



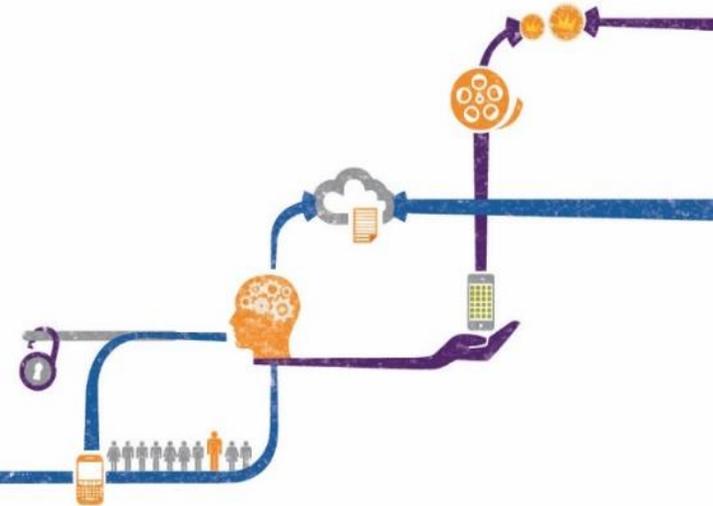
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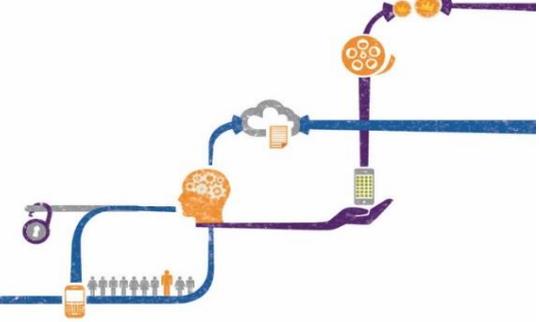
Orion Finance p.l.c.

Investment teaser

11 May 2017



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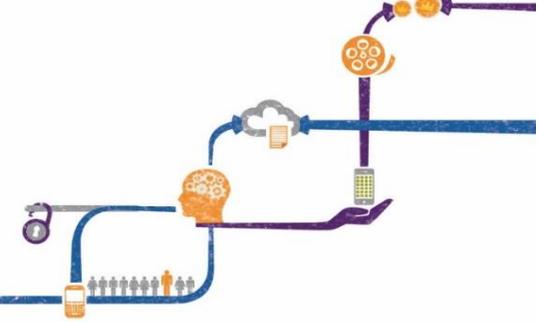
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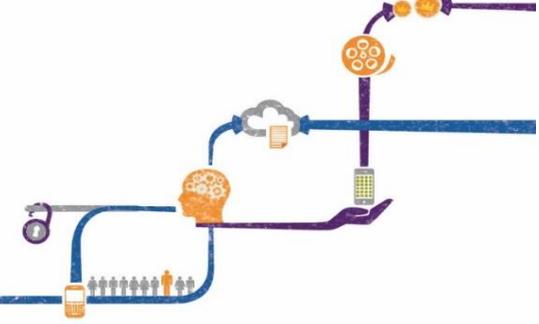
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Section 1 Introduction to the Camilleri Group

Overview of the Camilleri Group

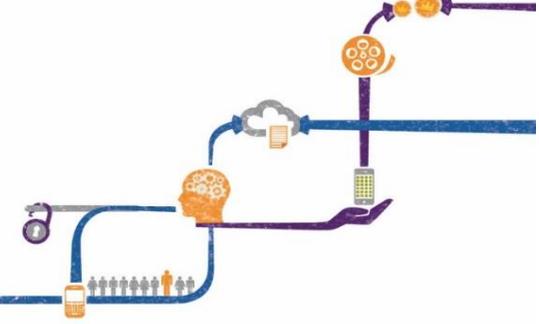


The Camilleri Group draws its origin from 1843, when it opened a confectionery shop in the heart of Valletta. For many years, the Camilleri family was associated exclusively in Malta with the confectionery trade, creating the household name of "Camilleri tal-Helu".

Over the years, the family-owned business diversified into outside catering, clothing, home furnishings and baby and nursery products. The Camilleri Group operates in two main service lines, these being the fashion retail operations and catering operations.

The Camilleri Group also invested in properties across Malta and as at 30 April 2017, the date of the last independent architect valuation, the properties are worth €20.9 million. These properties are rented out to companies within the Camilleri Group as retail outlets.

Companies forming the Camilleri Group



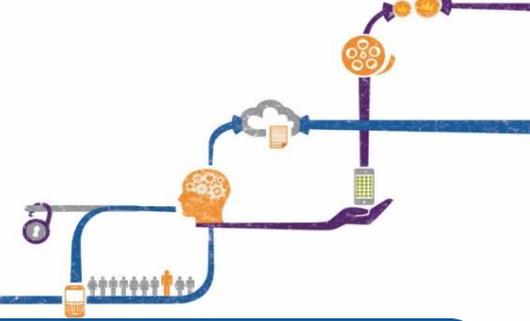
Fashion retail operations

- The Camilleri Group has exclusive rights to sell **BHS, Matalan, Mothercare and M&Co** in Malta and Gozo. **The Group operates 10 fashion retail outlets across Malta and Gozo** through the following subsidiaries: Camilleri Establishments Limited (holds the BHS franchise), Camilleri Trading Limited (holds the Mothercare franchise), Camilleri Investments Limited (holds the M&Co franchise), and Camilleri Trends Limited (holds the Matalan franchise).
- These outlets are all located in prime locations in Malta such as Valletta, Sliema, Birkirkara, Fgura and Victoria, Gozo. The Group started selling Matalan products in March 2017.

Confectionery and catering operations

- The Camilleri Group currently operates one sweet shop in Valletta (through C. Camilleri & Sons Limited). The company introduced the 'Pick 'n Mix' concept in Malta offering an array of sweets purchased by weight. Its portfolio also comprises a range of chocolates, cakes, biscuits, and wines.
- The catering arm of the Group (C. Camilleri & Sons (Catering) Limited) caters for all types of functions, receptions, parties, and corporate events.
- In January 2017, the Camilleri Group announced the acquisition of J. P. Caruana. J.P Caruana is a dynamic confectionery wholesaler, representing as sole contractual distributor, a wide portfolio of reputable companies, amongst which are Haribo, Maoam, Glisten, Tilleys, Tangerine, Ashbury etc., in the Maltese Islands.

The Camilleri Group's properties



The Strand, Sliema

- The premises are currently occupied by Matalan brand (previously by BHS) and has a total shop area of 837 sqm.
- The outlet is currently **valued at €7.5 million** (including Tony's Bar)



St. Anne Square, Sliema

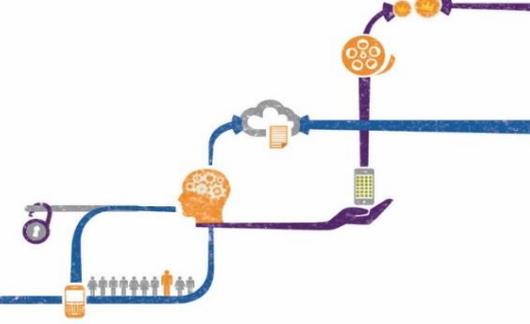
- The premises are currently occupied by Mothercare brand, and has a total floor area of 328 sqm. The outlet is situated in an area which is predominately pedestrian and can be accessed from three separate entrances: (i) The Plaza Shopping Centre, (ii) St Anne's Square, and (iii) Guze Fava Street.
- The outlet is currently **valued at €4.4 million**.



South Street, Valletta

- The premises are currently occupied by Mothercare brand and has a total floor area of 407 sqm.
- The outlet is currently **value at €2.2 million**.

The Camilleri Group's properties



Zabbar Road, Fgura

- The outlet includes the premises currently occupied by Matalan brand and Mothercare brand which are situated on the basement floor, ground floor and front part of the first floor level.
- The commercial property has an approximate gross external area of 1,945 sqm and is currently **valued at €4.8 million**

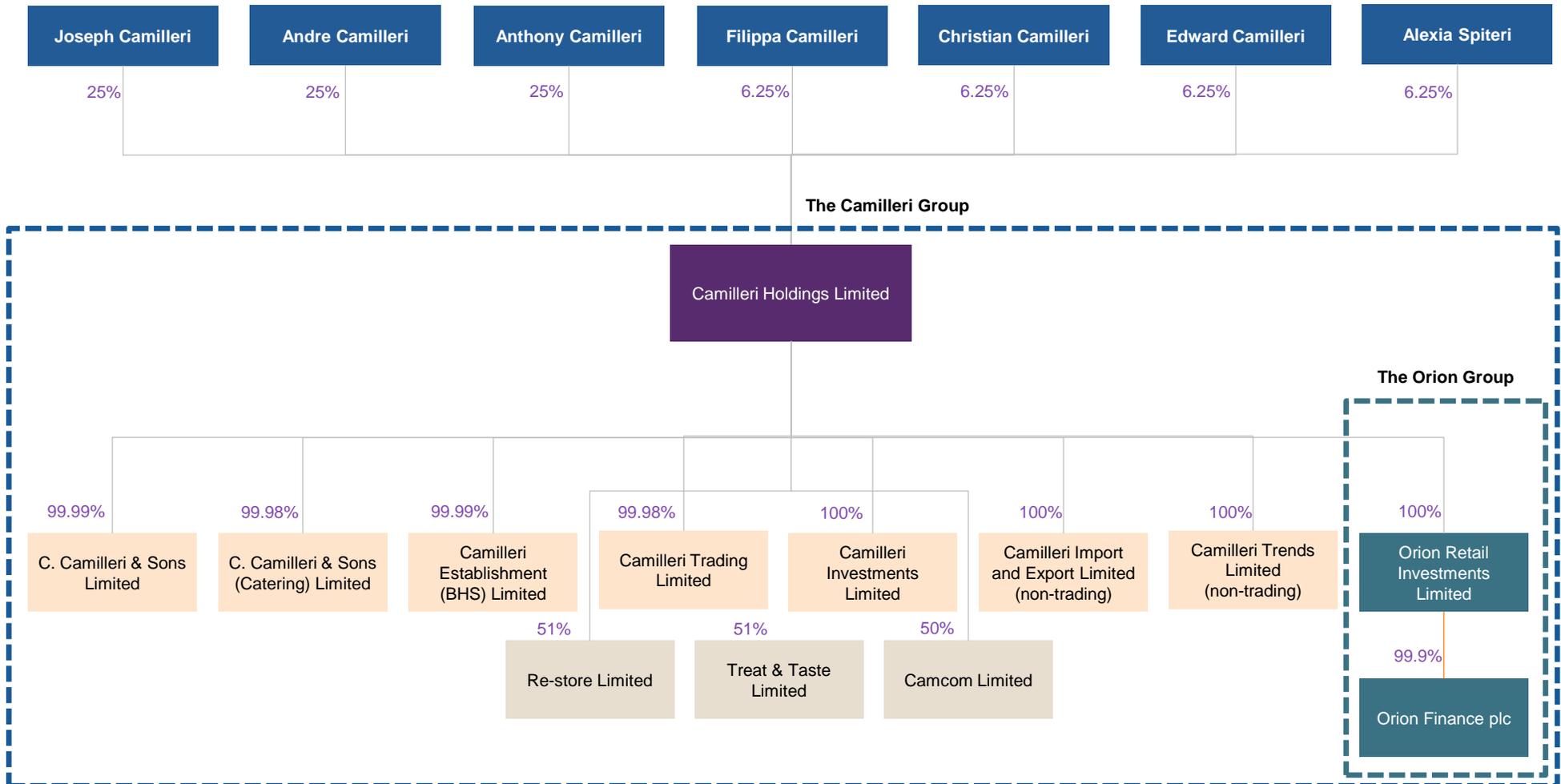
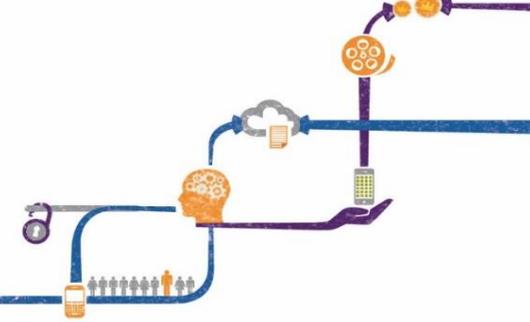


Qormi warehouse and plots

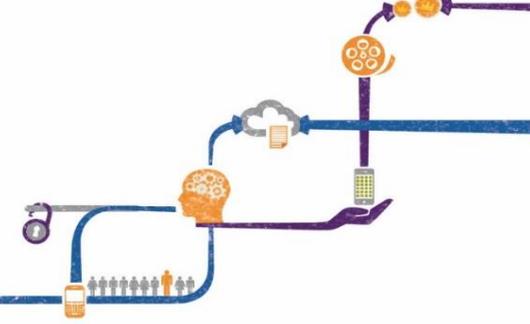
- These are situated on 49-51, M. Borg Gauci Street and 61-62 Luigi Maria Galea Street, Handaq, Qormi and warehouses built on plots 19 and 20, M. Borg Gauci Street, Handaq, Qormi. The plots have a total developable area measuring 868 sqm. Collectively, the Qormi warehouse and plots are currently **valued at €2.2 million**.

Section 2 Introduction to the Orion Group

Organisational structure as at date of Presentation



Recent restructuring undergone by the Camilleri Group

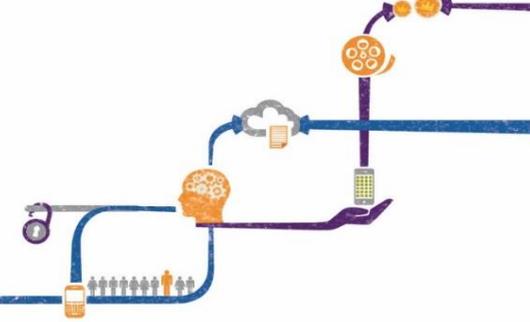


Camilleri Group's strategy was to achieve a clear delineation between the different roles of property ownership, property management and operations that are undertaken within the Camilleri Group.

It was resolved to incorporate a new sub-group within Camilleri Group. To this end the Camilleri Group incorporated two new subsidiaries in May 2017: Orion Retail Investments Limited (the Guarantor) and Orion Finance p.l.c. (the Issuer) as a subsidiary of Orion Retail Investments Limited (together referred to as the Orion Group).

As part of the restructuring exercise undertaken by the Camilleri Group, by virtue of a Property Management Agreement between Camilleri Holdings Limited and Orion Retail Investments Limited entered on 5 May 2017, the Parties agreed that: Camilleri Holdings Limited will transfer the Property Management Rights of the Properties for a period of 25 years, with effect from 19 June 2017 for a consideration of €15.2 million.

The Property Management Agreement



The Property Management Agreement stipulates that:

- Orion Retail Investments Limited shall operate the Properties for a specific period of 25 years, during which it will receive the lease payments from leasing out the Properties to companies within the Camilleri Group.
- Upon the expiry of the 25 year period, Orion Retail Investments Limited is under obligation to transfer back the Properties to Camilleri Holdings Limited.

The Combined Consideration of €15.2 million payable by Orion Retail Investments Limited to Camilleri Holdings Limited in relation to the acquisition of the Property Management Rights shall include:

Share Consideration

- €6.0 million share issue on Settlement Date to Camilleri Holdings Limited

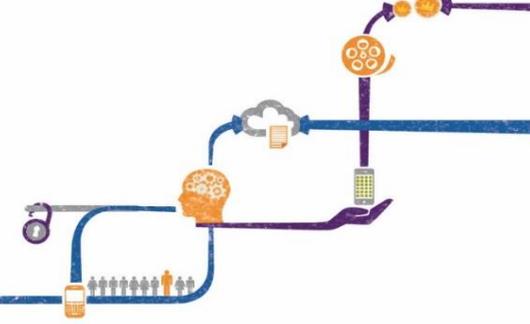
Cash Consideration

- €4.9 million paid on Settlement Date by the Bond proceeds

Deferred Consideration

- €4.2 million paid over 8 years bearing an annual interest of 4.6% on the remaining balance

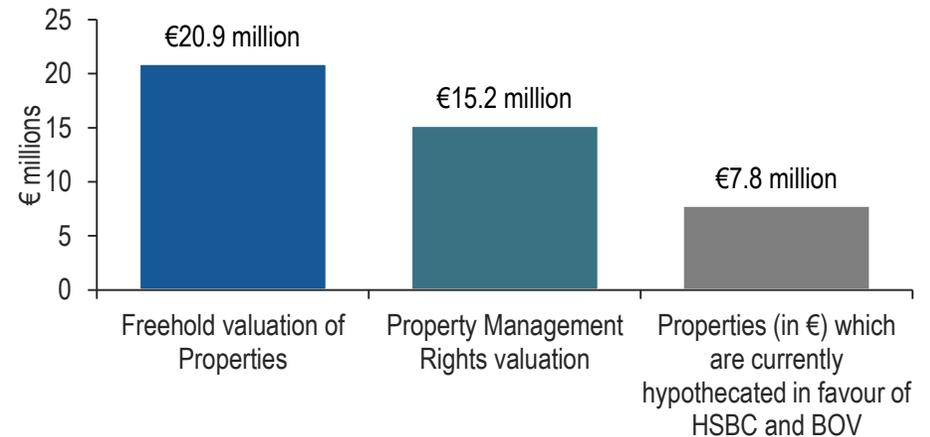
The Property Management Rights are valued at €15.2 million



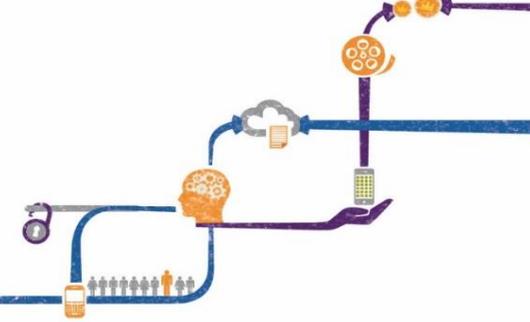
Valuation of Property Management Rights

Name of property	Tenant	Valuation of Property Management Rights, €000
Sliema outlet, the Strand	Camilleri Establishments Limited/Tony's Bar	4,960
Sliema outlet, St. Anne's square	Camilleri Trading Limited	4,070
Fgura outlet, Zabbar Road	Camilleri Establishments Limited and Camilleri Trading Limited	3,390
Valletta outlet, South Street	Camilleri Trading Limited	1,670
Qormi plot and warehouse	Camilleri Holdings Limited	1,060
Total		15,150

Comparing the freehold value of the properties with the Property Management rights valuation and the value of property hypothecated in favour of the Camilleri Group's banks



Overview of lease agreements



Lease payment

- The lease agreements with companies forming part of the Camilleri Group have been renewed on arm's length basis to reflect:
 - current market conditions; and
 - the recent valuation of the properties

Rental yield

- In all lease agreements, lease charges are based on a yield of 6% of the freehold property value as at the last valuation date, except for the Fgura outlet which is set at 6.5%, and the Qormi warehouse and plot which are set at 4% of the freehold property value.
- All lease charges are subject to an annual increase of 3.2%.

Term

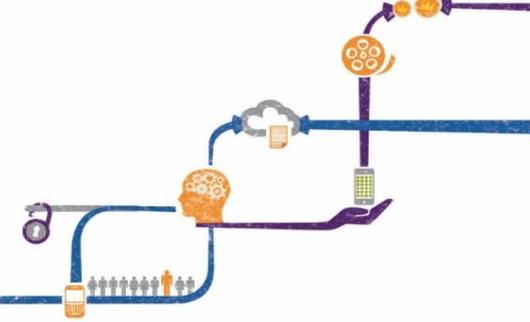
- All properties, except for Tony's Bar, are being leased to companies within the Camilleri Group for a period of fifteen (15) years effective 19 June 2017, of which the first ten (10) years are 'di fermo', whilst the remaining five (5) years are 'di rispetto' at the option of the lessee.

Event of breach

- In the event of a breach of any one or more of the conditions of the lease agreement, or a default in the payment of the rent, the lease agreement would be immediately terminated and the property would be promptly relinquished. In the event that the lessee does not relinquish possession of the property immediately, a penalty of four thousand euro (€4,000) per day would be charged.

Section 3 Prospects bond

Key facts about the Prospects bond



Bond amount:
€5 million

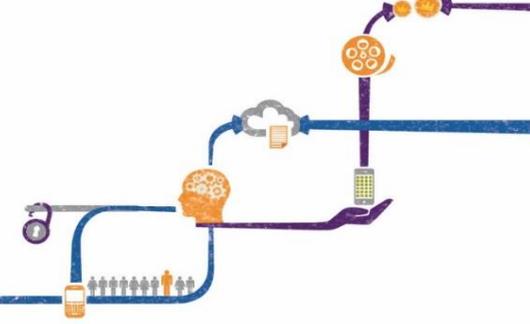
Interest rate:
4.75% payable
annually

Term:
10 year term
redeemed in 2027

Sinking fund
contribution
starting from
FY2019

- The proceeds from the bond issue, which net of issue expenses are expected to amount to approximately €4,900,000, will be advanced by the Issuer to the Guarantor, enabling the Guarantor to part-fund its acquisition of the Property Management Rights from Camilleri Holdings Limited.
- The Bond is guaranteed by Orion Retail Investments Limited. The Guarantor stands surety with the Issuer and irrevocably and unconditionally undertakes to affect the due and punctual performance of all the payment obligations undertaken by the Issuer under the Bonds if the Issuer fails to do so.

Corporate governance



- **Orion Finance p.l.c.'s board of directors shall comprise two non-executive directors and one executive director (refer to below chart).**
- **Grant Thornton will also act as corporate advisor.**
- **The Board will adopt the guidance of the Code of Corporate Governance with a view to provide investors with best-in-class governance practices.**

Anthony Camilleri



- Executive director
- Oldest member of Camilleri family in business
- He has been in the family business for more than 40 years
- He is the CEO of Camilleri Holdings Limited

John Soler



- Non-executive director and Chairman of the Audit Committee
- Over 40 years experience in retail banking
- Sits on various boards
- Chairs the Audit Committee of AX Holdings Limited

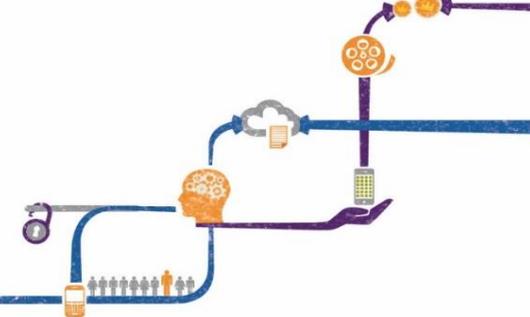
Michael Borg Costanzi



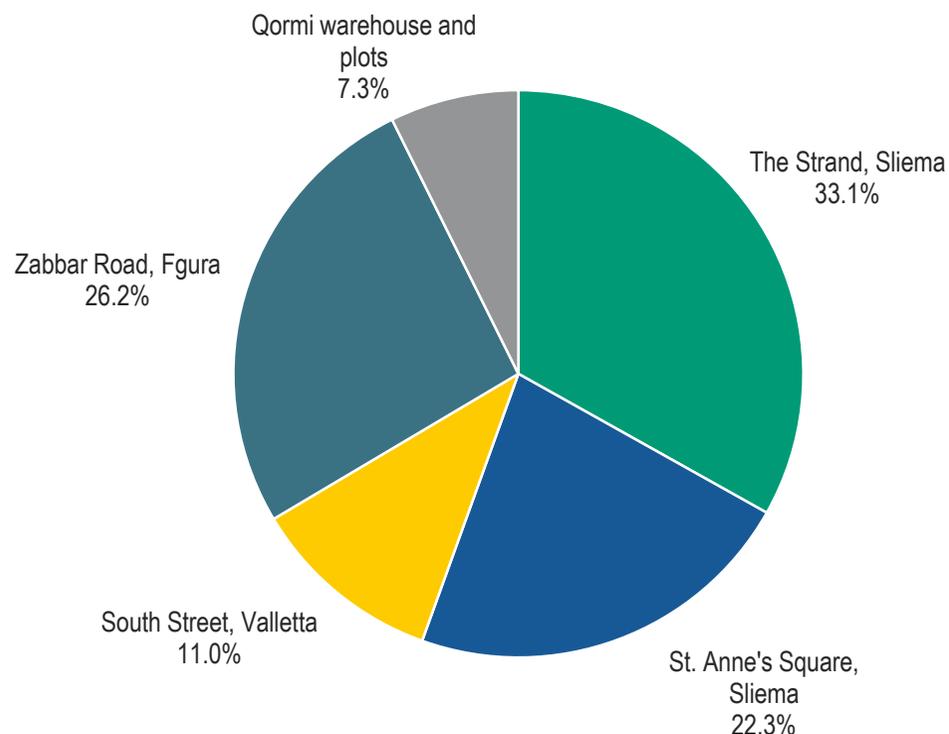
- Non-executive director
- Lawyer by profession
- Was Chief Officer of the legal office at BOV for 35 years
- Sits on the board of Mediterranean Maritime Hub plc

Section 4 Financial analysis

Revenue is expected to amount to €1.45 million in FY2018 and grow by 3.2% per annum thereafter



Revenue mix from lease payments



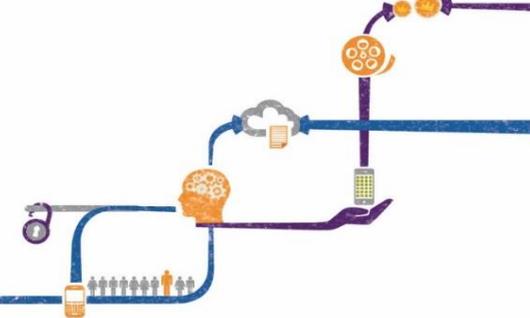
Sources: Management projections

Income statement for the years ended 31 December

€000	FY2017F Jul-Dec	FY2018P Jan-Dec	FY2019P Jan-Dec
Revenue			
Rental income	588.3	1,195.2	1,233.5
Management fee	125.0	254.0	262.1
Total revenue	713.3	1,449.2	1,495.6
Administrative expenses	(76.8)	(98.2)	(100.6)
EBITDA	636.5	1,351.0	1,395.0
Amortisation	(313.0)	(616.0)	(616.0)
EBIT	323.5	735.0	779.0
Net finance cost	(215.3)	(418.2)	(384.0)
Profit before tax	108.2	316.8	395.0
Tax expense	(106.2)	(242.8)	(267.3)
Profit after tax	2.0	74.0	127.7
Key performance indicators			
EBITDA margin	89.2%	93.2%	93.3%
Net profit margin	0.3%	5.1%	8.5%
Interest cover ratio (times)	2.96	3.23	3.63

- Amortisation cost is projected to total €616k per annum and shall include the amortisation of the Property Management Rights from the Camilleri Group, which is calculated as the value of the Property Management Rights based on the valuation included in Annex A of this Report and the agreed upon term of 15 years.
- Finance costs consist of interest on the Deferred Consideration balance and interest on the Bond Issue. As from FY2019, the Orion Group will be contributing towards a sinking fund, which is expected to generate interest income. The Orion Group's interest cover ratio is expected to gradually increase between FY2017 and FY2027, reflecting the increase in profits generated.

The Orion Group's gearing is expected to peak at 59.0% in FY2017, and gradually decrease thereafter

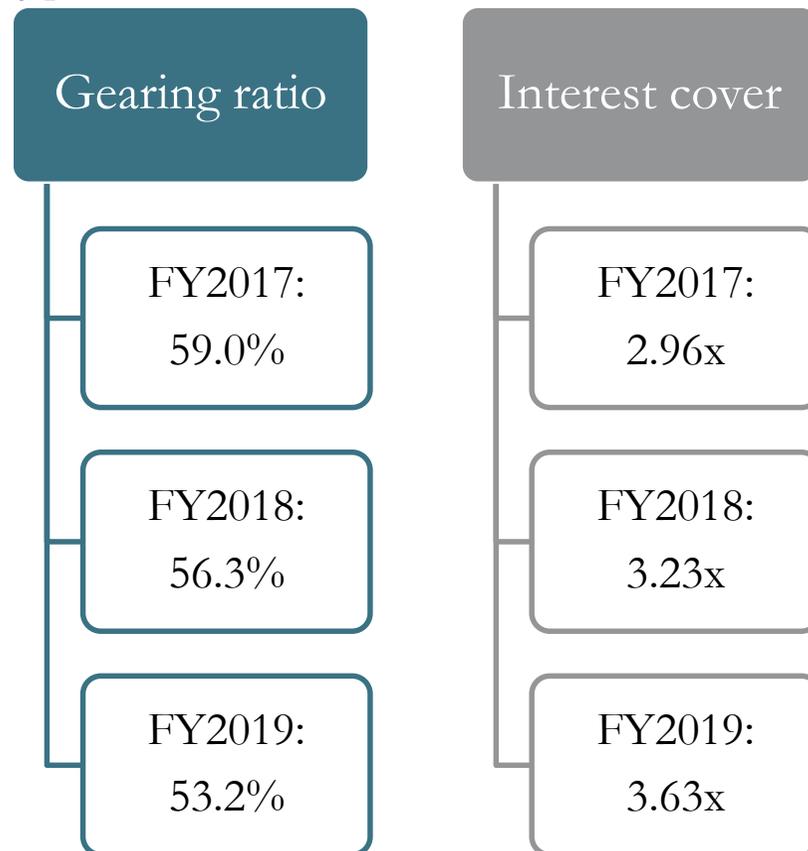


Statement of financial position as at 31 December

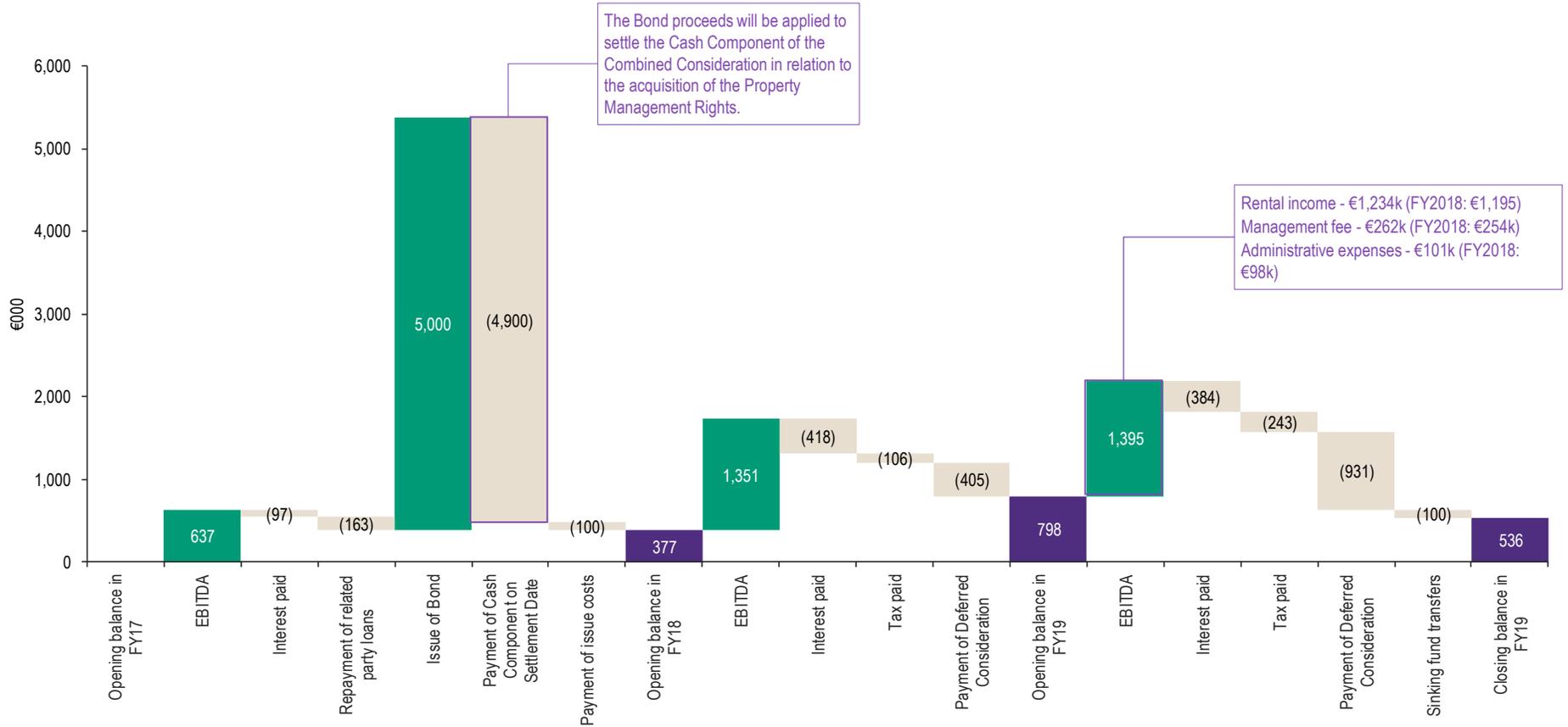
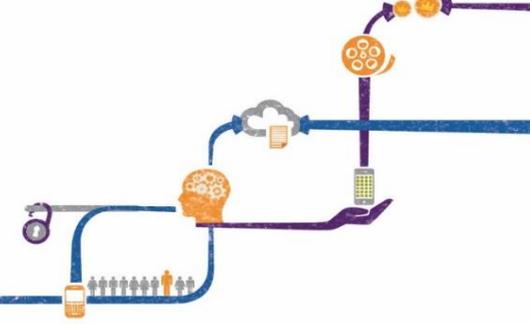
€000	FY2017F Jul-Dec	FY2018P Jan-Dec	FY2019P Jan-Dec
ASSETS			
Non-current assets			
Intangible assets	14,937.0	14,321.0	13,705.0
Sinking fund	-	-	100.0
Non-current assets	14,937.0	14,321.0	13,805.0
Current assets			
Cash and cash equivalents	377.0	798.4	535.6
Current assets	377.0	798.4	535.6
Total assets	15,314.0	15,119.4	14,340.6
EQUITY AND LIABILITIES			
Equity			
Share capital	6,028.3	6,028.3	6,028.3
Retained earnings	2.0	76.0	203.7
Equity	6,030.3	6,104.3	6,232.0
Liabilities			
Non-current liabilities			
Borrowings	5,000.0	5,000.0	5,000.0
Deferred consideration for Property Management Rights	3,653.5	2,722.6	2,293.1
Non-current liabilities	8,653.5	7,722.6	7,293.1
Current liabilities			
Borrowings	-	-	-
Deferred consideration for Property Management Rights	405.2	930.9	429.6
Accrued interest	118.8	118.8	118.8
Current tax liability	106.2	242.8	267.3
Current liabilities	630.2	1,292.5	815.6
Total liabilities	9,283.7	9,015.1	8,108.7
Total equity and liabilities	15,314.0	15,119.4	14,340.6

Sources: Management projections

Key performance indicators



The Orion Group is expected to record y-o-y positive cash balances as its projected EBITDA will more than cover its debt service obligations



Sources: Management projections



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