

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

Dated 29 May 2017

In respect of an issue of €25,000,000 3.75% Unsecured Bonds 2027
of a nominal value of €100 per Bond issued at par by



Tumas Investments plc
(a public limited liability company registered in Malta with company registration number C 27296)

Guaranteed by
Spinola Development Company Limited
(a private limited liability company registered in Malta with company registration number C 331)

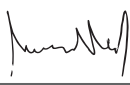





ISIN: MT0000231259

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

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

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

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

					
Raymond Fenech	Yorgen Fenech	Ray Sladden	Michael Grech	Kevin Catania	John Zarb

Legal Counsel



Sponsor



Registrar & Manager



IMPORTANT INFORMATION

THIS SUMMARY NOTE CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION ON TUMAS INVESTMENTS PLC IN ITS CAPACITY AS ISSUER AND SPINOLA DEVELOPMENT COMPANY LIMITED IN ITS CAPACITY AS GUARANTOR, THEIR SUBSIDIARIES, AFFILIATES AND THE BUSINESS OF THE GROUP, AND INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH: (A) THE LISTING RULES OF THE LISTING AUTHORITY, THE COMPANIES ACT (CHAPTER 386 OF THE LAWS OF MALTA) AND THE REGULATION (AS DEFINED ON PAGE 5 BELOW); AND (B) THE RULES AND REGULATIONS APPLICABLE TO THE ADMISSION OF SECURITIES ON THE OFFICIAL LIST OF THE MALTA STOCK EXCHANGE.

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

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

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

THE PROSPECTUS AND THE OFFERING, SALE OR DELIVERY OF ANY BONDS MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN THE PROSPECTUS IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE ISSUER OR THE GUARANTOR SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

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

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

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

A COPY OF THE PROSPECTUS HAS BEEN SUBMITTED TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, TO THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES, IN ACCORDANCE WITH THE COMPANIES ACT. APPLICATION HAS ALSO BEEN MADE TO THE MALTA STOCK EXCHANGE FOR THE BONDS TO BE ADMITTED TO ITS OFFICIAL LIST.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS.

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

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.

ALL THE ADVISERS TO THE ISSUER AND THE GUARANTOR HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR IN RELATION TO THIS PUBLIC OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY 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.

THE DIRECTORS OF THE ISSUER CONFIRM THAT WHERE INFORMATION INCLUDED IN THE 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.

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 THEREIN.

This Summary Note is prepared in accordance with the requirements of the Regulation (as defined below).

Summaries are made up of disclosure requirements known as ‘Elements’. These elements are numbered in Sections A – E (A.1 – E.7) in the relative disclosure requirement checklist. This Summary Note contains all the Elements required to be included in a summary in connection with the securities being issued pursuant to the Prospectus and the 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 being issued pursuant to the Prospectus and the 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 this Summary Note with the mention of ‘not applicable’.

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

“Act” or “Companies Act”	the Companies Act, 1995 (Chapter 386 of the laws of Malta);
“Applicant/s”	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
“Application/s”	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form and delivering same to any of the Authorised Intermediaries (which include the Sponsor and the Registrar & Manager) in accordance with the terms of the Securities Note forming part of the Prospectus;
“Application Form”	the non-transferable and pre-printed form of application for subscription of Bonds by Maturing Bondholders, a specimen of which is contained in Annex C of the Securities Note forming part of the Prospectus;
“Authorised Intermediaries”	all the licensed stockbrokers and financial intermediaries listed in Annex D of the Securities Note forming part of the Prospectus;
“Bond/s”	the €25,000,000 unsecured bonds 2027 of a nominal value of €100 per bond issued at par and redeemable on the Redemption Date at their nominal value, bearing interest at the rate of 3.75% per annum. The Bonds are guaranteed by Spinola Development Company Limited;
“Bond Issue”	the issue of the Bonds;
“Bond Issue Price”	the price of €100 per Bond;
“Bondholder”	a holder of 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;
“CET”	Central European Time;
“Company” or “Issuer”	Tumas Investments plc, a company registered under the laws of Malta having its registered office at Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian’s, Malta and bearing company registration number C 27296;
“CSD”	the Central Securities Depository of the Malta Stock Exchange authorised in terms of Part IV of the Financial Markets Act (Chapter 345 of the laws of Malta), having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
“Cut-off Date”	close of business of 26 May 2017 (trading session of 24 May 2017);
“Euro” or “€”	the lawful currency of the Republic of Malta;
“Exchange” or “Malta Stock Exchange” or “MSE”	Malta Stock Exchange plc, as originally constituted in terms of the Financial Markets Act (Chapter 345 of the laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
“Financial Analysis Summary”	the financial analysis summary dated 29 May 2017 compiled by the Sponsor in line with the applicable requirements of the Listing Authority policies and which is intended to summarise the key financial data set out in the Prospectus appertaining to the Issuer and the Guarantor, a copy of which is set out in Annex A of the Securities Note forming part of the Prospectus;

“Guarantee”	the joint and several suretyship of the Guarantor in terms of the guarantee contained in Annex B of the Securities Note forming part of the Prospectus and as described in Element B.18 of this Summary Note;
“Guarantor” or “SDC”	Spinola Development Company Limited, a company registered under the laws of Malta having its registered office at Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian’s, Malta and bearing company registration number C 331, in terms of the Guarantee;
“Interest Payment Date”	10 July of each year between and including each of the years 2018 and the year 2027, 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”	7 July 2017;
“Issue Period”	the period between 08:30 hours CET on 5 June 2017 and 12:00 hours CET on 21 June 2017 during which the Bonds are available for subscription to Maturing Bondholders;
“Listing Authority”	the Malta Financial Services Authority, appointed as Listing Authority for the purposes of the Financial Markets Act (Chapter 345 of the laws of Malta) by virtue of Legal Notice 1 of 2003;
“Listing Rules”	the listing rules issued by the Listing Authority, as may be amended from time to time;
“Malta Stock Exchange Bye-Laws”	the Malta Stock Exchange plc bye-laws issued by the authority of the board of directors of Malta Stock Exchange plc, as may be amended from time to time;
“Maturing Bond Transfer”	the subscription for Bonds by a Maturing Bondholder settled, after submitting the non-transferable, pre-printed Application Form (received by mail directly from the Issuer), by the transfer to the Issuer of all or part of the Maturing Bonds held by such Maturing Bondholder as at the Cut-off Date;
“Maturing Bondholder”	a holder of Maturing Bonds as at the Cut-off Date;
“Maturing Bonds”	the 6.2% bonds 2017 – 2020 due to be redeemed by the Issuer on 10 July 2017, with ISIN code MT0000231234, issued by the Issuer pursuant to a prospectus dated 9 June 2010 and guaranteed by the Guarantor, and amounting as at the date of the Prospectus to €25,000,000;
“MFSA”	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act, 1988 (Chapter 330 of the laws of Malta);
“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;
“Prospectus”	collectively this Summary Note, the Registration Document and the Securities Note, all dated 29 May 2017, as such documents may be amended, updated, replaced and supplemented from time to time;
“Prospectus Directive”	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as may be amended from time to time;
“Redemption Date”	10 July 2027;
“Redemption Value”	the nominal value of each Bond (€100 per Bond);
“Registrar & Manager”	Bank of Valletta plc;
“Registration Document”	the registration document issued by the Issuer dated 29 May 2017, 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 a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of the prospectus and dissemination of advertisements;
“SDC Group”	SDC and its subsidiary companies, namely Portomaso Leasing Company Limited (C 33110), Halland Developments Company Limited (C 46810) and Premium Real Estates Investments Limited (C 52247);
“Securities Note”	the securities note issued by the Issuer dated 29 May 2017, forming part of the Prospectus;
“Sponsor”	Rizzo, Farrugia & Co. (Stockbrokers) Ltd., a private limited liability company registered under the laws of Malta having its registered office at Airways House, Third Floor, High Street, Sliema SLM 1549, Malta and bearing company registration number C 13102. Rizzo, Farrugia & Co. (Stockbrokers) Ltd. is an authorised intermediary licensed by the MFSA and a member of the MSE;
“Summary Note”	this securities note in its entirety issued by the Issuer dated 29 May 2017, forming part of the Prospectus;
“Terms and Conditions”	the terms and conditions relating to the Bonds as contained in the Prospectus, particularly in section 8 of the Securities Note; and
“Tumas Group”	Tumas Group Company Limited (C 7820) and its subsidiary and associated companies, including the Issuer and the Guarantor, together with various other companies principally involved in hospitality, leisure and tourism, property trading, leasing and development.

1. SECTION A - INTRODUCTION AND WARNINGS

A.1 Prospective investors are hereby warned that:

- i) this Summary Note is being provided to convey the essential characteristics and risks associated with the Issuer, the Guarantor and the securities being offered pursuant to the Prospectus. 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 Note alone in making a decision as to whether to invest in the securities described in this document. Any decision to invest in the Bonds should be based on consideration of the Prospectus as a whole by the investor;
- ii) where a claim relating to the information contained in the 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 this Summary Note, including any translation thereof, and who applied for its notification, but only if this Summary Note, 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 for use of the Prospectus in connection with a possible Intermediaries' Offer: prospective investors are hereby informed that:

- i. for the purposes of any subscription for Bonds by Authorised Intermediaries pursuant to an Intermediaries' Offer and any subsequent resale, placement or other offering of Bonds by Authorised Intermediaries participating in the Intermediaries' Offer 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 the Prospectus (and accepts responsibility for the information contained therein in accordance with the terms hereof) with respect to any such subsequent resale, placement or other offering of Bonds, provided this is limited only: (a) in respect of Bonds subscribed for in terms of the Intermediaries' Offer by Authorised Intermediaries participating in the Intermediaries' Offer; (b) to any resale, placement or other offering of Bonds subscribed for as aforesaid, taking place in Malta; and (c) to any resale, placement or other offering of Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus;
- ii. **in the event of a resale, placement or other offering of Bonds by an Authorised Intermediary subsequent to an Intermediaries' Offer, said Authorised Intermediary shall be responsible to provide information to prospective investors on the terms and conditions of the resale, placement or other offering at the time such is made; and**
- iii. any new information with respect to Authorised Intermediaries unknown at the time of the approval of the Prospectus will be made available through a company announcement which will also be made available on the Issuer's website: www.tumas.com.

2. SECTION B – ISSUER AND GUARANTOR

B.1

The legal and commercial name of the Issuer is Tumas Investments plc (registration number C 27296). The legal and commercial name of the Guarantor is Spinola Development Company Limited (registration number C 331).

B.2

The Issuer was incorporated in Malta on 17 November 2000 as a public limited liability company, registered in terms of the Companies Act and is domiciled in Malta, having its registered office at Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian's, Malta.

The Guarantor was incorporated in Malta on 10 May 1966 (and was acquired by the Tumas Group in 1986) as a private limited liability company registered in terms of the Companies Act and is domiciled in Malta, having its registered office at Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian's, Malta.

B.4b

The Issuer has been set up to act as a financing company and its business is limited to the raising of funds for general financing purposes, the financing of capital projects and the loaning of such capital to the SDC Group, the collection of interest from SDC Group entities, as applicable, and the settlement, in turn, of interest payable on capital raised from third parties, typically via the issue of listed bonds. Accordingly, the Issuer is fully dependent on the cash flows of the Guarantor.

The business of SDC, which is the owner of the site on which the Portomaso complex is built, has, to date, principally comprised the continuous development, management and operation of the Portomaso complex. Portomaso comprises a variety of complementary elements blended together to create a balanced overall development. The complex is constructed around a sheltered excavated marina that extends the natural waterfront of the site and serves to enhance the environment of all the constituent components. These comprise the Hilton Malta hotel (including the convention centre), residential apartments, the business tower, commercial areas, catering outlets, extensive underground car parking facilities and the marina itself.

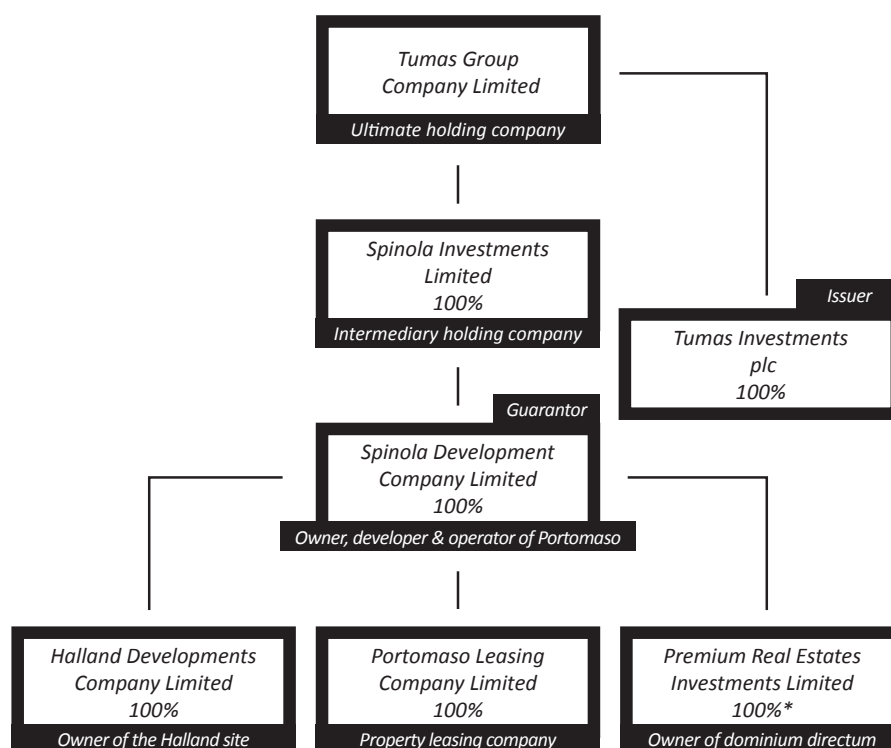
The Hilton Malta hotel remains the largest single component of Portomaso's operations and the recent major refurbishment of the hotel is expected to contribute to the increase in its profitability. Rental operations are expected to yield a steady income stream moving ahead, which is expected to increase following the planned commissioning of the new Portomaso office block in 2018 and on account of contracted inflationary increments on existing rent agreements. Works on the new Portomaso office block, which is situated over the existing Portomaso cafeteria area immediately adjacent to the business tower, commenced in 2017.

In other respects, the Portomaso complex is now in its final development stages and, accordingly, a variety of business risks relating to real estate development no longer apply to Portomaso to any material extent. Another main activity of the property division in the very near future will be that of completing the development of the 44 apartments within the Laguna extension, 40 apartments of which are already subject to promise of sale agreements.

B.5

The Issuer and the Guarantor are fully-owned subsidiary companies of Tumas Group Company Limited (C 7820), which latter company is also domiciled in Malta. The business of the SDC Group is structured in such a way so as to limit its financial dependence on the other components of the Tumas Group.

The organisational structure of the SDC Group, relevant to the Issuer and the Guarantor, is illustrated in the following diagram as at the date of this Summary Note:



*Refers to the effective control that SDC has on Premium Real Estates Investments Limited.

B.9

Not Applicable: the Registration Document does not contain any profit forecasts or estimates.

B.10

Not Applicable: the Issuer's and Guarantor's respective audit reports in the audited financial statements for the years ended 31 December 2014, 2015 and 2016 do not contain any material qualifications.

B.12

The Issuer's and the Guarantor's historical financial information for the three financial years ended 31 December 2014, 2015 and 2016, respectively, as audited by PricewaterhouseCoopers, certified public accountants in Malta, are out in their respective audited financial statements and are available for inspection on the Tumas Group website (www.tumas.com) and from the registered office of the Issuer during office hours.

Extracts from the historical financial information of the Issuer and the Guarantor for financial years ended 31 December 2014, 2015 and 2016 are set out below. There has been no material adverse change in the prospects or in the financial or trading position of the Issuer and/or of the Guarantor since the date of their afore-mentioned respective last published audited financial statements.

Extracts from the historical financial information of the Issuer:

Extract from the Statements of comprehensive income for the years ended 31 December	Actual 2014 €'000	Actual 2015 €'000	Actual 2016 €'000
Net interest income	99	102	117
Profit before tax	95	11	5
Profit for the year	95	7	3

Extract from the Statements of financial position as at 31 December	Actual 2014 €'000	Actual 2015 €'000	Actual 2016 €'000
Non-current assets	51,593	49,380	49,380
Current assets	5,571	2,987	3,345
Total assets	57,164	52,367	52,725
Total equity	585	594	596
Total liabilities	56,579	51,773	52,129
Total equity and liabilities	57,164	52,367	52,725

Extracts from the historical consolidated financial information of the Guarantor:

Extract from the Statements of comprehensive income for the years ended 31 December	Actual 2014 €'000	Actual 2015 €'000	Actual 2016 €'000
Operating profit	10,254	11,198	9,404
Profit before tax	6,341	7,668	6,091
Profit for the year	3,861	5,716	5,183

Extract from the Statements of financial position as at 31 December	Actual 2014 €'000	Actual 2015 €'000	Actual 2016 €'000
Non-current assets	94,331	121,768	125,319
Current assets	49,888	54,229	56,097
Total assets	144,219	175,997	181,416
Total equity	50,009	78,218	81,387
Total liabilities	94,210	97,779	100,029
Total equity and liabilities	144,219	175,997	181,416

B.13 *Not Applicable:* neither the Issuer nor the Guarantor is aware of any recent events which are, to a material extent, relevant to the evaluation of their respective solvency.

B.14 The Issuer is dependent on the operations of the Guarantor (see also sub-section B.4b above). The business of the SDC Group is structured in such a way so as to limit its financial dependence on the other components of the Tumas Group. At the date of approval of the Prospectus, such financial dependencies were in the main limited to the rental of offices and the casino premises situated within the Portomaso Business Tower, and to the group-wide management of treasury operations.

B.15 The Issuer is not intended to undertake any trading activities itself apart from the raising of capital and the advancing thereof to members of the SDC Group. The issue of bonds falls within the objects of the Issuer, which continues and will continue to play a pivotal role in the further development of the SDC Group. The Issuer is intended to serve as a vehicle through which the SDC Group will continue to finance the management and administration of the Portomaso and other projects that may be undertaken under the aegis of the SDC Group; and/or refinance existing credit facilities, enabling the SDC Group to exploit its potential and seize new opportunities arising in the market.

The principal object of the Guarantor is to carry on the business of a finance and investment company in connection with the construction, ownership, development, operation and financing of hotels, resorts, leisure facilities, catering, including the provision of ancillary services in the tourism industry, the trading in and development of property and related activities as may from time to time be ancillary or complimentary to the foregoing. The business of SDC, which is the owner of the site on which the Portomaso complex is built, has, to date, principally comprised the continuous development, management and operation of the Portomaso complex.

B.16 The Issuer's current authorised and issued share capital is €250,002 divided into 250,002 ordinary shares of €1 each, fully paid up and subscribed as follows: (i) 250,001 ordinary shares of €1 each held by Tumas Group Company Limited (C 7820) and (ii) 1 ordinary share of €1 held by SDC.

The Guarantor has an authorised and issued share capital of €13,652,805 divided into 1,164,687 ordinary 'A' shares of €1 each, 6,988,119 ordinary 'B' shares of €1 each and 5,499,999 redeemable preference shares of €1 each, all of which have been fully paid and subscribed as follows: (i) 5,499,999 redeemable preference shares of €1 each, 1,164,686 ordinary 'A' shares of €1 each and 6,988,119 ordinary 'B' shares of €1 each held by Spinola Investments Ltd (C 8034) and (ii) 1 ordinary 'A' share of €1 held by the heirs of the late Thomas Fenech.

B.17 *Not Applicable:* neither the Issuer nor the Guarantor have 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.

B.18 For the purposes of the Guarantee, SDC 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. Accordingly, until such time as the Bonds remain in issue, the Guarantor undertakes to pay on an on-going basis, interest which may become due and payable during the term of the Bonds and the principal amount of the Bonds on the Redemption Date should the Issuer default in paying the Bondholders under the Bonds. The Guarantor's obligations under the Guarantee shall remain in full force and effect until no sum remains payable to any Bondholder pursuant to the issue of the Bonds.

3. SECTION C – SECURITIES

C.1 The Issuer shall issue an aggregate amount of €25,000,000 in unsecured Bonds having a nominal value of €100 per Bond, subject to a minimum subscription of €2,000. 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. On admission to trading, the Bonds will have the following ISIN number: MT0000231259. The Bonds, which are guaranteed by Spinola Development Company Limited, shall bear interest from and including 10 July 2017 at the rate of three point seven five per cent (3.75%) per annum and shall be repayable in full upon maturity, unless they are previously purchased and cancelled.

C.2 The Bonds are denominated in Euro (€).

C.5 The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole (in multiples of €100) in accordance with the rules and regulations of the MSE applicable from time to time.

C.8 Investors wishing to participate in the Bonds will be able to do so by duly executing the appropriate Application Form in relation to the Bonds. Execution of the Application Form will entitle such investor to: (i) the payment of interest; (ii) the payment of capital; (iii) ranking with respect to other indebtedness of the Issuer in accordance with the status of the Bonds, as follows: *"the Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank pari passu, without any priority or preference among themselves and with other outstanding and unsecured debt of the Issuer and the Guarantor, present and future"*; (iv) attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and (v) enjoy all such other rights attached to the Bonds emanating from the Prospectus.

Both the Issuer and the Guarantor have certain liabilities which are secured by hypothecary warranties over assets pertaining to the two entities. As at 30 April 2017, the Issuer's and Guarantor's indebtedness amounted in aggregate to €128,979,000, including bank loans, guarantees, corporate bonds and other borrowings by related companies. Bank borrowings are secured by privileges and hypothecs and, therefore, the indebtedness being created by the Bonds, together with the other issued bonds, ranks after all these bank borrowings. In addition, the Bonds would also rank after any future debts which may be secured by a cause of preference such as a privilege and/or a hypothec.

C.9 The Bonds shall bear interest from and including 10 July 2017 at the rate of 3.75% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 10 July 2018 (covering the period 10 July 2017 to 9 July 2018). 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.

A Maturing Bond Transfer shall be without prejudice to the rights of Maturing Bondholders to receive interest on the Maturing Bonds up to and including 9 July 2017. The Maturing Bonds shall be redeemed on 10 July 2017, as determined by the Issuer and duly notified to Maturing Bondholders.

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 3.75%.

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 29 May 2017. Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Prospectus to be listed and traded on its Official List. The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 7 July 2017 and trading is expected to commence on 10 July 2017. Dealing may commence prior to notification of the amount allotted being issued to Applicants.

4. SECTION D – RISKS

Holding of a bond involves certain risks. Prospective investors should carefully consider, with their own independent financial and other professional advisers, the following risk factors and other investment considerations, as well as all the other information contained in the Prospectus before deciding to acquire the 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. 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 and Guarantor’s respective directors. No assurance is given that the future results or expectations will be achieved.

In so far as prospective investors seek advice from Authorised Intermediaries concerning an investment in the Bonds, Authorised Intermediaries are to determine the suitability of prospective investors’ investment in the Bonds in the light of said prospective investors’ own circumstances. The Bonds may not be a suitable investment for all investors. In particular, Authorised Intermediaries should determine whether each prospective investor: (i) has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in the Prospectus or any applicable supplement; (ii) has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the prospective investor’s currency; (iii) understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets; and (iv) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect his/her/its investment and his/her/its ability to bear the applicable risks.

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 advisers with respect to the suitability of investing in the Bonds.

D.2 Essential information on the key risks specific to the Issuer and the SDC Group:

The Issuer itself does not have any substantial assets and is, essentially, a special purpose vehicle set up to act as a financing company solely for the needs of the SDC Group and, as such, its assets consist primarily of loans issued to SDC Group companies. The Issuer is dependent on the business prospects of the SDC Group and, consequently, the operating results of the SDC Group have a direct effect on the Issuer’s financial position. Accordingly, the risks of the Issuer are indirectly those of the SDC Group, and, in turn, all risks relating to the SDC Group are the risks relevant to the Guarantor:

- i. The SDC Group, and the wider Tumas Group generally, has a long trading history in mixed-use real estate developments that consist principally of hotels, residential and office property. The Portomaso complex is affected across the span of its components by business liquidity and economic conditions both locally and overseas. Furthermore, the operation of the Hilton Malta hotel is, in part, subject to the risks normally associated with the incoming tourism industry. The SDC Group’s operations and the results of its operations are subject to a number of other factors that could adversely affect the SDC Group’s business, many of which are common to the hotel and real estate industry and are beyond the SDC Group’s control.
- ii. Real estate development projects are subject to a number of specific risks, many of which are beyond the SDC Group’s control, including: the risk of cost overruns; insufficiency of resources to complete the projects; and general industry trends, including the cyclical nature of the real estate market. If any such risks were to materialise they would have an adverse impact on the SDC Group’s revenue generation, cash flows and financial performance.

- iii. No assurance can be given that sufficient financing for its current and future investments will be available on commercially reasonable terms or within the timeframes required by the SDC Group, also taking into account the need, from time to time, for the SDC Group's properties to undergo renovation, refurbishment or other improvements.
- iv. Property values are affected by, and may fluctuate, *inter alia*, as a result of changing demand, changes in general economic conditions, changing supply within a particular area of competing space and attractiveness of real estate relative to other investment choices. The value of the SDC Group's property portfolio may also fluctuate as a result of other factors outside the SDC Group's control.
- v. In view of the fact that the SDC Group is, in part, a property holding organisation, coupled with the fact that property is a relatively illiquid asset, such illiquidity may affect the SDC Group's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely manner and at satisfactory prices in response to changes in economic, real estate, market or other conditions, or the exercise by tenants of their contractual rights such as those which enable them to vacate properties occupied by them prior to, or at, the expiration of the lease term.
- vi. All industries, including the leisure and real estate / property development industries, are subject to legal claims, with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation and dispute resolution process, there can be no assurance that the resolution of any particular legal proceeding or dispute will not have a material adverse effect on the SDC Group's future cash flow, results of operations or financial condition.
- vii. Historically, the SDC Group has maintained insurance at levels determined to be appropriate in light of the cost of cover and the risk profiles of the businesses in which the SDC Group operates. With respect to losses for which the SDC Group is covered by its policies, it may be difficult and may take time to recover such losses from insurers. In addition, the SDC Group may not be able to recover the full amount from the insurer. No assurance can be given that the SDC Group's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates.

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

- 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. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market in which the Bonds are traded, over which the Issuer has no control. Many other factors over which the Issuer has no control may affect the trading market for, and trading value of, the Bonds, including the time remaining to the maturity of the Bonds, the outstanding amount of the Bonds and the level, direction and volatility of market interest rates, generally. 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. The Bonds shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and, save for such exceptions as may be provided by applicable law, shall rank without priority and preference to all other present and future unsecured obligations of the Issuer and the Guarantor. The Bonds will, however, rank subordinate to the present and future secured creditors of the Issuer and the Guarantor. In view of the fact that the Bonds are being guaranteed by the Guarantor, Bondholders are entitled to request the Guarantor to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount, when due. The strength of this undertaking on the part of the Guarantor is directly linked to the financial position and solvency of the Guarantor.
- vi. In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bonds it shall call a meeting of Bondholders. The provisions relating to meetings of Bondholders permit defined majorities to bind all Bondholders, including Bondholders who do not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority.
- vii. The Bonds and the Terms and Conditions of the Bond Issue are based on the requirements of the Listing Rules, the Companies Act and the Regulation in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Prospectus.

5. SECTION E – OFFER

E.2b

The proceeds from the Bond Issue, which net of Issue expenses are expected to amount to approximately €24,550,000, will be used by the Issuer for the redemption of the outstanding amount of the Maturing Bonds remaining in issue as at 10 July 2017, being the date of redemption of the Maturing Bonds as determined by the Issuer and duly notified to Maturing Bondholders. As at the date of the Prospectus the aggregate value of Maturing Bonds in issue stands at €25,000,000. In the event that the Bond Issue is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for and the proceeds from the Bond Issue shall be applied for the purpose set out above. Any residual amount required by the Issuer for the purpose of the use specified above which shall not have been raised through the Bond Issue shall be financed through alternative funding sources, including funds making up the bond redemption fund built up in connection with the Maturing Bonds in accordance with sub-section 5.8 of the securities note forming part of the prospectus dated 9 June 2010 issued by the Issuer, which as at the date of the Prospectus amounted to €2,000,000.

E.3

The Bonds are open for subscription by Maturing Bondholders and Authorised Intermediaries pursuant to the Intermediaries' Offer in respect of any balance of the Bonds not subscribed to by Maturing Bondholders.

Maturing Bondholders applying for Bonds may elect to settle all or part of the amount due on the Bonds applied for by the transfer to the Issuer of Maturing Bonds at par value, subject to a minimum Application of €2,000 in Bonds and rounded upwards to the nearest €100. Any Maturing Bondholders whose holding in Maturing Bonds is less than €2,000 shall be required to pay the difference together with the submission of their Application Form ("**Cash Top-Up**").

Maturing Bondholders electing to subscribe for Bonds through the transfer to the Issuer of all or part of the Maturing Bonds held by them as at the Cut-off Date (including Cash Top-Up, where applicable) ("**Maturing Bond Transfer**") shall be allocated Bonds for the corresponding nominal value of Maturing Bonds transferred to the Issuer (including Cash Top-Up, where applicable). The transfer of Maturing Bonds to the Issuer in consideration for the subscription for Bonds shall cause the obligations of the Issuer with respect to such Maturing Bonds to be extinguished, and shall give rise to obligations on the part of the Issuer under the Bonds. Bonds applied for by Maturing Bondholders by way of Maturing Bond Transfer as described above shall be allocated prior to any other allocation of Bonds.

Maturing Bondholders transferring all of the Maturing Bonds held by them as at the Cut-off Date may apply for an amount of Bonds in excess of the amount of Maturing Bonds being transferred by Maturing Bond Transfer. In such case Maturing Bondholders may subscribe for additional Bonds, in multiples of €100, by completing the appropriate section of the same non-transferable, pre-printed Application Form.

Maturing Bondholders who do not elect to avail themselves of the possibility to exchange either all or part of their holding in the Maturing Bonds in terms of the procedure outlined above, shall receive all or part of the capital, as the case may be, together with accrued interest for the period between 10 January 2017 and 9 July 2017. The Maturing Bonds shall be redeemed on 10 July 2017 as determined by the Issuer and duly notified to Maturing Bondholders.

Any balance of the Bonds not subscribed to by Maturing Bondholders as at the closing of the Issue Period shall be offered for subscription to Authorised Intermediaries through an Intermediaries' Offer. Any subscription received during the Intermediaries' Offer shall be subject to the same Terms and Conditions as those applicable to Applications by Maturing Bondholders, but limited to any remaining balance of Bonds after fully allocating the Bonds applied for by Maturing Bondholders. In this regard, the Issuer shall enter into conditional subscription agreements with a number of Authorised Intermediaries for the subscription of the resultant balance of Bonds, whereby it will bind itself to allocate Bonds to such investors during the Intermediaries' Offer.

Allocation policy: the Issuer shall allocate the Bonds on the basis of the following policy and order of priority:

- i. first to Maturing Bondholders up to the extent of their holdings of Maturing Bonds on the Cut-off Date to be utilised for the purposes of the payment of consideration of Bonds, rounded upwards to the nearest €100 and subject to the minimum Application of €2,000;
- ii. the balance of the Bonds not subscribed for by Maturing Bondholders limitedly by means of a Maturing Bond Transfer, if any, shall be made available for subscription to Maturing Bondholders in respect of any additional Bonds applied for other than by Maturing Bond Transfer exceeding in value the aggregate nominal value of Maturing Bonds held by them as at the Cut-off Date, *pari passu*, without priority or preference between them and in accordance with the allocation policy as determined by the Issuer. Accordingly, in the event that a Maturing Bondholder applies for additional Bonds other than by Maturing Bond Transfer as specified in (i) above, no guarantee shall be given with respect to the excess Bonds applied for; and
- iii. in the event that following the allocations made pursuant to paragraphs (i) and (ii) above there shall still remain unallocated Bonds, the Issuer shall offer such remaining Bonds to Authorised Intermediaries for subscription through an Intermediaries' Offer. Subscriptions received from Authorised Intermediaries through an Intermediaries' Offer, if any, shall be allocated without priority or preference and in accordance with the allocation policy as determined by the Issuer.

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 constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall be guaranteed in respect of both the interest and the principal amount due under said Bonds by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other outstanding and unsecured debt of the Issuer and Guarantor, present and future.

2. Form, denomination and title

The Bonds will be issued in fully registered form 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. Authorised 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 sub-section 3(C.5) above.

3. Redemption and purchase

Unless previously purchased and cancelled, the Issuer hereby irrevocably covenants in favour of each Bondholder that the Bonds will be redeemed at their nominal value (together with accrued interest) on 10 July 2027 and upon such date the Issuer shall be discharged of any and all payment obligations under the Bonds. Subject to the provisions of this paragraph, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. 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.

4. Payments

Payment of the principal amount of the Bonds 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.

5. 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.

6. Further issues

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.

7. Meetings of the Bondholders

The Issuer may, from time to time, call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of the Prospectus require the approval of a Bondholders' meeting.

8. Governing law and jurisdiction

The Bonds have been created, and the Bond Issue relating thereto is 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 or proceedings against the Issuer and/or the Guarantor arising out of or in connection with the Bonds and/or the Prospectus 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

Save for the possible subscription for Bonds by Authorised Intermediaries (which include the Sponsor and the Registrar & Manager) and any fees payable to Rizzo, Farrugia & Co (Stockbrokers) Ltd. as Sponsor in connection with the Bond Issue, and to Bank of Valletta plc as Registrar & Manager, so far as the Issuer is aware no person involved in the Issue has a material interest in the Bond Issue.

E.7

Professional fees, costs related to publicity, advertising, printing, listing, registration, sponsor, management, selling commission and other miscellaneous costs incurred in connection with this Bond Issue, are estimated not to exceed €450,000, and shall be borne by the Issuer. Accordingly, no expenses will be specifically charged to any Bondholder who subscribes for the Bonds. There is no particular order of priority with respect to such expenses.

6. EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Application Forms mailed to Maturing Bondholders	2 June 2017
Closing date for Applications to be received from Maturing Bondholders	21 June 2017 (by 12:00 hours CET)
Intermediaries Offer*	26 June 2017
Announcement of basis of acceptance	28 June 2017
Dispatch of allotment advices and refunds (if any)	6 July 2017
Expected date of admission of the Bonds to listing	7 July 2017
Commencement of interest	10 July 2017
Expected date of commencement of trading in the Bonds	10 July 2017

** In the event that the total value of Applications received from Maturing Bondholders exceeds €25,000,000, the Intermediaries' Offer will not take place.*

REGISTRATION DOCUMENT

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

Dated 29 May 2017

In respect of an issue of €25,000,000 3.75% Unsecured Bonds 2027
of a nominal value of €100 per Bond issued at par by



Tumas Investments plc
(a public limited liability company registered in Malta with company registration number C 27296)

Guaranteed by
Spinola Development Company Limited
(a private limited liability company registered in Malta with company registration number C 331)

ISIN: MT0000231259

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

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

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

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

Raymond Fenech

Yorgen Fenech

Ray Sladden

Michael Grech

Kevin Catania

John Zarb

Legal Counsel



Sponsor



Registrar & Manager



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IMPORTANT INFORMATION

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

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

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

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

THE PROSPECTUS AND THE OFFERING, SALE OR DELIVERY OF ANY BONDS MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN THE PROSPECTUS IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE ISSUER OR THE GUARANTOR SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS 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 LEGAL ADVISERS, ACCOUNTANTS AND/OR OTHER FINANCIAL ADVISERS AS TO LEGAL, TAX, INVESTMENT OR ANY OTHER RELATED MATTERS CONCERNING THE BONDS AND THE PROSPECTUS.

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

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

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

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

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

ALL THE ADVISERS TO THE ISSUER AND THE GUARANTOR NAMED IN THIS REGISTRATION DOCUMENT UNDER THE HEADING *“ADVISERS TO THE ISSUER AND GUARANTOR”* IN SUB-SECTION 4.4 OF THIS REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR IN RELATION TO THIS PUBLIC OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL, ACCORDINGLY, NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

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

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS.

1. DEFINITIONS

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

“Act” or “Companies Act”	the Companies Act, 1995 (Chapter 386 of the laws of Malta);
“Authorised Intermediaries”	all the licensed stockbrokers and financial intermediaries listed in Annex D of the Securities Note forming part of the Prospectus;
“Bond/s”	the €25,000,000 unsecured bonds 2027 of a nominal value of €100 per bond issued at par and redeemable on the Redemption Date at their nominal value, bearing interest at the rate of 3.75% per annum. The Bonds are guaranteed by Spinola Development Company Limited;
“Bond Issue”	the issue of the Bonds;
“Bondholder”	a holder of Bonds;
“Company” or “Issuer”	Tumas Investments plc, a company registered under the laws of Malta having its registered office at Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian’s, Malta and bearing company registration number C 27296;
“Directors” or “Board”	the directors of the Issuer whose names are set out in sub-section 4.1 of this Registration Document;
“Euro” or “€”	the lawful currency of the Republic of Malta;
“Exchange” or “Malta Stock Exchange” or “MSE”	Malta Stock Exchange plc, as originally constituted in terms of the Financial Markets Act (Chapter 345 of the laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
“Financial Analysis Summary”	the financial analysis summary dated 29 May 2017 compiled by the Sponsor in line with the applicable requirements of the Listing Authority policies and which is intended to summarise the key financial data set out in the Prospectus appertaining to the Issuer and the Guarantor, a copy of which is set out in Annex A of the Securities Note forming part of the Prospectus;

“Guarantee”	the joint and several suretyship of the Guarantor in terms of the guarantee contained in Annex B of the Securities Note forming part of the Prospectus and as described in Element B.18 of the Summary Note forming part of the Prospectus;
“Guarantor” or “SDC”	Spinola Development Company Limited, a company registered under the laws of Malta having its registered office at Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian’s, Malta and bearing company registration number C 331, in terms of the Guarantee;
“Halland Developments Company Limited”	Halland Developments Company Limited, a company registered under the laws of Malta having its registered office at Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian’s, Malta and bearing company registration number C 46810;
“Listing Authority”	the Malta Financial Services Authority, appointed as Listing Authority for the purposes of the Financial Markets Act (Chapter 345 of the laws of Malta) by virtue of Legal Notice 1 of 2003;
“Listing Rules”	the listing rules issued by the Listing Authority, as may be amended from time to time;
“Maturing Bonds”	the 6.2% bonds 2017 – 2020 due to be redeemed by the Issuer on 10 July 2017, with ISIN code MT0000231234, issued by the Issuer pursuant to a prospectus dated 9 June 2010 and guaranteed by the Guarantor, and amounting as at the date of the Prospectus to €25,000,000;
“Malta Stock Exchange Bye-Laws”	the Malta Stock Exchange plc bye-laws issued by the authority of the board of directors of Malta Stock Exchange plc, as may be amended from time to time;
“Memorandum and Articles of Association” or “M&As”	the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus;
“MFSA”	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act, 1988 (Chapter 330 of the laws of Malta);
“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;
“Portomaso Leasing Company Limited”	Portomaso Leasing Company Limited, a company registered under the laws of Malta having its registered office at Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian’s, Malta and bearing company registration number C 33110;
“Premium Real Estates Investments Limited”	Premium Real Estates Investments Limited, a company registered under the laws of Malta having its registered office at Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian’s, Malta and bearing company registration number C 52247;
“Prospectus”	collectively the Summary Note, this Registration Document and the Securities Note, all dated 29 May 2017, as such documents may be amended, updated, replaced and supplemented from time to time;
“Prospectus Directive”	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as may be amended from time to time;
“Redemption Date”	10 July 2027;
“Registration Document”	this registration document in its entirety issued by the Issuer dated 29 May 2017, 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 a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of the prospectus and dissemination of advertisements;
“SDC Group”	SDC and its subsidiary companies, namely Portomaso Leasing Company Limited, Halland Developments Company Limited and Premium Real Estates Investments Limited;
“Securities Note”	the securities note issued by the Issuer dated 29 May 2017, forming part of the Prospectus;
“Sponsor”	Rizzo, Farrugia & Co. (Stockbrokers) Ltd., a private limited liability company registered under the laws of Malta having its registered office at Airways House, Third Floor, High Street, Sliema SLM 1549, Malta and bearing company registration number C 13102. Rizzo, Farrugia & Co. (Stockbrokers) Ltd. is an authorised intermediary licensed by the MFSA and a member of the MSE;
“Summary Note”	the summary note issued by the Issuer dated 29 May 2017, forming part of the Prospectus;
“Tumas Group”	Tumas Group Company Limited (C 7820) and its subsidiary and associated companies, including the Issuer and the Guarantor, together with various other companies principally involved in hospitality, leisure and tourism, property trading, leasing and development; and
“Tumas Group Company Limited”	Tumas Group Company Limited, a company registered under the laws of Malta having its registered office at Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian’s, Malta and bearing company registration number C 7820. Tumas Group Company Limited is the ultimate parent company of the Tumas Group.

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

Unless it appears otherwise from the context:

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

2. RISK FACTORS

PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER AND/OR THE GUARANTOR. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND NEITHER THE ISSUER NOR THE GUARANTOR ARE IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

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

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

2.1 Forward-looking statements

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

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

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

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

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

2.2 Risks related to the Issuer's reliance on the SDC Group

The Company itself does not have any substantial assets and is, essentially, a special purpose vehicle set up to act as a financing company solely for the needs of the SDC Group and, as such, its assets consist primarily of loans issued to SDC Group companies. The Issuer is dependent on the business prospects of the SDC Group and, consequently, the operating results of the SDC Group have a direct effect on the Issuer's financial position. Therefore, the risks intrinsic in the business and operations of SDC Group companies have a direct effect on the ability of the Issuer and the Guarantor to meet their respective obligations in connection with the payment of interest on the Bonds and repayment of principal when due. Accordingly, the risks of the Issuer are indirectly those of the SDC Group, and, in turn, all risks relating to the SDC Group are the risks relevant to the Guarantor.

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

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

2.3 Risks related to the business of the SDC Group

2.3.1 *General*

The SDC Group, and the wider Tumas Group generally, has a long trading history in mixed-use real estate developments that consist principally of hotels, residential and office property. The Portomaso complex is a mature property development, targeted in part at the commercial and residential market, and in part at the hospitality and tourism sector. The material part of the income currently earned by the project is derived from the operations of the Hilton Malta hotel, from the rental of office and other commercial space, and from the operation of ancillary facilities such as the car park and the marina. The Hilton Malta hotel derives substantial income from business travellers, and from tourists. Portomaso is affected across the span of its components by business liquidity and economic conditions both locally and overseas.

Income from business travellers, and income from office and commercial lettings, depend on the continued economic well-being of the Maltese islands and, in particular, on the continuity of the incentives and broader legislative framework that help drive Malta's success as an international business centre. A severe curtailment in the country's level of activity in this sector would curtail the volume of business visitors to Malta, while reducing the demand for office space, and would have an adverse impact on the SDC Group's business.

The operation of the Hilton Malta hotel is, in part, subject to the risks normally associated with the incoming tourism industry. Said industry is impacted primarily by economic conditions in the countries from which Malta's tourism is sourced; by economic and political conditions in competing destinations; by the availability of air travel capacity and connections to the Maltese islands; and by the continued growth in global tourism that impacts overall hotel occupancy across European destinations. Adverse movements in the overall balance of these factors would negatively impact the SDC Group's operations.

The Hilton Malta hotel is managed by Hilton International. A diminution in the global success of Hilton, leading to a reduction in the popularity of its reservations system, would have a negative impact on the operations of the Hilton Malta hotel.

The business of managing, operating and letting of retail and commercial areas within the Portomaso complex may be subject to fluctuations in demand for such space and to counter-party risks over which the Guarantor may have no control. These may be the result of market and economic conditions generally, as well as those affecting the Guarantor's operations directly, such as fluctuations in consumer spending and shifts in consumer trends and preferences.

Rental operations may also be impacted by other existing or planned property developments and by the state of the property market generally. The SDC Group expects to continue to face competition from a number of property developments which are currently underway or projected in the vicinity and other areas. The quality of development and finishing standards, location and vehicular accessibility and the amenities and facilities on offer may also impact on competition in the residential real estate market.

Material delays in income generation when compared to the company's expectations would necessitate the rescheduling of SDC's loan obligations, which would require the consent of the financing banks. Such delays would also serve to prolong the SDC Group's exposure to interest rate risk.

The SDC Group's operations and the results of its operations are subject to a number of other factors (as detailed below) that could adversely affect the SDC Group's business, many of which are common to the hotel and real estate industry and are beyond the SDC Group's control.

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

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

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

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

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

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

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

The SDC Group's ability to implement its business strategies is dependent upon, amongst other things, its ability to generate sufficient funds internally and to access financing at acceptable costs. No assurance can be given that sufficient financing for its current and future investments will be available on commercially reasonable terms or within the timeframes required by the SDC Group, also taking into account the need, from time to time, for the SDC Group's properties to undergo renovation, refurbishment or other improvements. Any weakness in the capital markets may limit the SDC Group's ability to raise capital for completion of projects that have commenced or for development of future investments. Failure to obtain, or delays in obtaining, the capital required to complete current or future developments on commercially reasonable terms, including increases in borrowing costs or decreases in loan funding, may limit the SDC Group's growth and materially and adversely affect its business, financial condition, results of operations and prospects.

2.3.4 Fluctuations in property values

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

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

2.3.5 Liquidity risk

In view of the fact that the SDC Group is, in part, a property holding organisation, coupled with the fact that property is a relatively illiquid asset, such illiquidity may affect the SDC Group's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely manner and at satisfactory prices in response to changes in economic, real estate, market or other conditions, or the exercise by tenants of their contractual rights such as those which enable them to vacate properties occupied by them prior to, or at, the expiration of the lease term. These factors could have an adverse effect on the SDC Group's financial condition and results.

2.3.6 Litigation risk

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

2.3.7 Reliance on key senior personnel and management

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

In common with many businesses, the SDC Group will be relying on the contacts and expertise of its senior management teams and other key personnel. Although no single person is solely instrumental in fulfilling the SDC Group's business objectives, there is no guarantee that these objectives will be achieved to the degree expected following the possible loss of key personnel.

2.3.8 The SDC Group's insurance policies

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

2.3.9 Other risks

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

3. PERSONS RESPONSIBLE

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

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

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

4.1 Directors of the Issuer

As at the date of this Registration Document, the Board of the Issuer is composed of the following persons:

Raymond Fenech	Executive Director and Chairman
Yorgen Fenech	Executive Director
Ray Sladden	Executive Director and company secretary
Michael Grech	Non-executive Director
Kevin Catania	Independent, non-executive Director
John Zarb	Independent, non-executive Director

Mr Raymond Fenech, Mr Yorgen Fenech and Mr Ray Sladden occupy senior executive positions within the Tumas Group. The other three directors, Mr Kevin Catania, Mr John Zarb and Dr Michael Grech, serve on the Board of the Company in a non-executive capacity. Furthermore, Mr Kevin Catania and Mr John Zarb are considered as independent Directors since they are free of any significant business, family or other relationship with the Issuer, its controlling shareholder or the management of either, that creates a significant conflict of interest such as to impair their judgement. In assessing Mr Catania's and Mr Zarb's independence due notice has been taken of Listing Rule 5.117.

The business address of said Directors is Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian's, Malta.

The company secretary of the Issuer is Mr Ray Sladden. The *curriculum vitae* of Mr Sladden is set out below in this sub-section 4.1.

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

Name: **Raymond Fenech**; Executive Director and Chairman

Mr Fenech is the Executive Chairman of the Tumas Group and a director of all the companies within the group. In this role he directs the strategic development of the Tumas Group and chairs regular management meetings with the group's subsidiaries' management teams. For a number of years he held key roles in the various divisions of the Tumas Group and has been a reference

point on corporate procedural matters and liaison with local authorities. Mr Fenech had also been involved for a number of years in the management of the hospitality division of the Tumas Group, following which he was appointed as executive director of the property division. In this capacity he was predominantly involved in the re-organisation of this division and in overseeing the development of various real estate projects undertaken by the Tumas Group across the Island. Mr Fenech has been key to guiding the Tumas Group towards a consolidation phase and promoting the group's vision towards further large-scale projects. He has previously occupied the position of Chairman of the Foundation for Tomorrow's Schools and sat on the board of the Malta Tourism Authority. Mr Fenech was also Chairman of AirMalta plc between April 2013 and July 2014.

Name: **Yorgen Fenech**; Executive Director

Mr Fenech joined the family business from an early age. Following an initial stint at the University of Malta, he was originally assigned to the property division where he was responsible for the development and completion of a number of real estate projects. He then moved on to other sectors of the Tumas Group's business, mainly the gaming division and played a key role in the Tumas Group's expansion. Since then Mr Fenech continued to widen his insight into the overall business strategy of the Tumas Group. Lately he was one of the promoters who, together with other leading local entrepreneurs, joined forces with strategic investors to form a local consortium which was awarded an 18-year contract by Enemalta for a power purchase agreement and gas supply agreement. Mr Fenech also sits on the board of a number of companies within the Tumas Group.

Name: **Ray Sladden**; Executive Director and company secretary

Mr Sladden is a Certified Public Accountant and a fellow of the Malta Institute of Accountants. He is an associate of the London Institute of Banking and Finance, the Association of Corporate Treasurers, and a member of the British Chartered Management Institute. As from 1998 he has held the position of Group Finance Director and Company Secretary of all fully owned companies within the Tumas Group. Mr Sladden is also a director of a number of group subsidiaries and had previously occupied the position of Financial Controller and subsequently Group Treasurer of AirMalta plc. He has held a number of directorships in companies within the airline, hospitality, insurance and finance sector. Mr Sladden is currently a director on the Board of Malita Investments plc, a Malta Stock Exchange listed company, and a member to the Board of Governors of the National Development and Social Fund. Mr Sladden is also a founding member of the Board of Trustees of the Tumas Fenech Foundation for Education in Journalism and sits on the PAIB committee of the Malta Institute of Accountants.

Name: **Michael Grech**; Non-executive Director

Dr Grech graduated Bachelor of Arts and Doctor of Laws from the University of Malta, following which he pursued a Master of Laws at University College, London. He is a partner and heads the intellectual property department at GVZH Advocates and his practice focuses on all aspects of intellectual property law, including the representation of several local and multi-national clients in brand protection and anti-counterfeiting measures. Dr Grech also assists the firm's commercial and corporate department and has been part of the firm's team on privatisation matters, advising the Government of Malta, as well as private clients. Dr Grech sits on the boards of a number of local companies, is the Chairman of Teatru Manoel and is also a member of the boards of Governors of Fondazzjoni Patrimonju Malti and St. Edward's College. He is a Knight of Magistral Grace of the Sovereign Military Order of Malta.

Name: **Kevin Catania**; Independent, non-executive Director

Mr Catania currently serves as director of a licensed Corporate Service Provider, Stivala & Stivala Corporate Management Limited, having joined in 2009 following a fifteen year stance at PricewaterhouseCoopers. He joined PwC straight after completing an Honours Degree in Accountancy at the University of Malta in 1994. He held the post of Senior Manager Tax Services for a substantial part of his years at PwC having gained all-round professional experience with particular focus on tax services advising domestic and multinational companies in taxation matters. Mr Catania lectured on tax subjects at classes organised by professional bodies and at various other seminars and also served as examiner on the Maltese variant of the advanced taxation paper for the ACCA professional examinations for eight years.

Name: **John Zarb**; Independent, non-executive Director

Mr Zarb is a fellow of the Chartered Association of Certified Accountants and of the Malta Institute of Accountants and holds a warrant of Certified Public Accountant. He has recently retired from a long career with PricewaterhouseCoopers, where he served as a partner between 1988 until his retirement on 31 December 2014 upon reaching the firm's mandatory partner retirement age. Mr Zarb is a former Council member and past president of the Malta Institute of Accountants. He served on the Accountancy Board, the regulatory body of the profession, between 1966 and 2014, and represented Government on the EU Accounting Regulatory Committee between 2004 and his retirement in 2014. Mr Zarb also served for many years as a visiting lecturer and examiner in Auditing at the University of Malta. He has recently assumed chairmanship of PG plc.

4.2 Directors of the Guarantor

As at the date of this Registration Document, the board of the Guarantor is composed of the following persons:

Raymond Fenech	Executive director and Chairman
Emanuel Fenech	Executive director
Yorgen Fenech	Executive director

All three directors occupy senior positions within the Tumas Group of companies and are remunerated by subsidiaries within the Tumas Group, rather than by the Guarantor, for carrying out functions on behalf of Tumas Group.

The business address of the directors of the Guarantor is Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian's, Malta.

Mr Ray Sladden occupies the position of company secretary of the Guarantor.

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

Name: **Raymond Fenech**; Executive director and Chairman

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

Name: **Emanuel Fenech**; Executive director

Mr Fenech has been involved for a number of years in the management of the property division of the Tumas Group. His main contribution has been at Portomaso and the group's other larger developments. He has also project managed major refurbishment programmes within the Tumas Group's hospitality and gaming divisions. In this capacity, he chairs regular meetings with the technical management of the Tumas Group and acts as the main coordinator on an operational level. Mr Fenech sits on a number of boards of the Tumas Group subsidiaries.

Name: **Yorgen Fenech**; Executive director

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

4.3 Senior management

The Issuer does not have any employees of its own and relies on SDC Group entities for recruiting staff.

In addition to the directors and company secretary of the Issuer and Guarantor, key members of the SDC Group's executive team are the following:

Ray Sladden	Tumas Group Finance director
Maurice Tabone	Sales and Marketing director of SDC
Matthew Mullan	General Manager of Hilton Malta
Gerald Debono	Tumas Group Architect
Kevin Spiteri	Tumas Group Engineer

The following are the respective *curriculum vitae* of the afore-mentioned key members of the SDC Group's executive team:

Ray Sladden; information relating to Mr Sladden is set out in sub-section 4.1 above.

Maurice Tabone has been involved with the Portomaso project since the planning stage and since 1999 has served as sales and marketing director for the project, leading the company's dedicated marketing force. Mr Tabone has been involved in the property market since 1968. Between 1975 and 1998 he was managing director of Cassar and Cooper (Real Estate) Limited and during the same period he served as president of the Association of Estate Agents for thirteen (13) years and as secretary for seven (7) years. During his career Mr Tabone specialised in the sale of property to foreigners. Since the early seventies he has taken part in property exhibitions and organised property related seminars in a number of countries. He has also served on several Government boards, including the Hotel & Catering Establishments Board and the Planning Consultative Council.

Matthew Mullan is the General Manager of Hilton Malta. An experienced hotel operator, Mr Mullan joined Hilton Worldwide in 1988, and held positions in Egypt, United Kingdom, Ireland and Barbados before taking the helm at Hilton Malta early in 2014. He brings a wealth of international hotel experience to his role. Previous roles have included multi-hotel responsibility, hotel openings and re-developments. External roles have included hotel association directorships in Barbados and Northern Ireland. Mr Mullan has been recognised by the Hotel Catering and International Management Association (HCIMA) and Hilton Worldwide for his leadership with General Manager and Hotel of the Year awards.

Gerald Debono is a warranted Architect and holds a Bachelor Degree in Civil Engineering and Architecture from the University of Malta. In the first 3 years of his career he developed skills in various small scale projects. Since 1996, he was involved in major projects of mixed use in the hotel, commercial and residential sectors, both in Malta and overseas. He presently occupies the position of Tumas Group architect and is actively involved in the project management of the various projects launched by the Tumas Group. He is also a member of the Royal Institute of British Architects.

Kevin Spiteri is a warranted Engineer and holds a Bachelor Degree in Mechanical Engineering from the University of Malta, as well as a Masters in Building Services Engineering from Brunel University in London. He started his career in 1995 as a contracts and site engineer with a local building services contractor. He then moved to a building services consultancy company as an MEP building services consultant engineer where he was actively involved in the design and execution of large mixed use developments, including Portomaso. Since January 2009, Mr Spiteri joined Tumas Group as Group Engineer and is now responsible both for new projects carried out by the Tumas Group as well as for the various subsidiary companies. He is also a member of the local Chamber of Engineers, the Chartered Institute of Building Services Engineers of the UK (CIBSE), as well as of the American Society of Heating Refrigeration and Air Conditioning Engineers (ASHRAE).

4.4 Advisers to the Issuer and Guarantor

Legal Counsel

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

Sponsoring Stockbroker

Name: Rizzo, Farrugia & Co. (Stockbrokers) Ltd.
Address: Airways House, Third Floor, High Street, Sliema SLM 1549, Malta

Registrar & Manager

Name: Bank of Valletta plc
Address: BOV Centre, Cannon Road, Santa Venera SVR 9030, Malta

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

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

4.5 Statutory Auditors

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

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

5. SELECTED FINANCIAL INFORMATION

5.1 Selected financial information of the Issuer

The historical financial information of the Issuer is available for inspection as set out under the heading “Documents available for inspection” in section 16 of this Registration Document.

The most recent financial statements available for inspection are the audited financial statements of the Issuer for the financial year ended 31 December 2016. The audited financial statements of the Issuer for financial years 31 December 2014 and 2015 are also available for inspection. There were no significant changes to the financial or trading position of the Issuer since the 31 December 2016 financial statements. Set out below are highlights taken from the audited financial statements of the Issuer for the years ended 31 December 2014, 2015 and 2016.

Extracts from the historical financial information of the Issuer:

Statements of comprehensive income for the years ended 31 December	Actual 2014 €'000	Actual 2015 €'000	Actual 2016 €'000
Finance income	3,473	3,069	3,010
Finance costs	(3,374)	(2,967)	(2,893)
Net interest income	99	102	117
Investment income	129	-	-
Administrative expenses	(133)	(91)	(112)
Profit before tax	95	11	5
Tax expense	-	(4)	(2)
Profit after tax	95	7	3

Statements of financial position as at 31 December	Actual 2014 €'000	Actual 2015 €'000	Actual 2016 €'000
Loans receivable	51,593	49,380	49,380
Total non-current assets	51,593	49,380	49,380
Loans and receivables	2,912	-	-
Trade and other receivables	1,504	1,461	1,314
Current tax assets	1	2	-
Cash and cash equivalents	1,154	1,524	2,031
Total current assets	5,571	2,987	3,345
Total assets	57,164	52,367	52,725
Share capital	233	233	233
Retained earnings	352	361	363
Total equity	585	594	596
Borrowings	51,808	49,677	49,764
Trade and other payables	200	549	949

Total non-current liabilities	52,008	50,226	50,713
Borrowings	2,912	-	-
Trade and other payables	1,658	1,547	1,415
Current tax liabilities	-	-	1
Total current liabilities	4,571	1,547	1,416
Total liabilities	56,579	51,773	52,129
Total equity and liabilities	57,164	52,367	52,725

Cash flow statements for the years ended 31 December	Actual 2014 €'000	Actual 2015 €'000	Actual 2016 €'000
Cash flows from operating activities			
Operating profit	95	12	5
Adjustments for:			
Amortisation of bond issue costs	84	82	87
Amortisation of MGS premium	24	-	-
Gain on disposal of investments	(129)	-	-
Cash from operations (before changes in working capital)	74	94	92
Trade and other receivables	180	64	(5)
Trade and other payables	67	(111)	(132)
Amounts owed by fellow subsidiaries	55	(21)	151
Cash generated from operating activities	376	26	106
Income tax paid	(2)	(5)	-
Tax refund received	-	-	1
Net cash generated from operating activities	374	21	107
Cash flows from investing activities			
Repayments of loans and receivables	2,911	5,125	-
Proceeds from held-to-maturity financial assets	1,029	-	-
Net cash generated from investing activities	3,940	5,125	-
Cash flows from financing activities			
Proceeds from advances from fellow subsidiary	200	549	400
Repayment of advances to fellow subsidiary	(3,809)	(200)	-
Redemption of €25,000,000 6.25% bonds	(25,000)	-	-
Issue of €25,000,000 5% bonds	25,000	-	-
Issue costs	(251)	-	-
Repayment of bank borrowings	(2,911)	(5,125)	-
Release of bond redemption fund	3,100	-	-
Contribution to bond redemption fund	(500)	(500)	(500)
Net cash used in financing activities	(4,171)	(5,276)	(100)
Net movement in cash and cash equivalents	143	(130)	7
Cash and cash equivalents at beginning of year	11	154	24
Cash and cash equivalents at end of year	154	24	31

The decrease in finance income between 2014 and 2016 is primarily due to the refinancing of the 2014-2016 €25 million bond issue in 2014 at a lower coupon and the repayment of bank loans. Net interest income, which represents the margin generated by the Issuer on the financing raised and advanced to the Guarantor, increased from €99,000 in 2014 to €117,000 in 2016. In 2014, the Issuer registered a one-time gain on the disposal of investments of €129,000.

After administrative expenses amounting to €112,000 in 2016, €91,000 in 2015 and €133,000 in 2014, the Issuer generated profit before tax of €95,000 in 2014, €11,000 in 2015 and €5,000 in 2016.

As at 31 December 2016 and 2015, the Issuer carried loans receivable from the Guarantor of €49.4 million decreasing from €54.5 million as at 31 December 2014 (including the short-term portion). As at 31 December 2016, total assets amounted to €52.7 million, which is consistent with the figure in the previous year. As at 31 December 2014, total assets amounted to €57.2 million.

The Issuer's total assets are funded primarily through borrowings raised by the Issuer, which as at 31 December 2016 stood at €49.8 million compared to €49.7 million as at 31 December 2015 and €54.7 million as at 31 December 2014. Total shareholders' equity stood at €0.6 million as at 31 December 2016, which is consistent with the shareholders' equity figure reported in the previous two years.

5.2 Capitalisation and indebtedness of the Issuer

The Issuer's bonds in issue, including the Bonds, are guaranteed by the Guarantor. Related finance costs are also guaranteed by the Guarantor. The capital management of the Company, therefore, consists of a process of regularly monitoring the financial position of the Guarantor.

The Guarantor discloses a borrowing ratio of 27.7% as at 31 December 2016. This ratio expresses the Guarantor's borrowings as a percentage of the aggregate net assets funded also by the shareholders' equity. Details of the loan capital and borrowings of the Guarantor are set out in sub-section 5.4 below. Furthermore, sub-section 6.9.1 of the Securities Note contains details relative to the liabilities in place as at the date of the Prospectus.

5.3 Selected financial information of the Guarantor

The historical financial information of the Guarantor, which has been extracted from the audited consolidated financial statements of the Guarantor, which comprises the Guarantor and its subsidiaries as at 31 December 2016 (Portomaso Leasing Company Limited, Halland Developments Company Limited and Premium Real Estates Investments Limited), is available for inspection as set out under the heading *"Documents available for inspection"* in section 16 of this Registration Document. Set out below are highlights taken from the audited consolidated financial statements of the Guarantor for the years ended 31 December 2014, 2015 and 2016:

Extracts from the historical consolidated financial information of the Guarantor:

Income statements for the years ended 31 December	Actual 2014 €'000	Actual 2015 €'000	Actual 2016 €'000
Revenue	43,295	46,416	41,899
Cost of sales	(26,209)	(27,659)	(25,421)
Gross profit	17,086	18,757	16,478
Administrative expenses	(6,992)	(7,948)	(7,220)
Other income	160	389	146
Operating profit	10,254	11,198	9,404
Finance income	245	228	255
Finance costs	(4,158)	(3,758)	(3,568)
Profit before tax	6,341	7,668	6,091
Tax expense	(2,480)	(1,952)	(908)
Profit for the year	3,861	5,716	5,183

Statements of financial position as at 31 December	Actual 2014 €'000	Actual 2015 €'000	Actual 2016 €'000
Property, plant and equipment	74,616	105,000	108,391
Investment property	15,794	12,992	13,736
Trade and other receivables	3,921	3,776	3,192
Total non-current assets	94,331	121,768	125,319
Inventories	15,052	18,833	21,780
Trade and other receivables	30,259	23,137	22,212
Current tax assets	-	237	332
Cash and cash equivalents	4,577	12,022	11,773
Total current assets	49,888	54,229	56,097
Total assets	144,219	175,997	181,416
Share capital	13,653	13,653	13,653
Revaluation reserves	19,028	51,599	51,378
Retained earnings	17,328	12,966	16,356
Total equity	50,009	78,218	81,387
Borrowings	59,604	57,079	54,085
Trade and other payables	2,295	2,467	211
Deferred tax liabilities	12,393	7,183	7,344
Total non-current liabilities	74,292	66,729	61,640
Borrowings	4,330	1,644	4,205
Trade and other payables	14,578	27,507	33,791
Current tax liabilities	1,010	1,899	393
Total current liabilities	19,918	31,050	38,389
Total liabilities	94,210	97,779	100,029
Total equity and liabilities	144,219	175,997	181,416

Cash flow statements for the years ended 31 December	Actual 2014 €'000	Actual 2015 €'000	Actual 2016 €'000
Cash flows from operating activities			
Operating profit	10,254	11,199	9,404
Adjustments for:			
Depreciation	5,145	5,117	5,825
Net loss on disposal of investment property and property, plant and equipment	(68)	98	19
Amortisation of issue costs	46	(36)	(41)
Changes in working capital:			
Inventories	1,012	(1,769)	(2,948)
Trade and other receivables (net of provision)	(6,321)	7,121	925
Trade and other payables	3,244	12,929	6,284
Cash generated from operating activities	13,312	34,659	19,468
Interest received	245	228	255
Interest paid	(4,112)	(3,721)	(3,527)
Income tax paid	(848)	(1,588)	(2,349)
Net cash generated from operating activities	8,597	29,578	13,847
Cash flows from investing activities			
Purchase of property, plant and equipment and investment property	(4,558)	(6,732)	(10,152)
Disposal of investment property	224	709	175
Movement in non-current receivables	3,037	145	584
Movement in non-current payables	(50)	171	(2,255)
Net cash used in investing activities	(1,347)	(5,707)	(11,648)
Cash flows from financing activities			
Repayments of borrowings	(10,500)	(1,766)	(5,036)
Proceeds from bank borrowings	10,000	1,454	4,573
Proceeds from loans from fellow subsidiary	24,718	-	-
Repayments of loans from fellow subsidiary	(27,676)	(5,125)	-
Issue costs	(188)	-	-
Dividends paid	(2,215)	(11,215)	(2,015)
Net cash used in financing activities	(5,861)	(16,652)	(2,478)
Net movement in cash and cash equivalents	1,389	7,219	(279)
Cash and cash equivalents at beginning of year	3,020	4,409	11,628
Cash and cash equivalents at end of year	4,409	11,628	11,349

SDC's revenue amounted to €41.9 million in 2016 compared to €46.4 million reported for 2015 and €43.3 million in 2014. The 9.7% decrease in revenue in 2016 is primarily due to the refurbishment of the hotel and its in-house catering establishments and bars, which were closed for a 10-week period in early 2016, as well as lower sales of residential units compared to the previous year. In 2015, SDC's revenue increased by 7.2% on 2014.

In the period between 2014 and 2016, SDC's gross profit margin remained relatively consistent averaging 39.8% of revenue. Administrative expenses in 2016 represented 17.2% of revenue compared to 17.1% in 2015 and 16.2% in 2014.

In 2016, SDC generated €9.4 million operating profit, which represents a margin of 22.4% on revenue. In 2015 and 2014 operating profit amounted to €11.2 million (24.1% margin on revenue) and €10.2 million (23.7% margin on revenue) respectively.

The hotel and ancillary operations business segment is the largest of SDC's segments generating 77.7% of the Guarantor's revenue in 2016 (76.5% in 2015 and 73.2% in 2014) and 62.0% of SDC's operating profit in 2016 (64.8% in 2015 and 48.6% in 2014).

Given that in the past three years SDC's rentable areas were fully occupied, SDC generated a consistent stream of rental income, which averaged 7.5% of SDC's total revenue and 23.9% of the operating profit generated in this period.

Revenue generated from the sale of residential units represented 11.0% of SDC's revenue in 2014 decreasing to 8.7% of revenue in 2015 and 6.0% of revenue in 2016. These property sales represent the disposal of the residual inventory of completed apartments held by SDC.

In the period between 2014 and 2016, revenue from complex management operations, which mainly includes the recharge of common area expenses and utilities, averaged 8.1% of SDC's total revenue and 1.5% of SDC's operating profit.

As at 31 December 2016, SDC carried €125.3 million non-current assets increasing from €121.8 million as at 31 December 2015. The €27.4 million net increase in non-current assets in 2015 is mainly due to the revaluation of the property, plant and equipment, which comprises the Hilton hotel, car park and other assets used in the provision of ancillary activities.

Current assets increased from €49.9 million as at 31 December 2014 to €56.1 million as at 31 December 2016. The increase is mainly driven by the work in progress in relation to the Laguna project that is carried in inventory, net of movements in trade and other receivables and cash and cash equivalents. The decrease in trade and other receivables between 2014 and 2015 is primarily due to the repayment of advances made by SDC to other companies within the Tumas Group.

Total liabilities, which as at 31 December 2016 amounted to €100.0 million, comprise borrowings of €58.3 million (including long-term and short-term borrowings); €34.0 million trade and other payables (including long-term and short-term balances); and €7.7 million current and deferred taxes. Borrowings comprise loans advanced by the Issuer and bank borrowings raised by SDC. The increase in trade and other payables in the period is mainly due to advance deposits received on the preliminary agreements entered into with respect to the Laguna apartments.

The increase in shareholders' equity between 31 December 2014 and 31 December 2016 is due to the revaluation of property, plant and equipment, net of the related deferred tax movement, and the retained net profits for the period.

5.4 Capitalisation and indebtedness of the Guarantor

The capital of the Guarantor is managed with a view of maintaining a controlled relationship between capital and gearing in order to maintain an optimal capital structure which reduces the cost of capital. To maintain or adjust its capital structure, the Guarantor may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The table overleaf illustrates the capital and indebtedness of the Guarantor over the past three financial years. As at 31 December 2016, SDC had net borrowings of circa €38,300,000, down from €40,300,000 and €44,600,000 in 2015 and 2014 respectively. Net borrowings are stated net of cash and cash equivalents; treasury funds placed on a temporary basis with other companies within the Tumas Group (see section 8 of this Registration Document) and amounts advanced to the Issuer to be transferred to the bond redemption fund being built up in relation to Issuer bonds currently in issue.

	Actual 2014 €'000	Actual 2015 €'000	Actual 2016 €'000
Bank overdrafts	168	394	424
Bank loans	9,500	9,152	8,648
Loan from Tumas Investments plc	54,266	49,178	49,219
Cash and cash equivalents	(4,577)	(12,022)	(11,773)
Group treasury funds	(14,601)	(5,888)	(7,317)
Advances to Tumas Investments plc	(200)	(549)	(932)
Net borrowings	44,556	40,265	38,269
Shareholders' equity	50,008	78,218	81,387
Adjustment for fair value on investment property	15,349	19,038	18,639
Total equity	65,357	97,256	100,026
Total capital	109,913	137,521	138,295
Gearing ratio	40.5%	29.3%	27.7%
<i>(Net borrowings/Net borrowings + Total shareholders' equity)</i>			

Total shareholders' equity as at 31 December 2016 amounts to €100,000,000, including €18,600,000 adjustment representing the fair value surplus (net of deferred tax) over the carrying amount of investment property, which is accounted for in the statement of financial position at historic cost, less depreciation. No similar adjustment is necessary to property, plant and equipment given that this was last revalued in 2015. The adjustment to the carrying value of investment property is made to enable a reliable analysis of the company's gearing such that outstanding borrowings are compared to the current fair value of the company's long term assets.

The Guarantor's gearing ratio as at 31 December 2016 is 27.7% (net borrowings on total capital), whereas the company's gearing in 2015 and 2014 was higher at 29.3% and 40.5%, respectively.

The proceeds from the proposed Issue will be used in their entirety to redeem the Maturing Bonds. The Issue is, accordingly, expected to have a negligible impact on the gearing of the Guarantor.

No covenants going beyond normal lending terms (governing use of funds, security, insurance arrangements, observance of relevant laws and regulations, etc) and which may in any way impede the future operations of SDC are attached to any of the company's borrowings.

6. INFORMATION ABOUT THE ISSUER AND GUARANTOR

6.1 History and development of the Issuer and Guarantor

6.1.1 *The Issuer*

Full legal and commercial name of the Issuer:	Tumas Investments plc
Registered Address:	Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian's
Place of Registration and domicile:	Malta
Registration Number:	C-27296
Date of incorporation:	17 November 2000
Legal Form:	The Issuer is lawfully existing and registered as a public limited company in terms of the Act
Telephone number:	+356 2137 2347
Fax number:	+356 2137 2358
E-mail address:	tgcorporate@tumas.com
Website:	www.tumas.com

The Issuer, save for one share which is held by the Guarantor, is a fully-owned subsidiary company of Tumas Group Company Limited. The Tumas Group has expanded significantly since its founding in the mid-1960's by the late Chev. Thomas Fenech and is today a well-established private group in the Maltese business community, comprising various enterprises active primarily in the hospitality, leisure, tourism and property sectors. The Issuer operates exclusively in and from Malta.

The Issuer was incorporated on 17 November 2000 as a public limited company, registered in terms of the Companies Act with company registration number C 27296 and is domiciled in Malta. The Issuer, which was set up and established to act as a finance company, has an authorised and issued share capital of €250,002, divided into 250,002 ordinary shares of €1 each, fully paid up. At present, the shares in the Issuer are subscribed to and held as indicated in sub-section 11.1 of this Registration Document.

The Issuer is not intended to undertake any trading activities itself apart from the raising of capital and the advancing thereof to members of the SDC Group. Accordingly, the Issuer is economically dependent principally on the financial and operating performance of the businesses of SDC Group entities (further details of said entities and their respective businesses are set out in sub-section 6.1.2 of this Registration Document).

The issue of bonds falls within the objects of the Issuer, which continues and will continue to play a pivotal role in the further development of the SDC Group. The Issuer is intended to serve as a vehicle through which the SDC Group will continue to finance the management and administration of the Portomaso and other projects that may be undertaken under the aegis of the SDC Group; and/or refinance existing credit facilities, enabling the SDC Group to exploit its potential and seize new opportunities arising in the market.

The Issuer currently has two bonds in issue, both of which are listed and traded on the Malta Stock Exchange.

In June 2010, the Issuer issued an aggregate of €25,000,000 6.2% bonds having a nominal value of €100 each and redeemable at par between 2017 and 2020, pursuant to a prospectus dated 9 June 2010. The bonds in question are guaranteed by SDC. The Issuer has the option to redeem all or any part of the bonds in the said bond issue on the dates falling between and including 9 July 2017 and 8 July 2020. Interest on the bonds is payable semi-annually in arrears on 9 January and 9 July of each year between 2011 and 2020. As at the date of this Registration Document the amount of €25,000,000 is outstanding under said June 2010 bond issue and it is the Issuer's intention to repay said outstanding amount with the proceeds raised from this Bond Issue as set out in sub-section 5.1 of the Securities Note.

In July 2014, the Issuer issued a further €25,000,000 5% unsecured bonds due 2024 having a nominal value of €100 each and issued at par pursuant to a prospectus dated 7 July 2014. The said bonds are, likewise, guaranteed by SDC. The maturity date of the bonds in question falls due on 31 July 2024 and interest on the bonds is payable semi-annually in arrears on 31 January and 31 July of each year between and including each of the years 2015 and 2024. The net proceeds from said July 2014 bond issue were used by the Issuer to part finance the redemption of the outstanding amount of €25,000,000 6.25% bonds which had been previously issued by the Issuer in July 2009. As at the date of this Registration Document the amount of €25,000,000 of the said July 2014 bond remains outstanding.

6.1.2 The Guarantor

Full legal and commercial name of the Guarantor:	Spinola Development Company Limited
Registered Address:	Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian's
Place of Registration and domicile:	Malta
Registration Number:	C-331
Date of incorporation:	10 May 1966
Legal Form:	The Guarantor is lawfully existing and registered as a private limited liability company in terms of the Act
Telephone number:	+356 2137 2347
Fax number:	+356 2137 2358
E-mail address:	tgcorporate@tumas.com
Website:	www.tumas.com

SDC, which was incorporated on the 10 May 1966 and was acquired by the Tumas Group in 1986, is a private limited liability company incorporated and registered in Malta with company registration number C 331. SDC is a fully-owned subsidiary of the Tumas Group. Its immediate holding company is Spinola Investments Ltd (C 8034). The Guarantor operates exclusively in and from Malta.

Today, following a number of share capital increases over the years, SDC has an authorised share capital of €13,652,805 divided into 13,652,805 shares of a nominal value of €1 each. The issued share capital of SDC is of €13,652,805 divided into 1,164,687 ordinary 'A' shares of €1 each, 6,988,119 ordinary 'B' shares of €1 each and 5,499,999 redeemable preference shares of €1 each, all of which have been fully paid up. At present, the shares in the Guarantor are subscribed to and held as indicated in sub-section 11.2 of this Registration Document.

The principal object of the Guarantor is to carry on the business of a finance and investment company in connection with the construction, ownership, development, operation and financing of hotels, resorts, leisure facilities, catering, including the provision of ancillary services in the tourism industry, the trading in and development of property and related activities as may from time to time be ancillary or complimentary to the foregoing.

The business of SDC, which is the owner of the site on which the Portomaso complex is built, has, to date, principally comprised the continuous development, management and operation of the Portomaso complex.

SDC effectively owns 100% of the share capital of Portomaso Leasing Company Limited, Halland Developments Company Limited and, as of March 2011, 99% of Premium Real Estates Investments Limited.

The operations of Portomaso Leasing Company Limited form an integral part of the management and administration of the Portomaso project. The company focuses on leasing of the long term commercial and office components of the project.

On 4 June 2009, Halland Developments Company Limited acquired the freehold title of the Halland site and adjoining land from St. Andrews Hotels Limited, another fully-owned subsidiary of the Tumas Group. The consideration for the transfer was €9,000,000.

Premium Real Estates Investments Limited acquired the *dominium directum* on a portion of Portomaso properties from SDC in 2012 in order to better manage the said rights to the property and any possible disposal of such rights.

6.2 Investments since last published financial statements

No material investments have been made by the Issuer or by the Guarantor since the date of the last published financial statements, that covered the financial year ended 31 December 2016.

7. BUSINESS OVERVIEW AND TREND INFORMATION

7.1 The Issuer

As already explained above, the Company is a fully-owned subsidiary of the Tumas Group, which has been set up to act as a financing company. Accordingly, its business is limited to the raising of funds for general financing purposes, the financing of capital projects and the loaning of such capital to the SDC Group, the collection of interest from SDC Group entities, as applicable, and the settlement, in turn, of interest payable on capital raised from third parties, typically via the issue of listed bonds.

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

7.2 The Guarantor

7.2.1 *Portomaso complex*

The Portomaso complex was launched by SDC in 1996 and constituted one of the largest private sector real estate developments hitherto undertaken in the Maltese Islands.

The project is a unique waterfront development enjoying a very central position on Malta's north eastern shore. It is situated in the heart of St. Julian's, Malta's popular commercial and leisure district, less than five minutes walk from the picturesque Spinola Bay and just off the Island's main roads system.

Portomaso comprises a variety of complementary elements blended together to create a balanced overall development. The complex is constructed around a sheltered excavated marina that extends the natural waterfront of the site and serves to enhance the environment of all the constituent components. These comprise the Hilton Malta hotel (including the convention centre), residential apartments, the business tower, commercial areas, catering outlets, extensive underground car parking facilities and the marina itself.

Construction of the project as originally conceived was largely completed in 2004, with subsequent works consisting mainly of finishes to apartments in line with buyer specifications, and of a 110 room extension to the Hilton Malta hotel that was completed in spring 2008. In 2015, SDC commenced the development of 44 exclusive apartments on the eastern shore of the site, which are expected to be completed in shell form in 2017 with the first deliveries expected in the next 12 months. Furthermore, in early 2017, SDC commenced construction works on a new office block adjacent to the Portomaso business tower, which is expected to be commissioned within the next 12 months.

The Portomaso complex is today a mature development that includes the Hilton Malta hotel and a number of commercial properties (the marina, offices, shops and catering establishments, casino, wine lounge and the public car park). The complex also derives revenues from the sale of property.

The relative importance of the different aspects of the Guarantor's operations are illustrated by an analysis of its turnover in the financial year ended 31 December 2016:

Analysis of turnover generated in the year ended 31 December 2016



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

7.2.1.1 *Hilton Malta and ancillary operations*

The Hilton Malta hotel is the foremost operating unit within the overall complex.

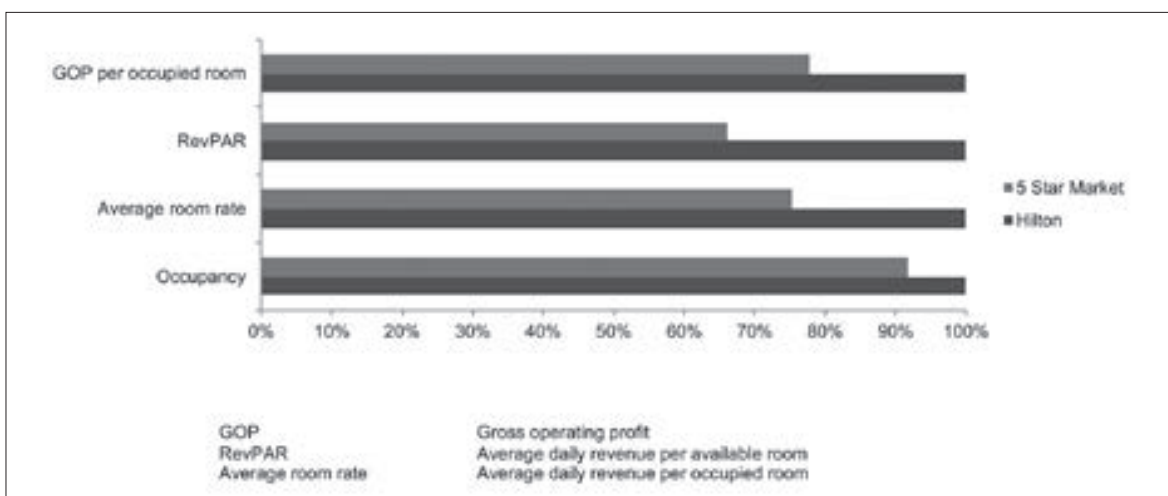
The 413 room five-star hotel welcomed its first guests in February 2000. The hotel complex includes modern conference facilities, a health centre, theme restaurants, a large indoor pool, a number of outside pools and a beach club.

Hilton International has entered into an operating agreement with SDC to market and manage the hotel and the adjacent conference centre, as an integral part of its world-wide chain. The operating agreement is based on standard industry norms and provides for a remuneration package that is based on performance. This agreement, which had an initial term of 15 years was renewed for a further 20 years in 2013, effective from 1 January 2012.

In the spirit of the revised management agreement, SDC proceeded with the refurbishment of the hotel which was mainly carried out during a 10-week temporary closure of the hotel in 2016. In so doing, the hotel and all its amenities were further upgraded in accordance with the chain's quality goals and the owners targeted objectives. Today the Tumas Group is proud to present a renewed infrastructure and upgraded service standards fully endorsed by the Hilton brand.

In late 2015, SDC embarked on a major refurbishment of the Hilton Malta hotel and its common areas at an estimated capital expenditure of €15 million. Besides giving a fresh new look to all of the hotel's deluxe bedrooms (excluding the rooms added as part of the 2008 extension), the refurbishment works involve the creation of new terraces, the refurbishment of bars and restaurants within the hotel, the replacement of lifts, and the upgrading of the soft furnishings in the common areas of the hotel. The refurbishment project reached its peak in early 2016 when the hotel was closed for a consecutive period of 10 weeks between February and April 2016. The final phases of this refurbishment are expected to be finished off later this year.

Over the past few years the hotel's performance has consistently exceeded the average performance reported by other 5 star hotels in the local market. The hotel's success during the year when compared to the overall 5-star market in Malta is illustrated by the following (Hilton = 100):



Source: Deloitte MHRA hotel survey dated March 2017 (based on data for calendar year 2016).

Note: The above information obtained from the Deloitte MHRA hotel survey 2016 has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This operating segment is supported by a number of ancillary operations including the yacht marina, Twenty Two wine lounge and an extensive public car park.

The Portomaso marina has been in operation since 1999 and has a total capacity of 130 berths. The marina comprises three areas, these being the North Basin, for smaller craft and water sports operations; the South Basin, which accommodates up to 45 sailing yachts; and the West Basin, which accommodates up to 60 motor cruisers.

Facilities offered within the Portomaso marina include mooring assistance which is constantly provided on the quayside; security is provided around the whole perimeter; water and electricity facilities and pump out facilities are available for waste-water and materials and used oil.

Twenty Two is a wine lounge located on the twenty second floor (the top floor) of the Portomaso business tower. It opened its doors during the summer of 2006, with the intention of creating a new concept in evening entertainment. This outlet is intended to attract an elite and exclusive customer base.

SDC operates underground public car parking facilities totalling 1,130 car spaces. The use of this car park has increased consistently as the project has matured, and is expected to peak once the Laguna extension and the Portomaso office block (as described below) is completed, hence increasing the footfall within the complex.

7.2.1.2 *Rental operations*

SDC leases a number of areas within the Portomaso business tower and other commercial and office areas within Portomaso.

The commercial and office developments within the Portomaso complex include:

1. Offices situated within the business tower having a lettable area of 3,313m²; and
2. Commercial and other office space having a lettable area of 10,938m².

Among the main rented properties one can find the Arkadia Supermarket, the Café Portomaso, the Casino at Portomaso, the Luxe Pavilion and various other retail and catering outlets.

Occupancy within the Portomaso business tower and within the various commercial elements comprising the complex increased substantially as the project matured and in the past few years SDC's rentable areas were practically fully occupied. Portomaso is today a hive of activity to the common benefit of all its tenants.

In 2017, SDC has commenced the construction of a new office building (the Portomaso office block) over the existing Portomaso cafeteria, which is immediately adjacent to the business tower. The new building will add approximately 5,200m² of gross floor space. The Portomaso office block is expected to be commissioned in 2018. The capital expenditure in relation to this project is estimated in the region of €12,000,000 which will be funded through a combination of banking facilities raised for this purpose and the Guarantor's own cash flows.

Given the size of this development when compared to the overall Portomaso complex, and the experience gained throughout the development of Portomaso, the directors of SDC consider that the risks of any cost overruns and delays emanating from this development would not be material in the context of the company as a whole.

7.2.1.3 *Management of the Portomaso complex*

SDC is responsible for the management and administration of the Portomaso complex, that is, the maintenance, cleaning, security and utilities within the common areas of the project and within each block of apartments, and across the exterior landscaping that characterises the complex. The company recharges costs incurred to tenants and owners, and is entitled to a management fee as remuneration for its services.

7.2.1.4 *Sale of residential apartments*

SDC has to date completed the development of 455 apartments within the Portomaso complex. Of these, 5 apartments were in stock at 31 December 2016, including 3 apartments that are currently subject to promise of sale agreements. The unsold stock of 5 apartments has an expected sales value (when fully finished) of €4,339,000.

As explained earlier, in 2015 SDC commenced the development of the 44 Laguna apartments. The first apartments within this development are expected to be delivered within the next 12 months. Out of the 44 exclusive apartments, 40 apartments are currently subject to promise of sale agreements whilst 4 apartments are still held for sale. The 44 apartments have an expected sales value (when fully finished) in excess of €50,000,000.

The development costs of this extension have been funded from the Guarantor's own cash flows and, in part, by way of banking facilities raised by the Guarantor. The remaining cash outflows in relation to this project are estimated to amount in the region of €16 million.

7.2.1.5 *Financial position and gearing of the Guarantor*

At 31 December 2016, the Guarantor had aggregate net borrowings of €38,300,000 (see sub-section 5.4 above), which represents 27.7% gearing. Further to the additional bank facilities drawn by the Guarantor to finance the final phases of the refurbishment of the Hilton Malta hotel and the development of the Portomaso office block and the Laguna project, net borrowings are expected to increase by around €12,000,000 in 2017 representing a projected gearing of 33.1% as at 31 December 2017. Gearing is expected to decrease thereafter, particularly as the Guarantor receives the proceeds from the sale and delivery of the Laguna apartments.

The financial objective of the SDC Group is that of maintaining a healthy balance between on-going debt and equity, such that long term gearing is retained at a level of circa 30% of the market value of commercial assets, including the hotel. The objective is that of optimising the cost of capital and maximising shareholder returns. The company is, accordingly, aiming to reduce long term net borrowings to circa €40,000,000 in the years ahead.

The attainment of the company's financial objective will, accordingly, necessitate the regular refinancing of a portion of its existing long term debt with loans or bonds that facilitate balance sheet stability. This bond issue is being made primarily to help attain this objective.

7.3 **Trading prospects**

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

The continued success of the Portomaso complex moving ahead depends in large part on the prevailing economic conditions impacting its on-going operations in particular services sectors such as online gaming and financial services. It also depends on continuity in fiscal and other legislation that has made Malta a successful location for international business.

The Hilton Malta hotel remains the largest single component of Portomaso's operations. As with any hotel establishment, the Hilton Malta is exposed to risks associated with the incoming travel industry, which is currently performing at a strong level and which is projected to continue to do so in the foreseeable future. The hotel also enjoys significant business traveller patronage, and this is expected to continue to increase in line with Malta's success as an international business centre, which remains a focal point for Malta's future development. Furthermore, the recent major refurbishment of the hotel should also contribute to the increase in its profitability.

Rental operations are expected to yield a steady income stream moving ahead, which is expected to increase following the planned commissioning of the new Portomaso office block and on account of contracted inflationary increments on existing rent agreements. The complex is fully rented and demand for office space remains very strong in what remains a primary premium office location. Portomaso remains a holistic development of complementary activities that make it an attractive location for tenants. SDC draws comfort from the quality of the counterparties within the project. Anchor units such as Arkadia Supermarket, Café Portomaso, the Casino at Portomaso and the Luxe Pavilion tenants, amongst many others, are today very well established and constitute a stable core.

In other respects, the complex is now in its final development stages and, accordingly, a variety of business risks relating to real estate development no longer apply to Portomaso to any material extent. The main activity of the property division in the coming years will be mainly that of completing the development of the 44 apartments within the Laguna extension, 40 apartments of which are already subject to promise of sale agreements. SDC will also be disposing of the remaining 5 apartments within the other blocks, of which 3 are subject to promise of sale agreements as stated above.

Following the completion of the Laguna project, the Tumas Group may use SDC and its subsidiary companies for other real estate developments, going beyond Portomaso. One such project is the redevelopment of the Halland site, situated at Ibragg, Swieqi for residential use. The Halland remains, however, a longer term project and SDC's financial plans are not dependent on this potential project materialising.

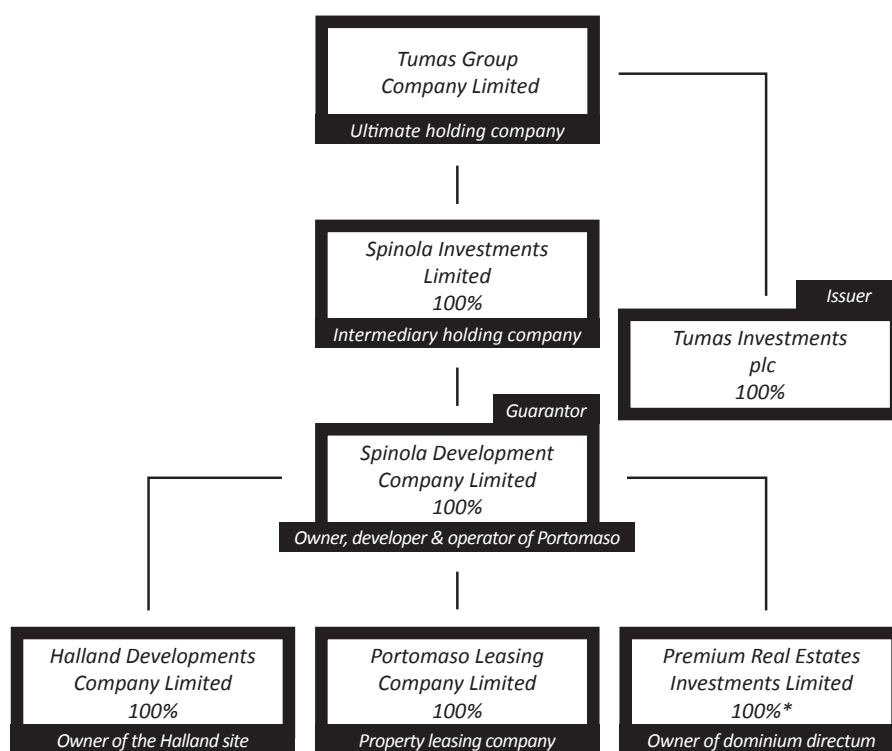
8. ORGANISATIONAL STRUCTURE

The Issuer's role is limited to the financing of the SDC Group's operations and it is, accordingly, fully dependent on the cash flows of the Guarantor. The Issuer has no dependence on other entities within the Tumas Group.

The business of the SDC Group is structured in such a way so as to limit its financial dependence on the other components of the Tumas Group. At the date of approval of the Prospectus, such financial dependencies were in the main limited to the rental of offices and the casino premises situated within the Portomaso Business Tower, and to the group-wide management of treasury operations.

The Tumas Group operates a group treasury function that aims to minimise borrowing costs across the group by making the best use of the available cash resources. In terms of these arrangements, at 31 December 2016 SDC had advanced €7,300,000 to other Tumas Group companies in the form of interest-bearing short term loans. These loans are repayable on demand and are, therefore, matched by available banking facilities covering at least the amount of the loan or cash equivalent. The loans are, accordingly, considered as quasi-cash by SDC.

The organisational structure of the SDC Group, relevant to the Issuer and the Guarantor (which are fully-owned subsidiary companies of Tumas Group Company Limited), is illustrated in the following diagram as at the date of the Prospectus:



*Refers to the effective control that SDC has on Premium Real Estates Investments Limited.

9. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

9.1 The Issuer

The Board of the Issuer acknowledges its statutory mandate to conduct the administration and management of the Company. The Board, in fulfilling this mandate and discharging its duty of stewardship of the Company, assumes responsibility for (i) the Company's strategy and decisions with respect to the issue, servicing and redemption of its bonds and (ii) monitoring that its operations are in conformity with its commitments towards bondholders, shareholders, other external financiers and all relevant laws and regulations.

The Board is also responsible for ensuring that the Company installs and operates effective internal control and management information systems and that it communicates effectively with the market.

9.1.1 Directors of the Issuer

The Memorandum of Association of the Issuer provides that the Board of Directors shall be composed of not less than two (2) and not more than six (6) Directors, who are appointed by the shareholders. As at the date of the Prospectus, the Board of the Issuer is composed of the individuals listed in sub-section 4.1 of this Registration Document.

The Issuer is currently managed by a Board of six Directors, who are responsible for the overall direction and management of the Company. The Board currently consists of three executive Directors, who are entrusted with the company's day-to-day management, and three non-executive Directors, two of whom are also independent of the Issuer and whose main functions are to monitor the operations of the executive Directors and their performance, as well as to review any proposals tabled by the executive Directors.

None of the Directors have been:

- a) convicted in relation to fraud or fraudulent conduct in the last five years;
- b) made bankrupt or associated with any liquidation or insolvency caused by action of creditors;
- c) the subject of any official public incrimination or sanction by any statutory or regulatory authority; or
- d) disqualified by a court from acting as director or manager in the last five years.

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

9.1.2 Appointment of Directors

The Directors of the Issuer are appointed in terms of the Company's Articles of Association. In line with generally accepted principles of sound corporate governance, at least three (3) Directors shall hold a non-executive position and two (2) of the Directors shall be independent of the Tumas Group.

9.1.3 Removal of Directors

In terms of the Company's Articles of Association, any Director may be removed at any time by the Company in general meeting, provided that the Director who is to be removed shall be given the opportunity of making representations to the general meeting at which a resolution for his removal is to be taken.

9.1.4 Powers of the 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.

In terms of the Memorandum and Articles of Association, the maximum limit of aggregate emoluments of the Directors is 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 agree upon the granting of pensions, gratuities or allowances on retirement to any Director who has held any other salaried office with the Company or to his widow or dependants. 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 limit established in the Articles of Association and the overriding authority of the shareholders in general meeting to change, amend, restrict and/or otherwise modify such limit and the Directors' borrowing powers.

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

9.1.5 *Directors' interests*

Save for what is stated below in this sub-section 9.1.5, the Directors of the Company have no beneficial interests in the share capital of the Company as at this date. There are no assets which have been leased or otherwise transferred by or to the Company in which any of the Directors have any interest, direct or indirect, nor are any such leases or transfers being proposed. In addition, there is no contract or arrangement, subsisting at the date of this Registration Document in which a Director of the Company is materially interested.

As at the date of the Prospectus, Mr Raymond Fenech and Mr Yorgen Fenech act as directors of both the Issuer and the Guarantor. Additionally, Mr Raymond Fenech is presently a director of all the companies within the Tumas Group, while Mr Yorgen Fenech and Mr Ray Sladden act as directors of several companies within the Tumas Group.

Furthermore, Mr Raymond Fenech, directly, and Mr Yorgen Fenech, indirectly, each hold shares in Tumas Group Company Limited, which is the major shareholder in the Issuer and which holds the majority of shares in Spinola Investments Ltd (C 8034), which in turn is the major shareholder in the Guarantor.

Mr Emanuel Fenech, who acts as director of the Guarantor, similarly holds shares in Tumas Group Company Limited.

In terms of sub-Articles 68.1 and 68.2 of the Articles of Association of the Issuer a Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract or in any transaction or arrangement (whether or not constituting a contract) with the Company shall declare the nature of his interest at a meeting of the Directors pursuant to the provisions of the Act. A Director shall not vote at a meeting of Directors in respect of any contract or arrangement in which he has a personal material interest, either directly or indirectly.

In this regard, Article 58 of the Articles of Association of SDC provides that, subject to the provisions of section 143, 144 and 145 of the Act, no director shall be disqualified by his position as a director from entering into any agreement with the company and a director may vote and be taken into account for the purpose of forming a quorum in respect of any contract or arrangement in which he may be in any way interested and may retain for his own use and benefit all profits and advantages accruing therefrom.

The directors of SDC are fully aware of the applicable principles enshrined in the aforesaid sections 143, 144 and 145 of the Act; specifically that directors may not, in competition with the company and without the approval of the same company given at a general meeting, carry on business on their own account or on account of others, nor may they be partners with unlimited liability in another partnership or directors of a company which is in competition with that of the company on which they act as directors; the prohibition of the company making any loans or similar payments to directors; and the duty of directors to disclose any interest in a contract with the company.

In light of the foregoing, such directors are susceptible to conflicts between the potentially diverging interests of the Issuer and the Guarantor, as the case may be, and any of such other companies in transactions entered into, or proposed to be entered into, between them.

The Audit Committee of the Issuer has been specifically tasked with ensuring that any potential conflicts of interest that may arise at any time pursuant to these different roles held by the Directors are duly and appropriately managed and handled in the best interest of the Issuer and according to law, as well as with ensuring that the principles enshrined in the aforesaid sections 143, 144 and 145 of the Act are at all times fully adhered to and respected by the directors of SDC.

The fact that the Audit Committee is constituted in its majority by independent, non-executive Directors provides an effective measure to ensure that transactions vetted by the Audit Committee are determined on an arms-length basis. In this regard, Mr John Zarb in his capacity as Chairman of the Issuer's Audit Committee and in view of his status as an independent, non-executive Director, is entrusted with such oversight.

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

9.1.6 Service contracts of the Directors

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

9.1.7 Aggregate emoluments of the Directors

The Company's remuneration policy has been unchanged for the past years and the Company does not intend to affect any changes in its remuneration policy in the near future.

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

The remuneration of Directors is a fixed amount per annum and does not include any variable component relating to profit sharing, share options or pension benefits. During 2016 the Directors received an annual remuneration in an aggregate amount of €17,470.30 (relative to the board as then composed by 5 directors), as approved at the relative annual general meeting of the Company. For the current financial year ending on 31 December 2017 it is expected that the Issuer will pay an aggregate of €20,255.98 to its Directors (in consideration of the appointment of the sixth Director, Mr John Zarb, with effect from 15 March 2017).

9.1.8 Loans to the Directors

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

9.1.9 Employees of the Issuer

The Issuer relies on the SDC Group for administrative support and does not have any employees of its own.

9.2 The Guarantor

9.2.1 Directors of the Guarantor

The Memorandum of Association of SDC provides that the board of directors shall be composed of not less than two (2) and not more than three (3) directors, who are nominated by the shareholders. As at the date of the Prospectus, the board of the Guarantor is composed of three directors as listed in sub-section 4.2 of this Registration Document.

The three directors of the Guarantor occupy senior positions within the Tumas Group of companies and are remunerated by the ultimate parent company rather than by the Guarantor for carrying out functions on behalf of Tumas Group.

9.2.2 Service contracts of the Guarantor's directors

None of the directors have definite service contracts with SDC. Their appointment is made directly by the shareholders.

9.2.3 Removal of the Guarantor's directors

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

9.2.4 Powers of the Guarantor's directors

The directors are, by virtue of the Articles of Association of SDC, empowered to transact all business that is not by the articles expressly reserved for the shareholders in general meeting.

9.2.5 *Loans to the Guarantor's directors*

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

9.2.6 *Employees of the Guarantor*

As at 31 March 2017, SDC employed a total staff complement of 637.

SDC's workforce is predominantly engaged in the operation of the Hilton Malta hotel. Regular training for SDC employees is conducted by Hilton International and the Tumas Group HR Department.

9.2.7 *Working capital*

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

10. BOARD PRACTICES

10.1 Compliance with corporate governance requirements

10.1.1 *The Issuer*

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

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

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

As at the date of this Registration Document, the Board considers the Issuer to be in compliance with the Code, save for the following exceptions:

- i. **Principle 2.1** – the roles of Chairman and Chief Executive Officer are effectively both carried out by Mr Raymond Fenech. Although the Code recommends that the role of Chairman and Chief Executive Officer are kept separate, the Directors believe that Mr Fenech should occupy both positions in view of the experience and leadership skills he brings to both the Board and the executive management team of the Company. In terms of Principle 3.1 of the Code which calls for the appointment of a senior independent director where the roles of Chairman and Chief Executive Officer are carried out by the same person, as in the present circumstances, the composition of the Board comprises Mr John Zarb as the indicated senior independent Director;
- ii. **Principle 8** – the Issuer does not have a remuneration committee as recommended in Principle 8 since the Issuer does not have any employees other than the Directors and the company secretary; and
- iii. **Principle 8** – the Issuer does not have a nomination committee as recommended in Principle 8 of the Code. Appointments to the Board of Directors are determined by the shareholders of the Company in accordance with the Company's Memorandum and Articles of Association. The Issuer considers that the members of the Board possess the level of skill, knowledge and experience expected in terms of the Code.

10.1.2 The Guarantor

The Guarantor is a private company and, accordingly, is not bound by the provisions of the Code set out in the Listing Rules. While the Guarantor is not required to adopt the provisions of the Code, the Audit Committee of the Issuer has been specifically tasked with keeping a watching brief over the financial performance of the Guarantor and other SDC Group subsidiaries, as well as ensuring that rules regarding related party transactions carried out with the Guarantor are adhered to at all times as set out in sub-section 11.3 of this Registration Document. In this regard, the Audit Committee of the Issuer meets on a regular basis to discuss formal reports submitted by the Tumas Group internal audit unit on audits conducted on the operations of SDC, with the consent of the board of directors of SDC.

10.2 The role of the Issuer's Board

Meetings of the Board, chaired by Mr Raymond Fenech, are held as frequently as considered necessary. Individual Directors, apart from attendance at formal Board meetings, participate in other informal meetings throughout the year as may be required, either to assure good corporate governance or to contribute more effectively to the decision-making process.

Apart from setting the strategy and direction of the Company, the Board retains direct responsibility for approving and monitoring:

- i. direct supervision, supported by expert professional advice as appropriate, on the issue and listing of bonds;
- ii. that the proceeds of the Issuer's bonds then in issue are applied for the purposes for which they were sanctioned;
- iii. proper utilization of the resources of the Company; and
- iv. approval of the annual report and financial statements and of relevant public announcements and for the Company's compliance with its continuing listing obligations.

10.3 Risk management and internal control

The Board of the Issuer recognizes that the Company must manage a range of risks in the course of its activities and the failure to adequately manage these risks could adversely impact the business. Whilst no system can provide absolute guarantees and protection against material loss, the risk management systems are designed to give the Directors reasonable assurance that problems can be identified promptly and remedial action can be taken as appropriate.

The Board maintains sound risk management and internal control systems. It is responsible for determining the nature and extent of the risks it is willing to take in achieving its strategic objectives. The Board establishes formal and transparent arrangements to apply risk management and internal control principles, as well as maintaining an appropriate relationship with the Company's auditors.

10.4 Relations with bondholders and the market

The Company communicates with its bondholders by publishing its results on a six-monthly basis during the year and by way of the annual report. The Board feels that it is providing the market with adequate information about its activities through these channels.

10.5 Board committees

The Directors have established an Audit Committee as a sub-committee of the Board. The Issuer considers that the members of the Audit Committee have the necessary experience, independence and standing to hold office as members thereof.

Audit Committee

The Audit Committee of the Issuer, composed of two independent, non-executive Directors and a third non-executive Director, assists the Board in fulfilling its supervisory and monitoring responsibilities in terms of the requirements of the Listing Rules, as well as current best practices and recommendations of good corporate governance. The terms of reference of the Audit Committee include the review of (a) the systems and procedures of internal control implemented by management, (b) the financial statements, disclosures and adequacy of financial reporting and (c) the external and internal audit processes. The Audit Committee also considers the arm's length nature of related party transactions that the Issuer carries out. In this regard, the Audit Committee has the task of ensuring that any potential abuse which may arise in consequence of related party transactions is immediately identified and resolved.

The Audit Committee, which meets at least once every three months mainly to consider the financial results and the annual financial statements of the Issuer, is a sub-committee of the Board and is directly responsible and accountable to the Board. Meetings may be convened at the request of any of its members or at the request of the external auditors. The Issuer's external auditors may be invited to attend. The Board reserved the right to change the Audit Committee's terms of reference from time to time.

As at the date of this Registration Document the members of the Audit Committee are as follows: Mr John Zarb (Chairman), Mr Kevin Catania and Dr Michael Grech. In compliance with the Listing Rules, Mr John Zarb is the independent, non-executive Director who is competent in accounting and/or auditing matters. In his capacity as Chairman of the Audit Committee, Mr Zarb holds meetings with the executive Directors as necessary to review the Issuer's accounts and operations. The CVs of the said Directors may be found in sub-section 4.1 above.

11. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

11.1 Interests of major shareholders of the Issuer

The authorised and issued share capital of the Issuer is of €250,002 divided into 250,002 ordinary shares of €1 each, fully paid up and subscribed as follows:

Name of shareholder	Number of shares
Tumas Group Company Limited (C 7820)	250,001 ordinary shares of €1 each
Spinola Development Company Limited (C 331)	1 ordinary share of €1

The Issuer is wholly-owned (except for one share which is held by SDC) by Tumas Group Company Limited which is the ultimate parent company of the Tumas Group and which latter company is, therefore, also the ultimate beneficial owner of the Guarantor.

Tumas Group Company Limited was incorporated on 2 January 1986 and presently has an authorised and issued share capital of €102,497.07 divided into 44,001 ordinary shares of €2.329373 each and 1 ordinary 'B' share of €2.329373, fully paid up and subscribed to by the members of the Fenech family.

In terms of the Articles of Association of the Issuer, Tumas Group Company Limited (the holding company of the Tumas Group) is empowered to appoint the Directors of the Issuer via the general meeting or by extraordinary resolution, putting it in a position to appoint the totality of the Directors of the Issuer and, accordingly, having control over the management and operations of the Issuer. The close association with the Tumas Group is central to the attainment by the Issuer of its investment objectives and the implementation of its strategies.

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

11.2 Interests of major shareholders of the Guarantor

The authorised and issued share capital of the Guarantor is €13,652,805 divided into 5,499,999 redeemable preference shares of €1 each, 1,164,687 ordinary 'A' shares of €1 each and 6,988,119 ordinary 'B' shares of €1 each, all fully paid up and subscribed as follows:

Name of shareholder	Number of shares
Spinola Investments Limited (C-8034)	i. 5,499,999 redeemable preference shares of €1 each ii. 1,164,686 ordinary 'A' shares of €1 each iii. 6,988,119 ordinary 'B' shares of €1 each
Heirs of the late Thomas Fenech	1 ordinary 'A' share of €1

11.3 Related party transactions concerning the Guarantor

The Issuer adopts measures in line with the Code of Corporate Governance to ensure that its relationship with its major shareholder and with the Guarantor is retained at arm's length, including adherence to rules on related party transactions requiring the sanction of the Audit Committee of the Issuer. In this regard, the Audit Committee of the Issuer has the task of ensuring that any potential abuse which may arise in consequence of the foregoing state of affairs is immediately identified and resolved.

The Guarantor regularly enters into trading transactions with fellow subsidiaries and associates within the Tumas Group of companies in its normal course of business. Trading transactions between these companies include items which are normally encountered in a group context and include rental charges, management fees, recharging of expenses and financing charges. These transactions are subject to regular scrutiny of the Audit Committee of the Issuer to ensure that they are made on an arm's length basis and that there is no abuse of power by the Issuer or the Guarantor in the context of related party transactions. In this regard, the Audit Committee of the Issuer meets as and when necessary for the purpose of discussing formal reports submitted by the Tumas Group internal audit unit on any transactions or circumstances which may potentially give rise to such conflict or abuse.

12. FINANCIAL INFORMATION CONCERNING THE ISSUER'S AND GUARANTOR'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFIT AND LOSSES

12.1 Historical financial information

The Issuer's and the Guarantor's historical financial information for the three financial years ended 31 December 2014, 2015 and 2016, respectively, as audited by PricewaterhouseCoopers, certified public accountants in Malta, is set out in their respective audited financial statements.

12.2 Age of latest financial information

The latest audited financial statements available in respect of the Issuer relate to the financial year ended 31 December 2016, as approved for issuance by the Board of Directors on 24 April 2017. These are available for inspection as set out in section 16 below.

The latest audited consolidated financial statements available in respect of the Guarantor relate to the financial year ended 31 December 2016, as approved for issuance by the board of directors of the Guarantor on 24 April 2017. These are available for inspection as set out in section 16 below.

12.3 Significant change in the Issuer's or Guarantor's financial or trading position

There has been no significant change in the financial or trading position of the Issuer or the Guarantor which has occurred since 31 December 2016. Furthermore, the Issuer hereby confirms that there has been no material change or recent development which could adversely affect potential investors' assessments in respect of the Bonds, other than the information contained and disclosed in the Prospectus.

12.4 Legal and Arbitration proceedings

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

13. ADDITIONAL INFORMATION

13.1 Memorandum and Articles of Association of the Issuer

13.1.1 Incorporation

The Company was incorporated on 17 November 2000 as a public limited liability company, registered with the Registry of Companies at the Malta Financial Services Authority in terms of the Companies Act, with company registration number C 27296.

In terms of its Memorandum of Association, the principal object of the Issuer is to carry on the business of a finance and investment company in connection with the construction, ownership, development, operation and financing of hotels, resorts, leisure facilities and catering establishments, including the provision of ancillary services in the tourism industry, the trading in and development of property and related activities, both in Malta or overseas.

Clause 3(f) of the Company's Memorandum of Association specifically provides that the Issuer is authorised and empowered to issue bonds, commercial paper or other instruments creating or acknowledging indebtedness and to sell or offer same to the public.

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

13.1.2 Share capital

The authorised and issued share capital of the Issuer is €250,002 divided into 250,002 ordinary shares of €1 each, fully paid up.

There are no classes of shares and each share confers the right to one vote at general meetings of the Company.

The authorised share capital of the Issuer may be increased by an ordinary resolution of the shareholders in general meeting. In terms of the Issuer's Memorandum 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 general meeting.

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

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

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

13.1.3 Commissions

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

13.2 Memorandum and Articles of Association of the Guarantor

13.2.1 Incorporation

The Guarantor was incorporated on 10 May 1966 as a limited liability company, registered with the Registry of Companies at the Malta Financial Services Authority in terms of the Companies Act, with company registration number C 331.

In terms of clause 2(l) of its Memorandum of Association, the Guarantor is, amongst other things, authorised and empowered to borrow and raise money in unlimited amounts for the purpose of or in connection with the business of the company by any means whatsoever, and to secure the repayment of any money borrowed or raised by hypothecation, charge or lien upon the whole or any part of the company's property or assets, whether present or future, including its uncalled capital, and also by a similar hypothecation, charge or lien to secure and guarantee the payment, fulfilment or performance of any debt, liability or obligation it may undertake and to stand joint and several surety with third parties for the repayment of any banking facilities granted to third parties and to grant general hypothecs, special hypothecs, special privileges, charges and/or liens of any nature whatsoever upon the whole part of the moveable and/or immovable assets of the company and/or any third parties and this without any limit whatsoever.

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

13.2.2 Share capital

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

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

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

13.2.3 Loan capital and borrowings

Details of the loan capital and borrowings of the Guarantor are set out in sub-section 5.4 of this Registration Document.

13.2.4 Commissions

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

14 MATERIAL CONTRACTS

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

15 THIRD PARTY INFORMATION AND THE STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

Save for the Financial Analysis Summary reproduced in Annex A of the Securities Note, the Prospectus does not contain any statement or report attributed to any person as an expert. The Financial Analysis Summary dated 29 May 2017 has been included in Annex A of the Securities Note in the form and context in which it appears with the authorisation of Rizzo, Farrugia & Co. (Stockbrokers) Ltd. of Airways House, Third Floor, High Street, Sliema SLM 1549, Malta, which has given, and has not withdrawn, its consent to the inclusion of said report herein. Rizzo, Farrugia & Co. (Stockbrokers) Ltd. does not have any beneficial interest in the Issuer or the Guarantor. The Issuer confirms that the Financial Analysis Summary has 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.

16 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or certified copies thereof, where applicable, are available for inspection at the registered office of the Issuer at Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian's, Malta during the term of the Bond during office hours:

- i. the Memorandum and Articles of Association of the Issuer;
- ii. the Memorandum and Articles of Association of the Guarantor;
- iii. the audited financial statements of the Issuer for the financial years ended 31 December 2014, 2015 and 2016;
- iv. the audited consolidated financial statements of the Guarantor for the financial years ended 31 December 2014, 2015 and 2016;
- v. the letter of confirmation drawn up by PricewaterhouseCoopers dated 29 May 2017;
- vi. the Financial Analysis Summary dated 29 May 2017 reproduced in Annex A of the Securities Note; and
- vii. the original Guarantee given by the Guarantor in respect of the Bonds, as set out in Annex B of the Securities Note.

The documents listed in (i) to (iv) above are also available for inspection in electronic form on the Issuer's website www.tumas.com.

SECURITIES NOTE

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

This Securities Note is issued pursuant to the requirements of Listing Rule 4.14 of the Listing Rules and contains information about the Bonds being issued by Tumas Investments plc. Application has been made for the admission to listing and trading of the Bonds on the Official List of the Malta Stock Exchange. This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Issuer.

Dated 29 May 2017

In respect of an issue of €25,000,000 3.75% Unsecured Bonds 2027
of a nominal value of €100 per Bond issued at par by



Tumas Investments plc

(a public limited liability company registered in Malta with company registration number C 27296)

Guaranteed by

Spinola Development Company Limited

(a private limited liability company registered in Malta with company registration number C 331)

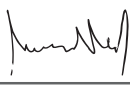





ISIN: MT0000231259

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

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

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

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

					
Raymond Fenech	Yorgen Fenech	Ray Sladden	Michael Grech	Kevin Catania	John Zarb

Legal Counsel



Sponsor



Registrar & Manager



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IMPORTANT INFORMATION

THIS SECURITIES NOTE CONSTITUTES PART OF THE PROSPECTUS DATED 29 MAY 2017 AND CONTAINS INFORMATION ABOUT TUMAS INVESTMENTS PLC IN ITS CAPACITY AS ISSUER, SPINOLA DEVELOPMENT COMPANY LIMITED IN ITS CAPACITY AS GUARANTOR AND THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES, THE COMPANIES ACT AND COMMISSION REGULATION (EC) NO. 809/2004 OF 29 APRIL 2004 IMPLEMENTING DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS INFORMATION CONTAINED IN PROSPECTUSES AS WELL AS THE FORMAT, INCORPORATION BY REFERENCE AND PUBLICATION OF SUCH PROSPECTUSES AND DISSEMINATION OF ADVERTISEMENTS, AS AMENDED BY COMMISSION DELEGATED REGULATION (EU) NO. 486/2012 OF 30 MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF 4 JUNE 2012, COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF 30 APRIL 2013, COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014 AND COMMISSION DELEGATED REGULATION (EU) NO. 2016/301 OF 30 NOVEMBER 2015, AND SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER.

THE INFORMATION CONTAINED HEREIN IS BEING MADE AVAILABLE IN CONNECTION WITH AN ISSUE BY THE ISSUER OF €25,000,000 BONDS 2027 OF A NOMINAL VALUE OF €100 EACH. THE BONDS SHALL BE ISSUED AT PAR AND BEAR INTEREST AT THE RATE OF 3.75% PER ANNUM PAYABLE ANNUALLY IN ARREARS ON 10 JULY OF EACH YEAR UNTIL THE REDEMPTION DATE, WITH THE FIRST INTEREST PAYMENT FALLING DUE ON 10 JULY 2018. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 10 JULY 2027. THE BOND ISSUE IS GUARANTEED BY SPINOLA DEVELOPMENT COMPANY LIMITED.

IN ACCORDANCE WITH THE ALLOCATION POLICY TO BE DETERMINED AND PUBLISHED BY THE ISSUER, BONDS SHALL BE ALLOCATED IN THE FIRST INSTANCE TO HOLDERS OF 6.2% BONDS 2017 – 2020 (ISIN MT0000231234) (THE “**MATURING BONDS**”) WHO, IN CONSIDERATION FOR THE BONDS APPLIED FOR PURSUANT TO THIS PROSPECTUS, ELECT TO SURRENDER MATURING BONDS IN FAVOUR OF THE ISSUER.

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

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

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

THE PROSPECTUS AND THE OFFERING, SALE OR DELIVERY OF ANY BONDS MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN THE PROSPECTUS IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE ISSUER OR THE GUARANTOR SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS 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 LEGAL ADVISERS, ACCOUNTANTS AND/OR OTHER FINANCIAL ADVISERS AS TO LEGAL, TAX, INVESTMENT OR ANY OTHER RELATED MATTERS CONCERNING THE BONDS AND THE PROSPECTUS.

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

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

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

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

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

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

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

THE ISSUER DISCLAIMS ANY AND ALL RESPONSIBILITY FOR ANY DEALINGS MADE, REPRESENTATIONS GIVEN, PROCESSES ADOPTED, FUNDS COLLECTED OR APPLICATIONS ISSUED BY AUTHORISED INTERMEDIARIES IN THEIR EFFORT TO PLACE OR RE-SELL THE BONDS SUBSCRIBED BY THEM.

ALL THE ADVISERS TO THE ISSUER AND THE GUARANTOR NAMED IN THE REGISTRATION DOCUMENT FORMING PART OF THE PROSPECTUS UNDER THE HEADING “*ADVISERS TO THE ISSUER AND GUARANTOR*” IN SUB-SECTION 4.4 THEREOF HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR IN RELATION TO THIS PUBLIC OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL, ACCORDINGLY, NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS.

1. DEFINITIONS

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

“Act” or “Companies Act”	the Companies Act, 1995 (Chapter 386 of the laws of Malta);
“Applicant/s”	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
“Application/s”	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form and delivering same to any of the Authorised Intermediaries (which include the Sponsor and the Registrar & Manager) in accordance with the terms of this Securities Note;
“Application Form”	the non-transferable and pre-printed form of application for subscription of Bonds by Maturing Bondholders, a specimen of which is contained in Annex C of this Securities Note;
“Authorised Intermediaries”	all the licensed stockbrokers and financial intermediaries listed in Annex D of this Securities Note;
“Bond/s”	the €25,000,000 unsecured bonds 2027 of a nominal value of €100 per bond issued at par and redeemable on the Redemption Date at their nominal value, bearing interest at the rate of 3.75% per annum. The Bonds are guaranteed by Spinola Development Company Limited;
“Bond Issue”	the issue of the Bonds;
“Bond Issue Price”	the price of €100 per Bond;
“Bondholder”	a holder of 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;
“CET”	Central European Time;
“Company” or “Issuer”	Tumas Investments plc, a company registered under the laws of Malta having its registered office at Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian’s, Malta and bearing company registration number C 27296;
“CSD”	the Central Securities Depository of the Malta Stock Exchange authorised in terms of Part IV of the Financial Markets Act (Chapter 345 of the laws of Malta), having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
“Cut-off Date”	close of business of 26 May 2017 (trading session of 24 May 2017);
“Directors” or “Board”	the directors of the Issuer whose names are set out in sub-section 4.1 of the Registration Document forming part of the Prospectus;
“Euro” or “€”	the lawful currency of the Republic of Malta;
“Exchange” or “Malta Stock Exchange” or “MSE”	Malta Stock Exchange plc, as originally constituted in terms of the Financial Markets Act (Chapter 345 of the laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
“Financial Analysis Summary”	the financial analysis summary dated 29 May 2017 compiled by the Sponsor in line with the applicable requirements of the Listing Authority policies and which is intended to summarise the key financial data set out in the Prospectus appertaining to the Issuer and the Guarantor, a copy of which is set out in Annex A of this Securities Note;
“Guarantee”	the joint and several suretyship of the Guarantor in terms of the guarantee contained in Annex B of this Securities Note and as described in Element B.18 of the Summary Note forming part of the Prospectus;

“Guarantor” or “SDC”	Spinola Development Company Limited, a company registered under the laws of Malta having its registered office at Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian’s, Malta and bearing company registration number C 331, in terms of the Guarantee;
“Halland Developments Company Limited”	Halland Developments Company Limited, a company registered under the laws of Malta having its registered office at Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian’s, Malta and bearing company registration number C 46810;
“Interest Payment Date”	10 July of each year between and including each of the years 2018 and the year 2027, 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”	7 July 2017;
“Issue Period”	the period between 08:30 hours CET on 5 June 2017 and 12:00 hours CET on 21 June 2017 during which the Bonds are available for subscription to Maturing Bondholders;
“Listing Authority”	the Malta Financial Services Authority, appointed as Listing Authority for the purposes of the Financial Markets Act (Chapter 345 of the laws of Malta) by virtue of Legal Notice 1 of 2003;
“Listing Rules”	the listing rules issued by the Listing Authority, as may be amended from time to time;
“Malta Stock Exchange Bye-Laws”	the Malta Stock Exchange plc bye-laws issued by the authority of the board of directors of Malta Stock Exchange plc, as may be amended from time to time;
“Maturing Bond Transfer”	the subscription for Bonds by a Maturing Bondholder settled, after submitting the non-transferable, pre-printed Application Form (received by mail directly from the Issuer), by the transfer to the Issuer of all or part of the Maturing Bonds held by such Maturing Bondholder as at the Cut-off Date;
“Maturing Bonds”	the 6.2% bonds 2017 – 2020 due to be redeemed by the Issuer on 10 July 2017, with ISIN code MT0000231234, issued by the Issuer pursuant to a prospectus dated 9 June 2010 and guaranteed by the Guarantor, and amounting as at the date of the Prospectus to €25,000,000;
“Maturing Bondholder”	a holder of Maturing Bonds as at the Cut-off Date;
“MFSA”	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act, 1988 (Chapter 330 of the laws of Malta);
“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;
“Portomaso Leasing Company Limited”	Portomaso Leasing Company Limited, a company registered under the laws of Malta having its registered office at Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian’s, Malta and bearing company registration number C 33110;
“Premium Real Estates Investments Limited”	Premium Real Estates Investments Limited, a company registered under the laws of Malta having its registered office at Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian’s, Malta and bearing company registration number C 52247;
“Prospectus”	collectively the Summary Note, the Registration Document and this Securities Note, all dated 29 May 2017, as such documents may be amended, updated, replaced and supplemented from time to time;
“Prospectus Directive”	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as may be amended from time to time;
“Redemption Date”	10 July 2027;
“Redemption Value”	the nominal value of each Bond (€100 per Bond);
“Registrar & Manager”	Bank of Valletta plc;
“Registration Document”	the registration document issued by the Issuer dated 29 May 2017, 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 a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of the prospectus and dissemination of advertisements;
“SDC Group”	SDC and its subsidiary companies, namely Portomaso Leasing Company Limited, Halland Developments Company Limited and Premium Real Estates Investments Limited;
“Securities Note”	this securities note in its entirety issued by the Issuer dated 29 May 2017, forming part of the Prospectus;
“Sponsor”	Rizzo, Farrugia & Co. (Stockbrokers) Ltd., a private limited liability company registered under the laws of Malta having its registered office at Airways House, Third Floor, High Street, Sliema SLM 1549, Malta and bearing company registration number C 13102. Rizzo, Farrugia & Co. (Stockbrokers) Ltd. is an authorised intermediary licensed by the MFSA and a member of the MSE;
“Summary Note”	the summary note issued by the Issuer dated 29 May 2017, forming part of the Prospectus;
“Terms and Conditions”	the terms and conditions relating to the Bonds as contained in the Prospectus, particularly in section 8 of this Securities Note; and
“Tumas Group”	Tumas Group Company Limited (C 7820) and its subsidiary and associated companies, including the Issuer and the Guarantor, together with various other companies principally involved in hospitality, leisure and tourism, property trading, leasing and development.

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

Unless it appears otherwise from the context:

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

2. RISK FACTORS

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

THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY, UNLESS THE BONDS ARE PREVIOUSLY RE-PURCHASED OR CANCELLED. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE.

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS, INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS, BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

NEITHER THIS SECURITIES NOTE, NOR ANY OTHER PARTS OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BONDS: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION, NOR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER, THE GUARANTOR, THE SPONSOR, THE REGISTRAR & MANAGER OR AUTHORISED INTERMEDIARIES THAT ANY RECIPIENT OF THIS SECURITIES NOTE OR ANY OTHER PART OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS OR ANY BONDS, SHOULD PURCHASE ANY BONDS ISSUED BY THE ISSUER.

ACCORDINGLY, 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

This Securities Note contains “forward-looking statements” which include, among others, statements concerning matters that are not historical facts and which may involve projections of future circumstances. These statements by their nature involve a number of risks, uncertainties and assumptions, a few of which are beyond the Issuer’s and Guarantor’s control, and important factors that could cause actual risks to differ materially from the expectations of the Issuer’s and/or Guarantor’s directors. Such forecasts and projections do not bind the Issuer and/or the Guarantor with respect to future results and no assurance can be given that future results or expectations covered by such forward-looking statements will be achieved.

2.2 General

In so far as prospective investors seek advice from Authorised Intermediaries concerning an investment in the Bonds, Authorised Intermediaries are to determine the suitability of prospective investors’ investment in the Bonds in the light of said prospective investors’ own circumstances. The Bonds may not be a suitable investment for all investors. In particular, Authorised Intermediaries should determine whether each prospective investor:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in the Prospectus or any applicable supplement;
- (ii) has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the prospective investor’s currency;
- (iii) understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets; and
- (iv) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect his/her/its investment and his/her/its ability to bear the applicable risks.

2.3 Risks related to the Bonds

An investment in the Bonds involves certain risks including, but not limited to, those described below:

- a) 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. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market in which the Bonds are traded, over which the Issuer has no control. Many other factors over which the Issuer has no control may affect the trading market for, and trading value of, the Bonds, including the time remaining to the maturity of the Bonds, the outstanding amount of the Bonds and the level, direction and volatility of market interest rates, generally. 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.
- b) Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.
- c) 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.
- d) 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.
- e) The Bonds shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and, save for such exceptions as may be provided by applicable law, shall rank without priority and preference to all other present and future unsecured obligations of the Issuer and the Guarantor. The Bonds will, however, rank subordinate to the present and future secured creditors of the Issuer and the Guarantor. In view of the fact that the Bonds are being guaranteed by the Guarantor, Bondholders are entitled to request the Guarantor to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount, when due. The strength of this undertaking on the part of the Guarantor

is directly linked to the financial position and solvency of the Guarantor. Furthermore, subject to the negative pledge clause set out in sub-section 6.9.2 of this Securities Note, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.

- f) In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bonds it shall call a meeting of Bondholders in accordance with the provisions of sub-section 6.16 of this Securities Note. These provisions permit defined majorities to bind all Bondholders, including Bondholders who do not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority.
- g) The Bonds and the Terms and Conditions of the Bond Issue are based on the requirements of the Listing Rules, the Companies Act and the Regulation in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Prospectus.

3. PERSONS RESPONSIBLE

This Securities Note includes information given in compliance with the Listing Rules for the purpose of providing prospective investors with information with regard to the Issuer, the Guarantor and the Bonds. Each and all of the Directors whose names appear in sub-section 4.1 of the Registration Document accept responsibility for all of the information contained in the Prospectus.

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

4. CONSENT FOR USE OF THE PROSPECTUS

Consent required in connection with a possible Intermediaries' Offer in terms of sub-section 6.4 of this Securities Note:

As explained in sub-section 6.4 below, in the event that not all of the Bonds are subscribed to by Maturing Bondholders, the remaining balance shall be made available for subscription by Authorised Intermediaries through an Intermediaries' Offer.

For the purposes of any subscription for Bonds by Authorised Intermediaries pursuant to such an Intermediaries' Offer and any subsequent resale, placement or other offering of Bonds by Authorised Intermediaries participating in the Intermediaries' Offer 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 the Prospectus (and accepts responsibility for the information contained herein in accordance with the terms hereof) with respect to any such subsequent resale, placement or other offering of Bonds, provided this is limited only:

- a) in respect of Bonds subscribed for in terms of the Intermediaries' Offer by Authorised Intermediaries participating in the Intermediaries' Offer;
- b) to any resale, placement or other offering of Bonds subscribed for as aforesaid, taking place in Malta; and
- c) to any resale, placement or other offering of Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus.

There are no other conditions attached to the consent given by the Issuer hereby which are relevant for the use of the Prospectus.

All information on the Terms and Conditions of the Bond Issue which is offered to any prospective investor by Authorised Intermediaries is to be provided by such Authorised Intermediaries to the prospective investor prior to such investor subscribing to any Bonds. Any interested investor has the right to request that Authorised Intermediaries provide the investor with all and any information on the Prospectus, including the Terms and Conditions of the Bond Issue.

Neither the Issuer nor the Sponsor have any responsibility for any of the actions of any Authorised Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale, placement or other offering of Bonds.

Other than as set out above, neither the Issuer nor the Sponsor have authorised (nor do they authorise or consent to the use of the Prospectus in connection with) the making of any public offer of the Bonds by any person in any circumstances. Any such unauthorised offers are not made on behalf of the Issuer or the Sponsor and neither the Issuer nor the Sponsor have any responsibility or liability for the actions of any person making such offers.

Prospective investors should enquire whether an intermediary is considered to be an Authorised Intermediary in terms of the Prospectus. If the prospective investor is in doubt as to whether it can rely on the Prospectus and/or who is responsible for its contents, the investor should obtain legal advice in that regard.

No person has been authorised to give any information or to make any representation not contained in or inconsistent with the Prospectus. If given or made, such information and/or representation must not be relied upon as having been authorised by the Issuer or the Sponsor. The Issuer does not accept responsibility for any information not contained in the Prospectus.

In the event of a resale, placement or other offering of Bonds by an Authorised Intermediary subsequent to the Intermediaries' Offer, said Authorised Intermediary shall be responsible to provide information to prospective investors on the terms and conditions of the resale, placement or other offering at the time such is made.

Any resale, placement or offering of Bonds to an investor by an Authorised Intermediary will be made in accordance with any terms and other arrangements in place between such Authorised Intermediary and such investor, including as to price, allocations and settlement arrangements. Where such information is not contained in the Prospectus, it will be the responsibility of the relative Authorised Intermediary at the time of such resale, placement or other offering to provide the prospective investor with that information and neither the Issuer nor the Sponsor have any responsibility or liability for such information.

Any Authorised Intermediary using the Prospectus in connection with a resale, placement or other offering of Bonds subsequent to the Intermediaries' Offer shall, limitedly for the period of 60 days from the date of the Prospectus, publish on its website a notice to the effect that it is using the Prospectus for such resale or placement in accordance with the consent of the Issuer and the conditions attached thereto. The consent provided herein shall no longer apply following the lapse of such period.

Any new information with respect to Authorised Intermediaries unknown at the time of the approval of this Securities Note will be made available through a company announcement which will also be made available on the Issuer's website: www.tumas.com.

5. KEY INFORMATION

5.1 Reasons for the Issue and use of proceeds

The proceeds from the Bond Issue, which net of Issue expenses are expected to amount to approximately €24,550,000, will be used by the Issuer for the redemption of the outstanding amount of the Maturing Bonds remaining in issue as at 10 July 2017, being the date of redemption of the Maturing Bonds as determined by the Issuer and duly notified to Maturing Bondholders. As at the date of the Prospectus the aggregate value of Maturing Bonds in issue stands at €25,000,000.

In the event that the Bond Issue is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for and the proceeds from the Bond Issue shall be applied for the purpose set out above.

Any residual amount required by the Issuer for the purpose of the use specified in this sub-section 5.1 which shall not have been raised through the Bond Issue shall be financed through alternative funding sources, including funds making up the bond redemption fund built up in connection with the Maturing Bonds in accordance with sub-section 5.8 of the securities note forming part of the prospectus dated 9 June 2010 issued by the Issuer, which as at the date of the Prospectus amounted to €2,000,000.

5.2 Estimated expenses and proceeds of the Issue

The Issue will involve expenses, including professional fees and costs related to publicity, advertising, printing, listing, registration, sponsor, management, selling commission and other miscellaneous costs incurred in connection with this Bond Issue. Such expenses are estimated not to exceed €450,000 and shall be borne by the Issuer. The amount of the expenses will be deducted from the proceeds of the Issue, which, accordingly, will bring the estimated net proceeds from the Bond Issue to €24,550,000. There is no particular order of priority with respect to such expenses.

5.3 Interest of natural and legal persons involved in the Issue

Save for the possible subscription for Bonds by Authorised Intermediaries (which include the Sponsor and the Registrar & Manager) and any fees payable to Rizzo, Farrugia & Co (Stockbrokers) Ltd. as Sponsor in connection with the Bond Issue, and to Bank of Valletta plc as Registrar & Manager, so far as the Issuer is aware, no person involved in the Issue has a material interest in the Bond Issue.

5.4 Issue statistics

"Amount"	€25,000,000;
"Application Forms made available to Maturing Bondholders"	5 June 2017;
"Bond Issue Price"	at par (€100 per bond);
"Closing date for Applications to be received from Maturing Bondholders"	21 June 2017 at 12:00 hours CET;
"Denomination"	Euro (€);
"Events of Default"	the events listed in sub-section 6.15 of this Securities Note;
"Form"	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;
"Governing law and jurisdiction"	the Prospectus and the Bonds are governed by and shall be construed in accordance with Maltese law. The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Prospectus and/or the Bonds;
"Interest"	the Bonds shall bear interest from and including 10 July 2017 at the rate of three point seven five per cent (3.75%) per annum payable annually in arrears on the Interest Payment Dates;
"Interest Payment Date"	annually on the 10 July between and including each of the years 2018 and 2027, as from 10 July 2018 (the first interest payment date);
"Intermediaries' Offer"	in the event that following the subscription of Bonds by Maturing Bondholders there remain Bonds which are unallocated, such Bonds shall form part of an Intermediaries' Offer as set out in sub-section 6.4 of this Securities Note;
"ISIN"	MT0000231259;
"Issue"	Bonds denominated in Euro having a nominal value of €100 each, which will be issued at par and shall bear interest at the rate of 3.75% per annum;
"Issue Period"	the period between 08:30 hours CET on 5 June 2017 and 12:00 hours CET on 21 June 2017 during which the Bonds are available for subscription;
"Listing"	application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List;
"Minimum amount per subscription"	two thousand Euro (€2,000) and multiples of one hundred Euro (€100) thereafter;
"Plan of Distribution"	the Bonds are open for subscription by Maturing Bondholders and Authorised Intermediaries pursuant to the Intermediaries' Offer in respect of any balance of the Bonds not subscribed to by Maturing Bondholders, as aforesaid;

“Preferred allocations”	<p>Maturing Bondholders applying for Bonds may elect to settle all or part of the amount due on the Bonds applied for by the transfer to the Issuer of Maturing Bonds at par value, subject to a minimum Application of €2,000 in Bonds and rounded upwards to the nearest €100. Any Maturing Bondholders whose holding in Maturing Bonds is less than €2,000 shall be required to pay the difference together with the submission of their Application Form (“Cash Top-Up”).</p> <p>Maturing Bondholders electing to subscribe for Bonds through the transfer to the Issuer of all or part of the Maturing Bonds held by them as at the Cut-off Date (including Cash Top-Up, where applicable) (“Maturing Bond Transfer”) shall be allocated Bonds for the corresponding nominal value of Maturing Bonds transferred to the Issuer (including Cash Top-Up, where applicable). The transfer of Maturing Bonds to the Issuer in consideration for the subscription for Bonds shall cause the obligations of the Issuer with respect to such Maturing Bonds to be extinguished, and shall give rise to obligations on the part of the Issuer under the Bonds.</p> <p>Bonds applied for by Maturing Bondholders by way of Maturing Bond Transfer as described above shall be allocated prior to any other allocation of Bonds.</p> <p>A Maturing Bondholder wishing to apply for a number of Bonds exceeding in value the aggregate nominal value of Maturing Bonds held by him/her/it as at the Cut-off Date (including Cash Top-Up, where applicable) may subscribe for such additional Bonds by completing the appropriate section of the same non-transferable, pre-printed Application Form in terms of sub-section 6.2.5 below;</p> <p>Any balance of the Bonds not subscribed to by Maturing Bondholders shall be offered for subscription to Authorised Intermediaries through an Intermediaries’ Offer in terms of sub-section 6.4 below;</p>
“Redemption Date”	10 July 2027;
“Redemption Value”	at par (€100 per Bond);
“Status of the Bonds”	the Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed by the Guarantor, and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves and with other outstanding and unsecured debt of the Issuer and the Guarantor, present and future;
“Subscription”	multiples of one hundred Euro (€100);
“Underwriting”	the Bond Issue is not underwritten.

5.5 Expected timetable of principal events

Application Forms mailed to Maturing Bondholders	2 June 2017
Closing date for Applications to be received from Maturing Bondholders	21 June 2017 (by 12:00 hours CET)
Intermediaries Offer*	26 June 2017
Announcement of basis of acceptance	28 June 2017
Dispatch of allotment advices and refunds (if any)	6 July 2017
Expected date of admission of the Bonds to listing	7 July 2017
Commencement of interest	10 July 2017
Expected date of commencement of trading in the Bonds	10 July 2017

* In the event that the total value of Applications received from Maturing Bondholders exceeds €25,000,000, the Intermediaries’ Offer will not take place.

6. INFORMATION CONCERNING THE BONDS

Each Bond shall be issued on the Terms and Conditions set out in this Securities Note and, by subscribing to or otherwise acquiring the Bonds, the Bondholders are deemed to have knowledge of all the Terms and Conditions of the Bonds hereafter described and to accept and be bound by the said Terms and Conditions.

6.1 General

6.1.1 Each Bond forms part of a duly authorised issue of 3.75% unsecured bonds 2027 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €25,000,000 (except as otherwise provided under sub-section 6.18 “Further Issues” below). The Issue Date of the Bonds is 7 July 2017. The Bonds are guaranteed by Spinola Development Company Limited.

6.1.2 The Bonds shall bear interest at the rate of 3.75% per annum payable annually in arrears on 10 July of each year, the first interest payment falling on 10 July 2018. 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.

6.1.3 All outstanding Bonds not previously purchased or cancelled shall be redeemed by the Issuer at par (together with accrued interest) on the Redemption Date.

6.1.4 The currency of the Bonds is Euro (€).

6.1.5 Subject to admission to listing of the Bonds to the Official List, the Bonds are expected to be assigned ISIN: MT0000231259.

6.1.6 The minimum subscription amount of Bonds that can be subscribed for by Applicants is €2,000, and in multiples of €100 thereafter.

6.1.7 The Issue Period shall close on 21 June 2017 at 12:00 hours CET. The Issuer will determine and announce the allocation policy for the Bonds within five (5) Business Days of the closing of the Issue Period. The results of the offer, including the allocation policy, will be announced through a company announcement. It is expected that allotment letters will be dispatched to Bondholders within five (5) Business Days of the date of the announcement of the allocation policy.

6.1.8 The Bonds are expected to be listed on the Official List on 7 July 2017 and dealing is expected to commence on 10 July 2017. Dealing may commence prior to notification of the amount allotted being issued to Applicants.

6.1.9 In the event that Maturing Bondholders applying for additional Bonds and/or Authorised Intermediaries participating in an Intermediaries’ Offer, as applicable, have been allocated a number of Bonds which is less than the number applied for, then such subscriber shall receive a full refund or, as the case may be, the balance of the price of the Bonds applied for but not allocated, without interest, by credit transfer to such account indicated in the Application Form or subscription agreement (as the case may be), at the subscriber’s sole risk within five (5) Business Days from the date of announcement of basis of acceptance. Neither the Issuer nor the Registrar & Manager will be responsible for any charges, loss or delay in transmission of the refunds. In this regard, any monies returnable to Applicants may be retained pending clearance of the remittance or surrender of the Maturing Bonds, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act, 1994 (Chapter 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

6.1.10 There are no special rights attached to the Bonds other than the right of the Bondholders to payment of interest and capital (as detailed in section 6.12 below) and in accordance with the ranking specified in sub-section 6.9.1 of this Securities Note.

6.1.11 Applications for subscriptions to the Bonds may be made through any of the Authorised Intermediaries (which include the Sponsor

and the Registrar & Manager) during the Issue Period. Subscription to the Bonds must be accompanied by the full price of the Bonds applied for in Euro and in cleared funds at the Bond Issue Price, as applicable. If the Application Form and proof of payment of cleared funds do not reach the Authorised Intermediaries by the close of the Issue Period, the Application will be deemed to have been declined.

6.1.12 The issue of the Bonds is made in accordance with the requirements of the Listing Rules, the Act and the Regulation.

6.1.13 The Bond Issue is not underwritten. In the event that the Bond Issue is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for.

6.2 Applications by Maturing Bondholders when surrendering their Maturing Bonds

6.2.1 The consideration payable by Maturing Bondholders applying for Bonds may be settled, after submitting the appropriate non-transferable, pre-printed Application Form, by the transfer to the Issuer of all or part of the Maturing Bonds held by such Applicant as at the Cut-off Date, subject to a minimum application of €2,000 and rounded upwards to the nearest €100, which transfer shall be effected at the par value of the Maturing Bonds. Any Maturing Bondholders whose holding in Maturing Bonds is less than €2,000 shall be required to pay the difference together with the submission of Application Form (the “**Cash Top-Up**”).

Maturing Bondholders electing to subscribe for Bonds through Maturing Bond Transfer shall be allocated Bonds for the corresponding nominal value of Maturing Bonds transferred to the Issuer (including Cash Top-Up, where applicable). The transfer of Maturing Bonds to the Issuer in consideration for the subscription for Bonds shall cause the obligations of the Issuer with respect to such Maturing Bonds to be extinguished, and shall give rise to obligations on the part of the Issuer under the Bonds.

Bonds applied for by Maturing Bondholders by way of Maturing Bond Transfer shall be allocated prior to any other allocation of Bonds.

A Maturing Bond Transfer shall be without prejudice to the rights of Maturing Bondholders to receive interest on the Maturing Bonds up to and including 9 July 2017. The Maturing Bonds shall be redeemed on 10 July 2017 as determined by the Issuer and duly notified to Maturing Bondholders.

All Applications for the subscription of Bonds by Maturing Bondholders by means of Maturing Bond Transfer must be submitted on the Application Forms to any Authorised Intermediary (including the Sponsor and the Registrar & Manager) by 12:00 hours CET of 21 June 2017.

6.2.2 Payment by Applicants of the Cash Top-Up referred to in sub-section 6.2.1 above, and the full price of the additional Bonds applied for referred to in sub-section 6.2.5 below, shall be made in Euro and in cleared funds at the Bond Issue Price, in either cash or by cheque payable to “**The Registrar – Tumas Investments plc Bond Issue 2017**”.

6.2.3 By submitting a signed Application Form indicating that the Maturing Bond Transfer is being selected as consideration for the Bonds being applied for, the Applicant is thereby confirming:

- i. that all or part (as the case may be) of the Maturing Bonds held by the Applicant on the Cut-off Date are being transferred to the Issuer, together with the payment due in respect of any Cash Top-Up, as and if applicable;
- ii. that the Application Form constitutes the Applicant’s irrevocable mandate to the Issuer to:
 - a. cause the transfer of the said Maturing Bonds in the Issuer’s name in consideration of the issue of Bonds; and
 - b. engage, at the Issuer’s cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said Maturing Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant;
- iii. that in respect of the payment of the Cash Top-Up in terms of sub-section 6.2.1 above and/or the exercise of the option to subscribe to additional Bonds set out in sub-section 6.2.5 below, the Applicant’s remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the Issuer acting through the Registrar reserves the right to invalidate the relative Application, and furthermore the Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders, unless the Applicant makes payment in cleared funds and such consideration is accepted by the Issuer, acting through the Registrar (which acceptance shall be made in the Issuer’s absolute discretion and may be on the basis that the Applicant indemnifies the Issuer against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant’s remittance to be honoured on first presentation).

6.2.4 Where the Applicant is the holder of Maturing Bonds which as at the Cut-off Date are held subject to usufruct, the signatures of both the bare owner and the usufructuary will be required in the Application Form.

6.2.5 In addition to the aforesaid, Maturing Bondholders transferring all of the Maturing Bonds held by them as at the Cut-off Date pursuant to sub-section 6.2.1 above, may apply for an amount of Bonds in excess of the amount of Maturing Bonds being transferred by Maturing Bond Transfer. In such case Maturing Bondholders may subscribe for additional Bonds, in multiples of €100, by completing the appropriate section of the same Application Form.

Maturing Bondholders shall have priority in the allocation of Bonds solely with respect to that number of Bonds for which payment is being made by means of a Maturing Bond Transfer, subject to a Cash Top-Up, as and if applicable. In the event that the aggregate value of the Applications received from Maturing Bondholders transferring all of the Maturing Bonds held by them as at the Cut-off Date through Maturing Bond Transfer (including Cash Top-Up, where applicable) is in excess of the amount of Bonds available for subscription, the Issuer (acting through the Registrar) shall scale down each Application received by Maturing Bondholders, *pari passu*, without priority or preference between them and in accordance with the allocation policy to be issued in terms of sub-section 6.6 of this Securities Note.

Where Maturing Bondholders apply for additional Bonds other than by Maturing Bond Transfer, no guarantee of allocation shall arise with respect to the excess Bonds applied for but such excess Bonds shall be subject to the allocation policy, without priority or preference between them, as shall be determined by the Issuer in accordance with sub-section 6.6 of this Securities Note.

6.2.6 Maturing Bondholders who do not elect to avail themselves of the possibility to exchange either all or part of their holding in the Maturing Bonds in terms of the procedure outlined in sub-section 6.2.1 above, shall receive all or part of the capital, as the case may be, together with accrued interest for the period between 10 January 2017 and 9 July 2017. The Maturing Bonds shall be redeemed on 10 July 2017 as determined by the Issuer and duly notified to Maturing Bondholders.

6.3 Applications by Maturing Bondholders for additional Bonds

The balance of the Bonds not subscribed for by Maturing Bondholders limitedly by means of a Maturing Bond Transfer as contemplated in sub-section 6.2.1 above, if any, shall be made available for subscription to Maturing Bondholders, in respect of any number of additional Bonds applied for other than by Maturing Bond Transfer exceeding in value the aggregate nominal value of Maturing Bonds held by them as at the Cut-Off Date, including Cash Top-Up (where applicable).

Applications for the subscription of Bonds by Maturing Bondholders in respect of any number of additional Bonds applied for other than by Maturing Bond Transfer may be made by completing the appropriate section of the Application Form and shall be allocated without priority or preference between them and subject to an allocation policy as detailed in sub-section 6.6 of this Securities Note.

6.4 Intermediaries' Offer

Any balance of the Bonds not subscribed to by Maturing Bondholders as at the closing of the Issue Period, shall be offered for subscription to Authorised Intermediaries through an Intermediaries' Offer. Any subscription received during the Intermediaries' Offer shall be subject to the same Terms and Conditions as those applicable to Applications by Maturing Bondholders, but limited to any remaining balance of Bonds after fully allocating the Bonds applied for by Maturing Bondholders.

In this regard, the Issuer shall enter into conditional subscription agreements with a number of Authorised Intermediaries for the subscription of the resultant balance of Bonds, whereby it will bind itself to allocate Bonds to such investors during the Intermediaries' Offer.

In terms of each subscription agreement entered into with an Authorised Intermediary, the Issuer will be conditionally bound to issue, and each Authorised Intermediary will bind itself to subscribe for, a number of Bonds subject to being admitted to trading on the Official List. The subscription agreements will become binding on each of the Issuer and the respective Authorised Intermediaries upon delivery, provided that these intermediaries would have paid to the Registrar all subscription proceeds in cleared funds on delivery of the subscription agreement.

Authorised Intermediaries subscribing for Bonds may do so for their own account or for the account of underlying customers, including retail customers, and shall, in addition, be entitled to distribute any portion of the Bonds subscribed for upon commencement of trading.

6.5 Plan of distribution and allotment

Applications for subscription to the Bonds may be made through any of the Authorised Intermediaries (which include the Sponsor and the Registrar & Manager). The Bonds are open for subscription by:

- i. Maturing Bondholders up to the amount of Maturing Bonds held as at the Cut-off Date and subject to any Cash Top-Up as and if applicable;
- ii. Maturing Bondholders in respect of any number of additional Bonds applied for other than by Maturing Bond Transfer exceeding in value the aggregate nominal value of Maturing Bonds held by them as at the Cut-Off Date (including Cash Top-Up, as and if applicable), without priority or preference between them; and
- iii. Authorised Intermediaries through an Intermediaries' Offer in respect of any balance of the Bonds not subscribed to by Maturing Bondholders, as aforesaid, in terms of sub-section 6.4 above.

It is expected that an allotment advice will be dispatched to Applicants within five (5) Business Days of the announcement of the allocation policy. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance or surrender of the Maturing Bonds, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act, 1994 (Chapter 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

Dealings in the Bonds shall not commence prior to admission to trading of the Bonds by the MSE.

6.6 Allocation Policy

The Issuer shall allocate the Bonds on the basis of the following policy and order of priority:

- i. first to Maturing Bondholders up to the extent of their holdings of Maturing Bonds on the Cut-off Date to be utilised for the purposes of the payment of consideration of Bonds, rounded upwards to the nearest €100 and subject to the minimum Application of €2,000;
- ii. the balance of the Bonds not subscribed for by Maturing Bondholders limitedly by means of a Maturing Bond Transfer, if any, shall be made available for subscription to Maturing Bondholders in respect of any additional Bonds applied for other than by Maturing Bond Transfer exceeding in value the aggregate nominal value of Maturing Bonds held by them as at the Cut-Off Date, *pari passu*, without priority or preference between them and in accordance with the allocation policy as determined by the Issuer. Accordingly, in the event that a Maturing Bondholder applies for additional Bonds other than by Maturing Bond Transfer as specified in (i) above, no guarantee shall be given with respect to the excess Bonds applied for; and
- iii. in the event that following the allocations made pursuant to paragraphs (i) and (ii) above there shall still remain unallocated Bonds, the Issuer shall offer such remaining Bonds to Authorised Intermediaries for subscription through an Intermediaries' Offer as detailed in sub-section 6.4 above. Subscriptions received from Authorised Intermediaries through an Intermediaries' Offer, if any, shall be allocated without priority or preference and in accordance with the allocation policy as determined by the Issuer.

Within five (5) Business Days from closing of the Issue Period, the Issuer shall announce the result of the Issue and shall determine and announce the basis of acceptance of Applications and the allocation policy to be adopted through a company announcement.

6.7 Registration, form, denomination and title

- 6.7.1** 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 at the CSD. There will be entered in such electronic register the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers of the Bondholders and particulars of the Bonds held by them respectively, and the Bondholders shall have, at all reasonable times during business hours, access to the register of bondholders held at the CSD for the purpose of inspecting information held on their respective account.

- 6.7.2** The CSD will issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/her/its entitlement to Bonds held in the register kept by the CSD.
- 6.7.3** Upon submission of an Application Form, Bondholders who opt to subscribe for the online e-portfolio account with the CSD, by marking the appropriate box on the Application Form, will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.
- 6.7.4** The Bonds will be issued in fully registered form 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. Authorised 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.
- 6.7.5** 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 sub-section 6.8 immediately below under the heading "*Transferability of the Bonds*".

6.8 Transferability of the Bonds

- 6.8.1** The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole (in multiples of €100) in accordance with the rules and regulations of the MSE applicable from time to time.
- 6.8.2** Any person becoming entitled to an amount of Bonds in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may, from time to time, properly be required by the Issuer or the CSD, elect either to be registered himself as holder of the Bond/s or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond/s, or procuring the transfer of the Bond/s, in favour of that person.
- 6.8.3** All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.
- 6.8.4** 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 person to whom the transfer / transmission has been made.
- 6.8.5** 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 or the due date for redemption.

6.9 Status of the Bonds and negative pledge

- 6.9.1** The Bonds shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall be guaranteed in respect of both the interest and the principal amount due under said Bonds by the Guarantor in terms of the Guarantee, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other outstanding and unsecured debt of the Issuer and Guarantor, present and future. The Bonds will, however, rank subordinate to the present and future secured creditors of the Issuer and the Guarantor. As at the date of this Securities Note, the Issuer does not have any subordinated indebtedness.

Both the Issuer and the Guarantor have certain liabilities which are secured by hypothecary warranties over assets pertaining to the two entities. The following sets out a summary of the Issuer's and Guarantor's indebtedness which as at 30 April 2017 amounted in aggregate to €128,979,000, and includes bank loans, guarantees, corporate bonds and other borrowings from related companies. The bank borrowings listed below are secured by privileges and hypothecs, and therefore the indebtedness being created by the Bonds, together with the other issued bonds, ranks after all these bank borrowings. In addition, the Bonds would also rank after any future debts which may be secured by a cause of preference such as a privilege and/or a hypothec.

Issuer & SDC Group borrowings, guarantees & bonds

Bank borrowings, hypothecs and hypothecary guarantees	€ 73,975,000
Corporate bonds (<i>including the Maturing Bonds</i>)	€ 50,000,000
Guarantees	€ 5,004,000
Total	€ 128,979,000

Further details on the aforesaid indebtedness, particularly the secured bank borrowings, including, *inter alia*, respective term, security and repayment schedule, are found in the audited financial statements of the Issuer and Guarantor, respectively, for the financial year ended 31 December 2016, which have been published on the Issuer's website (www.tumas.com) and are available at its registered office during office hours for the term of the Bonds.

6.9.2

The Issuer and Guarantor undertake, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, not to create or permit to subsist any Security Interest (as defined below), other than a Permitted Security Interest (as defined below), upon the whole or any part of its present or future assets or revenues to secure any Financial Indebtedness (as defined below) of the Issuer and/or Guarantor, unless at the same time or prior thereto the Issuer's or Guarantor's indebtedness under the Bonds shares in and is secured equally and rateably therewith, and the instrument creating such Security Interest so provides.

"Financial Indebtedness" means any indebtedness in respect of: (A) monies borrowed; (B) any debenture, bond, note, loan, stock or other security; (C) any acceptance credit; (D) the acquisition cost of any asset to the extent payable before or after the time of acquisition or possession by the party liable where the advance or deferred payment is arranged primarily as a method of raising finance for the acquisition of that asset; (E) leases entered into primarily as a method of raising finance for the acquisition of the asset leased; (F) amounts raised under any other transaction having the commercial effect of borrowing or raising of money; (G) any guarantee, indemnity or similar assurance against financial loss of any person;

"Security Interest" means any privilege, hypothec, pledge, lien, charge or other encumbrance or real right which grants rights of preference to a creditor over the assets of the Issuer and/or Guarantor;

"Permitted Security Interest" means: (A) any Security Interest arising by operation of law; (B) any Security Interest securing payment refund obligations under promise of sale agreements relating to immovable property; (C) any Security Interest securing temporary bank loans or overdrafts in the ordinary course of business; (D) any other Security Interest (in addition to (A), (B) and (C) above) securing Financial Indebtedness of the Issuer and Guarantor, in an aggregate outstanding amount not exceeding 80% of the difference between the value of the unencumbered assets of the Issuer and Guarantor and the aggregate principal amount of Bonds outstanding at the time.

Provided that the aggregate Security Interests referred to in (B), (C) and (D) above do not result in the unencumbered assets of the Issuer and Guarantor being less than 103.75% of the aggregate principal amount of the Bonds still outstanding;

"unencumbered assets" means assets which are not subject to a Security Interest.

6.10 Interest and yield

6.10.1 The Bonds shall bear interest from and including 10 July 2017 at the rate of 3.75% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 10 July 2018 (covering the period 10 July 2017 to 9 July 2018). 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. Each Bond will cease to bear interest from and including its due date for redemption, unless payment of the principal in respect of the Bond is improperly withheld or refused or unless default is otherwise made in respect of payment, in any of which events interest shall continue to accrue at the rate specified above plus one per cent (1%), but in any event not in excess of the maximum rate of interest allowed by Maltese law. In terms of article 2156 of the Civil Code (Chapter 16 of the laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five (5) years.

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

6.10.3 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 3.75%.

6.11 Pricing

The Bonds are being issued at par, that is, at €100 per Bond.

6.12 Payments

6.12.1 Payment of the principal amount of the Bonds 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. The Issuer shall not be responsible for any charges, loss or delay in transmission. Upon payment of the Redemption Value, the Bonds shall be redeemed and the appropriate entry made in the electronic register of the Bonds at the CSD.

In the case of Bonds held subject to usufruct, payment will be made against the joint instructions of all bare owners and usufructuaries. Before effecting payment, the Issuer and/or the CSD shall be entitled to request any legal documents deemed necessary concerning the entitlement of the bare owner/s and the usufructuary/ies to payment of the Bonds.

6.12.2 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. The Issuer shall not be responsible for any charges, loss or delay in transmission.

6.12.3 All payments with respect to the Bonds are subject in all cases to any pledge (duly constituted) and to any applicable fiscal or other laws and regulations prevailing in Malta. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made net of any amount which the Issuer is compelled by law to deduct or withhold for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Malta or any authority thereof or therein having power to tax.

6.12.4 No commissions or expenses shall be charged by the Issuer to the Bondholders in respect of payments made in accordance with this sub-section 6.12. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

6.13 Redemption and purchase

6.13.1 Unless previously purchased and cancelled, the Issuer hereby irrevocably covenants in favour of each Bondholder that the Bonds will be redeemed at their nominal value (together with accrued interest) on 10 July 2027 and upon such date the Issuer shall be discharged of any and all payment obligations under the Bonds.

6.13.2 Subject to the provisions of this sub-section 6.13, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

6.13.3 All Bonds so redeemed or purchased will be cancelled forthwith and may not be re-issued or re-sold.

6.14 Representations and warranties

6.14.1 The Issuer represents and warrants to Bondholders, that shall be entitled to rely on such representations and warranties, that:

- i. it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business as it is now being conducted and to hold its property and other assets under legal title; and
- ii. it has the power to execute, deliver and perform its obligations under the Prospectus and that all necessary corporate, shareholder and other actions have been duly taken to authorise the execution, delivery and performance of the same, and further that no limitation on its power to borrow or guarantee shall be exceeded as a result of the Terms and Conditions or the Prospectus.

6.14.2 The Prospectus contains all relevant material information with respect to the Issuer and the Guarantor and all information contained in the Prospectus is in every material respect true and accurate and not misleading, and there are no other facts in relation to the Issuer and/or the Guarantor, their respective businesses and financial position, the omission of which would, in the context of issue of the Bonds, make any statement in the Prospectus misleading or inaccurate in any material respect.

6.15 Events of Default

The Bonds shall become immediately due and repayable at their principal amount, together with any accrued interest, if any of the following events ("**Events of Default**") shall occur:

- i. the Issuer and/or the Guarantor, as the case may be, shall fail to pay any interest on any Bond when due and such failure shall continue for thirty (30) days after written notice thereof shall have been given to the Issuer and/or the Guarantor, as the case may be, by any Bondholder; or,
- ii. the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the Terms and Conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or,
- iii. an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer; or,
- iv. the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or,
- v. the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or,
- vi. there shall have been entered against the Issuer a final judgment by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of five million Euro (€5,000,000) or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; or,
- vii. any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined in sub-section 6.9.2 above) of the Issuer in excess of five million Euro (€5,000,000) or its equivalent at any time.

6.16 Meetings of the Bondholders

- 6.16.1** The Issuer may, from time to time, call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of any of the following: (i) considering and approving any matter affecting their interest, including the amendment, modification, waiver, abrogation or substitution of any of the Terms and Conditions of the Bonds and the rights of the Bondholders arising under the Prospectus; (ii) considering and approving the exchange or substitution of the Bonds by, or the conversion of the Bonds into, shares, debentures or other obligations or securities of the Issuer; and (iii) obtaining the consent of Bondholders on other matters which in terms of the Prospectus require the approval of a Bondholders' meeting in accordance with sub-section 6.16.3 below.
- 6.16.2** A meeting of Bondholders shall be called by the Directors by giving all Bondholders listed on the register of Bondholders as at a date being not more than thirty (30) days preceding the date scheduled for the meeting, not less than fourteen (14) days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this sub-section 6.16 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.
- 6.16.3** The amendment or waiver of any of the Terms and Conditions of the Bonds may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.
- 6.16.4** A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, at least two (2) Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within thirty (30) minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to Bondholders present at that meeting. The Issuer shall within two (2) days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven (7) days, and not later than fifteen (15) days, following the original meeting. At an adjourned meeting the number of Bondholders present at the commencement of the meeting, in person or by proxy, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at and decided upon during, the adjourned meeting.
- 6.16.5** Any person who in accordance with the Memorandum and Articles of Association of the Issuer is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.
- 6.16.6** Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting, the Directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.
- 6.16.7** The voting process shall be managed by the Issuer's company secretary under the supervision and scrutiny of the auditors of the Issuer.
- 6.16.8** The proposal placed before a meeting of Bondholders shall only be considered approved if at least sixty per cent (60%) in nominal value of the Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.

6.16.9 Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Issuer shall *mutatis mutandis* apply to meetings of Bondholders.

6.17 Rights attaching to the Bonds

There are no special rights attached to the Bonds other than the right of the Bondholders to:

- i. the payment of interest;
- ii. the payment of capital;
- iii. ranking with respect to other indebtedness of the Issuer in accordance with the provisions of sub-section 6.9.1 of this Securities Note;
- iv. attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
- v. enjoy all such other rights attached to the Bonds emanating from the Prospectus.

6.18 Further issues

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.

6.19 Bonds held jointly

In respect of any Bonds held jointly by several persons (including husband and wife), the joint holders shall nominate one (1) of their number as their representative and his/her name will be entered in the register with such designation. The person whose name shall be inserted in the field entitled '*Applicant*' on the Application Form, or the first named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.

6.20 Authorisations, approvals and admission to trading

6.20.1 The Directors authorised the Bond Issue and the publication of the Prospectus pursuant to a Board of Directors' resolution passed on 17 May 2017. The Guarantee being given by the Guarantor in respect of the Bonds has been authorised by a resolution of the board of directors of the Guarantor dated 17 May 2017.

6.20.2 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 29 May 2017.

6.20.3 Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Prospectus to be listed and traded on its Official List.

6.20.4 The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 7 July 2017 and trading is expected to commence on 10 July 2017. Dealing may commence prior to notification of the amount allotted being issued to Applicants.

6.21 Bonds held subject to usufruct

In respect of any Bonds held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed *vis-a-vis* the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bond/s (which shall be due to the bare owner).

6.22 Governing law and jurisdiction

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

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

6.23 Notices

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

7. TAXATION

7.1 General

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

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

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

7.2 Malta tax on interest

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is otherwise instructed by a Bondholder that is entitled to receive the interest gross from any withholding tax or if the Bondholder does not fall within the definition of “recipient” in terms of article 41(c) of the Income Tax Act (Chapter 123 of the laws of Malta), interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% (10% in the case of certain types of collective investment schemes) of the gross amount of the interest, pursuant to article 33 of the said Income Tax Act. Bondholders who do not fall within the definition of a “recipient” do not qualify for the said rate and should seek advice on the taxation of such income as special rules may apply.

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder need not declare the interest so received in his income tax return if paid net of tax. No person shall be charged to further tax in respect of such income and the tax deducted shall not be available as a credit against the recipient’s tax liability or available as a refund.

In the case of a valid election made by an eligible Bondholder resident in Malta to receive the interest due without the deduction

of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his income tax return and be subject to tax on it at the standard rates applicable to that person at that time. Additionally, in this latter case the Issuer will advise the Malta Commissioner for Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

In terms of article 12(1)(c) of the Income Tax Act, Bondholders who are not resident in Malta satisfying the applicable conditions set out in the Income Tax Act are not taxable in Malta on the interest received and will receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law.

7.3 Exchange of information

In terms of applicable Maltese legislation, the Issuer and/or its agent are required to collect and forward certain information (including, but not limited to, information regarding payments made to certain Bondholders) to the Commissioner for Revenue. The Commissioner for Revenue will or may, in turn, automatically or on request, forward the information to other relevant tax authorities subject to certain conditions. Please note that this does not constitute tax advice and Applicants are to consult their own independent tax advisers in case of doubt.

7.4 Maltese taxation on capital gains on transfer of the Bonds

On the assumption that the Bonds would not fall within the definition of “securities” in terms of article 5(1)(b) of the Income Tax Act, that is, “*shares and stocks and such like instrument that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return*”, if the Bonds are held as capital assets by the Bondholder, no income tax on capital gains is chargeable in respect of transfer of the Bonds.

7.5 Duty on documents and transfers

In terms of the Duty on Documents and Transfers Act (Chapter 364 of the laws of Malta), duty is chargeable *inter alia* on the transfer or transmission *causa mortis* of marketable securities. A marketable security is defined in the said legislation as “*a holding of share capital in any company and any document representing the same*”.

Accordingly, the Bonds should not be treated as constituting marketable securities within the meaning of the aforementioned legislation and, therefore, the transfer/transmission thereof should not be chargeable to duty.

Furthermore, even if the Bonds are considered to be marketable securities for the purposes of the Duty on Documents and Transfers Act, in terms of article 50 of the Financial Markets Act (Chapter 345 of the laws of Malta), in view of the fact that the Bonds constitute financial instruments of a company quoted on a regulated market exchange, as is the MSE, redemptions and transfers of the Bonds should in any case be exempt from Maltese duty.

8. TERMS AND CONDITIONS OF THE BOND ISSUE

8.1 The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List. In the event that the Bonds are not admitted to the Official List, no Maturing Bond Transfers (see section 6.2.1 above) shall take effect and any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant’s bank account indicated by the Applicant on the relative Application Form.

8.2 In view of the fact that the proceeds of the Bond Issue are intended to be applied to the redemption of the outstanding amount of the Maturing Bonds, the Issuer has not established an aggregate minimum subscription level for the Bond Issue.

- 8.3** It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying, including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.
- 8.4** The contract created by the Issuer's acceptance of an Application filed by a prospective bondholder shall be subject to all the Terms and Conditions set out in this Securities Note and the Memorandum and Articles of Association of the Issuer.
- 8.5** Any person, whether natural or legal, shall be eligible to submit an Application and any one (1) person, whether directly or indirectly, should not submit more than one (1) Application Form. If an Application Form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have duly bound his principal, or the relative corporation, corporate entity, or association of persons, and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions on their behalf. Such representative may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer and the Registrar, but it shall not be the duty or responsibility of the Registrar or Issuer to ascertain that such representative is duly authorised to appear on the Application Form.
- 8.6** In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each of the joint Applicants, and liability therefor is joint and several.
- 8.7** Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
- 8.8** The Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and, accordingly, may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.
- 8.9** No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any regulation or other legal requirements.
- 8.10** It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself/itself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- 8.11** Subject to all other Terms and Conditions set out in the Prospectus, the Issuer reserves the right to reject, in whole or in part, or to scale down, any Application, including multiple or suspected multiple applications, and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Issuer is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Only original Application Forms will be accepted and photocopies/facsimile copies will not be accepted. In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each Applicant, and liability therefor is joint and several.
- 8.12** Save where the context requires otherwise or where otherwise defined therein, terms defined in the Prospectus bear the same meaning when used in these Terms and Conditions, in the Application Form, in any of the Annexes and in any other document issued pursuant to the Prospectus.

- 8.13** The Issuer has not sought assessment of the Bonds by any independent credit rating agency.
- 8.14** Subject to all other terms and conditions set out in the Prospectus, the Issuer reserves the right to revoke the Issue at any time before the closing of the Issue Period. The circumstances in which such revocation might occur are expected to be exceptional, for example where a significant change in market conditions occurs.
- 8.15** The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by any Applicant is €2,000.
- 8.16** For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations, 2008, as amended from time to time, all appointed Authorised Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the “Members’ Code of Conduct” appended as Appendix 3.6 to Chapter 3 of the Malta Stock Exchange Bye-Laws, irrespective of whether the said appointed Authorised Intermediaries are Malta Stock Exchange Members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the Data Protection Act (Chapter 440 of the laws of Malta) for the purposes and within the terms of the Malta Stock Exchange Data Protection Policy as published from time to time.
- 8.17** By completing and delivering an Application Form, the Applicant:
- i. agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the Guarantor and the issue of the Bonds contained therein;
 - ii. warrants that the information submitted by the Applicant in the Application Form is true and correct in all respects and in the case where an MSE account number is indicated in the Application Form, such MSE account number is the correct account of the Applicant. In the event of a discrepancy between the personal details (including name and surname and the Applicant’s address) appearing on the Application Form and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;
 - iii. authorises the Registrar and the Directors to include his/her/its name or, in the case of joint Applications the first named Applicant, in the register of debentures of the Issuer in respect of the Bonds allocated to such Applicant and further authorises the Issuer and the MSE to process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Chapter 440 of the laws of Malta). The Applicant has the right to request access to and rectification of the personal data relating to him/her/it as processed by the Issuer and/or the MSE. Any such requests must be made in writing and addressed to the CSD at the Malta Stock Exchange. The requests must further be signed by the Applicant to whom the personal data relates;
 - iv. confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer, the Guarantor or the issue of the Bonds other than what is contained in the Prospectus and, accordingly, agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
 - v. agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her/its remittance or surrender of the Maturing Bonds, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act (Chapter 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
 - vi. agrees to provide the Registrar and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;
 - vii. warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her/its Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bonds or his/her/its Application;

- viii. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- ix. represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) and that he/she/it is not accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the “**United States**”) or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- x. agrees that Rizzo, Farrugia & Co. (Stockbrokers) Ltd. will not, in their capacity of Sponsor, treat the Applicant as their customer by virtue of such Applicant making an Application for the Bonds, and that Rizzo, Farrugia & Co. (Stockbrokers) Ltd. will owe the Applicant no duties or responsibilities concerning the price of the Bonds or their suitability for the Applicant;
- xi. agrees that all documents in connection with the issue of the Bonds and any returned monies, including refunds of all unapplied Application monies, if any, will be sent at the Applicant’s own risk and may be sent, in the case of documents, by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form and in the case of monies by direct credit into the Applicant’s bank account as indicated by the Applicant on the Application Form;
- xii. renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds;
- xiii. irrevocably offers to purchase the number of Bonds specified in his/her/its Application Form (or any smaller number for which the Application is accepted) at the Bond Issue Price subject to the Prospectus, the terms and conditions thereof and the Memorandum and Articles of Association of the Issuer;
- xiv. warrants that his/her/its remittance will be honoured on first presentation and agrees that if such remittance is not so honoured he/she/it will not be entitled to receive a registration advice, or to be registered in the register of debentures or to enjoy or receive any rights in respect of such Bonds unless and until payment in cleared funds for such Bonds is received and accepted by the Issuer and/or the Registrar (which acceptance shall be made in the absolute discretion of the Issuer and/or the Registrar and may be on the basis that the Issuer and/or the Registrar is indemnified against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of such remittance to be honoured on first presentation) and that, at any time prior to unconditional acceptance by the Issuer and/or the Registrar of such late payment in respect of such Bonds, the Issuer and/or the Registrar may (without prejudice to other rights) treat the agreement to allocate such Bonds as void and may allocate such Bonds to some other person, in which case the Applicant will not be entitled to any refund or payment in respect of such Bonds (other than return of such late payment);
- xv. agrees that all Applications, acceptances of applications and contracts resulting therefrom will be governed by, and construed in accordance with, Maltese law and that he/she/it submits to the exclusive jurisdiction of the Maltese Courts and agrees that nothing shall limit the right of the Issuer to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of applications and contracts in any other manner permitted by law in any court of competent jurisdiction;
- xvi. warrants that if he/she signs the Application Form on behalf of another party or on behalf of a corporation or corporate entity or association of persons, he/she has due authority to do so and such person, corporation, corporate entity or association of persons will also be bound accordingly, and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions;
- xvii. warrants that he/she is not under the age of eighteen (18) years or if he/she is lodging an Application in the name and for the benefit of a minor, warrants that he/she is the parent or legal guardian/s of the minor;
- xviii. confirms that, in the case of a joint Application entered into in joint names, the first named Applicant shall be deemed the holder of the Bonds; and
- xix. agrees that, in all cases, any refund of unallocated Application monies, if any, will be sent to the Applicant by direct credit into the Applicant’s bank account as indicated by the Applicant on the Application Form. No interest shall be due on refunds. The Issuer shall not be responsible for any charges, loss or delay in transmission.

9. ADDITIONAL INFORMATION

The Financial Analysis Summary dated 29 May 2017 has been included in Annex A of this Securities Note in the form and context in which it appears with the authorisation of Rizzo, Farrugia & Co. (Stockbrokers) Ltd. of Airways House, Third Floor, High Street, Sliema SLM 1549, Malta, which has given, and has not withdrawn, its consent to the inclusion of said report herein. Rizzo, Farrugia & Co. (Stockbrokers) Ltd. does not have any beneficial interest in the Issuer or the Guarantor. The Issuer confirms that the Financial Analysis Summary has 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.

TUMAS INVESTMENTS PLC FINANCIAL ANALYSIS SUMMARY

29 MAY 2017



ANNEX A – FINANCIAL ANALYSIS SUMMARY



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The Board of Directors
Tumas Investments plc
Portomaso Business Tower
Portomaso
St. Julian's STJ4011

29th May 2017

Dear Sirs

Tumas Investments plc – Financial Analysis Summary (the “Analysis”)

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

The purpose of the Analysis is that of summarising key financial data appertaining to Tumas Investments plc (the “Company”, “TI”, or “Issuer”) and Spinola Development Company Limited (the “Guarantor”, or “SDC”). The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data for the three years ended 31 December 2014 to 2016 extracted from both the Issuer and the Guarantor’s audited statutory financial statements for the three years in question;
- (b) The forecast data for the financial year ending 31 December 2017 has been extracted from the forecast financial information provided by the management of the Issuer and the Guarantor;
- (c) Our commentary on the results of the Issuer and on its financial position is based on the explanations set out by the Issuer in the audited financial statements and assisted by management of the Issuer and Guarantor;
- (d) The ratios quoted in the Analysis have been computed by us applying the definitions set out beneath each ratio;
- (e) Relevant financial data has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

The Analysis is meant to assist potential investors by summarising the more important financial data of the Issuer and the Guarantor. The Analysis does not contain all data that is relevant to potential investors and is meant to complement, and not replace, the contents of the full Prospectus. The Analysis does not constitute an endorsement by our firm of the securities of the Issuer and should not be interpreted as a recommendation to invest. We shall not accept any liability for any loss or damage arising out of the use of the Analysis and no representation or warranty is provided in respect of the reliability of the information contained in the Prospectus. As with all investments, potential investors are encouraged to seek professional advice before investing.

Yours sincerely,

Vincent E. Rizzo
Director

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IMPORTANT INFORMATION

Purpose of this Document

*The purpose of this document is to present a financial analysis summary of Tumas Investments plc in line with the requirements of the Malta Financial Services Authority (MFSA) Listing Policies dated 5 March 2013 (the “**Financial Analysis Summary**”).*

Sources of Information

The information that is presented has been collated from a number of sources, including the company’s website (www.tumas.com), the due diligence report prepared by PricewaterhouseCoopers pursuant to the Listing Policies of the MFSA and financial and management reports of the Issuer and the Guarantor, including the annual reports.

Historical financial information is being presented in thousands of Euro, unless otherwise stated, and has been rounded to the nearest thousand. The rounding could potentially alter the figures quoted to those presented in full in the annual reports of the Issuer or the Guarantor.

Projections

Projections that are quoted in this document have been prepared by the directors of the Issuer and Guarantor, who undertake full responsibility for the assumptions on which these projections are based.

DEFINITIONS

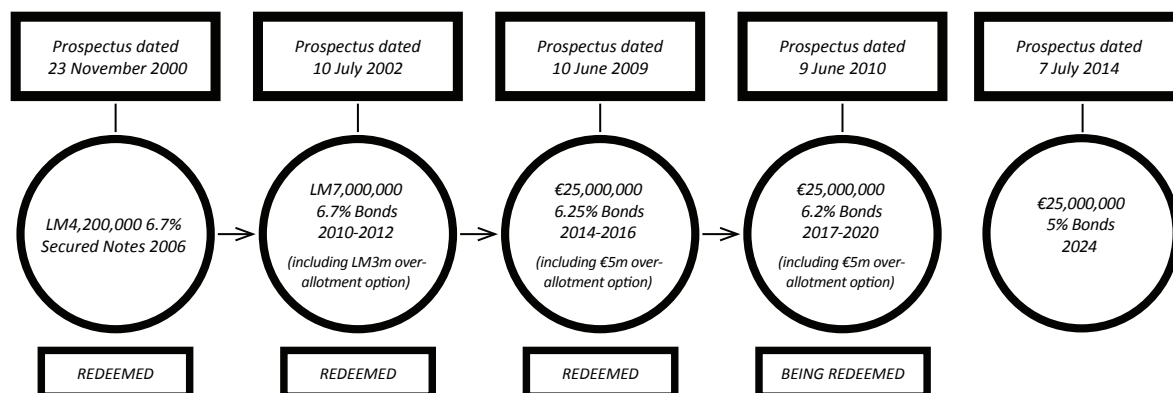
F&B	Food and beverages
Halland Developments Company Limited or HDCL	A subsidiary of Spinola Development Company Limited which owns the freehold title of the Halland site and adjoining land.
Halland site	The site in Ibragg (formerly Halland Aparthotel) earmarked for development.
Laguna Project	An extension to the Portomaso Complex on its east side which will include the building of 44 residential units.
PA	The Planning Authority (previously known as MEPA).
Portomaso Complex or Portomaso or Complex	The Complex located in St Julian's set on a site owned by SDC comprising the Hilton Malta and its convention centre, the Portomaso Business Tower, residential apartments, a car park, a marina and commercial outlets.
Portomaso Leasing Company Limited or PLCL	A subsidiary of Spinola Development Company Limited which manages the leasing of the long-term commercial and office components the Portomaso Complex.
Premium Real Estate Investments Limited or PREIL	A subsidiary of Spinola Development Company Limited entrusted with acquiring property for investment purposes.
Prospectus	The Prospectus issued by Tumas Investments plc dated 29 May 2017.
Spinola Development Company Limited or Guarantor or SDC	A company incorporated in Malta bearing registration number C331. SDC is a wholly-owned subsidiary of the Tumas Group Company Limited and acts as a guarantor to TI bond issues currently listed on the Malta Stock Exchange.
Tumas Group Company Limited or Tumas Group or Group	A group of companies involved in various sectors including hospitality, leisure, tourism, property, automotive and port operations.
Tumas Investments plc or Company or Issuer or TI	A company incorporated in Malta bearing registration number C27296.

1. BACKGROUND AND HISTORY

1.1 The Issuer – Tumas Investments plc

Tumas Investments plc is a public limited liability company incorporated in Malta on 17 November 2000 to act as the financing arm of SDC. Given the Issuer's nature of activities, i.e. raising finance for on-lending to SDC, there is an inherent dependence on SDC's cash flows and operations.

Since 2000, the Issuer has tapped the local bond market four times:



The first three bonds, issued in 2000, 2002 and 2009 respectively, have to date been redeemed. Meanwhile, the Issuer has two outstanding bonds, namely the €25.0 million 6.2% bonds maturing between 2017 and 2020 and the €25.0 million 5.0% bonds maturing in 2024.

1.2 The Guarantor – Spinola Development Company Ltd

SDC was set up as a limited liability company in Malta on 10 May 1966 and was acquired by the Tumas Group in 1986 through Spinola Investments Limited. The business of SDC has, to date, comprised primarily of the development, management and operation of the Portomaso Complex situated in St Julian's. SDC owns three subsidiaries, namely PLCL, HDCL and PREIL, all of which are incorporated in Malta.

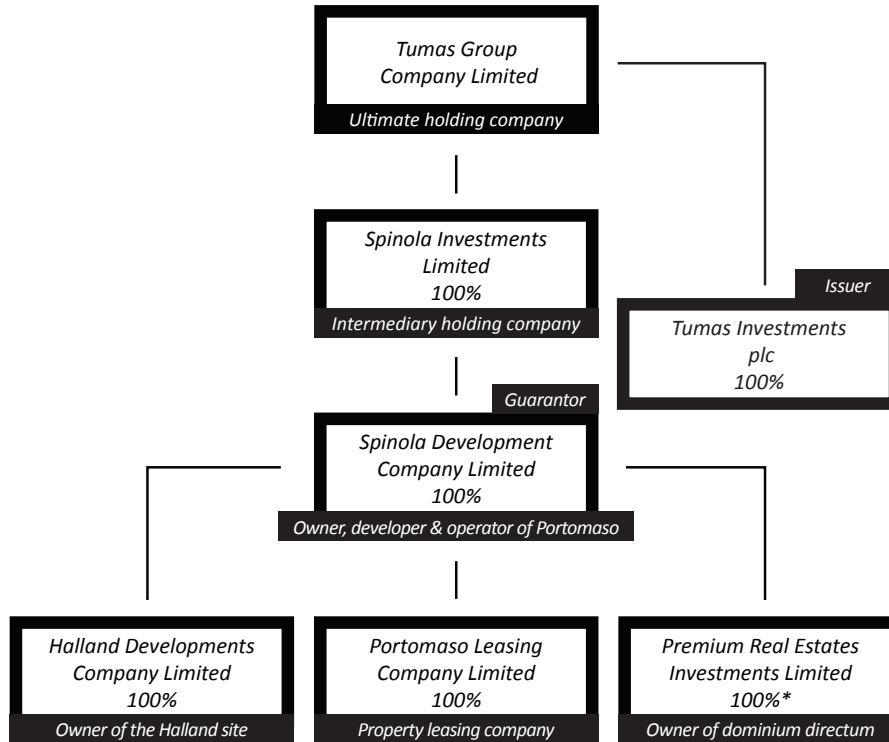
In 1994, the then Malta Hilton Hotel was completely demolished, making way for the development of the Portomaso Complex. The land title was acquired by SDC from the Government of Malta and today the Guarantor benefits from freehold title of the site. For the purpose of management and administration of Portomaso, in 2004 SDC set up PLCL to focus primarily on the leasing of long-term commercial and office components of the Complex.

In 2009, HDCL was set up with the main objective being that of acquiring the freehold title of the Halland site and the adjoining land from St Andrews Hotels Limited – a sister company within the Tumas Group.

PREIL was incorporated in 2011 with the principal objective of acquiring property for investment purposes. The only major transaction that this company has entered into since its formation was that related to the acquisition of the *dominium directum* on a portion of Portomaso properties from SDC in 2012. PREIL is 99% owned by SDC, with the remaining 1% held by Spinola Investments Limited.

1.3 The Issuer and Guarantor within the Tumas Group

Both TI and SDC are wholly-owned subsidiaries of Tumas Group Company Limited – one of the largest and most diversified private business groups in Malta. The Group, which is ultimately owned by members of the Fenech family, is primarily active in property development and leasing, hospitality, leisure and gaming and energy. The Issuer and the Guarantor's positions within the Group are as depicted below:



*Refers to the effective control that SDC has on Premium Real Estates Investments Limited.

2. DIRECTORS AND SENIOR MANAGEMENT

2.1 Directors

2.1.1 *Directors of the Issuer*

The directors of the Company who held office during the financial year ended 31 December 2016 were:

Mr. Raymond Fenech	Executive Director & Chairman
Mr. Yorgen Fenech	Executive Director
Mr. Ray Sladden	Executive Director & Company Secretary
Dr. Michael Grech	Non-Executive Director
Mr. Kevin Catania	Independent, Non-Executive Director
Mr. John Zarb	Independent, Non-Executive Director

Mr Kevin Catania and Mr John Zarb were appointed to the Issuer's board on 4 April 2016 and 15 March 2017, respectively.

2.1.2 *Directors of the Guarantor*

The directors of SDC who held office during the financial year ended 31 December 2016 were:

Mr. Raymond Fenech	Executive Director & Chairman
Mr. Emanuel Fenech	Executive Director
Mr. Yorgen Fenech	Executive Director

2.2 Senior Management

2.2.1 *Senior Management of the Issuer*

No employees are directly engaged by the Issuer as it entirely relies on the employees of the Guarantor and of the Tumas Group for its management and administration.

2.2.2 *Senior Management of the Guarantor*

The senior management of the Guarantor are the following:

Mr. Ray Sladden	Tumas Group Finance Director
Mr. Maurice Tabone	Sales and Marketing Director of SDC
Mr. Matthew Mullan	General Manager of Hilton Malta
Mr. Gerald Debono	Tumas Group Architect
Mr. Kevin Spiteri	Tumas Group Engineer

3. OPERATIONS AND MAJOR ASSETS

3.1 The Issuer

As the financing arm of SDC, the Issuer's operations are inherently limited to that of raising finance for capital projects and advancing such funds to SDC. The borrowings of the Issuer are on-lent to SDC and are regulated through loan agreements that mirror the characteristics of the borrowings taken by TI plus an additional interest margin intended to cover the costs of the Company.

Major Assets - Issuer

The assets of the Issuer are predominantly made up of the loans receivable from SDC, which altogether amount to over 90% of the Issuer's asset base. The table below summarises the value of total assets and loans receivable from SDC for the financial years ended 31 December 2014, 2015 and 2016.

Year	Total Assets €'000	Loans Receivable from SDC €'000	Loans Receivable from SDC as a % of Total Assets
2014	57,163	54,504	95.3%
2015	52,366	49,380	94.3%
2016	52,725	49,380	93.7%

Material Contracts - Issuer

The agreements summarized below are currently in force between TI and SDC and are in relation to the two outstanding bonds of the Issuer. The bond issue of 26 July 2010 is being redeemed and in its stead, a new bond of €25 million will be issued, the net proceeds of which (estimated at €450,000) will be onlent to SDC.

Date of Agreement	Amount	Term of Loan	Purpose of Loan	Interest Rate	Financed by TI through
26 July 2010	€24,661,081	8 July 2020	Refinancing of existing borrowings	6.3% p.a.	Bond Proceeds
31 July 2014	€24,718,514	31 July 2024	Refinancing of existing borrowings	5.1% p.a.	Bond Proceeds

3.2 The Guarantor

The principal activities of the Guarantor are the development and operation of the Portomaso Complex and adjacent areas situated in St. Julian's. The Complex includes the Hilton Malta hotel and its convention centre, the Portomaso Business Tower, residential apartments, a marina, a car park and a number of commercial and catering outlets.

The Complex was launched by SDC in 1996 and to-date remains one of the largest, single private real estate developments undertaken in the Maltese Islands. The Complex is a waterfront development spread over an area of approximately 128,000 square metres, comprising a variety of elements blended together in one development. The Complex enjoys a very central position on Malta's north eastern shore and is situated in the heart of St. Julian's, Malta's popular commercial and leisure district. Portomaso is constructed around a sheltered excavated marina that extends the natural waterfront of the site and serves to enhance the environment of all the constituent components. These comprise the Hilton Malta hotel (including the convention centre), residential apartments, the business tower, commercial areas, catering outlets, extensive underground car parking facilities and the marina itself. More recently, the Guarantor commenced the development of a site adjacent to the Portomaso residential apartments which is referred to as the Laguna project. Furthermore, in early 2017, SDC commenced construction works on a new office block adjacent to the Portomaso business tower, which is expected to be commissioned within the next 12 months.

Portomaso is one of Malta's 13 Special Designated Areas (SDA) which allow both EU and non-EU nationals to purchase property within such areas on the same acquisition rights as Maltese citizens, thus without having to obtain an Acquisition of Immovable Property (AIP) permit which normally applies to other non-SDA areas.

As such, the operations of SDC are sub-divided into four segments:

- A. The hotel and its ancillary operations;
- B. Property development;
- C. Rental operations; and
- D. Complex management operations.

Major Assets - Guarantor

The below are considered to be the major assets of the Guarantor.

A. The Hotel and its Ancillary Operations

This segment comprises the Hilton Malta, the conference centre and ancillary operations including underground car park, the marina and Level Twenty-Two (a wine lounge on the twenty-second floor of the Portomaso Tower). In 2014, the Guarantor's PPE had a carrying value of €74.6 million increasing to €105.0 million in 2015 mainly as a result of the €28.8 million upward revaluation of the PPE (before deferred tax adjustment) approved by the directors in December 2015 based on the valuation prepared by independent professionally qualified valuers. In 2016, PPE increased to a carrying value of circa €108.4 million or 59.7% of total assets as at the end of FY2016, due to the additions for the year being higher than the depreciation charge.

i) Hilton Malta

The Hilton Malta is a five-star 413-room hotel, with modern conference facilities, a health centre, themed restaurants, a large indoor pool and a number of outside pools and beach clubs. SDC has an operating agreement with Hilton International for the operation of the hotel using the Hilton brand, whereby Hilton International markets and manages the hotel and its adjacent conference centre as an integral part of its world-wide chain. This agreement, which had an initial term of 15 years was renewed for a further 20 years in 2013, effective from 1 January 2012.

In 2014, SDC embarked on a major refurbishment of the Hilton Malta hotel and its common areas at an estimated capital expenditure of €15 million. Besides giving a fresh new look to all of the hotel's deluxe bedrooms (excluding the rooms added as part of the 2008 extension), the refurbishment works involve the creation of new terraces, the renovation of bars and restaurants within the hotel, the replacement of lifts, and the upgrading of the soft furnishings in the common areas of the hotel. The refurbishment project reached its peak in early 2016 when the hotel was closed for a consecutive period of 10 weeks between February and April 2016. The final phases of this refurbishment are expected to be finished off later this year, although this is not envisaged to be substantial as the major part of the investment has now been undertaken. This operating segment is supported by a number of ancillary operations including an extensive public car park, the yacht marina, and Twenty-Two wine lounge.

ii) Portomaso Car Park

SDC operates underground public car parking facilities of circa 1,130 car spaces with residents and tenants of the Business Tower having reserved areas for their exclusive use. This structure is ancillary to the hotel and contributes to this segment's returns albeit to a much smaller scale. The use of this car park is expected to peak once the Laguna extension and the Portomaso office block are completed, hence increasing the footfall within the complex.

iii) Portomaso Marina

The Portomaso marina has been in operation since 1999 and has a total capacity of approximately 130 berths. The marina comprises three areas, these being the North Basin, for smaller craft and water sports operations; the South Basin, which accommodates up to 45 sailing yachts; and the West Basin, which accommodates up to 60 motor cruisers. It offers a number of ancillary services to its tenants including mooring assistance which is constantly provided on the quayside; security around the whole perimeter; water and electricity facilities and pump out facilities for waste-water and used oil.

iv) Twenty Two wine lounge

Twenty-Two is a wine lounge located on the twenty-second floor of the Portomaso Business Tower. It opened its doors during the summer of 2006, with the intention of creating a new concept in evening entertainment attracting an elite and exclusive customer base.

B. Property Development

SDC has to date completed the development of 455 apartments within the Portomaso complex. As at the end of December 2016, only two apartments remained available for sale whilst another three units were subject to promise of sale agreements. The unsold stock of five apartments have an expected sales value of *circa* €3.7 million.



In 2015, SDC commenced the extension of the Complex which entails the development of a parcel of land spread over an area of approximately 7,550 square metres on the east shore of the site on which the Complex stands. This development is referred to as the Laguna Project and involves the construction of 44 premium residential units on the eastern shore of the site, which are expected to be completed in shell form in 2017 with the first deliveries expected in the next 12 months. Out of the 44 exclusive apartments, 40 apartments are currently subject to promise of sale agreements whilst 4 apartments are still held for sale. The 44 apartments have an expected sales value (when fully finished) in excess of €50 million.

The development costs of this extension have been principally funded from the Guarantor's own cash flows and, in part, by way of banking facilities raised by the Guarantor.

C. Rental Operations

SDC, through its subsidiary PLCL, leases out areas within the Business Tower (*circa* 3,313 square metres) and other commercial and office areas within the Complex (*circa* 10,938 square metres). At present, all the units available for rent within the entire Portomaso Complex are leased out.

Among the main rented properties one can find the Arkadia Supermarket, the Café Portomaso, the Casino at Portomaso, the Luxe Pavilion and various other retail and catering outlets. Occupancy within the Portomaso business tower and within the various commercial elements comprising the complex increased substantially as the project matured and in the past few years SDC's rentable areas were practically fully occupied. Portomaso remains an extremely popular destination to the common benefit of all its tenants.

Earlier this year, SDC commenced the construction of a new office block (the Portomaso office block) over the existing Portomaso cafeteria area, adjacent to the business tower. The new building will add approximately 5,200 square metres of gross floor space. The Portomaso office block is expected to be commissioned in 2018. The capital expenditure in relation to this project is estimated in the region of €12 million which will be funded through a combination of banking facilities raised for this purpose and the Guarantor's own cash flows.

D. Complex Management Operations

SDC is responsible for the management and administration of the Portomaso complex, that is, the maintenance, cleaning, security and utilities within the common areas of the project and within each block of apartments, and across the exterior landscaping that characterises the complex and the Business Tower. SDC apportions the expenses incurred in the management of the Complex and recharges the relative costs to the residential tenants/owners, the Hilton Malta and the office and commercial areas. Moreover, SDC receives a management fee as remuneration for its services for this activity from the various occupants within the Portomaso Complex.

Material Contracts - Guarantor

The following are considered to be material contracts that the Guarantor has in place.

A. Hotel Agreement With Hilton International

As mentioned earlier, SDC has an operating agreement with Hilton International, which is responsible for the marketing and management of the hotel, as well as the adjacent conference centre, under the world-renowned Hilton brand. The operating agreement is based on standard industry norms and provides for a remuneration package that is based on performance. This agreement, which had an initial term of 15 years was renewed for a further 20 years in 2013, effective from 1 January 2012.

B. Lease Agreements

In the main, SDC's lease agreements with office and commercial tenants have a term of between 1 and 5 years. The lease agreements provide for renewal terms and periodic inflationary increments. The table below shows the total amount of operating lease commitments of the past three years.

€ thousands	Actual FY2014 €'000	Actual FY2015 €'000	Actual FY2016 €'000
Not later than 1 year	2,425	2,320	2,103
Between 1 and 5 years	2,490	1,629	3,289
More than 5 years	749	594	540
	5,665	4,543	5,931

C. Capital Commitments

The Guarantor is party to commitments of a capital nature in relation to contracted or upcoming works. As at 31 December 2016, the value of these commitments was €18.7 million. The majority of this amount was in relation to the development of the Laguna apartments while the balance referred to pending works at Hilton hotel.

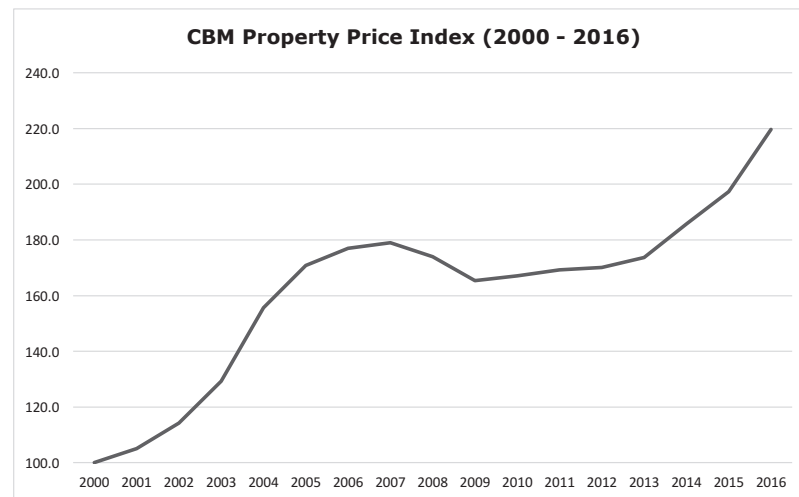
D. Other Agreements with the Tumas Group

In addition to rental and management agreements with Tumas Group companies, SDC has a number of treasury arrangements to provide short-term funding to other subsidiaries within the Tumas Group. These facilities are repayable on demand in line with an established group treasury policy. These companies themselves have stand-by funding facilities which can be accessed whenever SDC requests repayment of these temporary advances. Furthermore, SDC also provides hypothecs and hypothecary guarantees over parts of its immovable property on behalf of fellow subsidiaries. These securities fall within the parameters established and permitted in the prospectuses governing the bonds in issue.

4. Market Overview

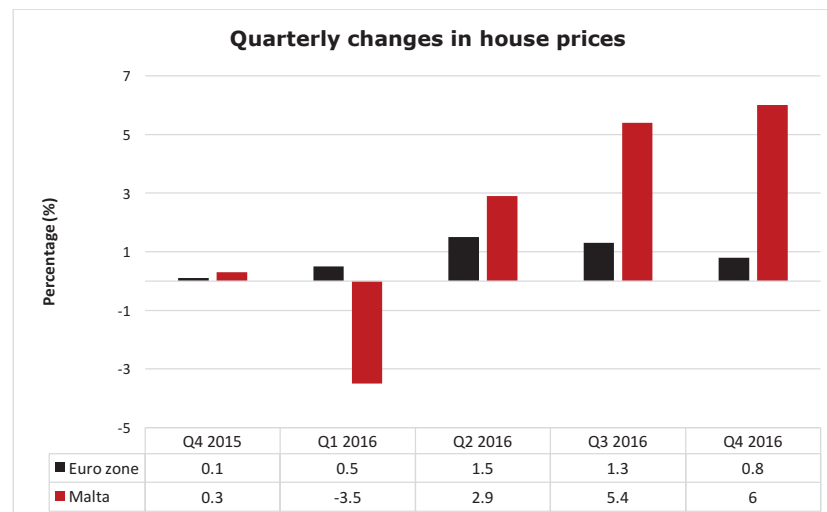
4.1 The Property Market in Malta

The forces of supply and demand in the property market in Malta have shaped the course of property prices. The most recent data issued by the Central Bank of Malta (CBM) indicates that the local property market continued to perform strongly of late¹. Indeed, as depicted by the graph below, the CBM Property Prices Index, which tracks movements in the advertised prices of the major types of residential property, has hit its highest level ever in 2016.



Source: Central Bank of Malta

The CBM Property Prices Index shows that, on aggregate, prices of residential property enjoyed constant gains from 2000 to 2007. Thereafter followed a transitional period during which prices generally dipped until in 2010 the local property market started to rebound albeit somewhat slowly. However, recovery in property prices accelerated notably over the past two to four years, with the index surpassing the previous high.



Source: Eurostat (http://ec.europa.eu/eurostat/statistics-explained/index.php/File:House_Price_Index_-_Quarterly_and_annual_growth_rates-2016Q4.png)

¹Data as last updated on 23 Feb 2017 which is available through the CBM's website on: <https://www.centralbankmalta.org/real-economy-indicators>

According to the Eurostat, house prices in Malta increased by 6% in last year's fourth quarter, compared to the previous quarter, registering the highest increase from among EU countries. In the euro zone house prices in the last year's fourth quarter rose by 0.8%.

The strong upturn in such a relatively short span of time can be attributed to a number of factors, principally, the overall healthy state of the local economy which in 2016 grew by 5% as against the euro zone average of 1.9%². The main drivers behind such a strong economic performance include: (i) a number of Government-induced measures which revived economic activity and sentiment, thus boosting employment levels, domestic demand and investment in general; (ii) the continued relocation of foreign companies and individuals to Malta, particularly those operating within the financial, gaming and IT services industries; and (iii) the record performance of the tourism industry which indeed has a material multiplier effect on the rest of the local economy. The relative economic recovery of the euro zone was supported principally by the depreciation of the Euro, lower oil prices and the ECB's asset purchase programme. In February 2017, Fitch Ratings affirmed Malta's long-term foreign and local currency issuer default at 'A' and also predicted a positive outlook for the country's economy. Fitch's positive outlook reflects the rating agency's view that the public debt/GDP ratio is on a downward trajectory and on the grounds of robust economic increase which will be registered this year and in 2018. In this regard, an average of 3.3%³ growth was predicted by Fitch over 2017 and 2018 mainly attributable to the rise in the employment levels, and the launch of new projects in the energy, transportation, education and healthcare sectors. Exports are also expected to contribute to Malta's good economic condition driven by a rise in the pharmaceutical, financial services, gaming and tourism sectors. Earlier this May, Moody's also confirmed its A3 rating for Malta and revised upwards its GDP growth forecast to 4.3% in 2017 (in January this was stated at 3.4%) and 3.7% in 2018 (from 3.1%).

On the demand side, the main factors that contributed to the strong upturn of the property market in Malta were: (i) the introduction of a number of tax-benefit measures for certain type of property transactions such as the fiscal incentives for first-time buyers; (ii) the Individual Investor Programme (IIP) which obliges high net worth individuals to purchase property in Malta; (iii) an inflow of foreign workers; and (iv) the record low interest rate scenario which, on the one hand, induces individuals with available cash to invest to search for alternative investment options, including the purchase of property for investment and/or rental purposes in order to seek better returns, and on the other hand, encourages others seeking to purchase a property to do so at substantially lower interest costs than in the past. It is worth noting that according to Fitch, a sharp correction in the housing market constitutes the main domestic risk to the sector through mortgage lending and real estate collateral. However, Fitch also advised that the rise in house prices has moderated and the pace of mortgage lending decreased to 6.2% as of end-September 2016 from the 11% registered in 2015.

On the supply side of the market, the number of permits for residential units issued by the Planning Authority increased significantly during 2016, reaching 7,508, from 3,947 a year earlier (see table below). This marks the third year of growth, following a period of decline. All categories registered increases except for terraced houses. The increase in permits issued in 2016 was mostly driven by the largest residential category, namely apartments, which accounted for 84% of total permits granted. However, national accounts data suggest that activity in the overall construction sector weakened. In particular, value added and investment declined.

Permits Issued for the Construction of Dwellings Units

	2011	2012	2013	2014	2015	2016
Apartments	3,276	2,489	2,062	2,221	3,019	6,316
Maisonettes	401	298	350	414	471	706
Terraced Houses	191	202	209	204	342	297
Other	87	75	84	98	115	189
Total	3,955	3,064	2,705	2,937	3,947	7,508

Source: Planning Authority

The gross value added of the construction industry declined significantly, going down by 6.0% in nominal terms during 2016 (from €352 million to €331 million), following an increase of 16.6% in 2014. This reflected a slight decline in the output of the construction sector (see table below).

²Source: Eurostat website: <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tec00115&plugin=1>

³Source: Fitch Ratings: <https://www.fitchratings.com/site/pr/1019219>

As a consequence, the slight reduction in output in the sector was mirrored in employment data. In the first nine months of 2016, total employment in the construction sector rose marginally by 27, or 0.3%, compared with the corresponding period average in 2015. Higher employment within the private sector was dampened by lower employment in the public sector. As a result, the industry's share in the total gainfully occupied population fell to 5.9% from 6.1% in 2015. Employee compensation in the construction sector rose by 1.5% in 2016, when compared with growth of 5.6% in 2015.

Construction Activity Indicators (1)

	2013	2014	2015	2016
Gross value added (EUR millions)	294.6	301.7	351.7	330.7
Share of gross value added in GDP (%)	3.9	3.6	3.8	3.3
Total Employment (2)	11,488	9,263	10,508	10,535
of which private employment	8,807	8,962	9,383	9,502
Share in total gainfully occupied population (%)	7.3	5.7	6.1	5.9

(1) Employment data are averages for the first nine months of the year, and are sourced from administrative records.

(2) The decline in total employment in the construction sector in 2014 reflects the reclassification of employees within the public sector following changes in ministerial responsibilities.

Source: National Statistics Office

Going forward, it is expected that there will be a material pipeline of large scale developments, including various high-rise buildings, pending planning applications. Although this could continue to signal a positive growth momentum, prudence at this juncture seems warranted so as not to allow the market to overheat and rise to unsustainable levels.

4.2 The Tourism Industry

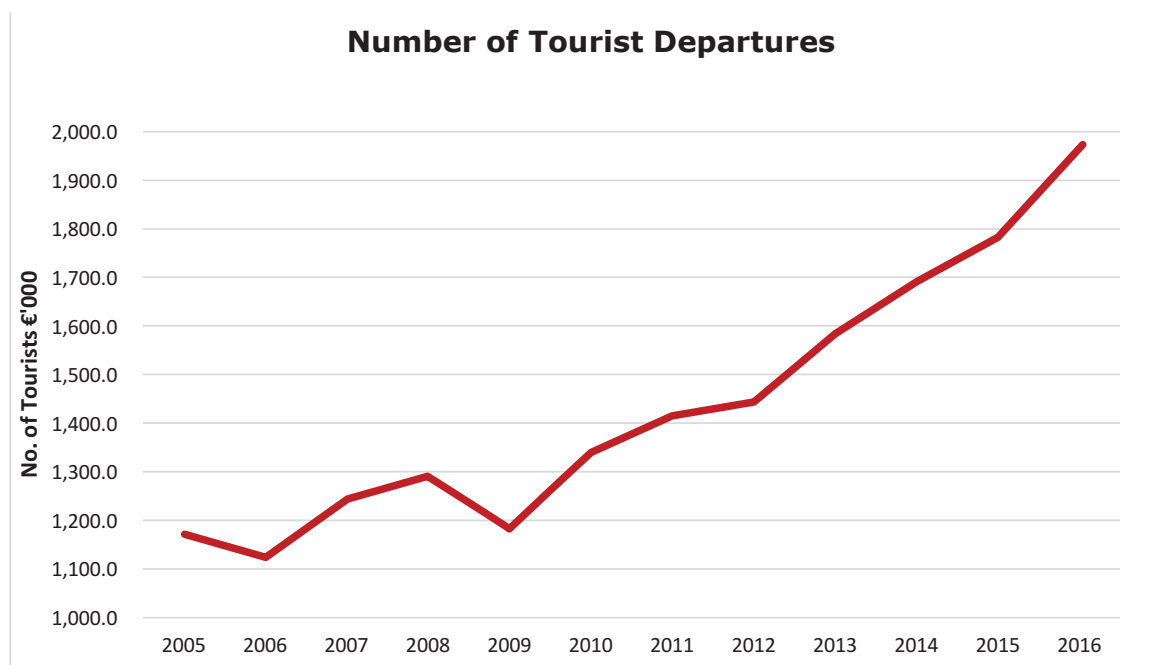
As mentioned earlier on, one of the major catalysts for Malta's recent economic successes has been the notable growth of the tourism industry over these past few years. Indeed, the tourism industry is considered to be a crucial pillar of the economy as, directly and indirectly, it is estimated to account for 29% of Malta's GDP (Source: National Tourism Policy 2015-2020, p. 17).



Source: NSO

The resilient performance in the tourism sector observed since 2010 persisted during 2016 both in terms of inbound tourists and bed-nights spent in Malta. NSO data for 2016 show that tourist arrivals and nights stayed surpassed the levels recorded in 2015. Compared with 2015, the number of inbound tourists grew significantly during 2016 as it rose at an annual rate of 10.2% compared with a 5.5% growth rate recorded in 2015. The total number of visitors rose to almost two million, 182,562 tourists more than a year earlier. According to the NSO, this improvement was mostly driven by an increase in the number of leisure tourists, though the number of business and professional travellers also rose on 2015. Conversely, the number of persons that visited Malta for educational, religious, health and other purposes fell. Visitors spent a total of almost 15 million nights in Malta, 5.7% more than in 2015.

With respect to the type of preferred accommodation, the statistics compiled by the NSO indicate that the nights stayed in private accommodation (self-catering apartments, farmhouses, and private residences) recorded the strongest increase as they grew by 724,529, or 13.5%. Nights spent in collective accommodation establishments (hotels, guesthouses, hostels, B&Bs, etc) rose by 85,273, or 1.0%. As private accommodation continued to gain in popularity, its share in the overall nights spent by tourists visiting Malta edged up further, reaching 40.6%. Data gathered by the CBM, the cruise passenger industry also experienced a robust growth in performance. In 2016, the number of foreign cruise liner passengers increased by 4.0%, to 615,198. Tourism expenditure was estimated at €1.71 billion in 2016, an increase of 4.2% over 2015. Since the increase in the tourism expenditure was at a slower pace when compared with arrivals, expenditure per capita fell and decreased by €50 to stand at €869.



Source: Central Bank of Malta

One of the determining factors which contributed tremendously to such growth has been the introduction of low-cost airlines in 2006. According to data gathered by the CBM⁴, the number of tourist departures (equivalent to the number of inbound tourists) from 2007 to 2016 increased by an annual average of 5.9% to reach a record high of almost 2 million in 2016. Growth was particularly intense in the last four years as the yearly increase in the number of tourist departures averaged 8%. Equally impressive is the fact that during 2016, the operator of Malta's only airport, Malta International Airport plc registered a 10% increase in passenger movements to a record of 5.08 million movements (2015: 4.62 million) reflecting a 4.5% increase in aircraft movements which consequently led to an increase of 7.6% in seat capacity.⁵

Another factor which contributed handsomely towards the development of the Maltese tourism industry in recent years has been the gradual shift from a purely holiday destination and efforts are being made in order to attract a more business oriented segment. Thus, in order to achieve this change, noteworthy efforts have been made by all those involved in the industry (both in

⁴Data as last updated on 06 May, 2016 which is available through the CBM's website on: <https://www.centralbankmalta.org/real-economy-indicators>

⁵MIA Company Announcement dated 11 January, 2017 no. 243/2017. This is available through the MIA's website on: <https://miamain.blob.core.windows.net/wp-uploads/wp-content/uploads/2016/03/Traffic-Forecast-for-2017.pdf>

public sphere, like the Government and its entities and bodies of civil society, as well as private operators and entrepreneurs) in order to increase the overall standard of the local tourism product. With regard to tourist markets, the United Kingdom and Italy remained Malta's most important source markets during 2016, accounting in aggregate for 44.5%⁶ of total arrivals.

Going forward, the prospects of the local tourism industry continue to look positive. The unstable socio-political and economic situations of some of Malta's closest competitors around the Mediterranean Sea as well as the continuing upgrading of the local tourism product in general are set to remain drivers of growth. Furthermore, Malta's six-month presidency of the Council of the European Union (launched in January 2017) together with Valletta's journey towards the European Capital City of Culture in 2018 also serve to put Malta more in the limelight of potential tourists. On the downside, the uncertainty currently surrounding the national airline Air Malta poses a threat to further growth, and competition from other Mediterranean countries will likely remain strong. More efforts to grow traffic in the winter months and attracting more visitors from new markets is a priority to Malta and such approach will ensure that the Maltese hospitality industry remains competitive and sustainable in the years to come.

⁶Central Bank Annual Report 2016 which is available through CBM's website on: <https://www.centralbankmalta.org/annual-reports>

5. Issuer's Performance and Financial Position Overview

5.1 Historic Financial Performance

NB: The MFSA Listing Policies require a 3-year historical analysis of financial information of the Issuer. The commentary that follows the table below focuses on the financial years from FY2014 to FY2016, both years included. The presented financial information is to be considered in the context of the Issuer being an SPV with the sole objective of raising financing on behalf of SDC.

All figures referred to in this section of the report have been extracted from the audited financial statements of the Issuer for the respective years and supported by management information as necessary, with the exception of ratios which have been calculated by Rizzo, Farrugia & Co (Stockbrokers) Limited.

Income Statement

for the year ended 31 December	Actual 2014 €'000	Actual 2015 €'000	Actual 2016 €'000
Finance Income	3,473	3,069	3,010
Finance Costs	(3,374)	(2,967)	(2,893)
Net Interest Income	99	103	117
Investment income	129	-	-
Administrative expenses	(133)	(91)	(112)
Profit before tax	95	12	5
Tax expense	-	(4)	(2)
Profit for the financial year	95	8	3

The limited scope of the Issuer, as it acts as the financing vehicle of the Guarantor, is reflected in the composition of its income statement. The Issuer on-lends funds that it borrows (through bank loans or capital market issues) to the Guarantor, making a margin on the rate to cover its administrative expenses.

The lower level of finance income generated during FY2015 and FY2016 compared to FY2014 reflects the reduced level of total outstanding debt advanced to SDC as well as the decrease in the interest rate on the refinancing of the €24.7 million loan in FY2014. Similarly, finance costs decreased during each of FY2015 and FY2016, reflecting the combined effect of reduction of bank loan interest payable, the lower coupon payable on the bond refinancing in FY2014 and the repayment of bank loans during FY2015.

Administrative expenses incurred by the Issuer related to listing and compliance costs, directors' remuneration and custodian fees dropped by 31.7% in FY2015 to €0.09 million (FY2014: €0.13 million) reflecting lower recharge of intra-group fees. In FY2016 administrative expenses increased to €0.11 million due to the management fees charged by Tumas Group. In FY2014, there was a one-time gain on investments of €0.13 million when the Issuer disposed of an investment portfolio which was not repeated during FY2015 or FY2016.

Key Profitability Ratios - Issuer:

	Actual FY2014	Actual FY2015	Actual FY2016
Net Income Margin (Net interest income / finance income)	2.85%	3.35%	3.89%
Interest Cover (Finance income / finance costs)	1.03x	1.03x	1.04x

Statement of Financial Position

<i>for the year ended 31 December</i>	Actual FY2014 €'000	Actual FY2015 €'000	Actual FY2016 €'000
<u>Assets</u>			
Non-Current Assets			
Loans and Receivables	51,593	49,380	49,380
Total Non-Current Assets	51,593	49,380	49,380
Current Assets			
Loans and Receivables	2,912	-	-
Trade and Other Receivables	1,504	1,461	1,314
Current Tax Assets	1	2	-
Cash and Cash Equivalents	1,154	1,524	2,031
Total Current Assets	5,570	2,986	3,345
Total Assets	57,163	52,366	52,725
<u>Equity & Liabilities</u>			
Capital & Reserves			
Share Capital	233	233	233
Retained Earnings	352	360	363
Total Equity	585	593	596
Non-Current Liabilities			
Borrowings	51,808	49,677	49,764
Trade and Other Payables	200	549	949
Total Non-Current Liabilities	52,008	50,226	50,713
Current Liabilities			
Borrowings	2,912	-	-
Trade and Other Payables	1,658	1,547	1,416
Total Current Liabilities	4,570	1,547	1,416
Total Liabilities	56,578	51,773	52,129
Total Equity and Liabilities	57,163	52,366	52,725

The Issuer's asset base is reflective of the outstanding borrowings (both from banks and capital market issues) at year end. While in FY2014, the Issuer's total assets stood at €57.2 million, by the end of FY2015 the Issuer's total asset base amounted to €52.4 million, primarily as a result of settlement of loan balances amounting to €5.1 million in FY2015. By the end of FY2016, total assets amounted to €52.7 million, relatively in line with FY2015. During the periods under review, the composition of the Company's assets was in the main the same, consisting of loans and receivables from SDC, and which backed bank loans and outstanding bonds taken by the Issuer on behalf of the Guarantor.

Shareholder's equity, which has remained consistent over the past three years amounts to €0.6 million.

Analysis of Borrowings of the Issuer

The Issuer's borrowings complemented the loans it extended to SDC, and were composed of the following:

	Actual FY2014 €'000	Actual FY2015 €'000	Actual FY2016 €'000
6.20% bonds 2017 - 2020	25,000	25,000	25,000
5.00% bonds 2024	25,000	25,000	25,000
	50,000	50,000	50,000
Issue Costs	(647)	(647)	(647)
Accumulated Amortisation	242	324	411
Amortised Cost at 31 December	49,595	49,677	49,764
Bank Loans	5,125	-	-
Total Borrowings	54,720	49,677	49,764

During FY2014, the Issuer repaid €2.9 million of bank loans. Furthermore, in FY2014, TI exercised its early redemption option in relation to the €25 million 6.25% bond 2014-2016 and replaced it with a €25 million 5% bond 2024. During FY2015 the Issuer repaid the remaining bank loans amounting to €5.1 million.

Statement of Cash flows

as at 31 December	Actual 2014 €'000	Actual 2015 €'000	Actual 2016 €'000
Net cash generated from operating activities	374	21	108
Net cash generated from investing activities	3,941	5,125	0
Net cash used in financing activities	(4,171)	(5,275)	(100)
Net movement in cash and cash equivalents	143	(130)	8
Cash and cash equivalents at beginning of year	11	154	24
Cash and cash equivalents at end of year	154	24	32
Cash in Bond Redemption Fund	1,000	1,500	2,000
Total Cash Position	1,154	1,524	2,032

Cash flows generated through the operating activities of the Issuer consisted primarily of the net movements in cash of amounts owed to the Issuer from SDC and other trade receivables, netted off by the amounts that the Issuer owed to other related parties and trade creditors, which for FY2014 resulted in a net inflow of €0.4 million, aided by the €0.1 million gain on investments. On the other hand, in FY2015 and FY2016 cash flows from operating activities resulted in a net inflow of €0.02 million and €0.11 million, respectively.

The cash flows from investing activities of the Issuer in FY2014 and FY2015 included a repayment of €2.9 million and €5.1 million received from SDC which was then used to partially repay bank borrowings. Additionally, in FY2014 the Issuer disposed its held-to-maturity financial assets generating additional cash inflow of €1.0 million.

In terms of cash flows used by the Group in its financing activities, during FY2014, the Issuer redeemed the €25 million 6.25% 2014/2016 bond and in exchange offered the €25 million 5% 2024 bond. In this regard, the bond issue costs amounted to circa €0.3 million.

5.2 Variance Analysis and Forecasts of the Issuer

The following is an analysis of the variances between the FY2016 forecasts presented in the FAS dated 28 June 2016 and the actual figures as published in the Issuer's audited financial statements.

The forecasts for FY2017 are based on a number of assumptions all of which are the sole responsibility of the Directors of the Issuer. The principal assumption is that the Issuer will successfully replace its 6.20% 2017-2020 bonds with a new bond of the same nominal value, i.e. €25 million, at a coupon of 3.75%.

The forecasts are also based on the following set of assumptions:

1. Inflation rate of 2% per annum.
2. Tax is assumed to be charged at a corporate tax rate of 35% on the Issuer's profits.
3. On redemption of the 2017/2020 Bonds, SDC will release €2 million cash tied up in the reserve fund set up in relation to these Bonds.
4. Apart from the interest receivable from SDC on the outstanding loans, which is projected to amount to circa €1 million in FY2017, it is assumed that other receivable and prepayments will amount to €0.8 million as at the end of each respective year.
5. Non-current trade and other payables, amounting to €0.9 million as at 31 December 2016 represent amounts due by TI to SDC. This amount is assumed to be repaid in FY2017.
6. Current trade and other payables include primarily the interest accrued but not yet paid by TI on the outstanding bonds, which is projected to amount to €1 million as at the end of each year. Other payables and accruals are assumed to amount to €0.1 million as at the end of each financial year.

Variances and Projections - Income Statement

<i>for the year ended 31 December</i>	Previous Forecast 2016 €'000	Actual 2016 €'000	Variance		Forecast 2017 €'000
			€ '000	%	
Finance Income	2,992	3,010	18	0.6%	2,729
Finance Costs	(2,887)	(2,893)	(6)	0.2%	(2,589)
Net Interest Income	105	117	12	11.4%	140
Administrative expenses	(102)	(112)	(10)	9.8%	(138)
Profit before tax	4	5	1	25.0%	2
Tax expense	(1)	(2)	(1)	100.0%	0
Profit for the financial year	3	3	0	n/a	2

TI's performance during FY2016 was in the main in line with the projected income statement presented last year.

In FY2017, the Issuer is projected to generate €2.7 million finance income compared to €3.0 million in FY2016. Furthermore, it is anticipated that TI incurs €2.6 million finance costs compared to €2.9 million in FY2016. This decrease in finance income and expenses is mainly attributable to the lower interest charged to SDC on the new bonds compared to the 2017/2020 bond being redeemed this year.

In FY2017, interest receivable is projected to decrease given that the 2017/2020 bonds are being refinanced with the new bonds issued at a lower coupon with the interest savings passed on to SDC.

Variances and Projections - Financial Position

<i>for the year ended 31 December</i>	Previous Forecast 2016 €'000	Actual 2016 €'000	Variance € '000	%	Forecast 2017 €'000
<u>Assets</u>					
Non-Current Assets					
Loans and Receivables	49,380	49,380	-	n/a	49,269
Total Non-Current Assets	49,380	49,380	-	n/a	49,269
Current Assets					
Trade and Other Receivables	1,477	1,314	(163)	-11.0%	1,760
Cash and Cash Equivalents	2,098	2,031	(67)	-3.2%	98
Total Current Assets	3,575	3,345	(230)	-6.4%	1,858
Total Assets	52,955	52,725	(230)	-0.4%	51,127
<u>Equity and Liabilities</u>					
Capital and Reserves					
Share Capital	233	233	-	n/a	233
Retained Earnings	362	363	1	0.3%	364
Total Equity	595	596	1	0.2%	597
Non-Current Liabilities					
Borrowings	49,764	49,764	-	n/a	49,393
Trade and Other Payables	1,049	949	(100)	-9.5%	-
Total Non-Current Liabilities	50,813	50,713	(100)	-0.2%	49,393
Current Liabilities					
Trade and Other Payables	1,547	1,416	(131)	-8.5%	1,137
Current Tax Liabilities	-	-	-	-	-
Total Current Liabilities	1,547	1,416	(131)	-8.5%	1,137
Total Liabilities	52,360	52,129	(231)	-0.4%	50,530
Total Equity and Liabilities	52,955	52,725	(230)	-0.4%	51,127

There were no material movements in the financial position of the Issuer during FY2016 different from those forecasted in the previous FAS.

Similarly, there is not expected to be any material movement in the balance sheet of the Issuer in FY2017 as the redemption of the 2017/2020 bond in July 2017 is being replaced by a new bond issue of the same amount. With the redemption of the 2017/2020 bond, the Issuer will no longer need to retain the balance of €2 million in the sinking fund. This is also reflected in the net cash position in the cash flows statement.

Variances and Projections - Cash Flows

<i>for the year ended 31 December</i>	Previous Forecast 2016 €'000	Actual 2016 €'000	Variance		Forecast 2017 €'000
			€ '000	%	
Net cash generated from operating activities	74	108	34	45.9%	(645)
Net cash generated from / (used in) investing activities	-	-	-	n/a	1,162
Net cash generated from / (used in) financing activities	-	(100)	(100)	100.0%	(450)
Net movement in cash and cash equivalents	74	8	(66)	-89.2%	67
Cash and cash equivalents at beginning of year	24	24	-	n/a	32
Cash and cash equivalents at end of year	98	32	(66)	-67.3%	99
Cash in Bond Redemption Fund	2,000	2,000	-	n/a	-
Total Cash Position	2,098	2,032	(66)	-3.1%	99

The variance in the end cash position of the Issuer between the projections presented in the 2016 FAS and the actual figures for 2016 was minimal.

6. Guarantor's Performance and Financial Position Overview

6.1 Financial Performance - Historic and Forecasts

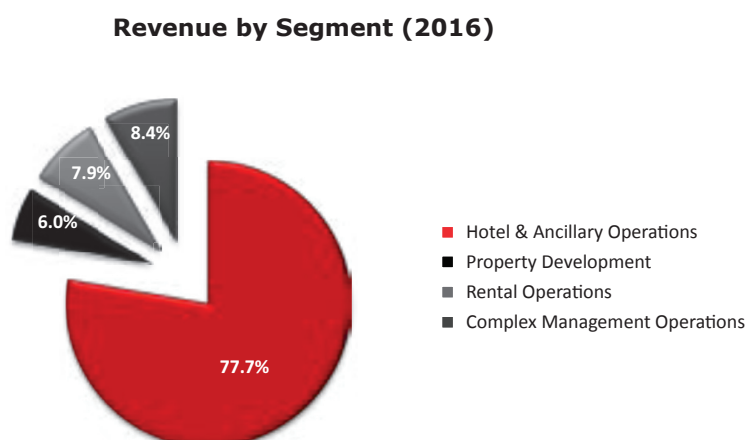
The historic financial analysis of the Guarantor is based on audited financial information published by SDC for the past three financial years ended 31 December 2014, 2015 and 2016.

The forecasts have been prepared by management and the main assumptions in this regard are presented in the narrative on each segment.

6.2 Segmental Analysis

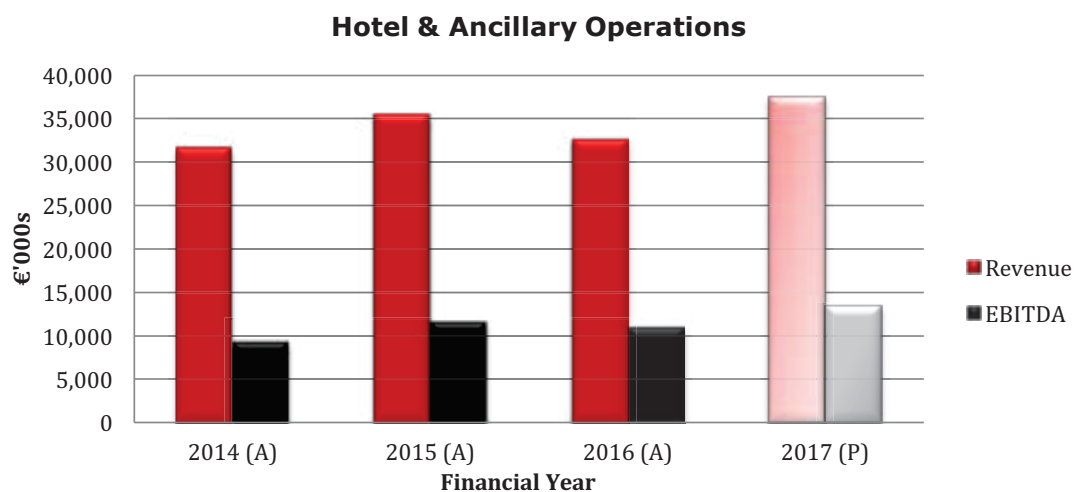
The operations of SDC are split into four main segments: hotel and ancillary operations, rental operations, property development and complex management. At 77.7%, the hotel and ancillary operations remained by far the largest revenue generating segment in FY2016 (FY2015: 76.5%). The other three segments each generated between 6% and 9% of total revenue.

The chart below illustrates the proportion of total revenue generated by SDC from each segmental unit for the year ended December 2016.



A. Hotel and Ancillary Operations (HAO)

HAO, which encompasses the Hilton Malta hotel, the car park, the marina and Twenty-Two wine lounge is the largest income segment of SDC. During FY2016, this segment generated revenue of €32.6 million (FY2015: €35.5 million). The decline in revenue was the direct effect of the 10 weeks during which the hotel was completely closed off for guest room refurbishment and a major upgrade of the common areas, restaurants and the reception area. Gross contribution generated from this segment has been in the region of 50% over the years under review, while EBITDA margin was above the 30% mark consistently between FY2014 and FY2016.



Despite registering a decline in revenue for FY2016, the Hilton Malta retained its dominant superiority in the 5-star segment, both in the average rate index and the revenue generation index. The former compares the occupancy rates achieved at the Hilton Malta to the average of its 5-star peers, whilst the RGI compared the revenue generated per available room of the hotel to the peer set. The market penetration index was markedly lower in FY2016, due to the 10-week refurbishment closure of the hotel. When adjusted to normalise the effect of this closure, the Hilton Malta was once more ahead of its peers and surpassed also the MPI of 2015.

Benchmarking	2014	2015	2016	Normalised 2016*
Market Penetration Index (MPI)	1.07	1.04	0.88	1.09
Average Rate Index (ARI)	1.22	1.22	1.32	1.32
Revenue Generation Index (RGI)	1.28	1.31	1.22	1.52

Source: Competitor Set Analysis: The MHRA Hotel Survey by Deloitte - 2016. Information as provided by management.

* Normalised 2016 refers to the adjusted indices for 2016 for the 10-week period when the hotel was closed for refurbishment.

The Refurbishment

Pursuant to SDC's Management Agreement with Hilton International and SDC's commitment to retain as high a standard as possible, the Guarantor undertook an extensive refurbishment programme totalling €15 million. While this investment was initiated in 2014, the exercise peaked in 2016. This extensive refurbishment project focused on upgrading all the guest rooms, including the total replacement of furniture, fittings and bathrooms, as well as the refurbishment of the common areas. The refurbished Hilton Malta now also features additional terraces and extended F&B areas.

The majority of the above works were carried out during a period of 10 weeks in the early part of 2016, during which the hotel was completely closed for business. The remaining refurbishment works will be completed later on this year.

Variances and Forecasts

Hotel and Ancillary Operations	2016 (A)	2016 (P)	Variances (% / p.p.)	2017 (F)	Comparison to 2016 (A) (% / p.p.)
Revenue	32,554	31,103	4.7%	37,468	15.1%
EBITDA	11,007	9,880	11.4%	13,397	21.7%
EBIDTA Margin	33.8%	31.8%	2.0 p.p.	35.8%	2.0 p.p.

During FY2016, HAO fared better than anticipated, both in terms of revenue (+4.7%) and EBITDA (+11.4%) despite the 10-week period during which the hotel was completely shut down. The projections for FY2017 anticipate a 15.1% and a 21.7% increase in both revenues and EBITDA respectively. This strong growth is mainly attributable to the hotel's 10-week closure which led to lower revenue and EBITDA figures for the comparable FY2016. Nonetheless, revenue is 5.5% higher (EBITDA is forecasted to be 15% higher) than that generated in FY2015, which was a stellar year for the HAO segment.

These projections have been based on the directors' expectations that the hotel continued to perform in a similar strong manner as it had in the previous years, supported by the increase in tourism projected by the World Travel & Tourism Council⁷ and the substantial upgrades to the hotel. Furthermore, the country's EU Presidency in 2017 is attracting a substantial number of affluent tourists to Malta and this is expected to contribute not only to higher occupancy levels but also to an increase in the average room rates. Direct costs attributable to this segment are expected to increase in line with revenue and the assumed inflation rate of 2% p.a.

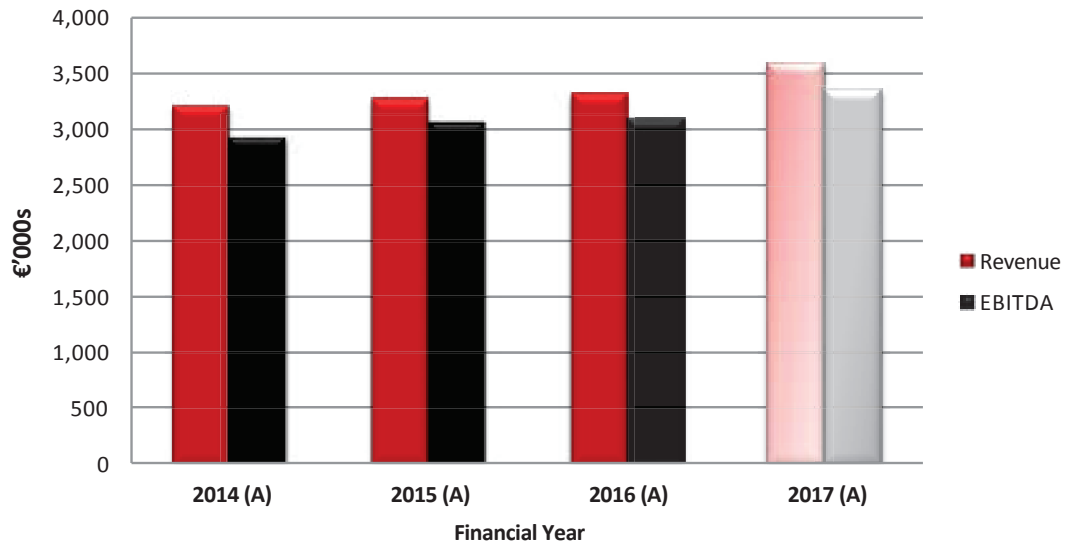
B. Rental Operations

Rental operations consist of areas within the Business Tower and office spaces, the marina, the Lux Pavillion and other retail outlets, including a supermarket adjacent to the underground carpark. This segment operates on a very lean cost structure. In fact, EBITDA stands at over 90% of total segmental revenues.

Revenue from this segment increased marginally in FY2016 in view of the marginal increase in the average rental rate per square metre, but also because of an increase in rentable area (mainly related to additional storage areas at the periphery of Portomaso).

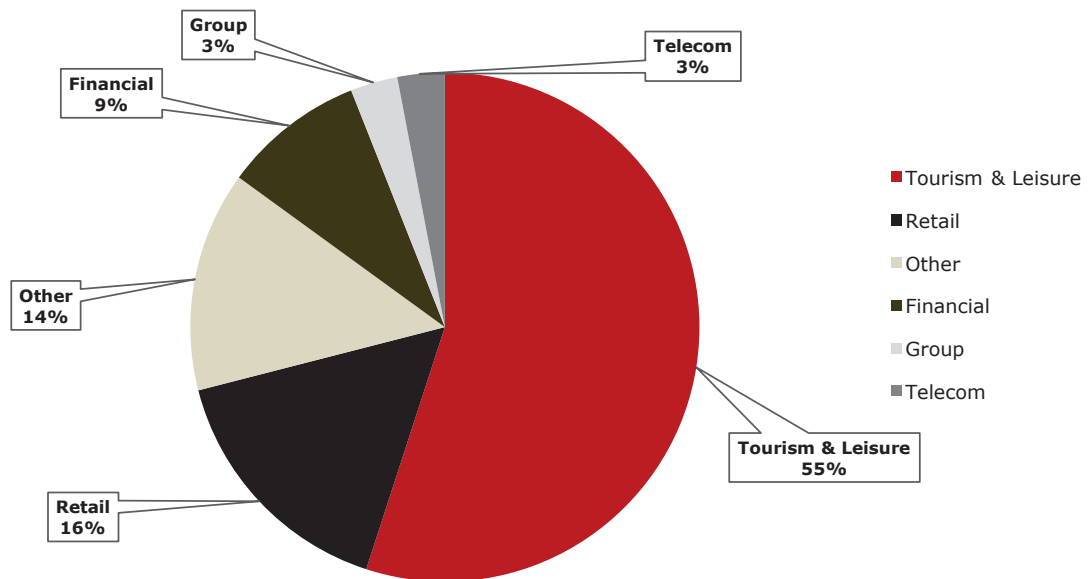
⁷Source: <https://www.wttc.org/-/media/files/reports/economic-impact-research/countries-2017/malta2017.pdf>

Rental Operations



The tenant mix in this segment was a mix of tourism & leisure (occupying 55% of the rentable area in FY2016), financial sector (9%), retail (16%), telecoms (3%), Tumas group companies (3%) and the balance of 14% occupied by a mix of other tenants. The rentable area is practically fully-occupied.

Rental Operations - Tenant Mix 2016



Variances and Forecasts

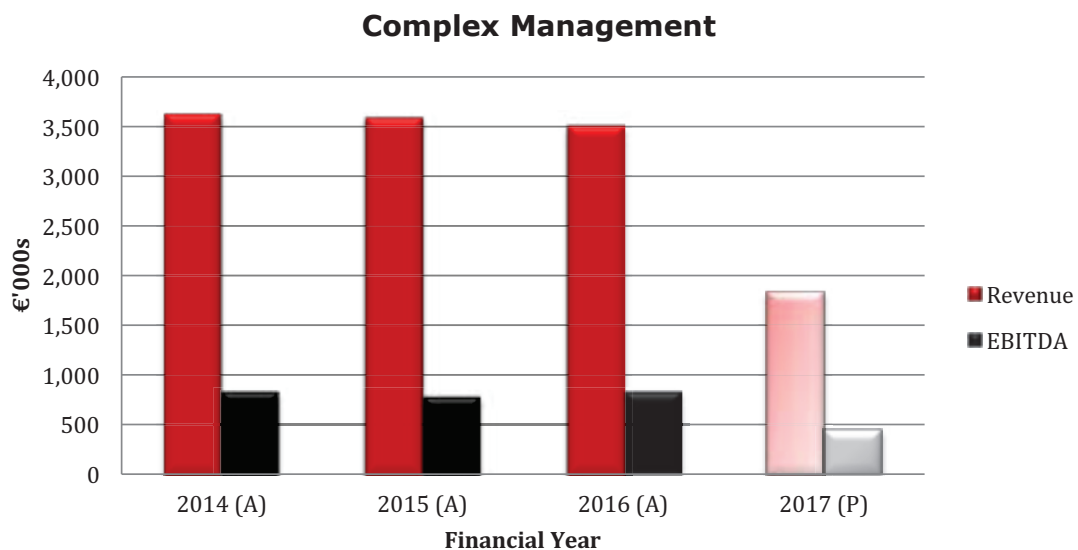
The increase in revenue did not match that envisaged in the forecasts presented by SDC last year, albeit the difference was marginal. The increase in rental income of 8.2% forecasted for FY2017 is driven by the rental increment provided for in the agreements and additional area being leased out within the complex which, for a certain period during FY2016, were not being rented out.

Rental Operations	2016 (A)	2016 (P)	Variances (% / p.p.)	2017 (F)	Comparison to 2016 (A) (% / p.p.)
Revenue	3,318	3,436	-3.4%	3,590	8.2%
EBITDA	3,094	3,150	-1.8%	3,351	8.3%
EBITDA Margin	93.2%	91.7%	1.5 p.p.	93.3%	0.1 p.p.

The Group is planning on increasing the rentable area and to this effect has embarked on an extension adjacent to the Business Tower. Works have commenced, although it is not anticipated that these will be completed by the end of FY2017 and thus no revenue is recognised from the additional space that would ultimately be made available for rent.

C. Complex Management

This segment encompasses the management of the Portomaso Complex, including the landscaping, repairs and maintenance, cleaning and security of the common areas. The expenses incurred by this segment are recharged to residential apartment tenants, the hotel and commercial and office space tenants. Furthermore, SDC receives a management fee in return for the performance of its functions.



Revenues were stable compared to previous years during FY2016, albeit translating in a higher EBITDA on the back of lower maintenance costs incurred during the year.

Variances and Forecasts

The forecasted figures for this segment were not met in FY2016, although in absolute figures, the variance was immaterial. In FY2017, the forecasts are based on a change in the third party servicing and billing system, and as such SDC will start being remunerated only by way of a management fee which is lower than that of the previous period.

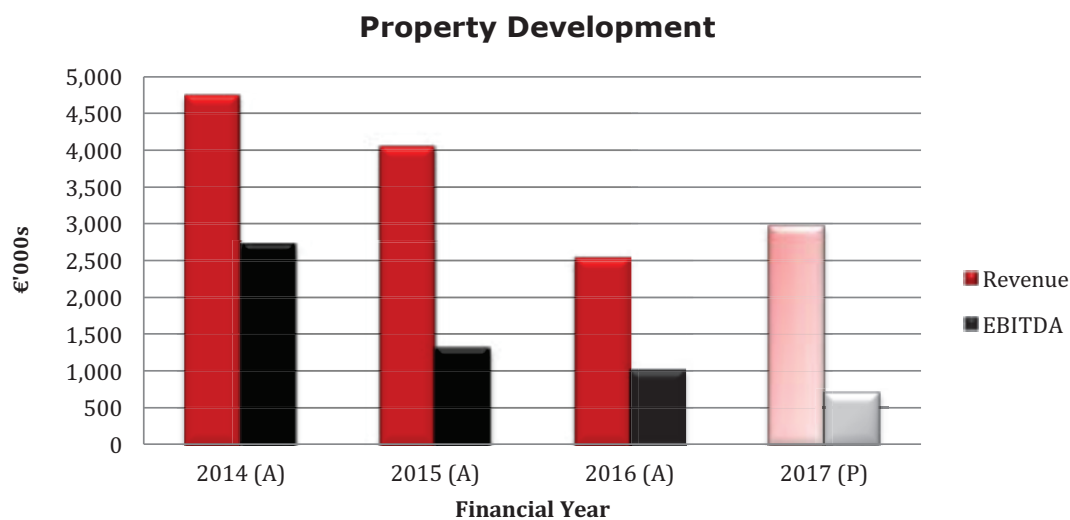
Complex Management	2016 (A)	2016 (P)	Variances (% / p.p.)	2017 (F)	Comparison to 2016 (A) (% / p.p.)
Revenue	3,503	3,772	-7.1%	1,832	-47.7%
EBITDA	923	940	-1.8%	445	-51.8%
EBITDA Margin	26.4%	24.9%	1.5 p.p.	24.3%	-2.1 p.p.

D. Property Development

The property development segment generates revenues from apartment sales and its costs relate to the construction and development of new units earmarked for sale. As such, the financial performance of this segment is volatile given its dependency on the actual number of apartments available for sale, the timing of new developments and the timing of final contracts with buyers.

Property sales declined from €4.8 million in FY2014 to €2.5 million in FY2016, as the number of apartments available for sale, and their size, declined. As at the end of 2016, only 2 apartments were left available for sale from the Portomaso complex; another 3 were subject to a promise of sale.

EBITDA generated from this segment in FY2016 was €1 million, compared to €1.3 million in FY2015 and €2.7 million in FY2014.



The Laguna Project

The Laguna Project consists of the construction of 44 top-end, low-rise units spread across 8,500 square metres. The project commenced during FY2014 and so far SDC managed to conclude 40 promise of sale agreements. Cash flowing in from such sales is staggered in terms of the promise of sale agreements and will affect revenue once the final deed of sale is signed. SDC expects the bulk of such deliveries to take place between 2018 and 2019.

Variances and Forecasts

The forecasted revenue for this segment was not met in FY2016 as a direct result of the decrease in the remaining stock of apartments which, as at 31 December 2016 amounted to five apartments in the Portomaso complex (2 apartments available for sale and another 3 subject to a promise of sale). In FY2017, the forecasts are based on the assumption that SDC will sell the remaining apartments.

Property Development	2016 (A)	2016 (P)	Variances (% / p.p.)	2017 (F)	Comparison to 2016 (A) (% / p.p.)
Revenue	2,525	4,830	-47.7%	2,971	17.7%
EBITDA	1,014	1,860	-45.5%	706	-30.4%
EBIDTA Margin	40.2%	38.5%	1.7 p.p.	23.8%	-16.4 p.p.

6.3 Income Statement - Consolidated Analysis

<i>for the year ended 31 December</i>	FY2014 (A) €'000	FY2015 (A) €'000	FY2016 (A) €'000
Revenue	43,295	46,416	41,900
<i>HAC</i>	31,701	35,507	32,554
<i>Property Development</i>	4,761	4,056	2,525
<i>Rental</i>	3,206	3,271	3,317
<i>Complex Mgmt</i>	3,627	3,581	3,503
Cost of Sales	(21,095)	(22,592)	(19,615)
Gross Profit	22,200	23,824	22,284
Administrative Expenses	(6,960)	(7,897)	(7,202)
Other Income & Expenses	160	389	146
EBITDA	15,400	16,316	15,227
Depreciation	(5,145)	(5,117)	(5,825)
EBIT (Operating Profit)	10,254	11,199	9,403
Finance Income	245	228	255
Finance Costs	(4,158)	(3,758)	(3,568)
Profit before Tax	6,342	7,669	6,091
Tax Expense	(2,480)	(1,952)	(908)
Profit for the Year	3,861	5,716	5,183

Revenue generated from the four segments analysed above totalled €41.9 million in FY2016, down from €46.4 million in FY2015 and €43.3 million in FY2014. The lower revenue in FY2016 was attributable to the lower property sales during the year (due to the low stock of properties available for sale) and the 10-week period of closure of the hotel which resulted in a lower contribution to SDC's revenue. Gross profit for FY2016, at €22.2 million, was largely in line with that of FY2014, while the €23.8 million generated in FY2015 was attributable to improved performance in the HAO segment when compared to FY2014.

After deducting administrative expenses and adding ancillary net income, SDC generated €15.4 million in EBITDA in FY2014, €16.3 million in FY2015 and €15.2 million in FY2016. This represented an EBITDA margin across the three periods in excess of 35%. Net finance costs declined over the three year-period under review, through a combination of refinancing at lower rates and repayment of bank facilities that reduced the debt servicing costs of the company.

Profit before tax was €6.3 million in FY2014, €7.7 million in FY2015 and €6.1 million in FY2016. After deducting tax expenses, the net profit for the Guarantor went up from €3.9 million in FY2014, to €5.7 million in FY2015, down marginally to €5.2 million in FY2016. The FY2016 net profit was aided by a lower tax charge.

	Actual 2014	Actual 2015	Actual 2016
Gross Profit Margin (Gross Profit / Revenue)	51.3%	51.3%	53.2%
Net Profit Margin (Net Profit / Revenue)	8.9%	12.3%	12.4%
EBITDA Margin (EBITDA / Revenue)	35.6%	35.2%	36.3%
Interest Cover Ratio (EBITDA / Net Finance Cost)	3.94x	4.62x	4.60x
Net Debt / EBITDA	3.85x	2.86x	3.05x

SDC's margins were healthy and have improved over the period between FY2014 and FY2016. Similarly, the interest cover ratio advanced from 3.94 times to 4.6 times.

6.4 Statement of Financial Position

<i>for the year ended 31 December</i>	Actual FY2014 €'000	Actual FY2015 €'000	Actual FY2016 €'000
<u>Assets</u>			
Non-Current Assets			
Property, Plant & Equipment	74,616	105,000	108,391
Investment Property	15,794	12,992	13,735
Trade & Other Receivables	3,921	3,776	3,192
Total Non-Current Assets	94,332	121,768	125,318
Current Assets			
Inventories	15,052	18,832	21,780
Trade & Other Receivables	30,259	23,137	22,212
Current Tax Assets	-	237	332
Cash & Cash Equivalents	4,409	11,628	11,349
Total Current Assets	49,719	53,835	55,674
Total Assets	144,051	175,603	180,992
<u>Equity & Liabilities</u>			
Capital & Reserves			
Share Capital	13,653	13,653	13,653
Revaluation Reserve	19,028	51,599	51,378
Retained Earnings	17,327	12,966	16,356
Total Equity	50,008	78,218	81,387
Non-Current Liabilities			
Borrowings	59,604	57,079	54,085
Trade & Other Payables	2,295	2,467	211
Deferred Tax Liabilities	12,393	7,183	7,344
Total Non-Current Liabilities	74,293	66,729	61,640
Current Liabilities			
Borrowings	4,162	1,250	3,781
Trade & Other Payables	14,578	27,507	33,791
Current Taxation	1,010	1,899	393
Total Current Liabilities	19,751	30,656	37,965
Total Liabilities	94,043	97,385	99,605
Total Equity & Liabilities	144,051	175,603	180,992

Nearly 60% of SDC's total assets are represented by Property, Plant and Equipment (PPE), which essentially comprises the Hilton Hotel and ancillary assets. The total value of PPE went up from €74.6 million in FY2014 to €105.0 million in FY2015 principally as a result of a revaluation exercise. In FY2016, the increase of PPE to €108.4 million was the result of additions during the year, particularly in relation to the refurbishment undertaken.

Investment Property, recorded in the books of SDC at historic cost less accumulated depreciation, comprises leased out parts of the Business Tower and other retail and commercial outlets which are not occupied by SDC. The value of such property declined by €2.8 million to €13.0 million in FY2015 (FY2014: €15.8 million) reflecting the reclassification of a number of Laguna apartments having a carrying value of €2.0 million which were initially held for rental purposes but which were later reclassified as held for sale under inventories. The increase during FY2016 was the result of additions of €1.4 million relating, in the main, to foundation works on the new office block and structural and finishing works at Casino Portomaso. While the net book value of Investment Property showing in the books of the Guarantor at the end of FY2016 stood at €13.7 million, management reported that the fair open market value of the investment property portfolio had an estimated value of €34.4 million (FY2015: €34.2 million; FY2014: €35.2 million).

Inventory in SDC's books consists of the Halland site with a carrying value of €9.2 million; Laguna apartments held for resale and the remaining stock at Portomaso complex with a value of €10.5 million; with the balance made up of the *dominium directum* related to the Portomaso Complex recorded at cost and hotel and ancillary operations inventory.

Total trade and other receivables declined by €7.3 million, from €34.2 million in FY2014 to €26.9 million in FY2015 and to €25.4 million in FY2016. In the main, these consist of dues from other companies within the Tumas Group as SDC utilises any excess cash to lend to other companies within the Group on a short term basis. The decrease in receivables reflects both the lower level of dues by SDC's parent company and associated entities as well as an improvement in the Guarantor's trade debtor days.

The year-end net cash balance of SDC increased by €7.2 million to €11.6 million in FY2015 (FY2014: €4.4 million), reflecting deposit payments on account of Laguna Project promise of sale agreements entered into during the year and the Guarantor's overall improved performance throughout FY2015 and was €11.3 million at the end of FY2016.

On the liabilities side, total borrowings of SDC, both current and non-current (excluding the balance of the bank overdraft which is netted against cash and cash equivalents) decreased by nearly €6 million between FY2014 and FY2016, principally due to a repayment of the loan advanced by TI. Total trade and other payables advanced by €13.1 million in FY2015 and by a further €4.1 million in FY2016, largely reflecting the considerable increase in advance deposits in respect to promise of sale agreements of Laguna units that are yet to be recognised as revenue in the financial statements once delivery takes place.

	Actual 2014	Actual 2015	Actual 2016
Return on Assets (Profit before Tax / Total Assets)	4.40%	4.37%	3.37%
Return on Equity (Profit for the year / Total Equity)	7.72%	7.31%	6.37%
Return on Capital Employed (EBIT / Equity + Borrowings)	9.01%	8.20%	6.75%

Despite the overall improved profitability, the return on assets, equity and capital employed came in lower in both FY2015 and FY2016 when compared to the respective previous years, reflecting the notable increases in the value of total assets and equity of the Guarantor in the aforementioned periods.

Capitalisation and Indebtedness

SDC's net borrowings declined from €44.6 million in FY2014 to €38.3 million by the end of FY2016. As the Tumas Group seeks to minimise its overall finance costs, any excess funds available at SDC level and not immediately required are advanced to other subsidiaries in the form of short-term loans or overnight deposits, renewable at SDC's discretion depending on its commitments. This amount stood at €7.3 million by the end of FY2016 (FY2015: €5.9 million; FY2014: €14.6 million).

Reported equity increased from €50.0 million in FY2014 to €81.4 million in FY2016, reflecting the profit generated during FY2015 as well as the €32.6 million increase in Revaluation Reserves which in turn is derived from the €25.9 million uplift emanating from revaluation surplus on land (net of deferred tax) and a €6.8 million movement in deferred tax due to a change in tax rates on immovable property to the benefit of SDC (both in FY2015).

The Guarantor's gearing ratio, calculated as the level of net borrowings in relation to the company's reported equity plus borrowings, improved from 47.1% in FY2014 to 32% in FY2016, reflecting both the Guarantor's reduced level of borrowings as well as the significant increase in equity as a result of the revaluation exercise carried out by the Guarantor of its PPE and the retained profits generated over the period.

Gearing Structure

<i>for the year ended 31 December</i>	Actual 2014 €'000	Actual 2015 €'000	Actual 2016 €'000
Total Borrowings	63,934	58,723	58,290
Less Cash & Cash Equivalents	(4,577)	(12,022)	(11,773)
Less Group Treasury Funds	(14,601)	(5,888)	(7,317)
Less Advances to TI plc (for bond redemption fund)	(200)	(549)	(932)
Net Borrowings (A)	44,556	40,264	38,268
Reported Equity (B)	50,008	78,218	81,387
Gearing Ratio (A / A+B)	47.12%	33.98%	31.98%
FV Adjusted Equity (C)	65,356	97,256	100,026
Adjusted Gearing Ratio (A / A+C)	40.54%	29.28%	27.67%

While SDC recognises the value of investment property at cost in its balance sheet, in the notes to the financial statements it discloses the market value (based on directors' annual revision of active market prices). Calculating the gearing ratio on the basis of market value of investment property would result in an improved gearing ratio as highlighted in the table above (refer to Adjusted Gearing Ratio).

6.5 Statement of Cash Flows

for the year ended 31 December	Actual FY2014 €'000	Actual FY2015 €'000	Actual FY2016 €'000
Net cash generated from operating activities	8,595	29,577	13,847
Net cash generated used in investing activities	(1,347)	(5,706)	(11,648)
Net cash generated used in financing activities	(5,860)	(16,651)	(2,477)
Net movements in cash and cash equivalents	1,389	7,219	(279)
Cash and cash equivalents at beginning of year	3,020	4,409	11,628
Cash and cash equivalents at end of year	4,409	11,628	11,349

In FY2016, SDC generated €13.8 million net cash from its operations, which is substantially lower than the €29.6 million generated in FY2015. The figures for FY2015 and, to a certain extent, those in FY2016, included substantial amounts of cash deposits for the Laguna Project.

On the other hand, net cash used in investing activities came in at €5.7 million in FY2015 as SDC continued to invest in the upkeep and upgrade of its assets, culminating in FY2016, at €11.6 million.

Furthermore, net cash used in financing activities increased to €16.7 million in FY2015 due to a one-time dividend payment of €11.2 million (FY2014: €2.2 million; FY2016: €2 million). The company also reduced its level of borrowings, paying a total of €5.6 million over the period under review.

6.6 Variances and Forecasts of the Guarantor

The actual results of the Issuer for the financial year ended 31 December 2016 varied from the forecasts presented in the FAS last updated on 28 June 2016.

Comparing the performance of the Guarantor in FY2016 to the forecasts issued in the FAS dated 28 June 2016, SDC reported improved profitability. This was achieved principally from the HAO segment which, although it was marginally lower in terms of revenue, the contribution to the net profit from this segment was superior than that forecasted in last year's FAS, offsetting the lower contribution from the property development segment.

The projections of the Guarantor for FY2017 are based on a number of assumptions as listed below, all of which are the sole responsibility of the Directors of the Guarantor:

1. Inflation rate of 2% per annum
2. The Hotel and Ancillary Operations
 - 2.1 Revenue per available room (RevPar) is assumed to increase by 17% in 2017. This increase is due to 2016 being effected by the 10-week period in which the hotel was closed for refurbishment, while FY2017 is expected to be impacted by Malta's EU Presidency;
 - 2.2 Direct costs and ancillary operations are expected to remain at the same current levels, increasing in line with revenues and the assumed inflation rate; and
 - 2.3 The extensive refurbishment project at the Hilton Hotel is expected to finish off this year and the company is expected to draw down €4 million of bank facilities to see this project through.
3. Rental income is expected to increase by 8.2% in FY2017 in view of additional areas leased out and incremental contracted.
4. Complex management operations – a change in the services billing system as referred to in earlier commentary
5. Property Development
 - 5.1 Sale of two apartments in FY2017 and another one will be subject to a promise of sale agreement;
 - 5.2 The Laguna Project, which commenced during 2014, has been sold with the exception of 4 of the 44 units. SDC assumes that one of these will be sold during FY2017. Costs incurred expected to be capitalised during the life of the project development. This project is being financed separately through bank borrowings already committed to.
6. Other Assumptions – Capital Expenditure:
 - 6.1 Furniture, Fixtures & Equipment – allocation of €1.8 million set aside for any recurring expenditure at the Hilton.
 - 6.2 €0.7 million p.a. will be provided for in relation to expenditure necessary for the upkeep of the Portomaso Business Tower.
 - 6.3 The finance costs for the new bond are being assumed at a lower rate than that paid on the maturing bond.
 - 6.4 €9.5 million is expected to be incurred during FY2017 for the Portomaso Office Block (adjacent to the Portomaso Business Tower).

Variances & Forecasts - Income Statement

<i>for the year ended 31 December</i>	Previous Forecast FY2016 €'000	Actual FY2016 €'000	Variance		Forecast FY2017 €'000
			€ '000	%	
Revenue	42,855	41,900	(955)	-2.2%	45,860
<i>HAC</i>	31,103	32,554	1,451	4.7%	37,468
<i>Property Development</i>	4,830	2,525	(2,305)	-47.7%	2,971
<i>Rental</i>	3,436	3,317	(119)	-3.4%	3,590
<i>Complex Mgmt</i>	3,486	3,503	(17)	-0.5%	1,832
Direct costs and administrative expenses	(28,338)	(26,671)	1,667	-5.9%	(29,062)
EBITDA	14,517	15,228	711	4.9%	16,798
Depreciation	(5,967)	(5,825)	142	-2.4%	(6,896)
EBIT	8,550	9,404	854	10.0%	9,902
Finance Income	125	255	130	104.3%	122
Finance Costs	(3,817)	(3,568)	249	-6.5%	(3,300)
Profit before Tax	4,858	6,091	1,233	25.4%	6,724
Tax Expense	(452)	(908)	(456)	100.9%	(2,261)
Profit for the Year	4,406	5,183	777	17.6%	4,463

SDC's performance during FY2016 was in the main in line with the projected income statement presented last year. Overall, total revenue was 2.2% less than that forecasted last year at €42.9 million. The material deviation from forecasts was negatively noted in the revenue generated from property development, but this was counterbalanced by the revenue generated from the HAO segment which superseded forecasts by 4.7%.

In line with the marginal reduction in revenue during the year, direct costs and administrative expenses have also decreased by 5.9% to €26.7 million when compared to that forecasted in the previous FAS. This has translated into an EBITDA of €15.2 million which is 4.9% higher than that envisaged last year.

A noteworthy variance between the forecasts published in the 2016 FAS and the actual figures for FY2016 was the tax expense of €0.91 million, of which €0.2 million represents the deferred tax charge for the year; €1.9 million in FY2015 (of which the deferred tax charge amounted to €0.3 million) and €2.5 million in FY2014 (of which the deferred tax charge amounts to €0.6 million).

In FY2017, SDC is forecasted to generate revenue of €45.9 million, which is 9.5% higher than that generated in FY2016, particularly due to the recent refurbishment of the Hilton hotel and the country's EU Presidency in 2017 which are expected to contribute to higher occupancy levels. On the contrary, lower revenues from the complex management segment are envisaged since SDC will not retain its wholesale margin on utilities. Overall, EBITDA is projected to increase from €15.2 million in FY2016 to €16.8 million in FY2017.

Direct costs and administrative expenses are expected to increase to €29.1 million in line with the increase in revenue. Profit before tax is expected to be €6.7 million, and after a tax charge of €2.3 million, SDC is expected to close FY2017 at a net profit of €4.5 million which is 13.9% lower than that generated in FY2016.

Variances & Forecasts - Statement of Financial Position

<i>for the year ended 31 December</i>	Previous Forecast FY2016 €'000	Actual FY2016 €'000	Variance € '000	%	Forecast FY2017 €'000
<u>Assets</u>					
<i>Property, Plant & Equipment</i>	111,624	108,391	(3,233)	-2.9%	106,981
<i>Investment Property</i>	15,793	13,735	(2,058)	-13.0%	24,281
<i>Trade & Other Receivables</i>	4,276	3,192	(1,084)	-25.3%	3,192
Total non-current assets	131,693	125,318	(6,375)	-4.8%	134,454
<u>Current assets</u>					
Inventories	26,644	21,780	(4,864)	-18.3%	29,506
Trade & Other Receivables	22,450	22,212	(238)	-1.1%	22,579
Current Tax Assets	237	332	95	40.1%	212
Cash & Cash Equivalents	9,480	11,349	1,869	19.7%	9,760
Total current assets	58,811	55,674	(3,137)	-5.3%	62,057
Total assets	190,504	180,992	(9,512)	-5.0%	196,511
<u>Equity & Liabilities</u>					
<u>Capital & Reserves</u>					
Share Capital	13,653	13,653	(0)	n/a	13,653
Revaluation Reserve	51,600	51,378	(222)	-0.4%	51,197
Retained Earnings	15,159	16,356	1,197	7.9%	17,799
Total Equity	80,412	81,387	975	1.2%	82,649
<u>Non-current liabilities</u>					
Borrowings	69,423	54,085	(15,338)	-22.1%	63,568
Trade & Other Payables	5,998	211	(5,787)	-96.5%	211
Deferred Tax Liabilities	6,534	7,344	810	12.4%	7,429
Total non-current liabilities	81,955	61,640	(20,315)	-24.8%	71,208
<u>Current liabilities</u>					
Borrowings	2,750	3,781	1,031	37.5%	4,661
Trade & Other Payables	25,233	33,791	8,558	33.9%	37,248
Current Taxation	154	393	239	155.0%	746
Total current liabilities	28,137	37,965	9,828	34.9%	42,655
Total liabilities	110,092	99,605	(10,487)	-9.5%	113,863
Total Equity & Liabilities	190,504	180,992	(9,512)	-5.0%	196,511

SDC's asset base during FY2016 was in the main in line with the projected financial position presented last year. Trade and other receivables were 25.3% less than that forecasted last year at €4.3 million. In the main these comprise amounts due from customers for property sold or services performed and rendered in the ordinary course of the company's business. The decrease in receivables reflects both the lower level of dues by SDC's parent company and associated entities as well as an improvement in the Guarantor's trade debtor days.

The year-end net cash balance of SDC increased by €1.9 million to €11.3 million in FY2016 when compared with the projections presented in the 2016 FAS, reflecting deposit payments on account of Laguna Project promise of sale agreements entered into during the year and the Guarantor's overall improved performance throughout FY2016.

On the liabilities side, when compared with the projected financial position presented last year, total current trade and other payables increased by €8.6 million to €33.8 million in FY2016, largely reflecting the considerable increase in advance deposits in respect to promise of sale agreements of Laguna units that are yet to be recognised as revenue in the financial statements once delivery takes place.

The total asset base of SDC is projected to increase to €196.5 million in FY2017 (FY2016: €108.4 million) mainly due to the net depreciation charges, which are expected to reduce SDC's PPE from €108.4 million to €107 million.

Total liabilities are projected to increase from €99.6 million in FY2016 to €113.9 million in FY2017 as a result of the drawdown of the facilities raised to fund the Laguna apartments project, the Portomaso Office Block and the Hilton hotel refurbishment.

Shareholders' funds are projected to increase from €81.4 million in FY2016 to €82.6 million in FY2017 as a result of retained profits.

In FY2017, the return on assets, equity and capital employed are expected to be in the same levels or slightly lower when compared to the previous year, reflecting the expected lower profitability for the year.

Variances & Forecasts - Cash Flows Statement

<i>for the year ended 31 December</i>	Previous Forecast FY2016 €'000	Actual FY2016 €'000	Variance		Forecast FY2017 €'000
			€ '000	%	
Assets					
<i>Net cash generated from / (used in) operating activities</i>	(1,378)	13,847	15,225	-1104.9%	7,294
<i>Net cash generated from / (used in) investing activities</i>	(12,358)	(11,648)	710	-5.7%	(16,032)
<i>Net cash generated from / (used in) financing activities</i>	11,588	(2,477)	(14,065)	-121.4%	7,148
Net movement in cash and cash equivalents	(2,148)	(279)	1,869	-87.0%	(1,590)
<i>Cash and cash equivalents at beginning of year</i>	11,628	11,628	0	n/a	11,349
Cash and cash equivalents at end of year	9,480	11,349	1,869	19.7%	9,759

In FY2016, the Issuer generated €13.8 million net cash from operating activities, which represented the most noteworthy variance when compared to the forecasts published in the 2016 FAS. This material increase was due to the fact that Hilton hotel and its ancillary operations (the car park, the marina and Twenty-Two wine lounge) fared better than anticipated, both in terms of revenue and EBITDA despite the 10-week period during which the hotel was completely shut down.

The variance in the net cash used in investing activities of the Issuer between the projections presented in the 2016 FAS and the actual figures for 2016 was minimal. On the other hand, net cash used from financing activities was of €2.5 million in FY2016, reflecting net cash used of €5 million in repayment of borrowings as well as a €4.6 million drawdown of bank loans.

In FY2017, the cash position of the Issuer is expected to remain at the same levels of FY2016. SDC's operations are projected to generate a net cash inflow from operations of €7.3 million by the end of FY2017 reflecting favourable results from the Hilton hotel and its ancillary operations as it is expected that this operating segment continues to perform in a similar strong manner as it had in the previous years, supported by the performance of the tourism industry and the substantial upgrades to the hotel. On the contrary, lower revenues from the complex management segment are envisaged on the back that SDC will not retain its wholesale margin on utilities. Net cash used in investing activities is forecasted to be €16 million while the Issuer's financing activities are expected to generate a net cash inflow of €7.1 million.

6.7 Related Party Transactions

All companies forming part of the Tumas Group are considered related parties in view of the common controlling party. Related party transactions are carried out at arm's length between TI and SDC, as well as transactions between SDC and other companies within the group.

As the Tumas Group aims to maximise the use of available funds within the group and minimise (external) financing costs, SDC regularly operates within the group treasury function and has arrangements with a number of fellow subsidiaries within the group whereby any excess funds available at SDC are transferred to subsidiaries of the group for overnight placements and other short-term periods. Furthermore, the Guarantor regularly enters into trading transactions with fellow subsidiaries and associates within Tumas Group in its normal course of business. Such transactions being conducted include rental charges, management fees, recharging of expenses and financing charges. Related parties also include foreign Hilton Hotels and related affiliates.

SDC retains the right, at all times, to call on these funds and have such balances transferred to its bank accounts as and when needed. Indeed, such treasury operations are covered by banking facilities or cash at the respective individual companies.

7. Comparatives

The table below compares SDC's financial metrics to those of other companies which have debt securities listed on the Malta Stock Exchange. It is to be noted, however, that there are significant differences in the business models of each of the listed companies being compared below and an exact match to the operations and business of the Issuer and Guarantor is not available. Thus, while the metrics below can be used as a gauge of SDC's financial strength against other issuers listed locally, they do not capture the quantitative factors such as the different business models of each issuer, their competitive position in the market, KPIs, etc.

Bond Details	Outstanding Amount (€)	Total Assets (€'000)	Total Equity (€'000)	Gearing Ratio* (%)	Interest Cover (times)	YTM (as at 17.05.2017) (%)
4.50% Medserv plc 2026 (EUR)	21,982,400	121,453	26,408	64.00	2.24	4.26%
4.25% Corinthia Finance plc 2026	40,000,000	1,389,627	665,357	41.84	2.39	3.71%
4.00% MIDI plc 2026	50,000,000	203,780	67,359	40.34	0.59	3.74%
4.00% IHI plc 2026 (Secured)	55,000,000	1,220,254	646,822	36.39	6.18	3.74%
3.90% Plaza Centres plc 2026	8,500,000	43,424	26,180	32.24	9.38	3.52%
5.00% Dizz Finance plc 2026	8,000,000	17,039	4,662	63.85	3.15	4.27%
4.80% Med. Maritime Hub Finance plc 2026	15,000,000	22,931	4,463	60.09	n/a	4.35%
3.75% Premier Capital plc 2026	65,000,000	193,351	41,630	58.76	7.44	3.50%
4.00% IHI plc 2026 (Unsecured)	40,000,000	1,220,254	646,822	36.39	6.18	3.75%
4.00% Eden Finance plc 2027	40,000,000	165,496	92,620	34.60	3.98	3.74%
3.75% TUMAS INVESTMENTS PLC 2027	25,000,000	180,992	81,387	31.98	4.60	3.75%

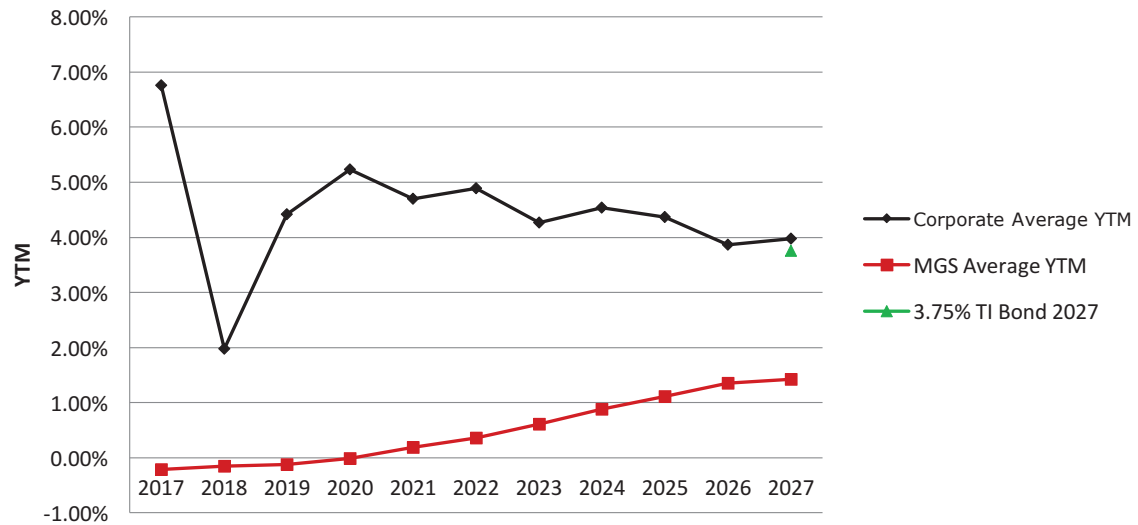
*Gearing: $\text{Net borrowings} / [\text{Net borrowings} + \text{Equity}]$

Source: Yield to Maturity from rizzofarrugia.com, based on bond prices of 17 May 2017. Ratio workings and financial information quoted have been based on the issuer's published financial data, including:

- Medserv plc FY2016 annual report;
- Corinthia Finance plc - figures based on the Guarantor (Corinthia Palace Hotel Company Limited) FY2016 annual report;
- MIDI plc FY2016 annual report;
- IHI plc FY2016 annual report;
- Plaza Centres plc FY2016 annual report;
- Dizz Finance plc FY2016 - figures based on the Guarantor (Dizz Group of Companies Limited) FY2016 annual report;
- Med. Maritime Hub plc - figures based on the Guarantor (MMH Holdings Limited) FY2016 annual report;
- Premier Capital plc FY2016 annual report;
- Eden Finance plc – figures based on the Guarantor (Eden Leisure Group Limited) FY2016 annual report;
- Tumas Investments plc – figures based on the Guarantor (Spinola Development Company Limited) FY2016 annual report.

The chart below shows the average yield to maturity of the new Tumas Bond 2027 compared to other corporate bonds listed on the Malta Stock Exchange and benchmarked against the Malta Government Stock yield curve as at 17 May 2017.

TI Bond vs Corporate & MGS YTM - as at 17.05.2017



At a coupon of 3.75%, the Tumas Bond 2027 is priced at a premium of just over 230 basis points over MGS maturing in 2027.

Glossary

INCOME STATEMENT EXPLANATORY DEFINITIONS

Revenue	Total revenue generated by the company from its business activity during the financial year.
Cost of Sales	The costs incurred in direct relation to the operations of the Issuer or Guarantor
Gross Profit	The difference between Revenue and Cost of Sales.
EBITDA	Earnings before interest, tax, depreciation and amortization, reflecting the company's earnings purely from operations.
Depreciation and Amortization	An accounting charge to compensate for the reduction in the value of assets and the eventual cost to replace the asset when fully depreciated.
Finance Income	Interest earned on cash bank balances and from the intra-group companies on loans advanced.
Finance Costs	Interest accrued on debt obligations.
Net Profit	The profit generated in one financial year.

CASH FLOW STATEMENT EXPLANATORY DEFINITIONS

Cash Flow from Operating Activities	The cash used or generated from the company's business activities.
Cash Flow from Investing Activities	The cash used or generated from the company's investments in new entities and acquisitions, or from the disposal of fixed assets.
Cash Flow from Financing Activities	The cash used or generated from financing activities including new borrowings, interest payments, repayment of borrowings and dividend payments.

BALANCE SHEET STATEMENT EXPLANATORY DEFINITIONS

Assets	What the company owns which can be further classified in Current and Non-Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Liabilities	What the company owes, which can be further classified in Current and Non-Current Liabilities.
Current Liabilities	Obligations which are due within one financial year.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Equity	Equity is calculated as assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.

ANNEX B

THE GUARANTEE

SPINOLA DEVELOPMENT COMPANY LIMITED - C 331

(the “**Guarantor**”)

To All Bondholders:

Reference is made to the issue of €25,000,000 3.75% unsecured bonds due 2027 (the “**Bonds**”) by TUMAS INVESTMENTS PLC [C 27296] (the “**Issuer**”) pursuant to and subject to the Terms and Conditions contained in a prospectus to be dated 29 May 2017 (the “**Prospectus**”).

Now, therefore, by virtue of this Guarantee Spinola Development Company Limited hereby 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 and, without prejudice to the generality of the foregoing, undertakes to pay on an on-going basis, interest which may become due and payable during the term of the Bonds and the principal amount of the Bonds on the Redemption Date should the Issuer default in paying the Bondholders under the Bonds.

All words and expressions used in this Guarantee in their capitalised form shall, unless the context otherwise requires, have the same meaning assigned to them in the Prospectus.

Signed and executed on this the 17 day of May 2017, after approval of the board of directors of Spinola Development Company Limited.

NATURE, SCOPE AND TERMS OF THE GUARANTEE

1. Nature of the Guarantee

The offering of Bonds that will be made by the Issuer pursuant to the Prospectus will be made with the benefit of this corporate guarantee.

2. Scope of the Guarantee

The Guarantee is unconditional and shall cover all payments that may be due to Bondholders pursuant to the Prospectus.

3. Information about the Guarantor

All relevant information about the Guarantor as required in terms of applicable law may be found in the Registration Document.

4. Terms of the Guarantee

4.1 Guarantee

For the purposes of the Guarantee, the Guarantor irrevocably and unconditionally undertakes to each Bondholder that if for any reason the Issuer fails to pay any sum payable by it to such Bondholder pursuant to the terms of the Bonds detailed in the Securities Note as and when the same shall become due, the Guarantor will pay to such Bondholder on demand the amount payable by the Issuer to such Bondholder. Such payment shall be made in the currency in force in Malta at the time the payment falls due.

4.2 Continuing obligations

The obligations under this Guarantee being given by the Guarantor are continuing obligations and will remain in full force and effect until no sum remains payable to any Bondholder pursuant to the issue of the Bonds.

4.3 Repayment to the Issuer

If any payment received by a Bondholder is, on subsequent liquidation or insolvency of the Issuer, avoided under any laws relating to liquidation or insolvency, such payment will not be considered as having discharged or diminished the liability of the Guarantor, and this Guarantee will continue to apply as if such payment had at all times remained owing by the Issuer.

4.4 Indemnity

As a separate and alternative stipulation, the Guarantor unconditionally and irrevocably agrees that any sum expressed to be payable by the Issuer pursuant to the terms of the Bonds but which is for any reason (whether or not now known or becoming known to the Issuer, the Guarantor or any Bondholder) not recoverable from the Guarantor, will nevertheless be recoverable from it as if it were the sole principal debtor and will be paid by it to the Bondholder on demand. This indemnity constitutes a separate and independent obligation from the other obligations in this Guarantee, gives rise to a separate and independent obligation from the other obligations in this Guarantee and gives rise to a separate and independent cause of action.

4.5 Status of Guarantee

The obligation of the Guarantor under this Guarantee constitutes a general, direct, unconditional and unsecured obligation of the Guarantor and ranks equally with all its other existing and future unsecured obligations, except for any debts for the time being preferred by law.

4.6 Power to execute

The Guarantor hereby warrants and represents to each Bondholder that it has all corporate power, and has taken all necessary corporate or other steps, to enable it to execute, deliver and perform this Guarantee, and that this Guarantee constitutes the legal, valid and binding obligations of the Guarantor.

4.7 Deposit and production of the Guarantee

The instrument creating this Guarantee shall be deposited with and held by the Issuer at its registered address. Until such time as all obligations of the Guarantor hereunder have been discharged in full, every Bondholder shall have the right to obtain a copy thereof.

4.8 Subrogation

Until all amounts which may be payable under the terms of the Bonds have been irrevocably paid in full, the Guarantor shall not by virtue of this Guarantee be subrogated to any rights of any Bondholder or claim in competition with the Bondholders against the Issuer.

4.9 Governing law and jurisdiction


This Guarantee is governed by and shall be construed in accordance with Maltese law, and any disputes which may arise out of or in connection with this Guarantee are to be settled exclusively by the Courts of Malta.



Raymond Fenech – Director
for and on behalf of
Spinola Development Company Limited



Emanuel Fenech - Director
for and on behalf of
Spinola Development Company Limited



Yorgen Fenech – Director
for and on behalf of
Spinola Development Company Limited

ANNEX C - SPECIMEN APPLICATION FORM



TUMAS INVESTMENTS PLC
€25,000,000 3.75% UNSECURED BONDS 2027
APPLICATION FORM
MATURING BONDHOLDERS

Please read the notes overleaf before completing this Application Form. Mark 'X' where applicable.

A APPLICANT (See note 4)		
<input type="checkbox"/> Please register me for e-portfolio	TEL. NO.	MOBILE NO. (Mandatory for e-portfolio registration)
<p>This Application Form is not transferable and entitles you to a preferential treatment as holder of 6.2% Tumas Investments plc 2017/2020 (the "Maturing Bonds") and is to be submitted as a method of payment where the Applicant selects to apply for the 3.75% Tumas Investments plc Unsecured Bonds 2027 (the "Bonds") so as to transfer to the Issuer all or part of the holding in the Exchangeable Bond held by the Applicant as at the Cut-Off Date, the nominal value of which is set out in Box 1 of Panel B hereunder. By submitting this signed Application Form, Maturing Bondholders shall be deemed to:</p> <p>i. cause the transfer of the said Maturing Bonds in the Issuer's name in consideration of the issue of Bonds; and</p> <p>ii. engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said Maturing Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant.</p>		
B I/WE APPLY TO PURCHASE AND/OR ACQUIRE (See notes 2 & 6)		
<p>BOX 1 - Nominal Value of Maturing Bonds</p> <p>BOX 2 - I/We wish to purchase and acquire the amount set out in Box 2 in Bonds at the Bond Issue Price (at par) pursuant to the Prospectus dated 29 May 2017 (minimum €2,000 and in multiples of €100 thereafter).</p>		
AMOUNT IN WORDS <div style="border: 1px solid black; height: 30px; width: 100%;"></div>	AMOUNT IN FIGURES Box 1 €	
	AMOUNT IN FIGURES Box 2 €	
<p>BOX 3 - Amount of Bonds applied for less the nominal holding in Maturing Bonds payable in full upon application under the Terms and Conditions of the Bond Issue set out in the Prospectus.</p>		
AMOUNT IN FIGURES Box 3 Difference payable on Application Box 2 - Box 1 €		
C RESIDENT - WITHHOLDING TAX DECLARATION (See notes 7 & 8a) (to be completed ONLY if the Applicant is a Resident of Malta)		
<input type="checkbox"/> I/We elect to have final withholding tax deducted from my/our interest.		
<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).		
D NON-RESIDENT - DECLARATION FOR TAX PURPOSES (See notes 3, 8 & 8a) (to be completed ONLY if the Applicant is a Non-Resident)		
TAX COUNTRY	CITY OF BIRTH	
T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH	
PASSPORT/NATIONAL I.D. CARD NUMBER	COUNTRY OF ISSUE	ISSUE DATE
<input type="checkbox"/> I/We am/are NOT Resident in Malta but I/we am/are Resident in the European Union.		
<input type="checkbox"/> I/We am/are NOT Resident in Malta and I/we am/are NOT Resident in the European Union.		
E INTEREST, REFUND & REDEMPTION MANDATE (See note 9) Completion of this Panel is MANDATORY		
BANK	IBAN	
I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds (as contained therein) which I/we fully accept.		
Signature/s of Applicant/s Date (Parent/s or legal guardian/s are/is to sign if Applicant is a minor) (All parties are to sign in the case of a joint Application) (Bare owner/s and usufructuary/ies to sign in the case of holdings of Maturing Bonds that are subject to usufruct)		

AUTHORISED INTERMEDIARY'S STAMP

AUTHORISED INTERMEDIARY'S CODE

APPLICATION NUMBER

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 29 May 2017 regulating the Bond Issue

1. This Application is governed by the Terms and Conditions of the Bond Issue contained in Section 8 of the Securities Note dated 29 May 2017 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. This Application Form is to be completed in BLOCK LETTERS.
3. Applicants who are Non-Residents in Malta for tax purposes must complete Panel D overleaf.
4. The MSE account number pertaining to the Applicant has been pre-printed in Panel A and reflects the MSE account number on the Issuer's Register at the CSD as at 26 May 2017 (trading session of the 24 May 2017). **APPLICANTS ARE TO NOTE THAT ANY BONDS ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.**

Upon submission of an Application Form, Bondholders who opt to have an online e-portfolio facility (by marking the relative box in Panel A), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.

5. In the case where a Maturing Bondholder is a body corporate, Application Forms must be signed by duly authorised representative/s indicating the capacity in which they are signing.
6. The amount set out in Box 2 of Panel B overleaf must be in multiples of €100. The Issuer will be giving preference to Applications made by Maturing Bondholders up to their full amount held as at the Cut-Off Date, subject to a minimum application of €2,000.

Where the Applicant wishes to acquire a number of Bonds having an aggregate value which exceeds the nominal value of the number of Maturing Bonds set out in Box 1 of Panel B, the Applicant may do so by including such higher amount in Box 2 in Panel B. In such case, the Applicant must ensure that the relative Application Form is accompanied by payment of the difference between the full price of the amount of Bonds applied for and the nominal value of Maturing Bonds being transferred. Payment of the amount representing such difference, which is to be inserted in Box 3 of Panel B overleaf, **must be made in Euro in cleared funds to "The Registrar - Tumas Investments plc Bond Issue 2017"**. In the event that the cheque accompanying an Application Form is not honoured on the first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.

7. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as residents in Malta. In such a case, the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case, such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will then be obliged to declare interest so received in the tax return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a Prescribed Fund will have final withholding tax (currently 10%) deducted from interest payments.

In terms of Section 7.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of Article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), interest shall be paid to such person net of final withholding tax (currently 15%) of the gross amount of interest, pursuant to Article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta).

8. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation. The automatic exchange of information, namely details of certain financial account information in respect of account holders, and in some cases, beneficial holders thereof, extends also to jurisdictions that are not EU Member States (participating jurisdictions) with which there is a relevant arrangement in place.
- 8a. The contents of Notes 7 and 8 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisors in case of doubt.
9. Should any Application not be accepted, or be accepted for fewer Bonds than those applied for, the monies of the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in Panel E. Interest or redemption proceeds will be credited to the account designated in Panel E or as otherwise amended by the Bondholder/s during the term of the Bond.
10. Completed Application Forms are to be delivered to any of the Authorised Intermediaries listed in Annex D of the Securities Note during normal office hours by not later than 12:00 hrs on 21 June 2017. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not being received by the closing date indicated above. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of Application as contained in the Prospectus. Any Applications received by the Registrar after 12:00 hrs on 21 June 2017 will not be accepted.
11. By completing and delivering an Application Form you (as the Applicant/s) acknowledge that:
 - a. the Issuer may process the personal data that you may provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta);
 - b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer.Any such requests must be made in writing and addressed to the CSD at the Malta Stock Exchange, which request must be signed by yourself, as the Applicant to whom the personal data relates.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds on offer will be repayable in full upon redemption. An investor should consult an independent financial advisor, licensed under the Investments Services Act (Cap. 370 of the Laws of Malta), for advice.

ANNEX D – LIST OF AUTHORISED INTERMEDIARIES

Members of the Malta Stock Exchange

Name	Address	Telephone
APS Bank Ltd	APS Centre, Tower Road, Birkirkara BKR 4012	25603000
Bank of Valletta plc	BOV Centre, Cannon Road, St Venera SVR 9030	22751732
Calamatta Cuschieri Investment Services Ltd	Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034	25688130
Charts Investment Management Service Ltd	Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913	21224106
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	21347331
Financial Planning Services Ltd	4, Marina Court No. 1, G. Cali Street, Ta' Xbiex XBX 1421	21344244
FINCO Treasury Management Ltd	Level 5, The Mall Complex, The Mall, Floriana FRN 1470	21220002
GlobalCapital Financial Management Ltd	Testaferrata Street, Ta'Xbiex XBX 1403	21342342
Hogg Capital Investments Ltd	Ferris Building, Level 4, 1, St Luke's Road, Gwardamangia, Pietà PTA 1020	21322872
Jesmond Mizzi Financial Advisors Ltd	67/3, South Street, Valletta VLT 1105	23265696
Lombard Bank Malta plc	67, Republic Street, Valletta VLT 1117	25581806
Mediterranean Bank plc	10, St Barbara Bastion, Valletta VLT 1961	25574860
Michael Grech Financial Investment Services Ltd	The Brokerage, Level 0 A, St Marta Street, Victoria, Gozo VCT 2550	21554492
MZ Investment Services Ltd	55, MZ House, St Rita Street, Rabat RBT 1523	21453739
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Third Floor, High Street, Sliema SLM 1549	22583000

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