The best price that a property might reasonably be expected to realize if sold in the normal course of business, after allowing a reasonable time for exposure to potential buyers, and assuming that the buyer and seller are acting in their own best interests, have entered into the transaction without any element of compulsion or duress, and the buyer does not have any special relationship or obligation to the seller. The determination of market value is normally based on a set of assumptions, such as the type and condition of the property, the interest held, the nature and conditions prevalent in the market at the date of the valuation and the purpose of the valuation.

Pendergardens Development

Pender Ville Ltd was formed in 2005 by a consortium of local investors to acquire and develop the Pender Place site (18,500 square metres) and the old Mercury House site (8,500 square metres) in St Julian's. The consortium set up a senior management team that has considerable experience in property development and project management.

Part of the Pender Place site (4,300 square metres) was sold in 2008 and repurchased by the Pender Group in 2013. In 2009, part of Mercury House site (950 square metres) was sold to FIM-Bank plc, a trade finance bank, as their global headquarters. This transaction formed part of the company's strategy to position The Exchange as a key finance and business centre. The remaining areas within the sites have now been respectively branded 'Pendergardens' and 'The Exchange – Financial Business Centre'. So the property development area at Pendergardens includes a residential development whereas The Exchange will focus solely on commercial activity.

The Government clearly outlined the parameters for developing these sites in the project's Development Brief. The Malta Environment and Planning Authority (MEPA) granted an Outline Development permit for the whole property development. The full development permit for the demolition and excavation of both sites and for the construction of Pendergardens Phase One was issued in 2007.

Phase 1 of this development which included exclusively residential units and car parking facilities have been successfully complete and sold out. Selling prices met predicted prices and properties were acquired by both local and foreign buyers from seventeen different countries (46.3% Local 53.7% Foreign). These have been sold primarily as a rental investment (43.6%), for direct residential purposes (38.9%) and as direct investment (17.5%). In a recent survey conducted by a local Real Estate Agency, Pendergardens classified first place compared to other SDAs' yield on investment in the

residential rental market with an expected annual return of 5% on one bedroom apartments and of 6% on two and three bedroom apartments.

Block 16 (part of Phase 2) is in construction stage and half of the shell has already been erected as can be seen in the following Photo. In February 2013, Pendergardens Developments p.l.c. issued twelve million Euros (€12,000,000) 7% Secured Notes of a nominal value of €1,000 per Note, redeemable at par between 2015 and 2019. The Notes were fully subscribed prior to the application closing date. Proceeds from the Notes are being used to develop and construct Block 16 of Pendergardens.



View from Block 17, Tower 1 and Tower 2 site, showing Block 16 being constructed.

Site Location

The property being valued is known as **Tower T1, Tower T2 and Block 17 Site** which is a fully excavated site and **Block 16** which is under construction both forming part of Pendergardens Development Project in St Julian's Malta and shall be developed in Phase 2 of the project. The properties are shown in red (T1,T2 & B17) and in orange (B16) respectively on Pendergardens Development Master Plan below. The areas are of *circa* three thousand two hundred and seventeen square metres (3,217m²) for the site T1,T2 and B17 in red and one thousand three hundred and seventy nine square metres (1,379m²) for the B16 site in orange all developable footprints



Planning applications and Permits on site:

- PA 04073/95** Car parking lots and car port extension.
Granted on the 4th December 1996
- PA 00356/01** Temporary parking area at Pender place.
Granted on the 6th June 2001
- PA 06494/01** Extension of existing car park. Proposal of advertisement boards, proposal for kiosk (no food preparation to be carried out).
Withdrawn by Applicant
- PA 004295/02** To install advertisements boards.
Granted on the 7th November 2002
- Pa 05804/05** **OUTLINE** Development at Pender Place & Mercury House Sites as per development brief included in the CFO issued by the Malta Government Investments Limited.
Granted on the 1st February 2007
- Pa 05805/05** Excavation of Pender Place Site (To accommodate underground parking as per development brief included in the CFO issued by the Malta Government Investments Limited) and the formation of the villa residential private road between PP2 and PP3.
Granted on the 1st February 2007
- Pa 06137/07** It is proposed to construct 4 underground floors and overlying commercial and residential floors and the transfer of 2,157 square metres of commercial floor space from level -1 at Pender Place phase III site to level -1 at Mercury House site, and to change of use of an equivalent area of the vacated commercial floor space to domestic storage, plant, equipment or service areas or other acceptable uses, from the parking levels -2, -3 and -4 at Pender Place. The development comprises parking for residents, public parking, commercial areas, residential units and domestic storage spaces at Pender site.
Granted on the 18th February 2012

PA 04269/07 It is proposed to construct 4 underground floors and overlying commercial and residential floors and the transfer of 1,344 square metres of commercial floor space from level -1 at Pender Place phase 2 site to level -1 at Mercury House site, and to use level -1 at Pender Place phase 2 site for car parking; and to change of use of an equivalent area of the vacated commercial floor space at level -1 to domestic storage, plant, equipment of service areas or other acceptable uses, from the parking levels -2, -3 and -4 at Pender Place. The development comprises parking for residents, public parking, commercial areas, residential units and domestic storage spaces at Pender site.

Granted on the 11th August 2011

PA 06042/08 It is proposed to construct underground parking and commercial areas at level -1 and below, and commercial areas and office space at level 0 and above at the Mercury House site. This includes the transfer of floor space from Pender Place comprising of 3,501 square metres of commercial floor space from level -1 at Pender Place site to level -1 at Mercury House site, and the transfer of 6,458 square metres from Pender Place site from level 0 upwards, to Mercury House site above level 0. Restoration and alteration works Mercury House and Cold War rooms shall also be carried out.

Granted on the 15th September 2011

Development

Block 17, Tower T1 and Tower T2

The permits relevant to the site being valued are PA 04269/07 and PA 06137/07. The proposal, which will include the construction of two towers (T1 & T2) and a residential Block (B17) with the lower levels being in common to all three buildings. The lower levels will include four levels (level -4 to level -1) underground to be used for parking facilities, common areas, plant rooms other amenities related to the development and two first levels (Level 0 to level 1 including an intermediate level) above ground, which will have primarily commercial and retail use.

As from Level 2 upwards, Block 17 will have another eight floors (Level 2 to Level 9) which will have primarily residential use. The Towers T1 and T2 are merged together for fifteen floors (Level 1 to Level 15) the seven levels of which will be used as offices and the upper levels will have residential use. Tower T2 extending further two levels up (level 16 to Level 17) with these two floors becoming one duplex unit.

The whole development will include: a car park on four floors of a total gross floor area of 13,770 square metres with 52 parking spaces for private residential use and 216 public parking lots; commercial areas summing up to a total gross floor area of 14,638 square metres; and 73 residential apartments amounting to a gross floor area of 15,048 square metres. The total Gross floor area amounts to 43,455 square metres.

There will be an array of different residential units and are subdivided as follows: twenty (20) 1 bedroom apartments; twenty one (21) 2 bedroom apartments; twenty eight (28) 3 bedroom apartments and four (4) 3 bedroom duplexes penthouses.

Block 16

The permit directly relevant to the site is PA 04269/07, which will include the construction of thirteen floor building with four levels (level -4 to level -1) underground to be used for parking facilities, two above ground levels (level 0 to level 1) of mixed commercial and residential and the upper seven levels (level 2 to level 8) as residential units.

Block 16 will include a car park on four floors of a gross floor area of 6,099 square metres with 32 parking spaces for private residential use and 66 public parking lots; 5 retail and commercial outlets with double height volumes with a flat gross floor area of 634 square metres which can be increased by another 75% with the addition of intermediate levels and 46 residential apartments, amounting a gross area of 8,972 square metres.

There will be an array of different residential units and are subdivided as follows: ten (10) one bedroom apartments; sixteen (16) two bedroom apartments; two (2) two bedroom duplex apartments; two (2) three bedroom apartments; fourteen (14) three bedroom duplex apartments and two (2) duplex penthouses.



Special Designated Area

Pendergardens Development has acquired the status of Special Designated Area, hence non Maltese residents can purchase property with the same property rights as Maltese citizens and thereby enjoy the great capital growth as well as rental yields that these prime areas offer.

It is important to note that properties falling within “Special Designated Areas” are exempt from the restrictions set out in the AIP Act. These areas represent recently constructed developments intended to provide top-end residential properties. It is therefore possible for any non-EU citizen or EU citizen to acquire multiple properties within such Special Designated Areas. Such properties are also exempt from any restriction on acquisition through inheritance and there are also several other special exemptions.



Details of Charges, Easements and Other Burdens

Listing rule 7.4.14 requires that a valuation report provides details of registered mortgages and privileges and other charges, real rights thereon including details of emphyteutical concessions, easements and other burdens.

I have sought the input of legal advice in determining details of registered mortgages and privileges and other charges. I understand that there are no registered mortgages over any one of the sites where Block 16, Block 17, Tower T1 and Tower T2 are being developed but the following registered privileges and hypothecs are registered:

The site occupied by the construction of Block 16 is subject to a special privilege and special hypothec in favour of Equinox International Limited as trustee for Noteholders in the amount of €12,000,000 (twelve million euro) and interest thereon; (KIV H.3108/2013);

The site over which Block 17, Tower T1 and Tower T2 are to be constructed and developed is subject to a special privilege, general and special hypothec, over Pendergardens and the Exchange sites, in favour of Bank of Valletta p.l.c. constituted on 29 December 2005 for the original principal amount of LM8,750,000 (equivalent to €20,382,017) (KIV H21610/2005).

I have been informed by the directors that as part of the offer of Bonds to be made pursuant to the prospectus for the purposes of which this valuation has been prepared, each of the above charges, in so far as they relate to the site over which Block 16, Block 17, Tower T1 and Tower T2 are to be developed, shall be cancelled or released and that new charges in an amount of €42,000,000 (forty two million euro) and interest thereon shall be constituted in favour of Equinox International Limited as security trustee for the Bondholders.

In addition, based on the promise of sale agreement entered into between Pender Ville Limited as seller and Pendergardens Developments p.l.c. as buyer of the site over which Block 17, Tower T1 and Tower T2 are to be developed, and based on my knowledge of the site and the whole development certain easements shall be constituted. The following is an extract of the promise of sale agreement for the land in questions which set out the easements:

All capitalised terms used in this section shall have the same meanings assigned to them in the Promise of Sale Agreement.

Quote

Rights and Appurtenances and Easements

4.1 The Land is being sold and purchased as covered with the Full Development Permits, with all its rights and appurtenances and as suitable for the immediate construction of the Building.

4.2.1 The Towers and other parts of the Building shall have direct access from Triq Sant'Andrija, however the Residential Units and offices in the Towers, Block 17 and

other parts of the Building, when constructed in accordance with the Plans shall not have direct access from the public roads surrounding the Pender Place Site. For this reason, the Vendor hereby constitutes, in favour of the Land the following easements in the manner and for the purposes stated hereunder, namely:

(a) in favour of the Land (Overlying) and specifically in favour of the Block 17 and the Towers and the Residential Units situated therein when constructed (as dominant tenements), but excluding the offices constructed therein and the Commercial Area, a perpetual easement consisting of a non-exclusive right of use, in perpetuity and transferable together with the Land (Overlying) including distinct parts thereof, over the Development Common Areas (as servient tenements), which Development Common Areas shall remain the property of Vendor. The said easement shall be subject to the obligation on the Purchaser to pay its share of the 'Costs' in terms of the Development Common Areas Condominium Rules it being understood that Vendor as owner of the Development Common Areas shall not be liable for any of the said Costs and the same shall be at the sole charge of the Purchaser as owner of the Residential Units forming part of the Block 17 and the Towers together with the other owners of Residential Units within Pendergardens in terms of the Development Common Areas Condominium Rules as may be amended from time to time. The Vendor as owner of a number of Residential Units within Pendergardens shall pay its share of the Costs in terms of the Development Common Areas Condominium Rules; and

(b) in favour of the Land (Underlying) and specifically in favour of the Residential Car Park (Extension) and the Garage Units situated therein when constructed and in favour of the Public Car Park (Extension) and the Garage Units situated therein when constructed (as dominant tenements) the perpetual easement described in clauses 4.6.4 (four point six point four) on the Residential Car Park (Existing) Common Parts and the perpetual easement described in 4.6.6 (four point six point six) on the Public Car Park (Existing) Infrastructure (as servient tenements) in the manner and under the terms and conditions stated in clauses 4.6.4 (four point six point four) to 4.6.6 (four point six point six), both clauses included.

4.2.2 The Towers and other parts of the Building excepting Block 17 shall have direct access from Triq Sant' Andrija and it is planned that Triq Sant' Andrija shall be widened to extend up to the perimeter of the Land, which extension shall extend over the Road Area property of the Vendor. For this reason, until such time when the Road Area becomes a public road the Vendor is constituting in favour of the Land (Overlying) and specifically in favour of the Towers and the other parts of the Building which shall be directly accessible from Triq Sant' Andrija (as dominant tenements) a perpetual easement on the Road Area (as servient tenement) consisting of the vehicular and pedestrian right of way and access from Triq Sant' Andrija over the servient tenement to the dominant tenement and vice versa: provided that the access over the Road Area shall not be exclusive to the dominant tenements and as already stated shall eventually be incorporated into Triq Sant' Andrija.

4.3 *The buildings which shall be constructed on the Land (Overlying) (as dominant tenements) shall enjoy the perpetual easement over the internal piazza, gardens, walkways, open spaces and the relative entrances, ramps, paths and all improvements erected thereon constituting part of the Development Common Areas (as servient tenements) consisting of the right to open windows, balconies, doors and other apertures onto and overlooking the servient tenements as may be required by the Purchaser, provided these are approved by MEPA.*

4.4 *The Vendor has conferred and shall be entitled to confer non-exclusive servitudes over the Development Common Areas (similar to those described in paragraph (a) of clause 4.2 (four point two) above and in clause 4.3 (four point three) above) to the owners of the other Residential Units within Pendergardens, including future developments without limitation.*

4.5.1 *The Garage Complex (Existing) (as servient tenement) shall remain or (as the case may be) shall become subject to the easements or other rights for the advantage of the Garage Complex (Extension) (as dominant tenement) consisting of the right to pass through such parts of the Garage Complex (Existing) designated for the purpose by the owner of the servient tenement, of any and all common or separate services, flues, pipes, drains, cables and wiring together with the relative connections, fittings and accessories, which shall be necessary and convenient for the proper enjoyment of the dominant tenement provided that (i) this right of passage may only be exercised to the extent that any of these services, flues, pipes, drains, cables and wiring are not otherwise already provided as part of the Development Infrastructure and only if they cannot be lawfully and conveniently passed in or under the public road network adjacent to the Land; (ii) when exercised all works must be carried out as required by standard building practice, under the supervision and direction of the owner of the servient tenement and with the least possible damage to the servient tenement; and (iii) in any case no services, flues, pipes, drains, cables or wiring may traverse the Garage Complex (Existing) in a place or in the manner which shall materially impede the use of any part of the servient tenement for the purpose for which it is intended and shall not limit the existing headroom; and (iv) once the owner of the servient tenement has adequately designated the parts of the Garage Complex necessary for the enjoyment of this easement, the owner of the dominant tenement shall not be entitled to render this easement more onerous without the prior consent in writing of the owner of the servient tenement and the remainder of the Garage Complex, excluding such designated parts, shall be released from the said easement.*

4.5.2 *The easement established by virtue of clause 4.5.1 (four point five point one) above includes the right of access through the servient tenement for the purpose of*

maintenance and repairs of the services, flues, pipes, drains, cables or wiring passing through the servient tenement, which right of access shall be exercised after reasonable prior notice except in an emergency when the obligation to give notice is hereby waived.

4.6.1 In respect of the Garage Complex, the Parties furthermore agree as follows:

4.6.2 The Purchaser shall construct and develop the Garage Complex (Extension) in the Land (Underlying) as shown on the Plans.

4.6.3 The Vendor and the Purchaser shall make the necessary openings in the respective dividing walls between the Garage Complex (Existing) and the Garage Complex (Extension) which shall be required to interconnect the Garage Complex (Existing) and the Garage Complex (Extension) and upon such interconnections:

(a) the Residential Car Park (Existing), the Residential Car Park (Extension) and any further extension of the Residential Car Park and all Garage Units situated therein shall constitute one and the same condominium which shall be regulated by the Residential Car Park Condominium Rules and administered by the Administrator of the Residential Car Park and the Garage Units in the Residential Car Park (including those in the Residential Car Park (Existing), in the Residential Car Park (Extension) and in any further extension of the Residential Car Park) shall be subjected to the easement in favour of the remainder of Pendergardens (as dominant tenement) in the sense that they may be used exclusively for parking and in the case of lockup garages also for the storage of personal items and household goods but nevertheless may not be used in any manner which will cause smells, fumes, noise, vibration or other inconvenience or disturbance to the owners of Residential Units in the remainder of Pendergardens; and

(b) the Public Car Park (Existing), the Public Car Park (Extension) and any further extension of the Garage Complex designated by the Vendor as a public car park and all Garage Units situated therein and, save as may be otherwise agreed in writing between the Parties, shall constitute one and the same Public Car Park which shall be operated and administered by the Vendor or by such person engaged by the Vendor for such purpose, subject to any usage fees which the Vendor or its successors in title may determine with the approval of the Purchaser from time to time, such that all costs for the operation, administration, cleanliness, maintenance and repairs (both ordinary and extraordinary) of the Public Car Park shall be borne exclusively by the Vendor or its successors in title and the Purchaser shall receive usage fees for the Garage Units within its property as shall be agreed between the Vendor and the Purchaser in good faith from time to time.

4.6.4 *The Vendor as owner of the Residential Car Park (Existing) Common Parts (as servient tenement) hereby constitutes in favour of the Residential Car Park (Extension) and in favour of each Garage Unit which shall be situated therein (as dominant tenements), an easement consisting of a non-exclusive right of use, in perpetuity and transferable to third parties together with a Garage Unit, over the Residential Car Park (Existing) Common Parts, which Residential Car Park (Existing) Common Parts (excepting those parts situated on the land purchased by the Purchaser by virtue of the First Deed) shall remain the property of the Vendor. The said easement shall be subject to the obligation on the Purchaser and its successors in title as owners of Garage Units in the Residential Car Park to pay their share of the 'Costs' in terms of the Residential Car Park Condominium Rules attached to this Agreement. It being understood that the Vendor as owner of the Residential Car Park (Existing) Common Parts shall not be liable for any of the said Costs and the same shall be at the sole charge of the Purchaser and its successors in title as owners of Garage Units in the Residential Car Park together with the other owners of Garage Units within the Residential Car Park in terms of the Residential Car Park Condominium Rules as amended from time to time. The Vendor as owner of a number of Garage Units within the Residential Car Park shall pay its share of the Costs in terms of the attached Residential Car Park Condominium Rules.*

4.6.5 *The Vendor shall be entitled to confer similar non-exclusive servitudes over the Residential Car Park (Existing) Common Parts to the owners of the other Garage Units and other amenities within the Residential Car Park, without limitation including future developments.*

4.6.6 *The Vendor as owner of the Public Car Park (Existing) Infrastructure (as servient tenement) hereby constitutes in favour of the Public Car Park (Extension) and in favour of each Garage Unit which shall be situated within the Public Car Park Extension (as dominant tenements), an easement consisting of a non-exclusive right of use, in perpetuity and transferable to third parties together with a Garage Unit, over the Public Car Park (Existing) Infrastructure consisting of the right of uninterrupted vehicular and pedestrian passage and access over the entrances, ramps, roads, streets, and common driveways all constituting part of the Public Car Park (Existing) Infrastructure from Triq Sant' Andrija and vice versa, which Public Car Park (Existing) Infrastructure (excepting those parts situated on the land purchased by the Purchaser by virtue of the First Deed) shall remain the property of the Vendor. The said easement shall be subject to the mutual obligations undertaken by the Vendor and the Purchaser in paragraph (b) of clause 4.6.3 (four point six point three) of this Agreement. To the extent necessary Garage Units in the Residential Car Park (Extension) shall enjoy a right of pedestrian passage over the common driveways in the Public Car Park (Existing).*

4.6.7 *The Vendor shall be entitled to confer similar non-exclusive servitudes over the Public Car Park (Existing) Infrastructure to the owners of the other Garage Units and other amenities within the Garage Complex, without limitation including future developments.*

4.6.8 *The Purchaser as owner of the Residential Car Park (Extension) Common Parts when constructed and completed (as servient tenement) hereby constitutes in favour of the Residential Car Park (Existing) and any further extension of the Residential Car Park which may be constructed and completed by the Vendor or its successors in title and in favour of each Garage Unit which shall be situated therein (as dominant tenements), an easement consisting of a non-exclusive right of use, in perpetuity and transferable to third parties together with a Garage Unit, over the Residential Car Park (Extension) Common Parts including the right of uninterrupted vehicular and pedestrian passage and access over the entrances, ramps, roads, streets, and common driveways all constituting part of the Residential Car Park (Extension) Common Parts from Triq Sant' Andrija and vice versa, which Residential Car Park (Extension) Common Parts shall remain the property of the Purchaser. The said easement shall be subject to the obligation on the Vendor and its successors in title as owners of Garage Units in the Residential Car Park to pay their share of the 'Costs' in terms of the Residential Car Park Condominium Rules attached to this Agreement. It being understood that the Purchaser as owner of the Residential Car Park (Extension) Common Parts shall not be liable for any of the said Costs and the same shall be at the sole charge of the owners of Garage Units in the Residential Car Park in terms of the Residential Car Park Condominium Rules as amended from time to time. The Purchaser as owner of a number of Garage Units within the Residential Car Park shall pay its share of the Costs in terms of the attached Residential Car Park Condominium Rules.*

4.6.9 *The Purchaser shall be entitled to confer similar non-exclusive servitudes over the Residential Car Park (Extension) Common Parts to the owners of the other Garage Units and other amenities within the Residential Car Park, without limitation including future developments.*

4.6.10 *The Purchaser as owner of the Public Car Park (Extension) Infrastructure (as servient tenement) hereby constitutes in favour of the Public Car Park (Existing) and any further extension of the Public Car Park which may be constructed and completed by the Vendor or its successors in title and in favour of each Garage Unit which shall be situated therein (as dominant tenements), an easement consisting of a non-exclusive right of use, in perpetuity and transferable to third parties together with a Garage Unit, over the Public Car Park (Extension) Infrastructure including the right of uninterrupted vehicular and pedestrian passage and access over the entrances, ramps, roads, streets, and common driveways all constituting part of the Public Car Park (Extension) Infrastructure from Triq Sant' Andrija and vice versa, which Public Car Park (Extension) Infrastructure shall remain the property of the Purchaser. The said easement*

shall be subject to the mutual obligations undertaken by the Vendor and the Purchaser in paragraph (b) of clause 4.6.3 (four point six point three) of this Agreement.

4.6.11 The Purchaser shall be entitled to confer similar non-exclusive servitudes over the Public Car Park (Extension) Infrastructure to the owners of the other Garage Units and other amenities within the Garage Complex, without limitation including future developments.

4.6.12 The Garage Complex (Extension) (as servient tenement) shall become subject to the easements or other rights for the advantage of the remainder of Pendergardens (as dominant tenement) consisting of the right to pass through such parts of the Garage Complex (Extension) designated for the purpose by the owner of the servient tenement, of any and all common or separate services, flues, pipes, drains, cables and wiring together with the relative connections, fittings and accessories, which shall be necessary and convenient for the proper enjoyment of the dominant tenement provided that (i) this right of passage may only be exercised to the extent that any of these services, flues, pipes, drains, cables and wiring are not otherwise already provided as part of the Development Infrastructure and only if they cannot be lawfully and conveniently passed in or under the public road network adjacent to the Pender Place Site; (ii) when exercised all works must be carried out as required by standard building practice, under the supervision and direction of the owner of the servient tenement and with the least possible damage to the servient tenement; and (iii) in any case no services, flues, pipes, drains, cables or wiring may traverse the Garage Complex (Extension) in a place or in the manner which shall materially impede the use of any part of the servient tenement for the purpose for which it is intended and shall not limit the headroom as existing in the remainder of the Garage Complex; and (iv) once the owner of the servient tenement has adequately designated the parts of the Garage Complex (Extension) necessary for the enjoyment of this easement, the owner of the dominant tenement shall not be entitled to render this easement more onerous without the prior consent in writing of the owner of the servient tenement and the remainder of the Garage Complex (Extension), excluding such designated parts, shall be released from the said easement.

4.6.13 The easement established by virtue of clause 4.6.12 (four point six point twelve) above includes the right of access through the servient tenement for the purpose of maintenance and repairs of the services, flues, pipes, drains, cables or wiring passing through the servient tenement, which right of access shall be exercised after reasonable prior notice except in an emergency when the obligation to give notice is hereby waived.

4.7 The Purchaser is establishing for the advantage of Pendergardens and of the improvements which are being or will be constructed and developed in such other parts of Pendergardens (as dominant tenement) an easement of altius non tollendi over the

Land (as servient tenement) consisting of the prohibition to construct any building higher than that permitted in the Full Development Permits for the Land if any such building were to cause any other construction within Pendergardens to be in breach of the Code of Police Laws or any other building or sanitary laws or regulations applicable at the time. It being understood that this easement shall not restrict or limit the rights of the owner of the servient tenement from (a) placing or installing on the roof of such building services and utilities, whether public or private, required for the proper development, functioning and enjoyment of such building including, but not limited to, water tanks, air-conditioning equipment, solar panels, generators, satellite dishes, aerials, antennae and other equipment, machinery and objects, together with all related wires, cables, drains, pipes, connections, installations, fittings and accessories required for the aforesaid services and utilities, and (b) constructing on the roof of such building all related structures necessary to house, install, support or retain the aforesaid services and utilities.

4.8 The Purchaser declares that it intends to construct the Reservoir in the Land (Underlying) and hereby grants to the Vendor the non-exclusive perpetual right of the use thereof for the benefit of the remainder of Pendergardens.

4.9 In addition to the easements that shall be constituted on the Deed pursuant to this Agreement, the Land and the remainder of the Pender Place Site, including all improvements built thereon from time to time, shall be subject and at the same time shall enjoy such easements as shall result from their respective positions in relation to each other, which although not mentioned on this Agreement either result from the Full Development Permits or are otherwise essential for the proper enjoyment of the respective properties in accordance with their destination.

4.10 The easements mentioned in this Agreement shall be constituted on the Deed with the mutual consent of the Parties and the value thereof has been taken into consideration in the Price.

4.11 Any walls dividing the Purchaser's property and other buildings on the remainder of the Pender Place Site shall be considered common party walls; however neither one of the Parties, or their successors in title, shall be obliged to pay and or shall be entitled to receive compensation for the party walls (appoggi) according to law.

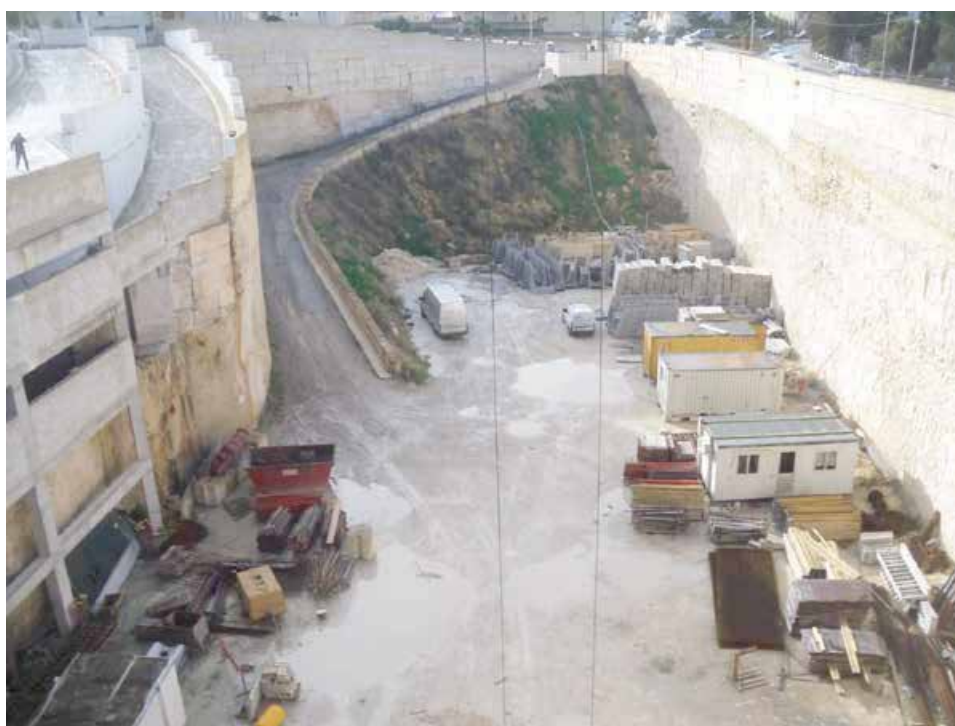
4.12 The Purchaser undertakes to develop the Access Area as open spaces as shown on the Plans to be used for pedestrian passage and it hereby constitutes a perpetual easement on the Access Area (as servient tenement) consisting of the pedestrian right of way and access from Triq Sant' Andrija over the servient tenement for the advantage of

the remainder of Pendergardens (as dominant tenement) and vice versa as shall be necessary to provide adequate and uninterrupted pedestrian access to the parts of Pendergardens which require access from the Access Area: provided that the access over the Access Area shall not be exclusive to the Building and the remainder of Pendergardens and shall also be available to the public in general and that such access may be regulated by such signage as may be set up, painted or otherwise installed from time to time in or on the Access Area to regulate pedestrian traffic and usage.

Present State of Site

Block 17, Tower T1 and Tower T2

The site today is covered with all necessary Planning and Building permits, all excavation works carried out and construction drawings, documents and tenders have been prepared. Tenderers have been invited to submit their proposal for the core, shell and M&E infrastructure which include approx 75% of the project development cost covered by this process for Towers T1 and T2. This will guarantee price certainty for the Towers at an early stage. Five contractors were approached and have accepted the invitation. All five contractors have confirmed that they would individually be setting up joint ventures to submit the Tender. The first submission of the Tender process was done on the 18th December 2013. Therein each joint venture had to submit details of the joint venture team and related information such as experience, sub contractors, financial backing and other details. A high level of project development cost certainty for Block 17 can be achieved through cost extrapolation of Block 16 due to the similarity of the blocks in terms of design and size.



It is expected that civil works on Block 17, Tower T1 and T2 will commence in the third quarter of 2014, and completion of all construction work including finishes is expected in the first semester of 2018.

Block 16

Block 16 is in construction stage and shell structure has reached Level 2 meaning the four underground levels and the first two floors over ground have been completed. Works are proceeding as scheduled and it is being envisaged that the whole structure should be completed by the fourth quarter of 2014, whilst finishes of the Block should be completed by the second quarter of 2015. The Directors anticipate that sales contracts for units in Block 16 will be entered into as from the third quarter of 2015.



Valuation

In order to prepare this valuation, the undersigned had access to, and review of, the total costs incurred to date by Pendergardens Developments plc, and the development costs envisaged to be incurred, between the years 2014 to 2022 for Block 16, 17 and Towers T1 and T2, as made available by the Directors. The assumptions underlying these costs were subjected to a Due Diligence Review by the Company's financial advisors PricewaterhouseCoopers. These development costs include cost of land, direct and indirect costs of development, but exclude non-recoverable VAT, marketing expenses and borrowing costs.

In conformity with the Listing Rules, it is recorded that the estimated total cost to completion of the property in course of development (Block 16) as at the date of this report, inclusive of overheads, amounts to approximately five million and seven hundred thousand Euros (€5,700,000), whereas the estimated total cost of development for the property held for development (Block 17 and Towers T1 & T2) amounts to approximately thirty six million Euros (€36,000,000)

The cost of land for Block 16 amounted to four million and nine hundred thousand Euros (€4,900,000) and was settled through an issue of shares in Pendergardens Developments plc. The aggregate cost of land for Block 17 and Towers T1 and T2 amounts to Thirteen million and three hundred thousand Euros (€13,300,000) and will be paid through an issue of shares as to four million and three hundred thousand Euros (€4,300,000) and the remaining balance of nine million Euros (€9,000,000) will be settled in cash.

The undersigned also had access to, and review of, the pricing strategy that was proposed for the development, which forms the basis of the financial projections used for this valuation.

The Listing Rules require that, for valuations of property in course of development (as is Block 16), an opinion is expressed on the open market value of the property in its existing state at the date of valuation (**the value at the current state**), and on the estimated capital values at current prices and on the basis of current market conditions after the development has been completed (**the value on completion of works**), and after the development has been completed (**the value on maturity**). Given that the units of Block 16 are available for sale and not for letting, the said property has no 'operational maturity'. Therefore, in the case of Block 16, the value on completion of works and value on maturity are, for all intents and practical purposes, equivalent.

In the case of the valuation of property held for development (as is Block 17 and Towers T1 and T2), the Listing Rules require an opinion on the open market value in its existing state at the date of valuation.

The value of the Property is based upon facts and evidence available at the date of the valuation, part of which information was made available by the Directors and their advisors. No detailed area measurements have been undertaken, although my knowledge of the project allows me to confirm that the areas quoted in this valuation report are broadly correct. It has been assumed that no unusually onerous conditions will arise as the site is already excavated. Furthermore, it has also been assumed that all development

will take place in strict conformity with the relative planning permits, and other statutory obligations, and constructed by reputable contracting firms, to high quality standards and first class workmanship.

After considering the above, location, layout, approved MEPA permits, together with other information supplied by my client which could have had a bearing on my assessment, the fact the property is freehold and on the basis of an open market value, I am in a position to estimate the current market value of the site in the existing state at twenty four million, and seventy one thousand Euros (**€24,071,000**) as follows:

- The present capital value in its existing state and the estimated open market value in its existing state of **Block 16 site**, in course of development, as at 31st March 2014 is ten million three hundred and twenty six thousand Euros (**€10,326,000**); the capital value at current prices, and on the basis of current market conditions, of the said property, after the development has been completed, is estimated at twenty one million Euros (€21,000,000);
- The present capital value in its existing state and estimated open market value in its existing state of **Block 17, Tower T1 and Tower T2 site**, held for development, is estimated at thirteen million, seven hundred and forty five thousand Euros (**€13,745,000**).

Valuations are not a prediction of price, nor a guarantee of value, and whilst my valuation is one which I consider both reasonable and defensible, different valuers may properly arrive at different opinions of value. Moreover, the value of property development is susceptible to changes in economical conditions, and may therefore change over relatively short periods. This valuation and report is submitted without prejudice to the party to whom they are addressed.



Perit Aaron Abela.