

SUMMARY NOTE

This Summary Note 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 Section E.2b of this Summary Note.

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.

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 INCLUDING ANY LOSSES INCURRED BY INVESTING IN THESE SECURITIES.

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

APPROVED BY THE DIRECTORS



Edmund Gatt Baldacchino



Edward Licari



John Attard



Philip Farrugia



Joseph FX Zahra

Legal Counsel
to the Sponsor & Manager

Legal Counsel
to the Issuer

Security Trustee

Sponsor
& Manager

Registrar

IMPORTANT INFORMATION

THIS SUMMARY NOTE CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION IN RELATION TO PENDERGARDENS DEVELOPMENTS P.L.C. (THE “ISSUER”), ITS BUSINESS AND THE SECURITIES BEING ISSUED IN TERMS OF THE PROSPECTUS. THIS DOCUMENT INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH: (A) 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.); AND (B) THE RULES AND REGULATIONS APPLICABLE TO THE ADMISSION OF SECURITIES ON THE OFFICIAL LIST OF THE MSE.

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 ISSUER OTHER THAN THOSE CONTAINED IN THE PROSPECTUS AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER, ITS DIRECTORS OR ADVISORS. THE ADVISORS ENGAGED BY THE ISSUER FOR THE PURPOSE OF THIS BOND ISSUE ARE ACTING EXCLUSIVELY FOR THE ISSUER.

IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THIS DOCUMENT TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE APPLICANTS 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.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY AND THE MSE, AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES. APPLICATION HAS BEEN MADE TO THE LISTING AUTHORITY FOR THE APPROVAL OF THE PROSPECTUS AND FOR THE ADMISSION OF THE ISSUER’S BONDS ON A REGULATED MARKET. APPLICATION HAS ALSO BEEN MADE TO THE MSE FOR THE BONDS TO BE ADMITTED TO THE OFFICIAL LIST OF THE MSE. **A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISOR.**

THE CONTENTS OF THE ISSUER’S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER’S WEBSITE DO NOT FORM PART OF THIS DOCUMENT. ACCORDINGLY NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN ANY FINANCIAL INSTRUMENTS AND SECURITIES ISSUED BY THE ISSUER.

ALL THE ADVISORS TO THE ISSUER HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY TOWARDS ANY OTHER PERSON. NONE OF THE ADVISORS ACCEPT ANY RESPONSIBILITY TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE CONTENTS OF, AND ANY INFORMATION CONTAINED IN, THE PROSPECTUS, ITS COMPLETENESS OR ACCURACY OR ANY OTHER STATEMENT MADE IN CONNECTION THEREWITH.

THE DIRECTORS OF THE ISSUER CONFIRM THAT WHERE INFORMATION INCLUDED IN THIS PROSPECTUS HAS BEEN SOURCED FROM A THIRD PARTY, SUCH INFORMATION HAS BEEN ACCURATELY REPRODUCED, AND AS FAR AS THE DIRECTORS OF THE ISSUER ARE AWARE AND ARE ABLE TO ASCERTAIN FROM INFORMATION PUBLISHED BY THAT THIRD PARTY, NO FACTS HAVE BEEN OMITTED WHICH WOULD RENDER THE REPRODUCED INFORMATION INACCURATE OR MISLEADING.

THE VALUE OF INVESTMENTS CAN RISE OR FALL AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. IF YOU NEED ADVICE WITH RESPECT TO THE BOND ISSUE, YOU SHOULD CONSULT A LICENSED STOCKBROKER OR AN INVESTMENT ADVISOR LICENSED UNDER THE INVESTMENT SERVICES ACT (CAP. 370 OF THE LAWS OF MALTA).

THIS DOCUMENT AND ALL AGREEMENTS, ACCEPTANCES AND CONTRACTS RESULTING THEREFROM SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF MALTA, AND ANY PERSON ACQUIRING ANY BONDS PURSUANT TO THE

PROSPECTUS SHALL SUBMIT TO THE JURISDICTION OF THE MALTESE COURTS, WITHOUT LIMITING IN ANY MANNER THE RIGHT OF THE ISSUER TO BRING ANY ACTION, SUIT OR PROCEEDING, IN ANY OTHER COMPETENT JURISDICTION, ARISING OUT OF OR IN CONNECTION WITH ANY PURCHASE OF BONDS, OR AGREEMENT, ACCEPTANCE OR CONTRACT RESULTING HEREFROM, OR THE PROSPECTUS AS A WHOLE.

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

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.

This Summary Note is prepared in accordance with the requirements of the Regulation, as amended by Commission Delegated Regulation (EU) No. 486/2012 of the 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.

Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A – E (A.1–E.7). This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

In this Summary Note the following words and expressions shall bear the following meaning except where the context otherwise requires:

Act	the Companies Act (Cap. 386 of the Laws of Malta);
Applicant/s	a person or persons who subscribe for Secured Bonds through Charts or other financial intermediaries;
Application Form	the forms of application of subscription for Bonds, a specimen of which is contained in Annex I of the Securities Note;
Application/s	the application to subscribe for Bonds made by an Applicant/s (including an Existing Noteholder) through Charts or other financial intermediaries;
Bond Issue or Offer	the issue of the Secured Bonds;
Bond Issue Price	the price of €100 per Bond in the case of both the Series I Bond and the Series II Bond;
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;
Charts	Charts Investment Management Service Limited (C 7944) of Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913, an authorised financial intermediary licensed by the MFSA and a Member of the MSE;
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;

CSD	the Central Securities Depository of the Malta Stock Exchange established pursuant to Chapter 4 of the Malta Stock Exchange Bye-Laws, having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063;
Cut-Off Date	close of business of 5 May 2014;
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 ” in the Registration Document;
Euro or €	the lawful currency of the Republic of Malta;
Existing Note	the Global Note issued by the Issuer in favour of 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 on 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;
Interest Payment Date	31 May of each year between and including each of the years 2015 and the year 2020 in the case of the Series I Bonds, and 31 July of each year between and including each of the years 2015 and the year 2022 in the case of the Series II Bonds, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
Issue Date	5 June 2014;
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;
Listing Rules	the listing rules of the Listing Authority
MFSA	Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta);
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), having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta, and bearing company registration number C 42525;
New Developments	the construction and development of each of Block 17 and Towers I & II;
Nominal Value or Par Value	€100 per Bond;
Offer Period	the period between 12 May 2014 to 26 May 2014 during which the Bonds are on offer;
Official List	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;

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 of the Registration Document;
Placement Agreement	shall have the meaning set out in Section 7.4 of the Securities Note;
Project or Phase II	<p>the construction and development of:</p> <ul 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 the Registration Document;</p>
Prospectus	collectively, the Registration Document, the Securities Note and the Summary Note;
Redemption Date	31 May 2020 in the case of the Series I Bonds and 31 July 2022 in the case of the Series II Bonds;
Redemption Value	the Nominal Value of each Bond;
Registration Document	the registration document issued by the Issuer dated 5 May 2014, forming part of the Prospectus;
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 Interests	see Collateral;
Security Trustee or Trustee	Equinox International Limited having its registered office at 9, Level 2, Valletta Buildings South Street, Valletta
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;
Sponsor	Charts;
Summary Note	this document in its entirety;
Terms and Conditions	the terms and conditions of each of (a) the Series I Bonds as contained in the Securities Note; and (b) the Series II Bonds as contained in the Securities Note;
Trust Deed	The trust deed signed between the Company and the Security Trustee dated 30 April 2014;
Trust Property	The rights attaching to and emanating from the Trust Deed and the benefit of the security created by virtue of the Security Interests for the benefit of Bondholders.

SECTION A - INTRODUCTION AND WARNINGS

A.1 Prospective investors are hereby warned that:

- i. This summary is being provided to convey the essential characteristics and risks associated with the Issuer and the securities being offered pursuant to this document. This part is merely a summary and therefore should only be read as an introduction to the Prospectus. It is not and does not purport to be exhaustive and investors are warned that they should not rely on the information contained in this summary in making a decision as to whether to invest in the securities described in this document. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor;
- ii. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of Malta, have to bear the costs of translating the Prospectus before legal proceedings are initiated; and
- iii. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, and who applied for its notification, but only if the summary, when read together with the other parts of the Prospectus: is misleading, inaccurate or inconsistent; or does not provide key information in order to aid investors when considering whether to invest in such securities.

A.2 **Consent required in connection with the use of the Prospectus during the Offer Period by Charts and/or any other financial intermediary:**

Prospective investors are hereby informed that:

- i. The Issuer has entered into the Placement Agreement with Charts. It is the intention of Charts that during the Offer Period it shall accept subscriptions for the Bonds from other financial intermediaries and customers. For the purposes of any subscription for Bonds through Charts and/or any other financial intermediary during the Offer Period and any subsequent resale, placement or other offering of Bonds by Charts and/or any other financial intermediary in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Directive, the Issuer consents to the use of this Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale or placement, provided this is limited only:
 - a. in respect of Bonds subscribed for through Charts and/or any other financial intermediary during the Offer Period;
 - b. to any resale or placement of Bonds subscribed for as aforesaid, taking place in Malta;
 - c. to any resale or placement of Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus (the consent provided herein shall no longer apply following the lapse of such period).
- ii. **in the event of a resale or placement of Bonds by Charts and/or any other financial intermediary, Charts and/or any other financial intermediary will provide information to investors on the terms and conditions of the resale or placement at the time such is made.** Where such information is not contained in the Prospectus, it will be the responsibility of Charts and/or any other financial intermediary at the time of such offer to provide the investor with that information. The Issuer, has undertaken in favour of Charts and financial intermediaries that it shall keep Charts and financial intermediaries informed of any changes to information that may be relevant and which was not known as at the date of this document through the publication of such information by way of a company announcement through the MSE.

SECTION B - ISSUER

- B.1 The legal and commercial name of the Issuer is Pendergardens Developments p.l.c.
- B.2 The Issuer was registered in Malta in terms of the Act on 5 November 2012 as a private limited liability company. It was subsequently converted to a public limited liability company on 22 January 2013. The Issuer is domiciled in Malta.
- B.4b 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 Towers I & II, and both properties will be built over a four-year period.

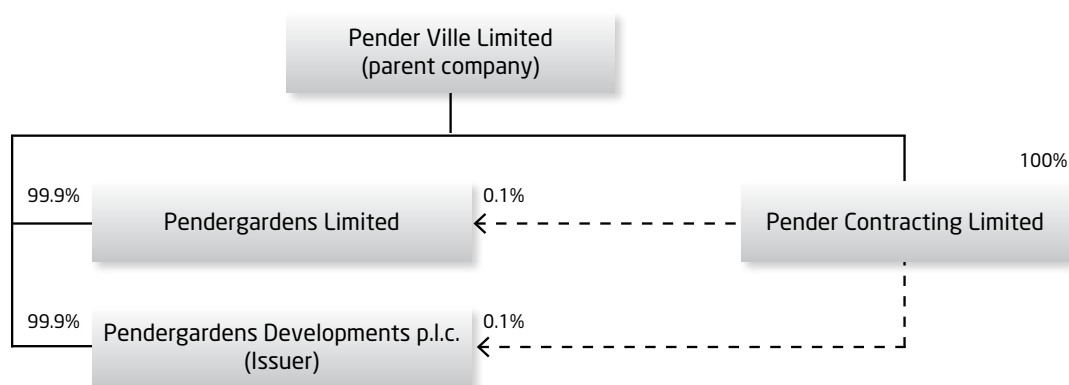
The Issuer considers that generally it shall be subject to the normal business risks associated with the property market and barring unforeseen circumstances, does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely 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 Prospectus, 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.

- B.5 The organisational structure of the Group is illustrated in the diagram below.



- B.9 Not Applicable: the Registration Document forming part of the Prospectus does not contain any profit forecasts or estimates.
- B.10 Not Applicable: the audit report in the audited financial statements for the period 5 November 2012 to 31 December 2013 does not contain any material qualifications.
- B.12 The historical financial information for the Issuer for the period 5 November 2012 to 31 December 2013 as audited by PricewaterhouseCoopers is set out in the audited financial statements of the Issuer. Such audited financial statements are available on the Issuer's website (<http://www.pendergardens.com>) and at its registered office.

The remaining components of Element B.12 are not applicable, given that there has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements.

Extracts of the historical financial information referred to above are set out below:

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
EQUITY AND LIABILITIES	
Equity	3,274
Liabilities	
Non-current liabilities	11,679
Current liabilities	3,787
Total liabilities	15,466
Total equity and liabilities	18,740

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)

B.13 Not Applicable: The Issuer is not aware of any recent events which are to a material extent relevant to the evaluation of its solvency.

B.14 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 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.

- B.15 As at the date of this Prospectus, the Issuer operates exclusively for the purpose of developing Phase II of Pendergardens. In terms of its Memorandum and Articles of Association, 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.
- B.16 The Issuer is a wholly-owned subsidiary of PVL. 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. Following the Bond Issue and upon finalisation of the acquisition of the site earmarked for the New Development and capitalisation of a shareholder's loan of €1,461,000, the Company's issued share capital shall be increased by an additional €5,779,000 to a total issued share capital of €9,079,000.
- B.17 Not Applicable: The Issuer has not sought the credit rating of an independent rating agency, and there has been no assessment by any independent rating agency of the Bonds issued by the Issuer.

SECTION C - SECURITIES

- C.1 The Issuer shall issue two series of Bonds, namely: €15 million 5.5% Secured Bonds 2020 of a nominal value of €100 per Bond issued at par, and €27 million 6% Secured Bonds 2022 of a nominal value of €100 per Bond issued at par. The Secured Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. On admission to trading the Series I Bonds and Series II Bonds will have the following respective ISIN numbers MT000791203 and MT0000791211. The Secured Bonds shall be repayable in full upon maturity unless they are previously re-purchased, cancelled or redeemed.
- C.2 The Secured Bonds are denominated in Euro (€).
- C.5 The Secured Bonds are freely transferable and, once admitted to the Official List of the MSE, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.
- C.8 There are no special rights attached to the Bonds other than the right of the Bondholders to payment of capital and interest and in accordance with the below described ranking.

Ranking: The Bonds are debt obligations of the Issuer secured by a first-ranking general hypothec over the Company's assets and also by a first-ranking special hypothec over the Hypothecated Property.

PVL and BOV have agreed for the latter to waive all hypothecary rights registered over the land where each of Block 17 and Towers I & II are to be developed, which shall take place after the close of the Offer Period and upon receipt by BOV of the amount of €5 million. The Issuer shall pay PVL the consideration due for the acquisition of the land out of the proceeds of the Bond Issue, following which PVL shall pay BOV the said €5 million against the release by BOV of all security interests it holds over the Hypothecated Property.

The Issuer and the Existing Note Trustee have agreed for the latter to waive all hypothecary rights registered over Block 16, against: (a) all the Existing Notes being fully redeemed; (b) all of the Existing Notes being surrendered to the Issuer as a form of payment for the Series II Bonds; or (c) part of the Existing Notes being surrendered as a form of payment for the Series II Bonds and the nominal value of outstanding Existing Notes and interest thereon up to and including 15 January 2015 being deposited with the Existing Note Trustee for the latter to pay out to remaining Existing Noteholders upon the Early Redemption of the Existing Note.

The Hypothecated Property shall thereafter be unencumbered and without any charges registered over the Hypothecated Property. Pursuant to the Trust Deed, the Issuer has agreed to constitute in favour of the Security Trustee for the benefit of Bondholders the above-mentioned general and special hypothecs for the full amount of €42 million.

The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List of the MSE and the hypothecs described above being constituted in favour of the Security Trustee.

C.9 The Series I Bonds shall bear interest from and including 27 May 2014 at the rate of 5.5% per annum on the Nominal Value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 31 May 2015. The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is five point five per cent (5.5%). The Series II Bonds shall bear interest from and including 27 May 2014 at the rate of 6% per annum on the Nominal Value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 31 July 2015. The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is six per cent (6%). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day.

The remaining component of Element C.9 is not applicable, given that no representative of debt security holders has been appointed.

C.10 Not Applicable: there is no derivative component in the interest payments on the Bonds.

C.11 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 5 May 2014. Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List. The Bonds are expected to be admitted to the MSE with effect from 5 June 2014 and trading is expected to commence on 6 June 2014.

SECTION D - RISKS

Holding of a Bond involves certain risks. 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 the Prospectus before deciding to acquire Bonds. Prospective investors are warned that by investing in the Bonds they may be exposing themselves to significant risks that may have the consequence of losing a substantial part or all of their investment.

The Prospectus contains statements that are, or may be deemed to be, “forward-looking statements”, which relate to matters that are not historical facts and which may involve projections of future circumstances. They appear in a number of places throughout the Prospectus and include statements regarding the intentions, beliefs or current expectations of the Issuer and/or its Directors. These forward-looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the Issuer’s Directors. No assurance is given that the future results or expectations will be achieved.

Below is a summary of the principal risks associated with an investment in the Issuer and the Bonds – there may be other risks which are not mentioned in this summary. Investors are therefore urged to consult their own financial or other professional advisors with respect to the suitability of investing in the Bonds. The following is a summary of the principal risk factors:

D.2 Key information on the key risks specific to the Issuer and its business:

- i. 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 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 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, 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. 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: (a) changes in general economic conditions in Malta; (b) general industry trends, including the cyclical nature of the real estate market; (c) changes in local market conditions, such as an oversupply of similar properties, a reduction in demand for real estate or change of local preferences and tastes; (d) possible structural and environmental problems; (e) acts of nature, such as earthquakes and floods, that may damage the property or delay its development; and (f) increased competition in the market segment in which the Issuer is undertaking the real estate development may lead to an oversupply 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 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'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 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. 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.

D.3 Essential information on the key risks specific to the Bonds:

An investment in the Bonds involves certain risks, including those set out below in this section. In deciding whether to make an investment in the Bonds, prospective investors are advised to carefully consider, with their own independent financial and other (including tax, accounting, credit, legal and regulatory) professional advisors, the following risk factors (not listed in order of priority) and other investment considerations, together with all the other information contained in the Prospectus.

- i. The existence of an orderly and liquid market for the Bonds depends on a number of factors, including but not limited to the presence of willing buyers and sellers of the Issuer's Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price or at all.
- ii. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.
- iii. A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different.
- iv. No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time.
- v. Notwithstanding that the Bonds constitute the general, direct, unconditional and secured obligations of the Issuer, and shall, subject to what is stated below, rank with preference and priority, over any unsecured debt of the Issuer, if any, there can be no guarantee that privileges accorded by law in specific situations will not arise during the course of the Issuer's business which may rank with priority or preference to the Security Interests.
- vi. In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bonds, or of either of the Series I Bond or Series II Bond, it shall call a meeting of Bondholders. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.
- vii. The Terms and Conditions applicable to the Bonds are based on Maltese law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of the Prospectus.
- viii. No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time.

SECTION E - OFFER

E.2b The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €41.25 million, will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

- i. a maximum amount of €12 million of the proceeds from the Series II Bond will be used to finance the redemption of the outstanding amount of Existing Notes, which the Issuer intends to redeem at the first Early Redemption Date, that is on 15 January 2015;
- ii. the aggregate amount of €8.95 million shall be paid to PVL for the cash settlement of the purchase consideration for the land over which the Project (with the exception of Block 16) shall be developed, and to PCL for the settlement of works in progress executed on the said land;
- iii. the remaining balance of the net Bond Issue proceeds equivalent to *circa* €20 million from the Series I Bond and the Series II Bond shall be applied towards the costs of construction and development of the Project. The outstanding

amount of €26.1 million required to complete the Project shall be generated from net sales of Phase II residential and commercial units.

All proceeds from the Bond Issue shall be held by the Security Trustee pending the constitution of the Collateral to secure the Bonds. Subject to the satisfaction of the conditions precedent set out in Section C.8 above, the Bonds shall be fully subscribed pursuant to the Placement Agreement and Existing Note Transfers (see E.3 below). In the event that either of the conditions precedent is not satisfied, the Security Trustee shall return Bond proceeds received back to investors and no Existing Note Transfers shall take effect.

E.3 All Bonds have been conditionally subscribed by Charts pursuant to the Placement Agreement, save for such portion of the Series II Bond which has been reserved for Existing Noteholders wishing to exchange their Existing Notes in settlement of the purchase consideration of Series II Bonds.

The Series I Bond Issue which has a total value of €15 million has been fully subscribed by Charts pursuant to the Placement Agreement. The Series II Bond has been reserved for subscription as follows: (i) Holders of Existing Notes who wish to settle the consideration due by the transfer to the Issuer of all or part of the Existing Notes held by such Applicant as at the Cut-Off Date, by submitting an Application Form. The amount so reserved is equivalent to the amount outstanding on the Existing Notes, namely €12 million; (ii) The remaining balance of the Series II Bonds equivalent to €15 million, together with any Series II Bonds not taken up by Existing Noteholders under (i) above, have been placed with Charts for distribution to its customers and other financial intermediaries.

In each case, subscription amounts made through Charts and any other financial intermediary shall be in multiples of €100 in both the case of the Series I Bonds and the Series II Bonds, subject to a minimum subscription amount of €2,000 in both the case of the Series I Bonds and the Series II Bonds.

Existing Noteholders applying for Series II Bonds shall settle the amount due for the Nominal Value of the Series II Bonds applied for by completing a pre-printed Application Form indicating that the consideration for the Series II Bonds applied for shall be settled by way of transfer to the Issuer of all or part of the Existing Notes held as at the Cut-Off Date in an amount equivalent to the Par Value of the Series II Bonds applied for, subject to a minimum application of €2,000 (“Existing Note Transfer”).

The Issuer entered into a conditional private placement agreement with Charts on 30 April 2014, whereby the Issuer bound itself to allocate to Charts, which has bound itself to purchase, Bonds amounting to an aggregate value of €15 million in the Series I Bond and €15 million in the Series II Bond on 26 May 2014. Charts shall also subscribe to such number of Series II Bonds to be issued to Existing Noteholders for the purpose of exchange of the Existing Notes in the event that Existing Noteholders shall not take up all of the €12 million Series II Bonds reserved for this purpose. The Placement Agreement entered into on 30 April 2014 is conditional on (i) the Bonds being admitted to listing on the Malta Stock Exchange; and (ii) the Security Interests being duly constituted in favour of the Security Trustee.

The following is a synopsis of the general terms and conditions applicable to the Bonds. A Bondholder is deemed to have invested only after having received, read and understood the contents of the Prospectus including the full terms and conditions contained in the annexes thereto:

1. General

The Bonds shall, as and when issued, constitute the, general, direct, unconditional and secured obligations of the Issuer, and will rank with first priority and preference over all other present and future obligations of the Issuer. In addition, the payment of the principal under the Bonds and interests thereon shall be secured by a first-ranking general hypothec over all the Company’s assets, present and future, as well as a first-ranking special hypothec over the Hypothecated Property which the Company has agreed to constitute in favour of the Security Trustee for the benefit of Bondholders. The Bonds shall rank *pari passu* as between themselves. Unless previously redeemed, purchased and cancelled, the Series I Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 31 May 2020 and the Series II Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 31 July 2022.

2. Form, Denomination and Title

The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. The Bonds will be issued without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Bonds will be issued for a minimum of €2,000 per individual Bondholder. Financial intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €2,000 to each underlying client. Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed

and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided in the Securities Note.

3. Interest

The Series I Bonds shall bear interest from and including 27 May 2014 at the rate of 5.5% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 31 May 2015. The Series II Bonds shall bear interest from and including 27 May 2014 at the rate of 6% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 31 July 2015. Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Interest Payment Date. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day.

An Existing Note Transfer shall be without prejudice to the rights of the holders of Existing Notes to receive interest on the Existing Notes up to and including 15 January 2015. The Issuer intends to settle the difference between the interest rate applicable to the Existing Notes and the interest rate of 7% applicable to the Bonds, from 27 May 2014 up to 15 January 2015 (being the first early redemption date applicable to the outstanding Existing Notes in terms of the prospectus dated 6 February 2013), to all persons holding Existing Notes who would have submitted their Application Form(s) by not later than 21 May 2014 and, consequently, exercising their option to subscribe for Bonds and settle the consideration for Bonds by transferring their Existing Notes to the Issuer as mentioned above.

4. Status of the Bonds

The Bonds shall constitute the general, direct, unconditional and secured obligations of the Issuer, and shall at all times rank *pari passu*, with first priority or preference over all other present and future obligation of the Issuer.

5. Payments

Payment of the principal amount of a Bond will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time. Such payment shall be effected within seven (7) days of the Redemption Date.

Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate from time to time. Such payment shall be effected within seven (7) days of the Interest Payment Date.

6. Redemption

Unless previously redeemed, purchased and cancelled, the Series I Bonds and Series II Bonds will be redeemed at their Nominal Value (together with interest accrued to the date fixed for redemption) on 31 May 2020 and 31 July 2022 respectively. The Issuer may at any time purchase Bonds in the open market or otherwise at any price, and any purchase by tender shall be made available to all Bondholders alike. All Bonds so redeemed or purchased will be cancelled forthwith and may not be re-issued or re-sold.

7. Reserve Account

The Company is required, through the Security Trustee, to build a Reserve Account equivalent to 100% of each Bond by Redemption Date. The transfers to the Reserve Account shall be made as follows: (i) the first €25 million of net sales proceeds will be retained by the Company to cover construction costs of Block 17 and Towers I & II; (ii) the following €25 million of net sales proceeds will be allocated as to 90% to the Security Trustee and 10% to the Company; and (iii) any further sales over and above the initial €50 million (detailed in (i) and (ii) above) shall be allocated as to 95% to the Security Trustee and 5% to the Company. The Company has undertaken to transfer a minimum amount of €100,000 per year to the Reserve Account commencing in the second year from Issue Date of the Bonds. The Security Trustee may invest such monies received in the Reserve Account, subject to the limitations detailed in the Trust Deed.

8. Functions and Powers of the Trustee

The Security Trustee's role includes holding of the Security Interests for the benefit of the Bondholders and the enforcement of those Security Interests upon the happening of certain events. The Security Trustee shall have no payment obligations to Bondholders under the Bonds which remain exclusively obligations of the Issuer, save to the extent that the Trustee shall apply any amounts held to the credit of the Reserve Account, held by it towards the redemption of the Bonds on their respective Redemption Dates.

9. Events of Default

The Securities Note sets out a list of events of default the occurrence of which would result in the Bonds becoming

immediately due and repayable at their principal amount together with accrued interest.

10. Transferability of the Bonds

The Bonds are freely transferable and, once admitted to the Official List of the MSE, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time. All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations. The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Issuer. The Issuer will not register the transfer or transmission of Bonds for a period of fifteen (15) days preceding the due date for any payment of interest on the Bonds.

11. Register of Bondholders

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

12. Further Issues and Further Indebtedness

The Issuer may from time to time, without the consent of the Bondholders, create and issue further debentures, debenture stock, bonds, loan notes, or any other debt securities either having the same terms and conditions as any outstanding debt securities of any series (including the Bonds) and so that such further issue shall be consolidated and form a single series with the outstanding debt securities of the relevant series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue, provided that no issue may be made that would rank senior to the Bonds on the Collateral. The Issuer may incur further indebtedness on a short to medium term basis that may rank *pari passu* with the Bonds for the purpose of bridging any cash flow shortfalls arising from the proceeds of sales from the Project.

13. Meetings of Bondholders

The terms and conditions of the Bonds may be amended with the approval of the Bondholders at a meeting called for that purpose by the Issuer in accordance with the terms and procedures set for the holding of Bondholders' meetings.

14. Governing Law and Jurisdiction

The Bonds have been created, and the Bond Issues relating thereto are being made, in terms of the Act. From their inception the Bonds, and all contractual arrangements arising therefrom, shall be governed by and shall be construed in accordance with Maltese law. Any legal action, suit, action or proceeding against the Issuer arising out of or in connection with the Bonds shall be brought exclusively before the Maltese Courts and the Bondholder shall be deemed to acknowledge that it is submitting to the exclusive jurisdiction of the Maltese Courts as aforesaid.

E.4 So far as the Issuer is aware no person involved in the Bond Issue has an interest material to the Issue.

E.7 Professional fees, costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue, are estimated not to exceed €750,000.

TIME-TABLE

1. Application Forms mailed to holders of Existing Notes as at the Cut-Off Date	6 May 2014
2. Closing date for Applications to be received from holders of Existing Notes as at the Cut-Off Date	21 May 2014
3. Placement date	26 May 2014
4. Close of Offer Period	26 May 2014
5. Offer Period	12 May 2014 to 26 May 2014
6. Commencement of interest on the Bonds	27 May 2014
7. Expected date of constitution of Security Interests	4 June 2014
8. Expected dispatch of allotment advices	5 June 2014
9. Expected date of admission of the securities to listing	5 June 2014
10. Expected date of commencement of trading in the securities	6 June 2014

