

# 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 the 29<sup>th</sup> 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 the 30<sup>th</sup> March 2012, Commission Delegated Regulation (EU) No. 862/2012 of the 4<sup>th</sup> June 2012, Commission Delegated Regulation (EU) No. 759/2013 of the 30<sup>th</sup> April 2013 and Commission Delegated Regulation (EU) No. 382/2014 of the 7<sup>th</sup> March 2014.

Dated 7<sup>th</sup> July 2014

**In respect of an issue of €25,000,000 5% Unsecured Bonds 2024**  
of a nominal value of €100 per Bond issued at par by



**Tumas Investments p.l.c.**  
(duly incorporated in Malta under registration number C-27296)

Guaranteed by  
**Spinola Development Company Limited**  
(duly incorporated in Malta under registration number C-331)

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, 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.

ISIN: MT0000231242

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

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

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

# IMPORTANT INFORMATION

THIS SUMMARY CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION ON TUMAS INVESTMENTS P.L.C., 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 COMMISSION REGULATION (EC) NO. 809/2004 OF 29<sup>TH</sup> 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<sup>TH</sup> MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF 4<sup>TH</sup> JUNE 2012, COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF 30<sup>TH</sup> APRIL 2013 AND COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7<sup>TH</sup> MARCH 2014); 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 ISSUE OF THE BONDS, OTHER THAN THOSE CONTAINED IN THE PROSPECTUS AND IN DOCUMENTS REFERRED TO HEREIN, IN CONNECTION WITH THE ISSUE HEREBY MADE, 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 ADVISORS.

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

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES ISSUED BY THE ISSUER BY ANY PERSON IN ANY JURISDICTION: (I) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED; OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION.

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

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

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

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

**A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISOR.**

UNLESS OTHERWISE STATED, THE CONTENTS OF THE ISSUER'S OR THE GUARANTOR'S WEBSITES OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S OR THE 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 RISE OR FALL AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. IF YOU NEED ADVICE YOU SHOULD CONSULT A LICENSED STOCKBROKER OR AN INVESTMENT ADVISOR LICENSED UNDER THE INVESTMENT SERVICES ACT (CHAPTER 370 OF THE LAWS OF MALTA).

THIS DOCUMENT AND ALL AGREEMENTS, ACCEPTANCES AND CONTRACTS RESULTING THEREFROM SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF MALTA, AND ANY PERSON ACQUIRING ANY BONDS PURSUANT TO THE PROSPECTUS SHALL SUBMIT TO THE JURISDICTION OF THE MALTESE COURTS, WITHOUT LIMITING IN ANY MANNER THE RIGHT OF THE ISSUER TO BRING ANY ACTION, SUIT OR PROCEEDING, IN ANY OTHER COMPETENT JURISDICTION, ARISING OUT OF OR IN CONNECTION WITH ANY PURCHASE OF BONDS, OR AGREEMENT, ACCEPTANCE OR CONTRACT RESULTING HEREFROM, OR THE PROSPECTUS AS A WHOLE.

ALL THE ADVISORS TO THE ISSUER AND THE GUARANTOR NAMED IN THE PROSPECTUS UNDER THE HEADING "ADVISORS TO THE ISSUER AND THE GUARANTOR" IN SUB-SECTION 4.4 OF THE REGISTRATION DOCUMENT FORMING PART OF THE PROSPECTUS HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR IN RELATION TO THIS BOND ISSUE 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 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 THERETO.

This Summary is prepared in accordance with the requirements of the Regulation (as defined immediately 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 contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

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

In this Summary 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 and purchase Bonds made by an Applicant/s by completing an Application Form/s and delivering same to the Registrar or any of the Authorised Intermediaries, as applicable, in accordance with the terms of the Securities Note forming part of the Prospectus;
“Application Form/s”	the forms of application for subscription of Bonds, specimens of which are 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 2024 of a nominal value of €100 per bond issued at par and redeemable on the Maturity Date at their nominal value, bearing interest at the rate of 5% per annum;
“Bondholder”	a holder of Bonds;
“Bond Issue”	the issue of the Bonds;
“Bond Issue Price”	at par (€100 per Bond);
“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;
“Company” or “Issuer”	Tumas Investments p.l.c., 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 and bearing company registration number C-27296;
“CSD”	the Central Securities Depository of the Malta Stock Exchange authorised in terms of the Financial Markets Act (Chapter 345 of the laws of Malta), having its address at Garrison Chapel, Castille Place, Valletta VLT 1063;
“Cut-off Date”	close of business of the 30 <sup>th</sup> June 2014 (trading session of the 25 <sup>th</sup> June 2014);
“Euro” or “€”	the lawful currency of the Republic of Malta;
“Exchange” or “Malta Stock Exchange” or “MSE”	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act, 1990 (Chapter 345 of the laws of Malta), having its registered office at Garrison Chapel, Castile Place, Valletta VLT 1063 and bearing company registration number C-42525;
“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;
“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 and bearing company registration number C-331;
“Interest Payment Dates”	the 31 <sup>st</sup> January and 31 <sup>st</sup> July of each year, between and including each of the years 2015 and 2024;
“Issue Date”	31 <sup>st</sup> July 2014;
“Issue Period”	the period between 08.30 hours on the 10 <sup>th</sup> July 2014 and 12.00 hours on the 22 <sup>nd</sup> July 2014 during which the Bonds are available for subscription;
“Joint Manager”	HSBC Bank Malta p.l.c.;
“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 €25,000,000 6.25% bonds 2014 – 2016 with ISIN code MT0000231226 due to mature on 31 <sup>st</sup> July 2016 at the latest, issued by the Issuer pursuant to a prospectus dated 10 <sup>th</sup> June 2009 and guaranteed by the Guarantor;
“Maturity Date”	31 <sup>st</sup> July 2024;
“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;
“Preferred Applicant”	any holder of Maturing Bonds on the Cut-off Date who elects to subscribe for and purchase Bonds;
“Prospectus”	collectively this Summary, the Registration Document and the Securities Note, all dated 7 <sup>th</sup> July 2014, as such documents may be amended, updated, replaced and supplemented from time to time;
“Redemption Value”	at par (€100 per Bond);
“Registrar and Joint Manager”	Bank of Valletta p.l.c.;
“Registration Document”	the registration document issued by the Issuer dated 7 <sup>th</sup> July 2014, forming part of the Prospectus;

“Regulation”	Commission Regulation (EC) No. 809/2004 of 29 <sup>th</sup> 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 <sup>th</sup> 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 <sup>th</sup> 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 <sup>th</sup> April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; and Commission Delegated Regulation (EU) No. 382/2014 of 7 <sup>th</sup> March 2014 supplementing Directive 2003/71/EC of the European Parliament and of the Council with regard to regulatory technical standards for publication of supplements to the prospectus (Text with EEA relevance);
“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 7 <sup>th</sup> July 2014, forming part of the Prospectus;
“Sponsor”	Rizzo, Farrugia & Co. (Stockbrokers) Ltd., an authorised financial intermediary licensed by the MFSA and a member of the MSE;
“Summary”	this summary note issued by the Issuer dated 7 <sup>th</sup> July 2014, forming part of the Prospectus;
“Terms and Conditions”	the terms and conditions relating to the Bonds as contained in the Prospectus, particularly in Section 9 of the Securities Note;
“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, the importation and retailing of motor vehicles and port operations;
“2017 – 2020 Issuer Bonds”	the €25,000,000 6.2% bonds 2017 – 2020 with ISIN code MT0000231234 due to mature on 9 <sup>th</sup> July 2020 at the latest, issued by the Issuer pursuant to a prospectus dated 9 <sup>th</sup> June 2010 and guaranteed by the Guarantor.

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.

## 1. SECTION A - INTRODUCTION AND WARNINGS

### A.1 Prospective investors are hereby warned that:

- i. This Summary is being provided to convey the essential characteristics and risks associated with the Issuer, 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 alone in making a decision as to whether to invest in the securities described herein. Any decision to invest in the Bonds should be based on a consideration of the Prospectus as a whole by the investor; and
- 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 the Summary, including any translation thereof, and who applied for its notification, but only if the Summary, when read together with the other parts of the Prospectus is misleading, inaccurate, 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 during the Issue Period: prospective investors are hereby informed that:

- i. For the purposes of any subscription for Bonds through any of the Authorised Intermediaries during the Issue Period and any subsequent resale, placement or other offering of Bonds by such Authorised Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Regulation, the Issuer consents to the use of the Prospectus (and accepts responsibility for the information contained herein) 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 through the Authorised Intermediaries during the Issue Period;
  - (b) to any resale or placement of Bonds subscribed for as aforesaid taking place in Malta; and
  - (c) to any resale or placement of Bonds subscribed for as aforesaid taking place within the period of 60 days from the date of the Prospectus.
- ii. **In the event of a resale, placement or other offering of Bonds by an Authorised Intermediary, the Authorised Intermediary shall be responsible to provide information to investors on the terms and conditions of the resale, placement or other offering at the time such is made.**
- 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](http://www.tumas.com).

## 2. SECTION B – ISSUER AND GUARANTOR

**B.1** The legal and commercial name of the Issuer is Tumas Investments p.l.c. (registration number C-27296). The legal and commercial name of the Guarantor is Spinola Development Company Limited (registration number C-331).

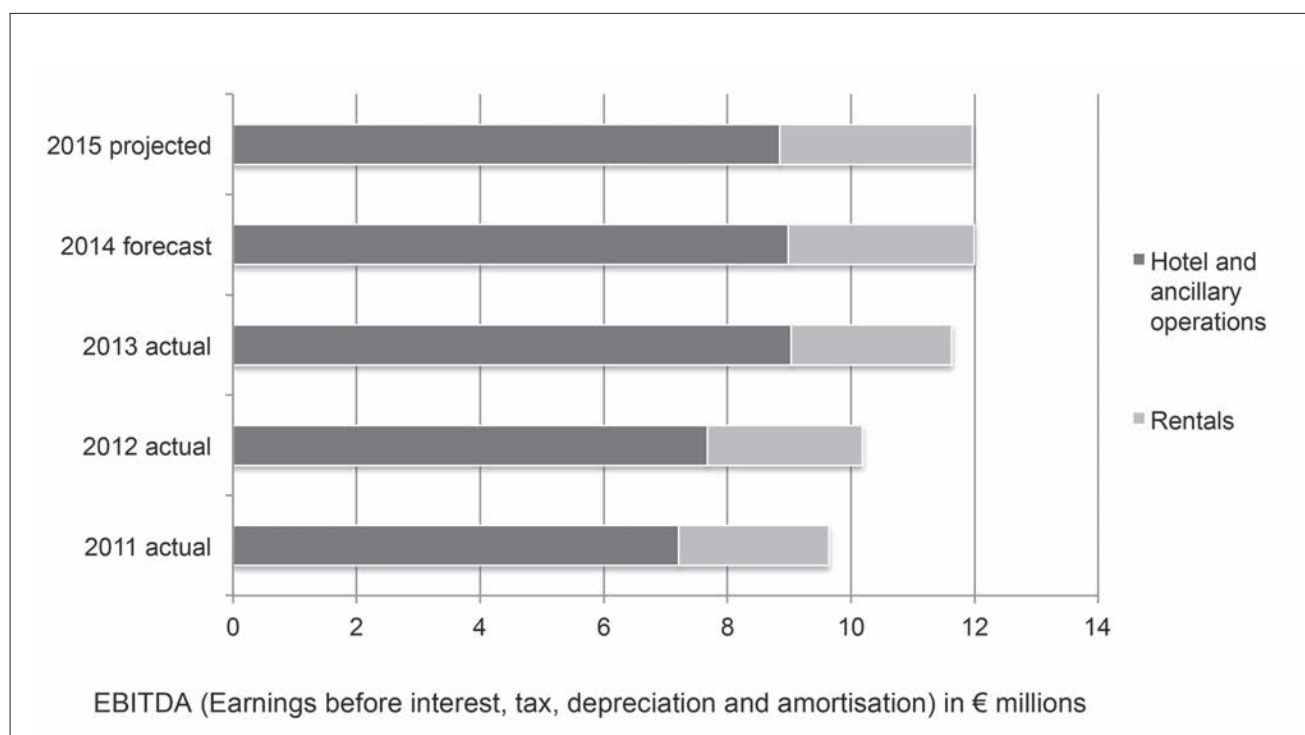
**B.2** The Issuer was incorporated in Malta on the 17<sup>th</sup> November 2000 as a public limited company, registered in terms of the Companies Act and is domiciled in Malta, having its registered office at Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian's.

The Guarantor was incorporated in Malta on the 10<sup>th</sup> May 1966 (and was acquired by the Tumas Group in 1986) as a 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.

**B.4b** The Issuer has been set up to act as a financing company and its business is limited to the raising of capital for the financing of capital projects and the loaning of such capital to SDC, the collection of interest from SDC and the settlement, in turn, of interest payable on capital raised from third parties. The Issuer does not have any substantial assets. Its role is limited to the financing of the Guarantor's operations and it is, accordingly, fully dependent on the cash flows of the Guarantor.

The principal business of SDC is the operation of the Portomaso complex. Portomaso comprises a variety of complementary elements blended together to create a balanced overall development. The project 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.

SDC's expectations from its long-term commercial operations in the immediate years ahead, excluding the sale of apartments, is illustrated below:



The Hilton Malta hotel remains the largest single component of Portomaso's operations. The incoming travel industry is currently performing at a strong level and 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.

Rental operations are expected to yield a steady income stream moving ahead, in line with contracted inflationary increments. The complex is fully rented and demand for office space remains 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 whom the project is housing.

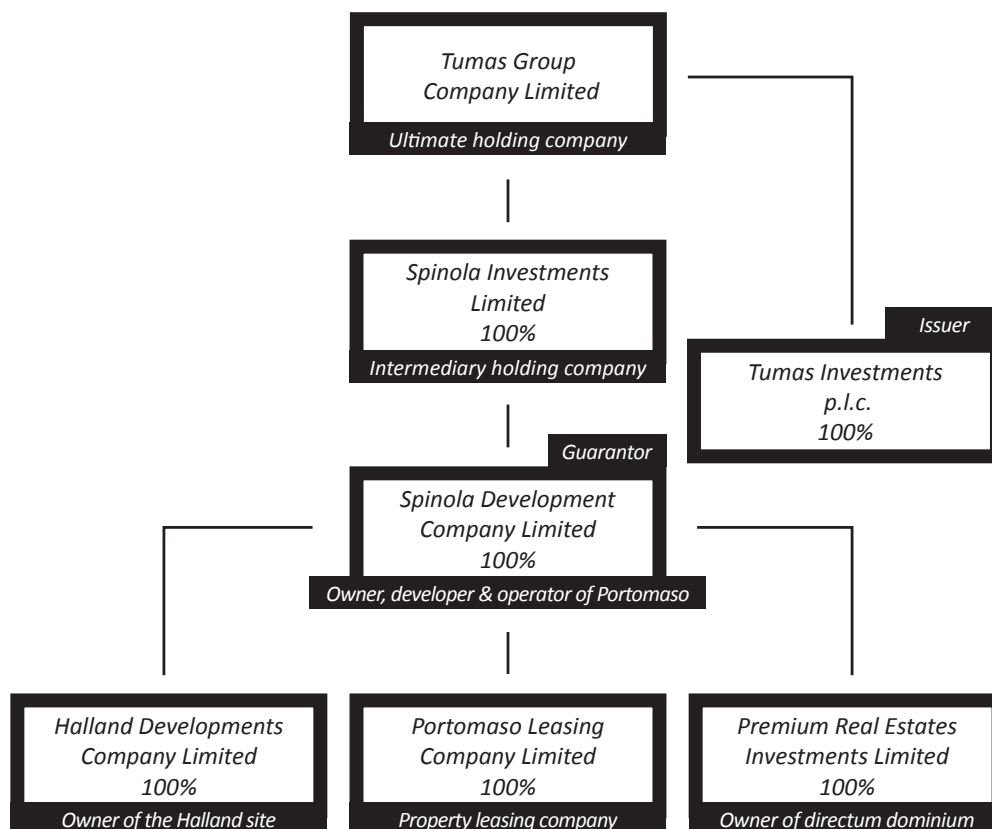
Apart from the Laguna extension (an extension of the Portomaso complex that will include 44 apartments and in respect of which SDC has commenced excavation works), the main activity of the property division in coming years will be that of disposing of the remaining stock of 23 apartments, of which 6 are already the subject of promise of sale agreements.

The Laguna extension, while limited to 44 apartments, will nevertheless be an exciting one aimed at the top end of the market, with low lying apartments overlying a sea water lagoon. It will complete the overall project at the high level tone that is expected of Portomaso. The extension will, however, have a very limited impact on SDC's business expectations in the period 2014 to 2015, during which it is expected to incur net cash outflows, on construction costs, that will be financed through separate borrowings sanctioned for the purpose.

**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 position of the SDC Group within Tumas Group is structured so as to limit its financial dependence on the other components of the Tumas Group.

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



**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 on the audited financial statements for the years ended 31<sup>st</sup> December 2011, 2012 and 2013 do not contain any qualifications.



## B.12

The historical financial information of the Issuer and the Guarantor for the financial years ended 31<sup>st</sup> December 2011, 2012 and 2013, as audited by PricewaterhouseCoopers of 78, Mill Street, Qormi QRM 3101, Malta, is available for inspection on the Tumas Group's website ([www.tumas.com](http://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 SDC Group for financial years ended 31<sup>st</sup> December 2011, 2012 and 2013 are set out below. The remaining components of Element B.12 are not applicable, given that 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 respective last published audited financial statements.

Extracts from the historical financial information of the Issuer:

<b>Extract from the Statements of comprehensive income for the years ended 31 December</b>	2011 Actual €'000	2012 Actual €'000	2013 Actual €'000
Net interest income	138	140	156
Profit before tax	18	8	28
<b>Profit for the year</b>	<b>17</b>	<b>3</b>	<b>18</b>

<b>Extract from the Statements of financial position as at 31 December</b>	2011 Actual €'000	2012 Actual €'000	2013 Actual €'000
Non-current assets	58,380	59,308	55,428
Current assets	2,231	2,566	8,260
<b>Total assets</b>	<b>60,611</b>	<b>61,874</b>	<b>63,688</b>
<b>Shareholder's equity</b>	<b>469</b>	<b>472</b>	<b>490</b>
<b>Total liabilities</b>	<b>60,142</b>	<b>61,402</b>	<b>63,198</b>
<b>Total equity and liabilities</b>	<b>60,611</b>	<b>61,874</b>	<b>63,688</b>

Extracts from the historical consolidated financial information of the Guarantor:

<b>Extract from the Statements of comprehensive income for the years ended 31 December</b>	2011 Actual €'000	2012 Actual €'000	2013 Actual €'000
EBITDA	11,715	13,551	11,696
Profit before tax	2,742	4,234	2,169
<b>Profit for the year</b>	<b>1,677</b>	<b>2,660</b>	<b>1,309</b>

<b>Extract from the Statements of financial position as at 31 December</b>	2011 Actual €'000	2012 Actual €'000	2013 Actual €'000
Non-current assets	87,597	99,067	97,815
Current assets	45,323	48,635	44,620
<b>Total assets</b>	<b>132,920</b>	<b>147,702</b>	<b>142,435</b>
<b>Shareholder's equity</b>	<b>37,736</b>	<b>49,281</b>	<b>48,367</b>
<b>Total liabilities</b>	<b>95,184</b>	<b>98,421</b>	<b>94,068</b>
<b>Total equity and liabilities</b>	<b>132,920</b>	<b>147,702</b>	<b>142,435</b>

**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 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 has been set up, and continues to act, as a financing company within the Tumas Group, with its main business being limited to the raising of capital for the financing of capital projects and the loaning of such capital to SDC.

The principal business of SDC is the operation and continued development of the Portomaso complex, which comprises the operation of the Hilton Malta hotel and ancillary operations such as the car park and the marina, as well as the rental of office and other commercial spaces within the complex.

**B.16** The Issuer's current authorised and issued share capital is €232,937.30 divided into 100,000 ordinary shares of €2.329373 each, fully paid up and subscribed as follows: (i) 99,999 ordinary shares of €2.329373 each held by Tumas Group Company Limited (C-7820) and (ii) 1 ordinary share of €2.329373 held by SDC.

The Guarantor has an authorised share capital of €13,652,805 divided into shares of a nominal value of €1 each. The issued share capital of the Guarantor 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 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 Limited (C-8034) and (ii) 1 ordinary 'A' share of €1 held by the heirs of the late Thomas Fenech.

The Issuer is wholly owned (except for one share which is held by SDC) by Tumas Group Company Limited (C-7820) which is the ultimate parent company of the Tumas Group and which latter company is, therefore, also the ultimate beneficial owner of the Guarantor.

In terms of the Articles of Association of the Issuer, Tumas Group Company Limited (the ultimate parent 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 a majority 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.

The Issuer adopts measures in line with the Code of Principles of Good Corporate Governance to ensure that its relationship 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, which is constituted in its majority by non-executive Directors, of which one, in the person of Mr Lino Spiteri, also act as Chairman. 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.

**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 jointly and severally with the Issuer and irrevocably and unconditionally guarantees the due and punctual performance of all the obligations undertaken by the Issuer in terms of such Issue. Accordingly, until such time as Bonds remain in issue, the Guarantor undertakes to pay any amounts of principal and interest which may become due and payable should the Issuer default in paying the Bondholders under the Bonds. In such cases the Guarantor would be under an obligation to pay to the Bondholders, upon demand and without the necessity of action first being taken by Bondholders against the Issuer itself, the amount due and payable by the Issuer to such Bondholders. 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 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: MT0000231242. The Bonds, which are guaranteed by Spinola Development Company Limited, shall bear interest from and including 31<sup>st</sup> July 2014 at the rate of five per cent (5%) per annum and shall be repayable in full upon maturity, unless they are re-purchased or 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 transferrable only in whole (in multiples of €100) in accordance with the bye-laws of the MSE and any applicable laws, rules or regulations governing the transfer of the Bonds, from time to time.

**C.8** Investors wishing to participate in and subscribe for the Bonds will be able to do so by duly executing the appropriate Application Form/s in relation to the Bonds. Execution of the Application Form/s will entitle such investor to:

- (i) the payment of capital;
- (ii) the payment of interest;
- (iii) ranking with respect to other indebtedness of the Issuer and Guarantor 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 obligations 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 Bonds; and
- (v) enjoy all such other rights attached to the Bonds emanating from the Prospectus.

**C.9** Interest is expected to accrue on the Bonds as from and including 31<sup>st</sup> July 2014 at the rate of 5% per annum on the nominal value thereof, payable semi-annually in arrears on 31<sup>st</sup> January and 31<sup>st</sup> July of each year. The first interest payment will be effected on 30<sup>th</sup> January 2015 (such first payment is being brought forward by a day so as to fall on a Business Day). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day.

The gross yield calculated on the basis of the interest, the Bond Issue Price and the Redemption Value of the Bonds at maturity is five per cent (5%). The Bonds will mature on 31<sup>st</sup> July 2024.

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 7<sup>th</sup> July 2014. Application has been made to the MSE 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 MSE with effect from 31<sup>st</sup> July 2014 and trading is expected to commence on 1<sup>st</sup> August 2014.

## 4. SECTION D – RISKS

Holding of a Bond involves certain risks. Prospective investors should carefully consider, with their own independent financial and other professional advisors, the following risk factors and other investment considerations, as well as all the other information contained in the Prospectus before deciding to acquire Bonds. Prospective investors are warned that by investing in the Bonds they may be exposing themselves to significant risks that may have the consequence of losing a substantial part or all of their investment.

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

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

### **D.2** (a) Risks related to the Issuer’s reliance on 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. The Issuer is mainly dependant on the business prospects of the SDC Group and, therefore, 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.

### **(b) Risks related to the business of the SDC Group**

The Portomaso project 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 SDC’s business.

The operation of the Hilton Malta hotel is, in part, subject to the risks normally associated with the incoming tourism industry. The 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 SDC's operations.

The 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. SDC 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 also impact on competition in the residential real estate market.

Apartments and car parking spaces for sale as at 31<sup>st</sup> December 2013 are estimated to have a realisable value of less than 10% of the project's total value as at the date of this Summary. While of limited materiality in the context of the project as a whole, their disposal proceeds in the immediate years ahead are projected as one of the sources of liquidity that will enable SDC to effect a reduction in its borrowing levels. All projections are nevertheless inherently subject to the risk of adverse unexpected events which may result, for instance, in delays in the receipt of expected future cash inflows.

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. Delays would also serve to prolong the SDC Group's exposure to interest rate risk.

SDC has commenced excavation works on an extension of the complex (the Laguna project) that will include 44 apartments. All development projects are subject to a number of specific risks – the risk of cost overruns; the risk of insufficiency of resources to complete and continue to administer and manage; the risk of sales transactions not materialising at the prices and the tempo envisaged; and the risk of sales delays resulting in liquidity strain, higher interest costs and the erosion of profitability. If these risks were to materialise, they would have an adverse impact on the project's profitability and cash flows.

The SDC Group is subject to taxation, planning, environmental, health and safety laws and regulations, including regulations relating to planning permissions. As with any business, the group is at risk in relation to changes in the laws and regulations and the timing and effects of changes in the laws and regulations to which it is subject, including changes in the interpretation thereof which cannot be predicted; and in relation to other factors over which the group has no control, such as catastrophic events, terrorist attacks and other acts of war or hostility all of which could have an adverse effect on the business, financial condition and profitability of the group.

The SDC Group is also subject to various counter-party risks and prospective purchasers defaulting on their obligations with the group. Such parties may fail to perform or default on their obligations to the Guarantor due to insolvency, lack of liquidity, market or economic downturns, operational failure or other reasons which are beyond SDC's control.

### **D.3** Risks related to the Bonds

The value of investments, including the Bonds, can go up or down and past performance is not necessarily indicative of future performance.

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. There can be no assurance, however, that an active secondary market for the Bonds will develop or, if it develops, that it will continue, nor can there be any assurance that an investor will be able to re-sell his Bonds at or above the Bond Issue Price, or at all. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on a number of factors including the presence in the market place of willing buyers and sellers of the Issuer's Bonds at any given time, which presence is dependent upon the individual decisions of investors 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. These factors include 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. 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.

The Bonds are based on the requirements of the Listing Rules of the Listing Authority, the Companies Act and the Regulation. 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.

The Bonds shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall be guaranteed in respect of both the principal amount and the interest due 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. The Bonds will, however, rank subordinate to the present and future secured creditors of the Issuer and the Guarantor. In essence, this means that Bondholders will rank *pari passu* (equally) with the other unsecured creditors of the Issuer. In addition, the Bonds are being guaranteed by the Guarantor and, therefore, Bondholders are entitled to request the Guarantor to pay both the principal amount and the interest due under said Bonds if the Issuer fails to meet any amount. The Guarantee also entitles the Bondholders to take action against the Guarantor without having to first take action against the Issuer. The strength of the Guarantee is directly linked to the financial position and solvency of the Guarantor.

The terms and conditions relating to the Bonds contain provisions in sub-Section 7.13 of the Securities Note for calling meetings of Bondholders in the event that the Issuer wishes to amend any of the Terms and Conditions of the Bond Issue. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority.

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

The Issuer may incur further borrowings or indebtedness and may create or permit to subsist other security interests upon the whole or any part of its present or future undertakings, assets or revenues (including uncalled capital).

## 5. SECTION E – OFFER

**E.2b** The net proceeds of the Bond Issue amounting to approximately €24,500,000 will be available to the Issuer to redeem the outstanding amount of the Maturing Bonds which, as at the date of this Summary, amounted to €25,000,000.

Any shortfall will be met by the Issuer through alternative funding sources, including funds making up the bond redemption fund built up in connection with the Maturing Bonds, which as at 31<sup>st</sup> December 2013 amounted to €4,000,000.

**E.3** The Bonds are open for subscription to Preferred Applicants and to holders of 2017 – 2020 Issuer Bonds on the Cut-off Date and, thereafter, to Authorised Intermediaries through an Intermediaries' Offer in respect of any balance of the Bonds not subscribed to by Preferred Applicants and holders of 2017 - 2020 Issuer Bonds on the Cut-off Date.

All Preferred Applicants as at the Cut-off Date may apply for Bonds by completing the pre-printed Application Form "A" by way of transfer of all or part of the Maturing Bonds held by such Applicant, which transfer shall be effected at the par value of the Maturing Bonds, rounded upwards to the nearest €100, subject to a minimum application of €2,000 (a "Maturing Bond Transfer"). Bonds applied for by Preferred Applicants by way of Maturing Bond Transfer shall be allocated prior to any other allocation of Bonds.

A Preferred Applicant shall have preference 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, with the payment of such additional amount in cash as may be required for the purpose of rounding up to the nearest €100, subject to a minimum application of €2,000. In the event that a Preferred Applicant applies for additional Bonds other than by Maturing Bond Transfer, no preference shall arise with respect to the excess Bonds applied for but such excess Bonds shall, together with applications by holders of 2017 – 2020 Issuer Bonds on the Cut-off Date, be subject to such allocation policy as shall be determined by the Issuer.

A Maturing Bond Transfer shall be without prejudice to the rights of Preferred Applicants to receive interest on the Maturing Bonds up to and including the 30<sup>th</sup> July 2014.

Holders of Maturing Bonds on the Cut-off Date who do not elect to avail themselves of the possibility to exchange their investment in terms of the procedure outlined herein shall receive all capital and accrued interest to date on the 31<sup>st</sup> July 2014.

Any balance of the Bonds not subscribed to by Preferred Applicants and holders of 2017 – 2020 Issuer Bonds on the Cut-off Date shall be available for subscription by Authorised Intermediaries. In this regard, the Issuer may enter into conditional subscription agreements with Authorised Intermediaries for the subscription of the Bonds, whereby it will bind itself to allocate Bonds to such investors subsequent to closing of the Issue Period but by no later than 10.00 hours on 28<sup>th</sup> July 2014. In terms of each subscription agreement the Issuer will be conditionally bound to issue, and each of the said Authorised Intermediaries 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 said intermediaries would have paid to the Issuer all subscription proceeds in cleared funds on delivery of the subscription agreement.

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. Registration, form, denomination and title

The Issuer will not issue certificates representing the Bonds to the Bondholders since the Bonds will be represented in uncertificated form by the appropriate entry in the Issuer's electronic register of Bondholders maintained on behalf of the Issuer at the CSD. There will be entered into such electronic register the names, addresses, ID Card number (in the case of natural persons), Registration Numbers (in the case of companies), MSE account numbers of the Bondholders and the number of Bonds held by them respectively, and a copy of such register will, at all reasonable times during business hours, be available for inspection by the Bondholders at the registered office of the Issuer. The CSD will issue, upon request by the Bondholder, a statement of holdings to Bondholders evidencing their entitlement to Bonds held in the register kept by the CSD. The entry in such register shall, in the absence of manifest error, be conclusive evidence of the interests of Bondholders.

The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100, provided that on subscription the Bonds will be issued for a minimum of €2,000.

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 below under the heading "*Transferability of the Bonds*".

Subject to the admission to listing of the Bonds to the Official List, the Bonds are expected to be assigned the following ISIN code: MT0000231242.

## 2. Status of the Bonds and negative pledge

The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall be guaranteed in respect of both the principal amount and the interest due 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 with all other present and future outstanding and unsecured obligations of the Issuer and Guarantor. The Bonds will, however, rank subordinate to the present and future secured creditors of the Issuer and the Guarantor.

Both the Issuer and the Guarantor have certain liabilities which are secured by hypothecary warranties over assets pertaining to the two entities. As at the date of this Summary, the following secured liabilities are in place concerning the Issuer and/or Guarantor:

### I) Hypothecary secured liabilities:

- (a) Bank of Valletta p.l.c. – General hypothec over the Guarantor’s assets present and future, and a special hypothec in security of these facilities over the Hilton development, yacht marina, car park, selected commercial areas at Portomaso, St. Julian’s, a number of selected floors in Portomaso Business Tower, St. Julian’s and surrounding grounds in St. Julian’s, in security of overdrafts for amounts of €1,630,550 (€131,715 overdraft balance as at 31<sup>st</sup> May 2014) and €698,800 (€51,013 overdraft balance as at 31<sup>st</sup> May 2014); and,
- (b) Bank of Valletta p.l.c. – Special hypothecary guarantee over a selected commercial area at Portomaso, St. Julian’s and over a number of selected floors in Portomaso Business Tower, St. Julian’s in security of a loan for an amount of €8,036,000, granted to a fellow subsidiary; and,
- (c) Bank of Valletta p.l.c. – General hypothec limited to, and special hypothec over, a selected commercial area at Portomaso, St. Julian’s and over a number of selected floors in Portomaso Business Tower, St. Julian’s in security of loans for an aggregate amount of €9,000,000, and,
- (d) HSBC Bank Malta p.l.c. – General hypothecary guarantee and a special hypothecary guarantee given by the Guarantor in each case limitedly over the Hilton Malta hotel and its extension for an overdraft in an amount of €698,812 (€nil balance as at 31<sup>st</sup> May 2014); and,
- (e) HSBC Bank Malta p.l.c. – General hypothecary guarantee and a special hypothecary guarantee given by the Guarantor in each case limitedly over the Hilton Malta hotel and its extension in security of an overdraft of €930,730 (€nil overdraft balance as at 31<sup>st</sup> May 2014) and a loan of €1,814,597 of a fellow subsidiary company; and,
- (f) HSBC Bank Malta p.l.c. – Special hypothecary guarantee given by the Guarantor over the Hilton Malta hotel at Portomaso, St. Julian’s up to an amount of €2,400,000 in security of a loan of €21,600,000 of a fellow subsidiary company; and,
- (g) APS Bank Limited – Special hypothecary guarantee given by the Guarantor over the Conference Centre at the Portomaso complex in security of a loan for an amount of €10,000,000; and,
- (h) Lombard Bank Malta plc – General hypothecary guarantee limited to, and special hypothecary guarantee over, a specific apartment at Portomaso, St. Julian’s, in security of loans for an aggregate amount of €1,411,238 and overdrafts for an aggregate amount of €3,494,374;

As at the date of this Summary the following hypothecary secured liabilities have been confirmed by way of sanction letter duly issued by Bank of Valletta p.l.c. but are not yet in effect, subject only to publication of the relative deeds:

- (i) Bank of Valletta p.l.c. – General hypothec limited to, and special hypothec over, a parcel of land measuring 7,550 sqm at Portomaso, Triq il-Knisja, St. Julian’s, in security of an overdraft for an amount of €1,500,000 (€nil overdraft balance as at 31<sup>st</sup> May 2014); and,
- (j) Bank of Valletta p.l.c. – General hypothec limited to, and special hypothec over, a parcel of land measuring 7,550 sqm at Portomaso, Triq il-Knisja, St. Julian’s, in security of a loan for an amount of €5,500,000; and,
- (k) Bank of Valletta p.l.c. – General hypothecary guarantee limited to, and special hypothecary guarantee over, a parcel of land measuring 7,550 sqm at Portomaso, Triq il-Knisja, St. Julian’s, up to an amount of €2,500,000 in security of a loan for an amount of €7,000,000, granted to a fellow subsidiary company.

### II) Other liabilities:

- (a) Bank of Valletta p.l.c. – guarantee in an aggregate amount of €3,353,100 in respect of bank facilities granted to a fellow subsidiary company; and,
- (b) HSBC Bank Malta p.l.c. – guarantee in an aggregate amount of €625,000 in respect of bank facilities granted to a fellow subsidiary company; and,
- (c) bonds in issue – the Maturing Bonds. The Maturing Bonds are being redeemed in virtue of the terms and conditions of the relative prospectus dated 10<sup>th</sup> June 2009; and,
- (d) bonds in issue – the 2017 – 2020 Issuer Bonds.

Relative to the Guarantor, as at 31<sup>st</sup> May 2014, total secured and/or guaranteed debt amounted to €103,593,209 (€87,064,170 in respect of liabilities held by the Guarantor and €16,529,039 in respect of liabilities held by fellow subsidiaries), while total assets and shareholders’ equity as at 31<sup>st</sup> December 2013 amounted to €142,434,492 and €48,366,646 respectively.

The Issuer and Guarantor with respect to their respective assets 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 their respective present or future assets or revenues to secure any Relevant Indebtedness (as defined below) of the Issuer and Guarantor unless the Issuer and Guarantor, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, take any and all action necessary to ensure that:

- (i) all amounts payable by them under the Bonds are secured by a Security Interest equally and rateably with the Relevant Indebtedness in question being so secured; or
- (ii) such other Security Interest is approved by a resolution duly passed by the Bondholders in accordance with the provisions of sub-Section 7.13 of the Securities Note.



“Relevant Indebtedness” means any indebtedness in respect of:

- (a) monies borrowed;
- (b) any debenture, bond, note, loan, stock or other security creating or acknowledging indebtedness;
- (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 or financing the acquisition of that asset;
- (e) leases entered into primarily as a method of raising finance or financing the acquisition of the asset leased;
- (f) amounts raised under any other transaction having the commercial effect of borrowing or raising of money; and
- (g) any guarantee, indemnity or similar assurance in respect of any such indebtedness.

“Security Interest” means any privilege, hypothec, pledge, lien, charge or other encumbrance which grants rights of preference to a creditor over the assets of the Issuer or Guarantor, as the case may be.

“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 any indebtedness of the Issuer and Guarantor created for the sole purpose of financing or raising finance for the redemption of all the Bonds;
- (d) any Security Interest securing any Relevant Indebtedness, including bank loans or overdrafts, in the ordinary course of business; and
- (e) any other Security Interest (in addition to those referred to in (a), (b), (c) and (d) above) securing Relevant Indebtedness of the Issuer and Guarantor in an aggregate outstanding amount, from time to time, not exceeding eighty percent (80%) of the amount resulting after taking the Relevant Value (as defined below) and subtracting therefrom (i) the aggregate value of the liabilities of the Issuer and Guarantor secured by Security Interests referred to in (a), (b) (c) and (d) above and (ii) the aggregate principal amount of all Bonds still outstanding at the time.

Provided that the aggregate Security Interests referred to in (d) and (e) above do not result in the amount arrived at after taking the Relevant Value and subtracting therefrom the aggregate value of the liabilities of the Issuer and Guarantor secured by Security Interests referred to in (a), (b), (c), (d) and (e) above being less than one hundred and five per cent (105%) of the aggregate principal amount of all Bonds still outstanding.

“Relevant Value” means the value of the assets of the Issuer and Guarantor calculated on the basis of their book value (as reflected in the accounts of the Issuer and Guarantor) and in the case of immovable property adjusted by reference to the open market value of the said immovable property of the Issuer and Guarantor respectively as determined by their respective Directors on the basis of independent professional advice/valuation procured by them.

### **3. Redemption and purchase**

Unless previously purchased and cancelled, the Bonds shall be redeemed at the Redemption Value of €100 per Bond (together with interest accrued to the date fixed for redemption) on the 31<sup>st</sup> July 2024.

### **4. Interest and Yield**

The Bonds shall bear interest from and including 31<sup>st</sup> July 2014 at the rate of 5% per annum on the nominal value thereof, payable semi-annually in arrears on the 31<sup>st</sup> January and 31<sup>st</sup> July of each year (each an “Interest Payment Date”), the first Interest Payment Date being on the 30<sup>th</sup> January 2015 (such first payment is being brought forward by a day so as to fall on a Business Day). Provided that 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%). 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.

When interest is required to be calculated for any period of less than a full year, such interest shall be calculated on the basis of the actual number of days elapsed from and including the most recent Interest Payment Date, or as appropriate, the Issue Date divided by the actual number of days (365 or 366 as the case may be) in the respective year.

For Bonds issued at the Bond Issue Price, the gross yield calculated on the basis of the interest, the Bond Issue Price and the Redemption Value of the Bonds at maturity is five per cent (5%).

### **5. Payments**

Payment of the principal amount of a Bond will be made by the Issuer in Euro to each Bondholder whose name is entered in the register of the Bonds held at the CSD, with interest accrued to the date fixed for redemption, by means of a direct credit against surrender of the Bonds by the Bondholders at the registered office of the Issuer or at such other place in Malta as may be notified by the Issuer. The Issuer shall not be responsible for any 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.

Payment of any instalment of interest on a Bond will be made by the Issuer in Euro directly to each Bondholder whose name is entered in the register of the Bonds held at the CSD at the close of business fifteen (15) Business Days prior to the Interest Payment Date by means of a direct credit into such bank account as held by the CSD. The Issuer shall not be responsible for any charges, loss or delay in transmission.

### **6. Events of Default**

The Securities Note in sub-Section 7.12 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.

## 7. Transferability of the Bonds

A Bond may be transferred or transmitted only in whole (in multiples of €100) by the Bondholder in accordance with the bye-laws of the MSE and any applicable laws, rules or regulations governing the transfer of the Bonds, from time to time. If Bonds are transferred or transmitted in part, the transferee thereof will not be registered as a Bondholder. Any person becoming entitled to a Bond/s 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 MSE, 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 Issuer 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; provided always that if a Bond is transmitted or transferred in furtherance of this paragraph, a person will not be registered as a Bondholder unless such transmission or transfer is made in multiples of €100.

All transfers and transmissions are subject in all cases to any pledge (duly constituted in terms of law) of the Bonds and to any applicable laws and regulations. The cost and expenses of affecting any registration of transfer or transmission in the Bonds shall be at the charge of the Bondholder or at the charge of such person as the rules and bye-laws of the MSE may, from time to time, determine. The Issuer will not register the transfer or transmission of Bonds for a period of fifteen (15) Business Days preceding the due date for any payment of interest on the Bonds or the due date for redemption.

## 8. Further issues

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further Bonds, debentures, bonds or any other debt securities either having the same terms and conditions as the Bonds in all respects and so that such further issue shall be consolidated and form a single series with the Bonds or otherwise upon such terms and conditions as the Issuer may determine. Any further debt securities so issued may rank *pari passu* in all respects with the Bonds but shall not rank ahead of the Bonds.

## 9. Meetings of the Bondholders

The Issuer may, at any time, convene a meeting of Bondholders in accordance with the terms and procedure set out under sub-Section 7.13 of the Securities Note to consider and approve any of the following: (i) any matter affecting their interest, including the amendment, modification, waiver, abrogation or substitution of any of the terms or conditions of the Bonds and the rights of the Bondholders, whether or not those rights arise under the Prospectus; (ii) 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) the earlier redemption of the Bonds.

## 10. 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, action or proceeding against the Issuer arising out of or in connection with the Bonds shall be brought exclusively before the Maltese courts and the Bondholder shall be deemed to acknowledge that he/she/it is submitting to the exclusive jurisdiction of the Maltese courts as aforesaid.

**E.4** Save for the subscription for Bonds by the Authorised Intermediaries (which include the Sponsor, the Registrar & Joint Manager and the Joint Manager) and any fees payable to Rizzo, Farrugia & Co (Stockbrokers) Ltd. as Sponsor in connection with the Bond Issue, and to Bank of Valletta p.l.c. and HSBC Bank Malta p.l.c. respectively as Registrar & Joint Manager and Joint Manager, so far as the Issuer is aware no person involved in the Issue has an interest material to the Bond Issue.

**E.7** Professional fees, costs related to publicity, advertising, printing, listing and registration, a selling commission in respect of the Bonds allotted to Applicants, as well as sponsor, management, registrar fees and other miscellaneous expenses in connection with this Bond Issue, are estimated not to exceed €500,000 and shall be borne by the Issuer and/or the Guarantor. 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

Pre-printed Application Forms 'A' and 'B' mailed to Preferred Applicants and holders of 2017 – 2020 Issuer Bonds on the Cut-off Date	Tuesday 8 <sup>th</sup> July 2014
Application Forms 'A' and 'B' available to Preferred Applicants and holders of 2017 – 2020 Issuer Bonds on the Cut-off Date	Thursday 10 <sup>th</sup> July 2014
Closing of Issue Period for Preferred Applicants and holders of 2017 – 2020 Issuer Bonds on the Cut-off Date	Tuesday 22 <sup>nd</sup> July 2014
Intermediaries' Offer Date	Monday 28 <sup>th</sup> July 2014
Announcement of basis of acceptance	Tuesday 29 <sup>th</sup> July 2014
Commencement of Interest on the Bonds	Thursday 31 <sup>st</sup> July 2014
Expected admission of the Bonds to Listing	Thursday 31 <sup>st</sup> July 2014
Expected date of commencement of trading	Friday 1 <sup>st</sup> August 2014
Expected dispatch of allotment advices and refund of unallocated monies	Tuesday 5 <sup>th</sup> August 2014

In the event that the total amount of Applications received from Preferred Applicants and holders of the 2017-2020 Issuer Bonds on the Cut-off Date 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 the 29<sup>th</sup> 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 the 30<sup>th</sup> March 2012, Commission Delegated Regulation (EU) No. 862/2012 of the 4<sup>th</sup> June 2012, Commission Delegated Regulation (EU) No. 759/2013 of the 30<sup>th</sup> April 2013 and Commission Delegated Regulation (EU) No. 382/2014 of the 7<sup>th</sup> March 2014.

Dated 7<sup>th</sup> July 2014

**In respect of an issue of €25,000,000 5% Unsecured Bonds 2024**  
of a nominal value of €100 per Bond issued at par by



**Tumas Investments p.l.c.**  
(duly incorporated in Malta under registration number C-27296)

Guaranteed by  
**Spinola Development Company Limited**  
(duly incorporated in Malta under registration number C-331)

**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, 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.**

**ISIN: MT0000231242**

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

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

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

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# IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ABOUT THE ISSUER, THE GUARANTOR AND THE BONDS 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 THE COMMISSION REGULATION (EC) NO. 809/2004 OF THE 29<sup>TH</sup> 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 THE 30<sup>TH</sup> MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF THE 4<sup>TH</sup> JUNE 2012, COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF THE 30<sup>TH</sup> APRIL 2013 AND COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF THE 7<sup>TH</sup> MARCH 2014.

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 ISSUE OF THE BONDS, OTHER THAN THOSE CONTAINED IN THIS REGISTRATION DOCUMENT AND IN DOCUMENTS REFERRED TO HEREIN, IN CONNECTION WITH THE ISSUE HEREBY MADE, 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 ADVISORS.

**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.

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THE PROSPECTUS 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 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 THE 4<sup>TH</sup> 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 ACT.

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

ALL THE ADVISORS TO THE ISSUER AND THE GUARANTOR NAMED IN THIS REGISTRATION DOCUMENT UNDER THE HEADING "ADVISORS TO THE ISSUER AND THE GUARANTOR" IN SECTION 4.4 OF THIS REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR IN RELATION TO THIS BOND ISSUE 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.

# 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 2024 of a nominal value of €100 per bond issued at par and redeemable on the Maturity Date at their nominal value, bearing interest at the rate of 5% per annum;
“Bondholder”	a holder of Bonds;
“Bond Issue”	the issue of the Bonds;
“Bond Issue Price”	at par (€100 per Bond);
“Company” or “Issuer”	Tumas Investments p.l.c., 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 and bearing company registration number C-27296;
“Euro” or “€”	the lawful currency of the Republic of Malta;
“Exchange” or “Malta Stock Exchange” or “MSE”	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act, 1990 (Chapter 345 of the Laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063 and bearing company registration number C-42525;
“Financial Analysis Summary”	the financial analysis summary dated 7 <sup>th</sup> July 2014 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, a copy of which is set out in Annex A of this Registration Document 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 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 and bearing company registration number C-331;
“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 €25,000,000 6.25% bonds 2014 – 2016 with ISIN code MT0000231226 due to mature on 31 <sup>st</sup> July 2016 at the latest, issued by the Issuer pursuant to a prospectus dated 10 <sup>th</sup> June 2009 and guaranteed by the Guarantor;
“Maturity Date”	31 <sup>st</sup> July 2024;
“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 the Summary, this Registration Document and the Securities Note, all dated 7 <sup>th</sup> July 2014, 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 the 4 <sup>th</sup> 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;
“Registration Document”	this registration document issued by the Issuer dated 7 <sup>th</sup> July 2014, forming part of the Prospectus;
“Regulation”	Commission Regulation (EC) No. 809/2004 of 29 <sup>th</sup> 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 <sup>th</sup> 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 <sup>th</sup> 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 <sup>th</sup> April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; and Commission Delegated Regulation (EU) No. 382/2014 of 7 <sup>th</sup> March 2014 supplementing Directive 2003/71/EC of the European Parliament and of the Council with regard to regulatory technical standards for publication of supplements to the prospectus (Text with EEA relevance);
“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 7 <sup>th</sup> July 2014, forming part of the Prospectus;
“Sponsor”	Rizzo, Farrugia & Co. (Stockbrokers) Ltd., an authorised financial intermediary licensed by the MFSA and a member of the MSE;
“Summary”	the summary note issued by the Issuer dated 7 <sup>th</sup> July 2014, 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, the importation and retailing of motor vehicles and port operations;
“2017 – 2020 Issuer Bonds”	the €25,000,000 6.2% bonds 2017 – 2020 with ISIN code MT0000231234 due to mature on 9 <sup>th</sup> July 2020 at the latest, issued by the Issuer pursuant to a prospectus dated 9 <sup>th</sup> June 2010 and guaranteed by the Guarantor.

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 ADVISORS THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS 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 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, 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 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 THE BONDS ISSUED BY THE ISSUER (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION, NOR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSOR OR AUTHORISED INTERMEDIARIES THAT ANY RECIPIENT OF THIS PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY BONDS 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

This document contains forward-looking statements. Such forecasts and projections do not bind the Issuer 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. These statements by their nature involve substantial risks and uncertainties, a few of which are beyond the Issuer's and Guarantor's control.

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 General

Potential investors in the Bonds must determine the suitability of that investment in the light of their own circumstances. In particular, each potential investor should:

- (i) have 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) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iii) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- (iv) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

### 2.3 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. The Issuer is mainly dependant on the business prospects of the SDC Group and, therefore, 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.

## 2.4 Risks related to the business of the SDC Group

The Portomaso project 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 SDC's business.

The operation of the Hilton Malta hotel is, in part, subject to the risks normally associated with the incoming tourism industry. The 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 SDC's operations.

The 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. SDC 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 also impact on competition in the residential real estate market.

Apartments and car parking spaces for sale as at 31<sup>st</sup> December 2013 are estimated to have a realisable value of less than 10% of the project's total value as at the date of this Registration Document. While of limited materiality in the context of the project as a whole, their disposal proceeds in the immediate years ahead are projected as one of the sources of liquidity that will enable SDC to effect a reduction in its borrowing levels. All projections are nevertheless inherently subject to the risk of adverse unexpected events which may result, for instance, in delays in the receipt of expected future cash inflows.

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. Delays would also serve to prolong the SDC Group's exposure to interest rate risk.

SDC has commenced excavation works on an extension of the complex (the Laguna project) that will include 44 apartments. All development projects are subject to a number of specific risks – the risk of cost overruns; the risk of insufficiency of resources to complete and continue to administer and manage; the risk of sales transactions not materialising at the prices and the tempo envisaged; and the risk of sales delays resulting in liquidity strain, higher interest costs and the erosion of profitability. If these risks were to materialise, they would have an adverse impact on the project's profitability and cash flows. The extent to which the Portomaso project is exposed to such factors, given the limited size of this extension in relation to SDC's business as a whole, is described in Section 5 of this Registration Document.

The SDC Group is subject to taxation, planning, environmental, health and safety laws and regulations, including regulations relating to planning permissions. As with any business, the group is at risk in relation to changes in the laws and regulations and the timing and effects of changes in the laws and regulations to which it is subject, including changes in the interpretation thereof which cannot be predicted; and in relation to other factors over which the group has no control such as catastrophic events, terrorist attacks and other acts of war or hostility all of which could have an adverse effect on the business, financial condition and profitability of the group.

The SDC Group is also subject to various counter-party risks and prospective purchasers defaulting on their obligations with the group. Such parties may fail to perform or default on their obligations to the Guarantor due to insolvency, lack of liquidity, market or economic downturns, operational failure or other reasons which are beyond SDC's control.

### 3. PERSONS RESPONSIBLE

This Registration Document includes information prepared in compliance with the Listing Rules of the Listing Authority for the purpose of providing Bondholders with information with regard to the Issuer and the Guarantor. Each and all of the directors of the Issuer whose names appear under the heading “*Identity of Directors, Senior Management, Auditors and Advisors of the Issuer and Guarantor*” in sub-Section 4.1 of this Registration Document accept responsibility for the information contained herein, save for the information specifically relating to the Guarantor, for which the directors of the Guarantor whose names appear in sub-Section 4.2 of this Registration Document are responsible. Mr George Fenech and Mr Raymond Fenech, being directors of both the Issuer and the Guarantor, 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 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 the Guarantor hereby accept responsibility accordingly.

## 4. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, AUDITORS AND ADVISORS 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:

George Fenech	Executive Chairman and Managing Director
Raymond Fenech	Executive director
Raymond Sladden	Executive director and Company Secretary
Lino Spiteri	Independent, non-executive director
Michael Grech	Non-executive director

Mr George Fenech, Mr Raymond Fenech and Mr Raymond Sladden occupy senior executive positions within the Tumas Group. The two other directors, Mr Lino Spiteri and Dr Michael Grech, serve on the Board of the Company in a non-executive capacity. Mr Lino Spiteri is considered as an independent director since he is free of any business, family or other relationship with the Issuer, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgement. In assessing Mr Spiteri’s independence due notice has been taken to Section 5.117 of the Listing Rules.

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

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

### 4.2 Directors and key executives of the Guarantor

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

George Fenech	Executive Chairman and Managing Director
Raymond Fenech	Executive director

The two (2) 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.

Mr. Raymond Sladden occupies the position of company secretary.

In addition to the directors and Company secretary, key members of SDC’s Executive Team are the following:

Raymond 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

## 4.3 Statutory auditors

The financial statements of the Issuer and the Guarantor for the years ended 31<sup>st</sup> December 2011, 31<sup>st</sup> December 2012 and 31<sup>st</sup> December 2013 have been audited by PricewaterhouseCoopers of 78, Mill Street, Qormi QRM 3101, Malta. PricewaterhouseCoopers is a firm of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Chapter 281 of the Laws of Malta).

## 4.4 Advisors to the Issuer and Guarantor

### Legal Counsel

Name: GVTH Advocates  
Address: 192, Old Bakery Street, Valletta

### Sponsoring Stockbroker

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

### Registrar and Joint Manager

Name: Bank of Valletta p.l.c.  
Address: BOV Centre, Cannon Road, Santa Venera

### Joint Manager

Name: HSBC Bank Malta p.l.c.  
Address: 116, Archbishop Street, Valletta

As at the date of the Prospectus, the advisors named under this heading have no beneficial interest in the share capital of the Issuer or the Guarantor. Additionally, no transactions have been entered into by the Issuer or the Guarantor with any of the advisors referred to above.

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

# 5. SELECTED FINANCIAL INFORMATION

## 5.1 Selected financial information of the Issuer

The historical information of the Issuer is available for inspection as set out under the heading “Documents on display” in Section 18 of this Registration Document, as well as on the Tumas Group’s website ([www.tumas.com](http://www.tumas.com)).

Extracts from the historical financial information of the Issuer:

<b>Statements of comprehensive income for the years ended 31 December</b>	2011 Actual €'000	2012 Actual €'000	2013 Actual €'000
Finance income	3,762	3,765	3,772
Finance costs	(3,624)	(3,625)	(3,616)
<b>Net interest income</b>	<b>138</b>	<b>140</b>	<b>156</b>
Administrative expenses	(120)	(132)	(128)
<b>Profit before tax</b>	<b>18</b>	<b>8</b>	<b>28</b>
Tax expense	(1)	(5)	(10)
<b>Profit for the year - total comprehensive income</b>	<b>17</b>	<b>3</b>	<b>18</b>

<b>Statements of financial position as at 31 December</b>	2011 Actual €'000	2012 Actual €'000	2013 Actual €'000
Loans receivable	58,380	58,380	54,504
Held-to-maturity financial assets	-	928	924
<b>Total non-current assets</b>	<b>58,380</b>	<b>59,308</b>	<b>55,428</b>
Loans and receivables	-	-	2,912
Trade and other receivables	1,720	1,819	1,738
Current tax assets	7	10	-
Cash and cash equivalents	504	737	3,610
<b>Total current assets</b>	<b>2,231</b>	<b>2,566</b>	<b>8,260</b>
<b>Total assets</b>	<b>60,611</b>	<b>61,874</b>	<b>63,688</b>
Share capital	233	233	233
Retained earnings	236	239	257
<b>Total shareholder's equity</b>	<b>469</b>	<b>472</b>	<b>490</b>
Borrowings	58,529	58,642	54,886
Trade and other payables	-	1,156	3,809
<b>Total non-current liabilities</b>	<b>58,529</b>	<b>59,798</b>	<b>58,695</b>
Borrowings	-	-	2,912
Trade and other payables	1,613	1,604	1,590
Current tax liabilities	-	-	1
<b>Total current liabilities</b>	<b>1,613</b>	<b>1,604</b>	<b>4,503</b>
<b>Total liabilities</b>	<b>60,142</b>	<b>61,402</b>	<b>63,198</b>
<b>Total equity and liabilities</b>	<b>60,611</b>	<b>61,874</b>	<b>63,688</b>

<b>Cash flow statements for the years ended 31 December</b>	2011 Actual €'000	2012 Actual €'000	2013 Actual €'000
<b>Cash flows from operating activities</b>			
Operating profit	18	8	28
Adjustments for:			
Amortisation of bond issue costs	105	113	120
Amortisation of MGS premium	-	4	4
Cash generated from operating activities (before changes in working capital)	123	125	152
Changes in working capital:			
Trade and other receivables	2	(4)	6
Trade and other payables	14	(8)	(13)
Amounts owed by fellow subsidiaries	69	(94)	75
Cash generated from operating activities	208	19	220
Income tax paid	(11)	(9)	1
<b>Net cash generated from operating activities</b>	<b>197</b>	<b>10</b>	<b>221</b>
<b>Cash flows from investing activities</b>			
Repayments of loans and receivables	783	-	964
Acquisition of Held-to-maturity financial assets	-	(833)	-
Contribution to bond redemption fund	-	(600)	(3,100)
<b>Net cash generated from/(used in) investing activities</b>	<b>783</b>	<b>(1,433)</b>	<b>(2,136)</b>
<b>Cash flows from financing activities</b>			
Proceeds from advances from fellow subsidiary	-	1,156	2,653
Repayment of bank borrowings	(783)	-	(964)
<b>Net cash (used in)/generated from financing activities</b>	<b>(783)</b>	<b>1,156</b>	<b>1,689</b>
Net movement in cash and cash equivalents	197	(267)	(226)
Cash and cash equivalents at beginning of year	307	504	237
<b>Cash and cash equivalents at end of year</b>	<b>504</b>	<b>237</b>	<b>11</b>

The most recent financial statements available for inspection are the audited financial statements of the Issuer for the financial year ended 31<sup>st</sup> December 2013. The audited financial statements of the Issuer for financial years 31<sup>st</sup> December 2011 and 31<sup>st</sup> December 2012 are also available for inspection at the registered office of the Issuer. There were no significant changes to the financial or trading position of the Issuer since the 31<sup>st</sup> December 2013 financial statements.

## 5.2 Capitalisation and indebtedness of the Issuer

The Issuer's Bonds are guaranteed by the Guarantor and its bank loan is secured by specific property owned 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 44.8% as at 31<sup>st</sup> December 2013. This ratio expresses the Guarantor's borrowings as a percentage of the aggregate net assets funded also by shareholders' equity. Details of the loan capital and borrowings of the Guarantor are set out in sub-Section 5.4 of this Registration Document. Furthermore, sub-Section 7.7.1 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 information of the Guarantor is available for inspection as set out under the heading “Documents on display” in Section 18 of this Registration Document, as well as on the Tumas Group’s website ([www.tumas.com](http://www.tumas.com)).

Extracts from the historical consolidated financial information of the Guarantor:

<b>Income statements for the years ended 31 December</b>	2011 Actual €'000	2012 Actual €'000	2013 Actual €'000
Revenue	42,903	44,414	38,323
Cost of sales	(29,982)	(29,481)	(25,540)
<b>Gross profit</b>	<b>12,921</b>	<b>14,933</b>	<b>12,783</b>
Administrative expenses	(6,170)	(6,560)	(6,503)
Other income and expenses	56	73	74
Operating profit	6,807	8,446	6,354
Finance income	360	346	290
Finance costs	(4,425)	(4,558)	(4,475)
<b>Profit before tax</b>	<b>2,742</b>	<b>4,234</b>	<b>2,169</b>
Tax expense	(1,065)	(1,574)	(860)
<b>Profit for the year</b>	<b>1,677</b>	<b>2,660</b>	<b>1,309</b>

<b>Statements of financial position as at 31 December</b>	2011 Actual €'000	2012 Actual €'000	2013 Actual €'000
Property, plant and equipment	64,186	80,000	76,660
Investment property	16,024	13,532	14,197
Trade and other receivables	7,387	5,535	6,958
<b>Total non-current assets</b>	<b>87,597</b>	<b>99,067</b>	<b>97,815</b>
Inventories	21,260	18,086	16,361
Trade and other receivables	19,191	23,277	23,937
Current tax assets	421	260	173
Cash and cash equivalents	4,451	7,012	4,149
<b>Total current assets</b>	<b>45,323</b>	<b>48,635</b>	<b>44,620</b>
<b>Total assets</b>	<b>132,920</b>	<b>147,702</b>	<b>142,435</b>
Share capital	13,653	13,653	13,653
Revaluation reserves	7,231	19,223	19,160
Retained earnings	16,852	16,405	15,554
<b>Total shareholder's equity</b>	<b>37,736</b>	<b>49,281</b>	<b>48,367</b>
Borrowings	69,753	69,839	64,408
Trade and other payables	2,664	2,664	2,346
Deferred tax liabilities	4,814	11,378	11,827
<b>Total non-current liabilities</b>	<b>77,231</b>	<b>83,881</b>	<b>78,581</b>
Borrowings	215	779	4,041
Trade and other payables	17,701	13,117	11,335
Current taxation	37	644	111
<b>Total current liabilities</b>	<b>17,953</b>	<b>14,540</b>	<b>15,487</b>
<b>Total liabilities</b>	<b>95,184</b>	<b>98,421</b>	<b>94,068</b>
<b>Total equity and liabilities</b>	<b>132,920</b>	<b>147,702</b>	<b>142,435</b>

<b>Cash flow statements for the years ended 31 December</b>	2011 Actual €'000	2012 Actual €'000	2013 Actual €'000
<b>Cash flows from operating activities</b>			
Operating profit	6,807	8,446	6,354
Adjustments for:			
Depreciation	4,908	5,105	5,342
Movement in provision for impairment of trade and other receivables	15	129	(165)
Changes in working capital:			
Inventories	691	3,173	875
Trade and other receivables	(3,430)	(4,215)	(496)
Trade and other payables	(4,809)	(4,641)	(1,782)
<b>Cash generated from operating activities</b>	<b>4,182</b>	<b>7,997</b>	<b>10,128</b>
Interest received	360	346	290
Interest paid	(4,425)	(4,473)	(4,383)
Income tax paid	(1,171)	(682)	(865)
<b>Net cash (used in)/generated from operating activities</b>	<b>(1,054)</b>	<b>3,188</b>	<b>5,170</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and investment property	(1,640)	(1,797)	(2,280)
Disposal of investment property	-	1,926	520
Movement in advance payments	(125)	42	(55)
Movement in non-current receivables	2,951	1,853	(1,424)
Movement in non-current payables	-	-	(318)
<b>Net cash generated from/(used in) investing activities</b>	<b>1,186</b>	<b>2,024</b>	<b>(3,557)</b>
<b>Cash flows from financing activities</b>			
Repayments of borrowings	(703)	-	(2,611)
Dividends paid	(3,215)	(3,215)	(2,215)
<b>Net cash used in financing activities</b>	<b>(3,918)</b>	<b>(3,215)</b>	<b>(4,826)</b>
Net movement in cash and cash equivalents	(3,786)	1,997	(3,213)
Cash and cash equivalent at beginning of year	8,022	4,236	6,233
<b>Cash and cash equivalent at end of year</b>	<b>4,236</b>	<b>6,233</b>	<b>3,020</b>

Historical consolidated financial information of the Guarantor has been extracted from the audited consolidated financial statements of the SDC Group, which comprises the Guarantor and its subsidiaries till 31<sup>st</sup> December 2013, Portomaso Leasing Company Limited (C-33110), Halland Developments Company Limited (C-46810) and Premium Real Estates Investments Limited (C-52247).

## 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 Tumas Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The table below illustrates the capital and indebtedness of the Guarantor over the past three years. As at 31<sup>st</sup> December 2013 and 2012, SDC had net borrowings of circa €51,000,000, down from €55,000,000 in 2011. 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.

€ in thousands	31 Dec 2011	31 Dec 2012	31 Dec 2013
Bank overdrafts	215	779	1,129
Bank loans	11,647	11,647	10,000
Loan from Tumas Investments p.l.c.	58,106	58,192	57,320
Cash and cash equivalents	(4,451)	(7,012)	(4,149)
Group treasury funds	(10,552)	(11,475)	(9,470)
Advances to Tumas Investments p.l.c.	-	(1,156)	(3,809)
<b>Net borrowings</b>	<b>54,965</b>	<b>50,975</b>	<b>51,021</b>
Shareholders' equity	37,736	49,281	48,367
Adjustment for fair value on investment property	9,659	13,612	14,395
<b>Total shareholders' equity</b>	<b>47,395</b>	<b>62,893</b>	<b>62,762</b>
<b>Total capital</b>	<b>102,360</b>	<b>113,868</b>	<b>113,783</b>
Gearing ratio (Net borrowings/Net borrowings + total shareholders' equity)	53.7%	44.8%	44.8%

Total shareholders' equity as at 31<sup>st</sup> December 2013 and 2012 amounts to circa €63,000,000 including circa €14,000,000 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 2012. The adjustment to the carrying value of investment property is made to enable a more 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<sup>st</sup> December 2013 is 44.8% (net borrowings on total capital), which is consistent with that reported in the previous year, whereas gearing in 2011 was higher, at 53.7%.

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

The Issuer, as well as the Guarantor, are fully-owned subsidiary companies 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 one of the largest private business groups in the Maltese Islands, comprising various enterprises active primarily in the hospitality, leisure, tourism, property, automotive and port operations sectors.

Tumas Investments p.l.c. was incorporated on the 17<sup>th</sup> 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, having its registered office at Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian's. The Issuer, which was set up and established to act as a finance company, has an authorised and issued share capital of €232,937.30, divided into 100,000 ordinary shares of €2.329373 each, fully paid up.

In July 2009 the Company issued to the public in Malta €25,000,000 6.25% bonds due 2014 - 2016 having a nominal value of €100 each and issued at par. The said issue of bonds was regulated by the prospectus dated 10<sup>th</sup> June 2009 and in virtue thereof the bonds in question are guaranteed by SDC and the issuing Company retained the option, exercisable at its discretion, to redeem the bonds in the said bond issue in whole or in part on the dates falling between the 31<sup>st</sup> July 2014 and the 30<sup>th</sup> July 2016 and, therefore, prior to their final maturity date which falls due on the 31<sup>st</sup> July 2016.

The Company has opted to avail of its right to redeem said bonds prior to the July 2016 maturity date and is doing so in accordance with the terms of the aforesaid prospectus dated 10<sup>th</sup> June 2009. Interest on the maturing bond in question is payable semi-annually in arrears on the 31<sup>st</sup> January and the 31<sup>st</sup> July of each year between 2010 and 2016, with the first interest payment having become due and having been duly paid on the 31<sup>st</sup> January 2010. The proceeds from the bonds were advanced by the Company to SDC for the re-financing of existing borrowings and its general financing needs.

The bonds issued by the Company in July 2009 constitute the general, direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank *pari passu* at all times, without any priority or preference and with all other outstanding unsecured obligations of the Issuer, other than subordinated obligations, if any.

Under the terms of the 2009 bond issue, the Company and the Guarantor, with respect to their respective assets, undertook for as long as any principal or interest under the bonds or any of the bonds is to remain outstanding, not to create or permit to subsist any "Security Interest", other than a "Permitted Security Interest", upon the whole or any part of their respective assets, including future assets, or revenues to secure any "Relevant Indebtedness" of the Company or the Guarantor, unless at the same time or prior thereto the Company and the Guarantor ensure that all amounts payable by them under the bonds are secured by a Security Interest equally and rateably with the Relevant Indebtedness in question being so secured.

Subsequent to the above, twelve months after the above-detailed issue, in June 2010, the Company issued a further €25,000,000 6.2% bonds due 2017 - 2020 having a nominal value of €100 each and issued at par. The said bonds are, likewise, guaranteed by SDC and will, unless previously purchased and cancelled, be redeemed by the Company on the 9<sup>th</sup> July 2020, subject to the Company's option, exercisable at its discretion, to redeem all or any part of the bonds in the said bond issue at their nominal value on the dates falling between and including the 9<sup>th</sup> July 2017 and the 8<sup>th</sup> July 2020. Interest on the bonds is payable semi-annually in arrears on the 9<sup>th</sup> January and the 9<sup>th</sup> July of each year between 2010 and 2020, with the first interest payment having become

due and having been duly paid on the 9<sup>th</sup> January 2011. The proceeds from the bonds were advanced by the Company to SDC to partially re-finance existing borrowings and the general corporate financing needs 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 Spinola Development Company Limited and its subsidiary companies; and/or refinance existing credit facilities, enabling the SDC Group to exploit its potential and seize new opportunities arising in the market.

## 6.1.2 **The Guarantor**

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

SDC, which was incorporated on the 10<sup>th</sup> May 1966 and was acquired by the Tumas Group in 1986, is a limited liability company incorporated and registered in Malta with company registration number C-331, having its registered office at Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian's. SDC is a fully-owned subsidiary of the Tumas Group. Its immediate holding company is Spinola Investments Limited (C-8034).

Today, following a number of share capital increases over the years, SDC has an authorised share capital of €13,652,805, divided into 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 and subscribed.

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

SDC effectively owns 100% of the share capital of Portomaso Leasing Company Limited (C-33110), Halland Developments Company Limited (C-46810) and, as of March 2011, 99% of Premium Real Estates Investments Limited (C-52247).

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 the 4<sup>th</sup> 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 *directum dominium* on a portion of Portomaso properties from SDC in 2012, and is in the course of selling this property right to residential owners at Portomaso, enabling them to acquire the freehold of their apartments.

The Guarantor, by means of an unlimited and unrestricted guarantee of the 4<sup>th</sup> June 2009, undertook to guarantee all the obligations of the July 2009 bond issue in the event of the Issuer defaulting on any of its obligations in terms of the prospectus dated 10<sup>th</sup> June 2009. Furthermore, the Guarantor, by means of a similar unlimited and unrestricted guarantee of the 29<sup>th</sup> April 2010, undertook to guarantee all the obligations of the 2017 – 2020 Issuer Bonds in respect of both the principal amount and the interest due thereunder in the event of the Issuer defaulting on any of its obligations in terms of the relative prospectus dated 9<sup>th</sup> June 2010.



## 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<sup>st</sup> December 2013.

# 7. BUSINESS OVERVIEW AND TREND INFORMATION

## 7.1 The Issuer

As already explained, the Company, Tumas Investments p.l.c., is a fully-owned subsidiary of the Tumas Group and has been set up to act as a financing company.

Accordingly its business is limited to the raising of capital for the financing of capital projects and the loaning of such capital to SDC, the collection of interest from SDC 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 Reasons for the Issue and use of proceeds

The net proceeds of the Bond Issue amounting to approximately €24,500,000 will be available to the Issuer to redeem the outstanding amount of the Maturing Bonds which, as at the date of the Prospectus, amounted to €25,000,000.

Any shortfall will be met by the Issuer through alternative funding sources, including funds making up the bond redemption fund built up in connection with the Maturing Bonds in accordance with Section 5.8 of the securities note forming part of the prospectus dated 10<sup>th</sup> June 2009 issued by the Issuer, which as at 31<sup>st</sup> December 2013 amounted to €4,000,000.

## 7.3 The Guarantor

### 7.3.1 *Portomaso complex*

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

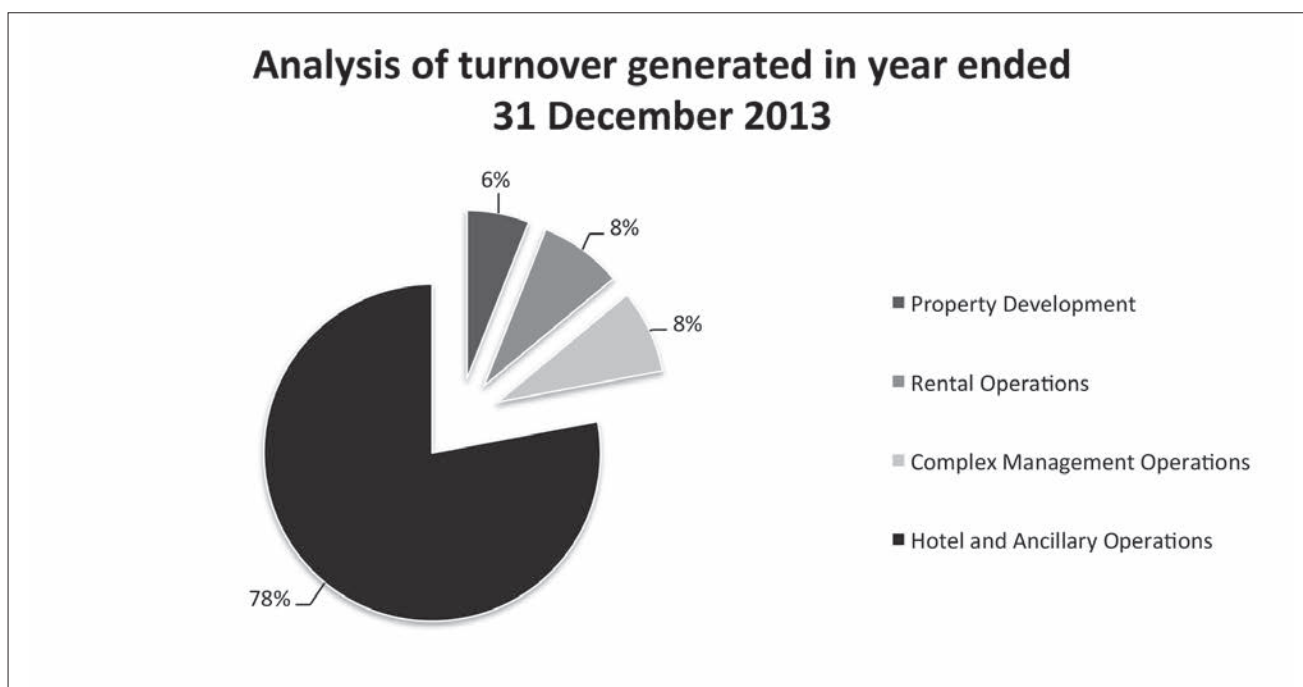
The project is a unique waterfront development enjoying a very central position on Malta's north eastern shore. It is situated in the heart of St. Julian's, Malta's popular commercial and leisure district, less than five minutes walk away from the picturesque Spinola Bay and just off the island's main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

Portomaso comprises a variety of complementary elements blended together to create a balanced overall development. The project 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 late 2007, SDC commenced construction works on a new residential wing which was completed in 2011 and which has in the main been delivered to buyers.

The Portomaso complex is today a mature development that includes the Hilton Malta 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<sup>st</sup> December 2013:



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.

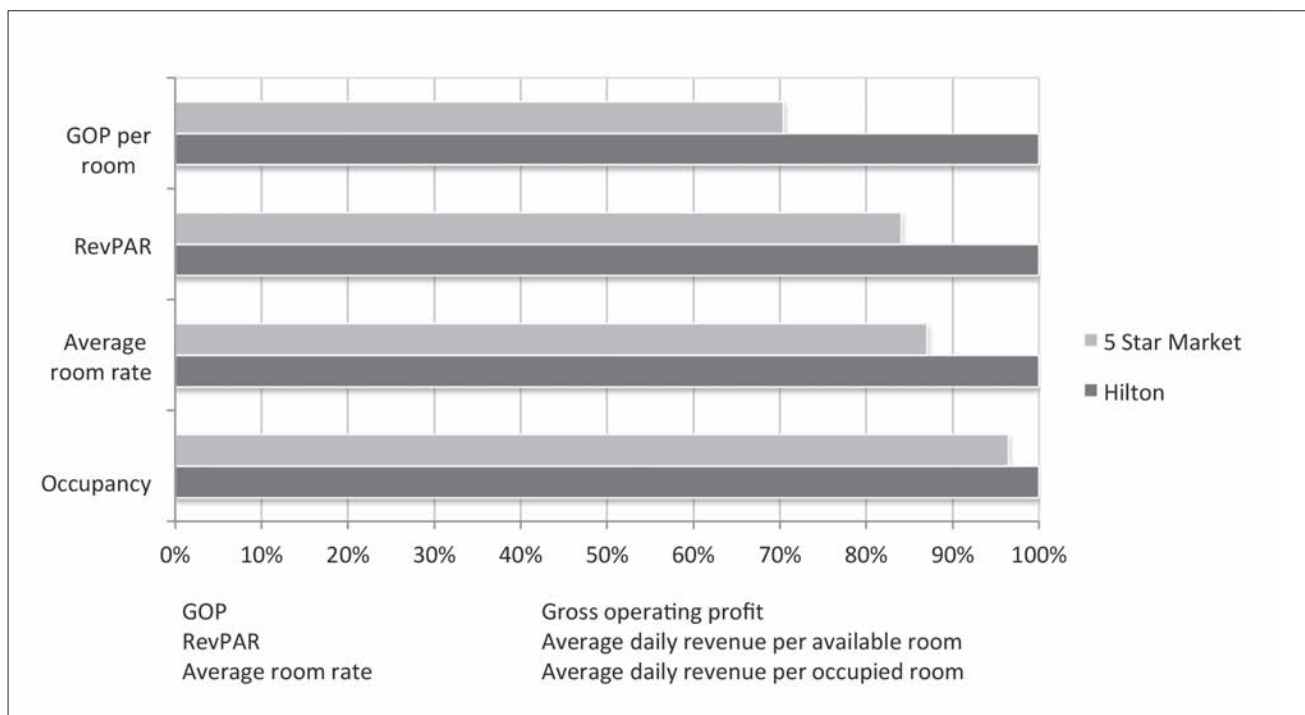
#### **7.3.1.1 Hilton Malta and ancillary operations**

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

The 410 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.

The hotel was designed and developed in co-operation with Hilton International, which had for many years operated the previous hotel, since demolished, to make space for the project. Hilton International have 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 has recently been renewed for a further 20 years.

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 24<sup>th</sup> March 2014

Note: The above information obtained from the Deloitte MHRA hotel survey 2014 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 boats; 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 both 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 (as described below) is completed, hence increasing the foothold within the complex.

### 7.3.1.2 Rental operations

SDC leases a number of areas within the Portomaso Business Tower and other commercial 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 3,200 sqm; and
2. Commercial spaces having a lettable area of 11,000 sqm.

Among the main rented properties one can find the Arkadia Supermarket, Café Portomaso, the Casino at Portomaso, 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. Portomaso is today a hive of activity to the common benefit of all its tenants.

### 7.3.1.3 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 project. The company recharges costs incurred to tenants and owners, and is entitled to a management fee as remuneration for its services.

### 7.3.1.4 Sale of residential apartments

The Portomaso complex has to date entailed the construction of 455 apartments. Of these, 23 apartments were in stock at 31<sup>st</sup> December 2013, including 6 apartments that are currently subject to promise of sale agreements.

The unsold stock of 23 apartments has an expected sales value (when fully finished) estimated at €16,200,000, comprising the following:

	Number of apartments	Estimated or agreed price €'000s
Subject to a promise of sale agreement	6	2,263
Held for sale	17	13,985
	<b>23</b>	<b>16,248</b>

For the purpose of the above analysis, apartments that are already subject to promise of sale agreements have been valued at the amounts contracted therefor. The other remaining apartments have been stated at the directors' expectations of their selling prices, based upon prices attained in recent comparable sales within the complex.

The sale of the above apartments, net of the cost of finishes and of sales commissions, is expected to realise cash proceeds of €12,900,000 over coming years.

The Portomaso development includes a parcel of land on the east shore of the site, where development works have commenced recently to construct 44 additional apartments (the Laguna project), following the issue of the relevant permits earlier this year.

The development costs of this extension are expected to total €16,900,000 and will in part be funded from the Guarantor's own cash flows and in part from banking facilities of €6,200,000 that have been raised for the purpose.

Given the relatively small 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 extension would not be material in the context of the company as a whole.

### 7.3.1.5 Financial position and gearing of the Guarantor

At 31<sup>st</sup> December 2013, the Guarantor had aggregate net borrowings of €51,000,000 (see sub-Section 5.4 above). These borrowings are in part being used to fund the remaining stock of 23 apartments, the disposal of which is, as discussed above, expected to yield cash proceeds of €12,900,000. These proceeds, net of tax thereon, should serve to reduce borrowings by €10,700,000, reducing the Guarantor's gearing to 33.8%. A further diminution in gearing will be attained through the continued sale of the *directum dominium*.

The financial objective of the SDC Group is that of maintaining a healthy balance between ongoing 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 borrowings to circa €35,000,000 to €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 bullet loans or bonds that facilitate balance sheet stability. This bond issue is being made primarily to help attain this objective.

## 7.4 The Halland property

It is the intention of the Tumas Group to use SDC and its subsidiary companies for other real estate developments, going beyond Portomaso.

One such project may entail the redevelopment of the Halland site, situated at Ibragg, Swieqi.

The Halland was initially constructed as an aparthotel but has since been overtaken by further development that has converted its environs into what is predominantly a residential area. The building is covered by the North Harbours Local Plan approved by the Malta Environment and Planning Authority ("MEPA") in July 2006. This policy encourages the redevelopment of this property for residential use, and permits such redevelopment to the height delineated by the existing structure.

This site has the potential to be developed into a major project primarily for residential use. In the Issuer's prospectus dated 9<sup>th</sup> June 2010 it was indicated that such redevelopment was intended to take place in the short to medium term. Given that in the interim the Guarantor was issued by MEPA with a permit for the development of the Laguna extension at Portomaso, the directors of SDC are of the view that the completion of this extension should constitute SDC's main focus for the immediate future.

The Halland therefore represents a long term project at a very early stage of gestation and is moreover still a tentative one at this stage. Accordingly the financial plans of the SDC Group are not dependent on this potential project materialising.

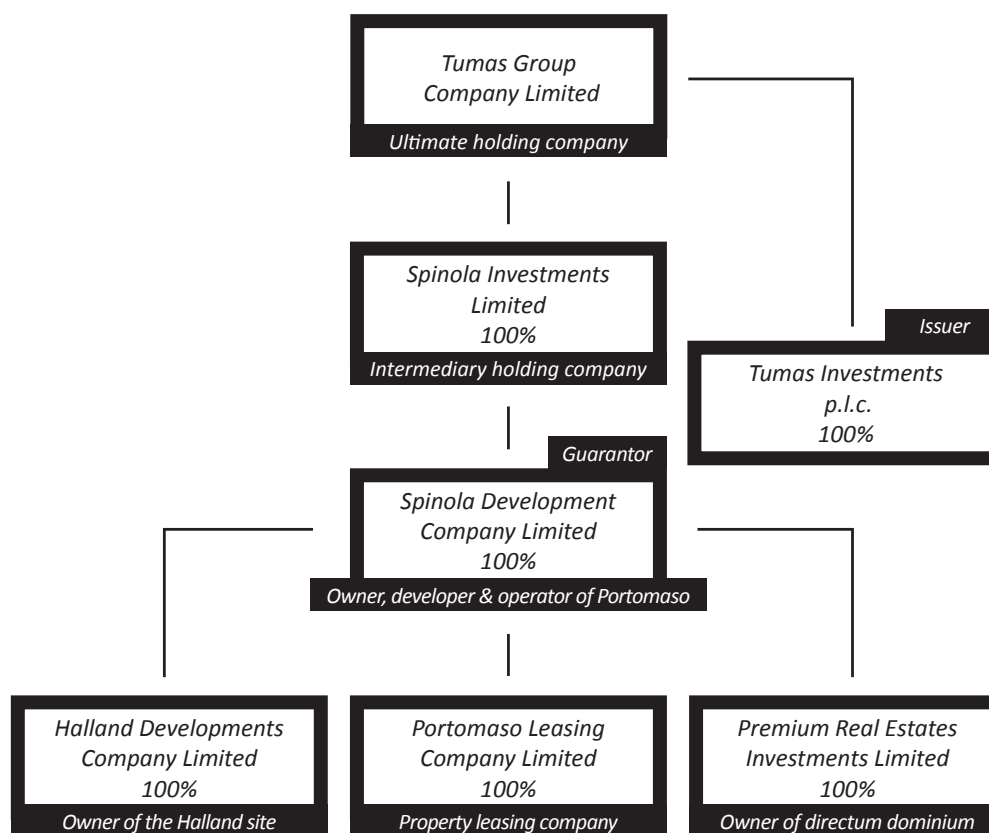
## 8. ORGANISATIONAL STRUCTURE

The Issuer does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company. Its role is limited to the financing of SDC's operations and it is, accordingly, fully dependent on the cash flows of SDC, the Guarantor of this Bond Issue. The Issuer has no dependence on other entities within the Tumas Group.

The business of the SDC Group is structured 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<sup>st</sup> December 2013 SDC had advanced €9,500,000 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 Tumas Group, relevant to the Issuer and the Guarantor (which are fully-owned subsidiary companies of Tumas Group Company Limited [C-7820]), is illustrated in the following diagram as at the date of the Prospectus:

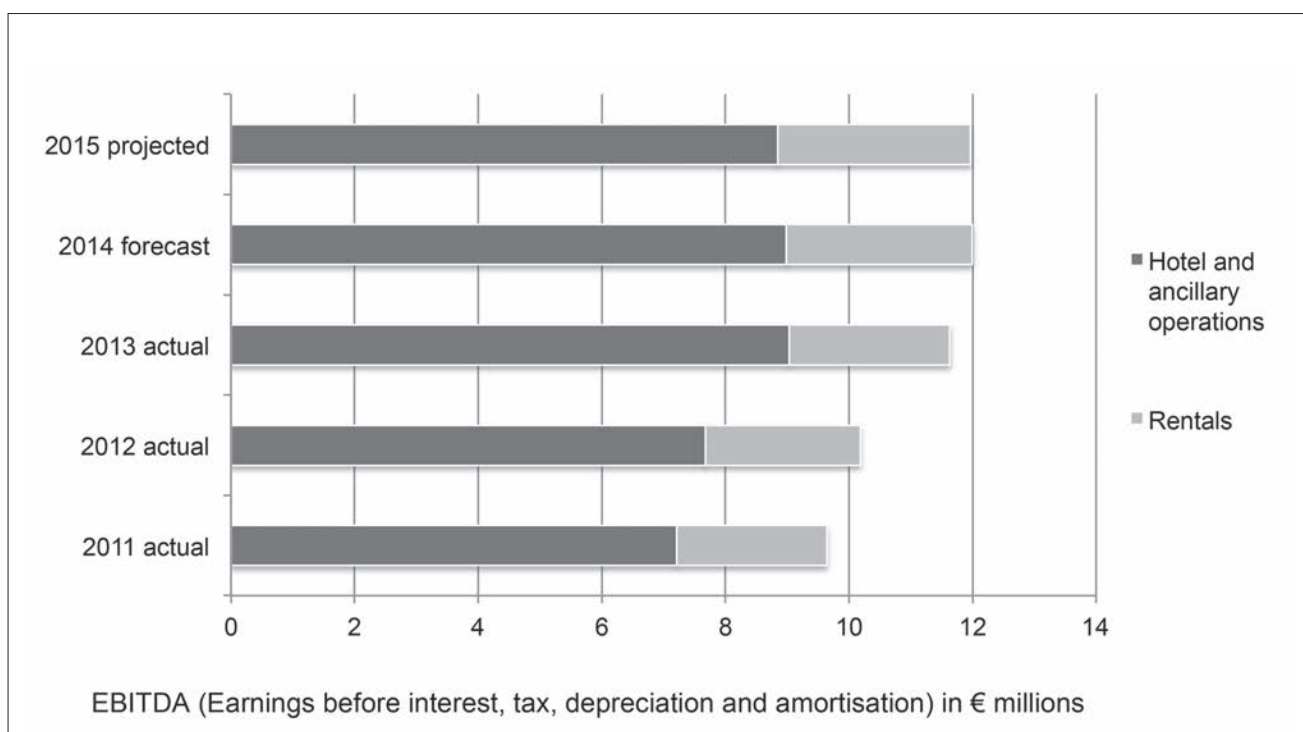


## 9. TRADING PROSPECTS

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 ongoing operations. It also depends on continuity in the fiscal and other legislation that has made Malta a successful location for international business. The complex is also impacted by new developments, such as the Individual Investor Program, that are expected to have a positive impact on the hospitality and residential property development businesses of SDC.

The Guarantor's expectations from its long-term commercial operations are illustrated below, and demonstrate the relative maturity of this development:



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.

Rental operations are expected to yield a steady income stream moving ahead, in line with contracted inflationary increments. The complex is fully rented and demand for office space remains 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 whom the project is housing. Anchor units such as Arkadia Supermarket, Café Portomaso, the Casino at Portomaso, Luxe Pavilion and Twenty Two wine lounge, 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. Apart from the Laguna extension, the main activity of the property division in coming years will be that of disposing of the remaining stock of 23 apartments, of which 6 are already the subject of promise of sale agreements.

The Laguna extension, while limited to 44 apartments, will nevertheless be an exciting one aimed at the top end of the market, with low lying apartments overlying a sea water lagoon. It will complete the overall project at the high level tone that is expected of Portomaso. The extension will however have a very limited impact on SDC’s business expectations in the period 2014 to 2015, during which it is expected to incur net cash outflows, on construction costs, that will be financed through separate borrowings sanctioned for the purpose.

## 10. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

### 10.1 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.



### 10.1.1 Directors of the Issuer

The Memorandum of Association of Tumas Investments p.l.c. provides that the board of directors shall be composed of not less than two (2) and not more than six (6) directors, who are nominated by the shareholders. As at the date of the Prospectus, the board of the Issuer is composed of the following persons:

Name: **George Fenech**; Executive Chairman and Managing Director  
Address: c/o Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian's

George Fenech chairs and acts as the managing director of all the companies within the Tumas Group. He is also a former governor of the Malta Arbitration Centre. From an early age he was actively involved in the business development of the main divisions within the Tumas Group. Mr. Fenech was the driving force that channelled the Tumas Group into new areas of activity, particularly the hotel and leisure sector. He has been one of the main promoters in the setting up of the timeshare industry both locally and abroad. His vision and leadership skills are considered as his trademarks. Under Mr. Fenech's guidance the Tumas Group expanded into new areas of activity and undertook the construction and management of the Portomaso project and subsequently other major real estate projects. Mr. Fenech is a Member of the National Order of Merit.

Name: **Raymond Fenech**; Executive director  
Address: c/o Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian's

Raymond Fenech has been involved for a number of years in the management of the hospitality division of the Tumas Group. In 1999 he was appointed executive director of the property division. In this capacity he was mainly 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 is presently a director of all the companies within the Tumas Group. He previously held the positions of Chairman of the Foundation for Tomorrow's Schools and Chairman of the Malta Tourism Authority. Mr. Fenech was appointed Chairman of Air Malta p.l.c. in 2013.

Name: **Raymond Sladden**; Executive director and Company Secretary  
Address: c/o Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian's

Raymond Sladden is a Certified Public Accountant and a fellow of the Malta Institute of Accountants. He is an associate of the Institute of Financial Services and the Association of Corporate Treasurers. As from 1998 he has held the position of Group Finance Director and Company Secretary of all the companies within the Tumas Group. He is also a director of a number of Tumas Group subsidiaries and sits on the Board of two of the Group's associate companies; AllCare Insurance Ltd and Cars International Finance plc. He has previously occupied the position of Financial Controller and subsequently Group Treasurer of AirMalta p.l.c., the national airline. He has held a number of directorships in various companies within the airline, hospitality, insurance and finance sector and is currently a Director on the board of Malita Investments plc, a Malta Stock Exchange listed company. Mr. Sladden is also a founding member of the board of Trustees of the Tumas Fenech Foundation for Education in Journalism.

Name: **Lino Spiteri**; Independent, non-executive director  
Address: c/o Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian's

Lino Spiteri is an economist by profession and holds a Masters degree in Politics and Economics and a diploma in Social Studies from Oxford University. He started his professional career as a journalist and subsequently editor of one of the main newspapers on the island. He has had a long political career and was a Member of Parliament for twenty-one (21) years between 1962 and 1998. Within this period, Mr. Spiteri was Minister of Finance (1981 – 1983), Minister of Trade and Economic Development (1983 - 1987) and Minister of Finance (1996 – 1997). He served as Deputy Governor and Chairman of the board of directors of the Central Bank of Malta between 1974 and 1981. He is currently a financial consultant and holds chairmanships and directorships in a number of companies within the manufacturing, insurance, banking, hospitality, and consultancy services sectors. Mr. Spiteri is a companion of the Order of Merit.

Name: **Michael Grech**; Non-executive director  
Address: c/o Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian's

Michael 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 GVTH 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.

None of the said directors of the Company have been:

- (a) convicted in relation to fraud or fraudulent conduct in the last five (5) years;
- (b) made bankrupt or associated with any liquidation or insolvency caused by action of creditors;
- (c) the subject of any official public incrimination or sanction by any statutory or regulatory authority; or
- (d) disqualified by a court from acting as director or manager in the last five (5) years.

### **10.1.2 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 one (1) of the directors shall be a person independent of the Tumas Group.

### **10.1.3 Removal of the Issuer's 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.

### **10.1.4 Powers of the Issuer's 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 vote 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.

### **10.1.5 Directors' interests**

Save for what is stated in sub-Section 12.3 of this Registration Document, 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 document in which a director of the Company is materially interested.

As at the date of the Prospectus, Mr. George Fenech and Mr. Raymond Fenech act as directors of both the Issuer and the Guarantor. The Audit Committee of the Issuer keeps a watching brief to ensure that any conflicts of interest that may arise at any time pursuant to this state of affairs are duly and appropriately managed. In this regard, further information is available in sub-Section 12.3 of this Registration Document.

### **10.1.6 Service contracts of the Issuer's Directors**

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

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

The Company's remuneration policy has been unchanged for the past years and the Company does not intend to effect 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 2013 each director of the Company received an annual remuneration of €3,494 (2012: €3,494), as approved at the relative Annual General Meeting of the Company. For the current financial year ending on the 31<sup>st</sup> December 2014 it is expected that the Issuer will pay an aggregate of €17,470 to its directors.

### **10.1.8 Loans to the Issuer's Directors**

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

### **10.1.9 Employees of the Issuer**

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

## **10.2 The Guarantor**

### **10.2.1 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 the following persons:

Name: **George Fenech**; Executive Chairman and Managing Director  
Address: c/o Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian's

Name: **Raymond Fenech**; Executive director  
Address: c/o Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian's

The two (2) 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.

Mr. Raymond Sladden occupies the position of company secretary.

### **10.2.2 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.

### **10.2.3 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.

#### 10.2.4 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.

#### 10.2.5 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.

#### 10.2.6 Key Executives

In addition to the directors and company secretary, key members of SDC's Executive Team are the following:

Raymond 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

**Raymond Sladden**; information relating to Mr Sladden is contained immediately above in this sub-Section 10.1.1 of this Registration Document.

**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. Matthew Mullan joined Hilton Worldwide twenty-six years ago and was most recently the General Manager of the Hilton property in Barbados. With Hilton Worldwide Mr. Mullan has also held positions in Egypt, United Kingdom and Ireland and 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 two major 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 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).

#### 10.2.7 Employees of the Guarantor

As at 31<sup>st</sup> December 2013, Spinola Development Company Limited employed a total staff complement of 539.

Apart from managing the Portomaso complex as a whole, the SDC's workforce is predominantly engaged in the operation of the Hilton Malta and the development and sale of the complex property, as well as the management of its rental operations. Regular training for SDC employees is conducted by Hilton International and the Tumas Group HR Department.

### **10.2.8 Working capital**

As at the date of the Prospectus, the directors of both the Company and of SDC are of the opinion that working capital available to the Company and SDC, 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.

## **11. BOARD PRACTICES**

### **11.1 Compliance with Corporate Governance requirements**

#### **11.1.1 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.

The Board deems that, during the reporting periods running from 1<sup>st</sup> January 2011 to the date of this Registration Document, the Issuer has fully complied with the requirements of the Code, except as outlined below:

- i. Principle 2.1 – the roles of Chairman and Chief Executive Officer are effectively both carried out by Mr. George Fenech. Although the Code recommends that the role of Chairman and Chief Executive Officer are kept separate, the directors of the Issuer 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 Lino Spiteri 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;
- 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 of the Issuer 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.

#### **11.1.2 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 does not adopt the provisions of the Code, it has specifically tasked the Audit Committee of the Issuer with keeping a watching brief over the operations of the Guarantor. 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.

### **11.2 The exercise of the role of the Issuer's Board**

Meetings of the Board, chaired by Mr. George 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 bonds are applied for the purposes for which they were sanctioned, as specified in the offering memoranda dated 10<sup>th</sup> June 2009 and 9<sup>th</sup> June 2010 respectively;
- 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.

### **11.3 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.

An essential element of good internal control is the continual process of monitoring the investments made by the Company and in this regard it has adjourned itself periodically on the financial affairs and operational development of SDC and its subsidiaries, the guarantor of the Bonds, the Maturing Bonds and the 2017 – 2020 Issuer Bonds and of bank borrowings with particular reference to the progress of the Portomaso project and related operational and commercial concerns.

### **11.4 Relations with bondholders and the market**

Pursuant to the Company's statutory obligations in terms of the Act and the Listing Rules, the annual report and financial statements, the election of directors and approval of directors' fees, the appointment of the auditors and the authorization of the directors to set the auditors' fees and other special business, are proposed and approved at the Company's Annual General Meeting.

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.

### **11.5 Board Committees**

The directors of the Issuer have established an Executive Committee and an Audit Committee as committees 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.

#### **11.5.1 Executive Committee**

The Executive Committee acts as the highest delegated authority by the board in over-seeing the activities and management of the Issuer. It is responsible for the direct oversight of management and is also closely involved in the execution of all material contracts.

As at the date of this Registration Document the members of the Executive Committee are as follows: George Fenech (*Chairman*), Raymond Fenech and Raymond Sladden.

#### **11.5.2 Audit Committee**

The Audit Committee, composed of two (2) non-shareholders and non-Executive directors, together with a shareholder and 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 Committee also considers the arm's length nature of related party transactions that the Issuer carries out.

As required by the Act and the Listing Rules, the Issuer's financial statements are subject to annual audit by its external auditors. Moreover, the non-executive directors have direct access to the external auditors of the Company 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 advisor 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 Company's expense.

The Company has formal mechanisms to monitor dealings by directors and senior officials in the bonds of the Company and has also put in place the appropriate mechanisms for the advance notification of such dealings.

The Audit Committee meets at least once every three (3) months mainly to consider the six monthly financial results and the annual financial statements of the Issuer. 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.

As at the date of this Registration Document the members of the Audit Committee are as follows: Lino Spiteri (Chairman), Raymond Fenech and Michael Grech. Mr. Lino Spiteri, an economist by profession, is deemed to be an independent director competent in accounting and auditing matters. In his capacity as the Chairman of the Audit Committee, Mr. Spiteri holds meetings with the executive directors as necessary to review the accounts and operations.

## 12. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### 12.1 Interests of major shareholders of the Issuer

The issued share capital of the Issuer is of €232,937.30 divided into 100,000 ordinary shares of €2.329373 each, fully paid up and subscribed as follows:

Name of Shareholder	Number of Shares
Tumas Group Company Limited (C-7820)	99,999 ordinary shares of €2.329373 each
Spinola Development Company Limited (C-331)	1 ordinary share of €2.329373

Tumas Group Company Limited (C-7820) was incorporated on the 2<sup>nd</sup> January 1986 and is the holding company of the Tumas Group. The authorised and issued share capital of the company is €102,497 divided into 44,001 ordinary shares of €2.329373 each and 1 ordinary 'B' share of €2.329373, fully paid up and is subscribed to by the members of the Fenech family.

The Issuer is wholly owned (except for one share which is held by SDC) by Tumas Group Company Limited (C-7820) which is the ultimate parent company of the Tumas Group and which latter company is, therefore, also the ultimate beneficial owner of the Guarantor.

In terms of the Articles of Association of the Issuer, Tumas Group Company Limited (the ultimate parent 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 a majority 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.

The Issuer adopts measures in line with the Code of Corporate Governance to ensure that its relationship 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, which is constituted in its majority by non-executive directors, of which one, in the person of Mr Lino Spiteri, also act as Chairman. 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. Furthermore, any potential conflicts of interest of the directors of the Issuer and Guarantor are addressed as set out in sub-Section 12.3 below.



## 12.2 Interests of major shareholders of the Guarantor

The issued share capital of the Guarantor is of €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

## 12.3 Directors' interests

The following two (2) directors common to both the Issuer and the Guarantor hold shares in Tumas Group Company Limited (C-7820), which is the major shareholder in the Issuer and which holds the majority of shares in Spinola Investments Ltd (C8034), which in turn is the major shareholder in the Guarantor.

Their respective shareholding in Tumas Group Company Limited is as follows:

Name of director	Number of shares held
George Fenech	1 ordinary 'B' share of €2.329373, fully paid up 5,893 ordinary shares of €2.329373 each, fully paid up
Raymond Fenech	5,893 ordinary shares of €2.329373 each, fully paid up

To date Mr. George Fenech and Mr. Raymond Fenech act as directors of both the Issuer and the Guarantor.

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.

The Audit Committee of the Issuer has been specifically tasked with keeping a watching brief to ensure that any conflicts of interest that may arise at any time pursuant to this state of affairs are duly and appropriately managed and 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. In this regard, Mr. Lino Spiteri 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 and the Guarantor as at the date of the Prospectus, there are no conflicts of interest between any duties of the directors of the Issuer and the Guarantor and their private interests and/or their other duties which require disclosure in terms of the Regulation.

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

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.

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

### **13.1 Historical financial information**

The Issuer's and the Guarantor's audited financial statements for the financial years ended 31<sup>st</sup> December 2011, 31<sup>st</sup> December 2012 and 31<sup>st</sup> December 2013 respectively have been audited by PricewaterhouseCoopers, certified public accountants in Malta.

### **13.2 Age of latest financial information**

The latest audited financial statements available in respect of the Issuer relate to the financial year ended 31<sup>st</sup> December 2013 as approved for issuance by the board of directors on the 30<sup>th</sup> April 2014. These are available for inspection at the Issuer's registered office during office hours and on the Tumas Group's website: [www.tumas.com](http://www.tumas.com).

The latest audited consolidated financial statements available in respect of the Guarantor relate to the financial year ended 31<sup>st</sup> December 2013 as approved for issuance by the board of directors on the 30<sup>th</sup> April 2014. These are available for inspection at the Issuer's registered office during office hours and on the Tumas Group's website: [www.tumas.com](http://www.tumas.com).

### **13.3 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<sup>st</sup> December 2013. 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.

### **13.4 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 a period covering twelve (12) months prior to the date of the Prospectus which may have, or have had, in the recent past significant effects on the financial position or profitability of the Issuer, the Guarantor or the SDC Group.

## **14. ADDITIONAL INFORMATION**

### **14.1 Memorandum and Articles of Association of the Issuer**

#### **14.1.1 Incorporation**

The Company was incorporated on the 17<sup>th</sup> November 2000 as a public limited 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.

#### **14.1.2 Share capital**

The authorised and issued share capital of the Issuer is €232,937.30 divided into 100,000 ordinary shares of €2.329373 each, fully paid up.

There are no classes of shares and each share confers the right to one (1) 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 the Company issues during the next financial year any shares, whether fully or partly paid up, in consideration for cash or otherwise. There is no capital of the Company which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Company is to be put under option.

#### **14.1.3 Commissions**

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

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

#### **14.2.1 Incorporation**

The Guarantor was incorporated on the 10<sup>th</sup> 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.

### **14.2.2 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.

## **15. MATERIAL CONTRACTS**

Since their incorporation on the 17<sup>th</sup> November 2000 and the 10<sup>th</sup> May 1966 respectively, the Issuer and the Guarantor have not entered into any contracts of a material nature which are not in the ordinary course of their business.

## **16. PROPERTY VALUATION REPORT**

In connection with the Issue of the Bonds in accordance with the terms of the Prospectus, the Issuer commissioned Ray DeMicoli, Senior Architect at DeMicoli & Associates Architects, to issue a property valuation report in relation to the Portomaso project. The following are the details of said independent valuer:

Name:	Ray DeMicoli
Business Address:	DeMicoli & Associates Architects 70, Mill Street, Qormi QRM 3104

Listing Rule 7.4.3 provides that property valuations to be included in a prospectus must not be dated (or be effective from) more than 60 days prior to the date of publication of the prospectus in question. Accordingly, the property valuation report referred to herein is dated 19<sup>th</sup> June 2014.

A copy of the report dated 19<sup>th</sup> June 2014 compiled by Architect Ray DeMicoli in respect of the Portomaso project, the value of which has been estimated at circa €143,000,000, is available for inspection as set out in Section 18 of this Registration Document.

## 17. THIRD PARTY INFORMATION AND THE STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

Save for the Financial Analysis Summary reproduced in Annex A of this Registration Document and the architect's property valuation report indicated in the preceding Section 16 of this Registration Document and which is available for inspection as set out in the following Section 18 of this Registration Document, the Prospectus does not contain any statement or report attributed to any person as an expert.

The Financial Analysis Summary dated 7<sup>th</sup> July 2014 has been included 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, which has given and has not withdrawn its consent to the inclusion of said report herein. The architect's property valuation report dated 19<sup>th</sup> June 2014 is being made available in the form and context in which it appears with the authorisation of DeMicoli & Associates Architects of 70, Mill Street, Qormi QRM 3104, which has given and has not withdrawn its consent to said report being made available for inspection as set out in the following Section 18 of this Registration Document. Neither of the foregoing experts have any beneficial interest in the Issuer. The Issuer confirms that the Financial Analysis Summary and the aforesaid architect's property valuation report have been accurately reproduced 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.

## 18. DOCUMENTS ON DISPLAY

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 during the term of the Bond during office hours:

- i. The Memorandum and Articles of Association of the Issuer and the Guarantor;
- ii. The audited financial statements of the Issuer for the financial years ended 31<sup>st</sup> December 2013, 2012 and 2011;
- iii. The audited consolidated financial statements of the Guarantor for the financial years ended 31<sup>st</sup> December 2013, 2012 and 2011;
- iv. The Letter of Confirmation drawn up by PricewaterhouseCoopers dated 4<sup>th</sup> July 2014;
- v. The independent architect's property valuation report dated 19<sup>th</sup> June 2014 prepared by Architect Ray DeMicoli of DeMicoli & Associates Architects at the Issuer's request in respect of the Portomaso project.

# ANNEX A – FINANCIAL ANALYSIS SUMMARY



Rizzo, Farrugia & Co (Stockbrokers) Ltd.  
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The Board of Directors  
Tumas Investments plc  
Portomaso Business Tower  
Portomaso  
St. Julian's STJ4011

7<sup>th</sup> July 2014

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 Issuer”) and Spinola Development Company Limited (“the Guarantor”). 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 2011 to 2013 has been extracted from both the Issuer and Guarantor’s audited statutory financial statements for the three years in question.
- (b) The forecast data for the financial years ending 31 December 2014 and 2015 has been provided by management of the Issuer and 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 Prospectus dated 7<sup>th</sup> July 2014.
- (d) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions set out in the Glossary section of the Analysis.
- (e) Relevant financial data in respect of companies referred to in Section 5 has been extracted from public sources such as the web sites of the companies concerned, other websites providing financial data or financial statements filed with the Registrar of Companies.

The Analysis is meant to assist potential investors in the Issuer’s securities by summarising the more important financial data of the Issuer and Guarantor. The Analysis does not contain all data that is relevant to investors or potential investors and is meant to complement, and not replace, the contents of the full Prospectus dated 7<sup>th</sup> July 2014. The Analysis does not constitute an endorsement by our firm of the proposed Bond Issue and should not be interpreted as a recommendation to invest in the Issuer’s securities. 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<sup>th</sup> March 2013.*

## ***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 of the assumptions on which these projections are based.*

## DEFINITIONS

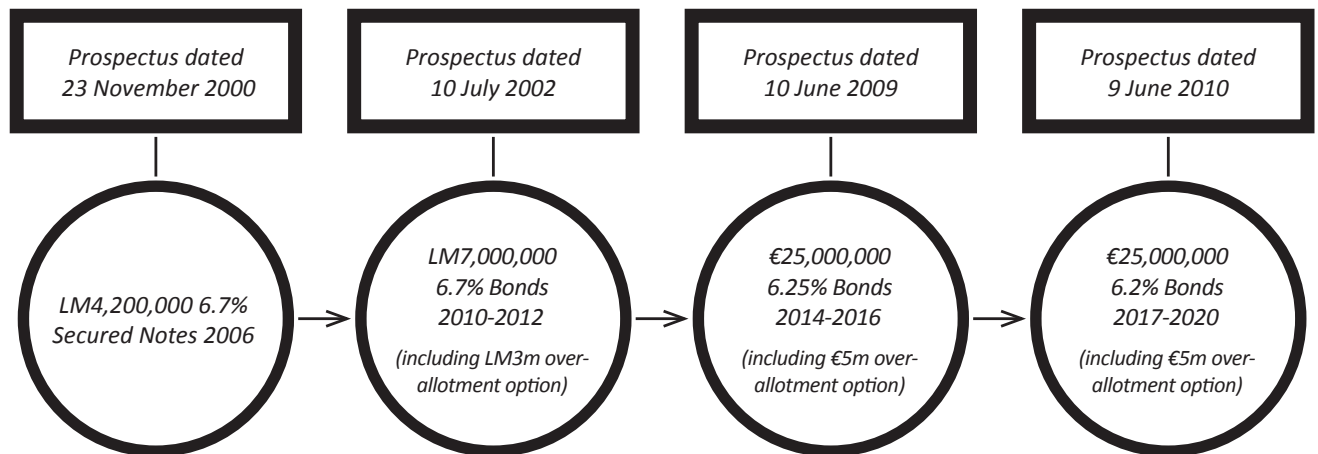
Halland Developments Company Limited	A subsidiary of Spinola Development Company Limited which owns the freehold title of the Halland site and adjoining land.
Halland site	The site in Ibragg (formerly Halland Aparthotel) earmarked for development.
Laguna Project	An extension to the Portomaso Complex on its east side which will include the building of 44 residential units by 2018.
Maturing Bonds	The €25,000,000 bonds issued in 2009 carrying a coupon of 6.25% which is being redeemed on 31 July 2014.
New Bonds	The new bonds that are being offered pursuant to a Prospectus dated 7 July 2014.
Portomaso Complex (or Portomaso)	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	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	A subsidiary of Spinola Development Company Limited entrusted with acquiring property for investment purposes.
Prospectus	The Prospectus issued by Tumas Investments plc dated 7 July 2014.
Spinola Development Company Limited (or Guarantor or SDC)	Spinola Development Company Limited, a wholly-owned subsidiary ultimately owned by Tumas Group Company Limited, which is acting as a guarantor, bearing registration number C331. SDC owns three operating subsidiaries, namely Halland Developments Company Limited, Portomaso Leasing Company Limited and Premium Real Estate Investments Limited.
Tumas Group (or Group)	A group of companies involved in various sectors including the hospitality, leisure, tourism, property, automotive and port operations.
Tumas Investments plc (or the Issuer, or TI)	The Issuer of the New Bonds, being a company incorporated in Malta bearing registration number C27296.

# 1. BACKGROUND AND HISTORY

## 1.1 The Issuer – Tumas Investments plc

Tumas Investments plc (TI, the Issuer) is a public limited liability company incorporated in Malta on 17 November 2000 to act as the financing arm of Spinola Development Company Ltd (SDC), which, in the context of this Bond Issue, is acting as the Guarantor. 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:



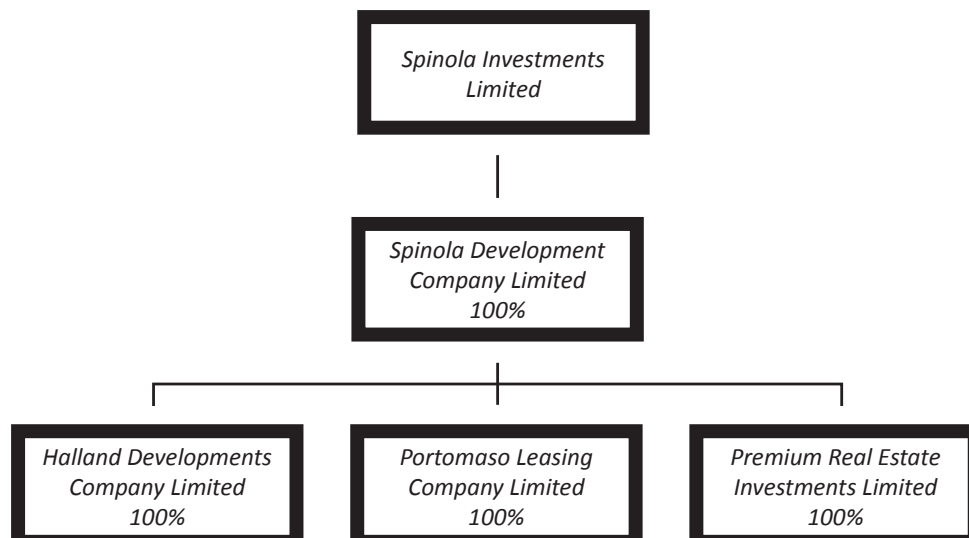
The first two bonds, issued in 2000 and 2002 respectively, have been repaid in full. Meanwhile, the Issuer still has the following two bonds outstanding, namely: (i) €25,000,000 6.25% bonds maturing between 2014 and 2016 and (ii) €25,000,000 6.2% bonds maturing between 2017 and 2020. The Directors of the Issuer have resolved to exercise their option of early redemption of the 2014-2016 bond (the Maturing Bond), and as such, the Maturing Bond will be fully redeemed on 31 July 2014.

The Issuer is now tapping the bond market for the fifth time since its inception with a €25,000,000 bond maturing in 2024. These bonds will be offered to the holders of the Maturing Bonds through a bond exchange programme.

## 1.2 The Guarantor – Spinola Development Company Ltd

Spinola Development Company Ltd (SDC, the Guarantor) was set up as a limited liability company in Malta on 10 May 1966 and acquired by the Tumas Group in 1986 (through Spinola Investments Limited). The business of SDC has, to date, comprised primarily of the continuous development, management and operation of the Portomaso Complex.

SDC owns three subsidiaries, namely Portomaso Leasing Company Limited (PLCL), Halland Developments Company Limited (HDCL) and Premium Real Estates Investments Limited (PREIL), all of which are incorporated in Malta.



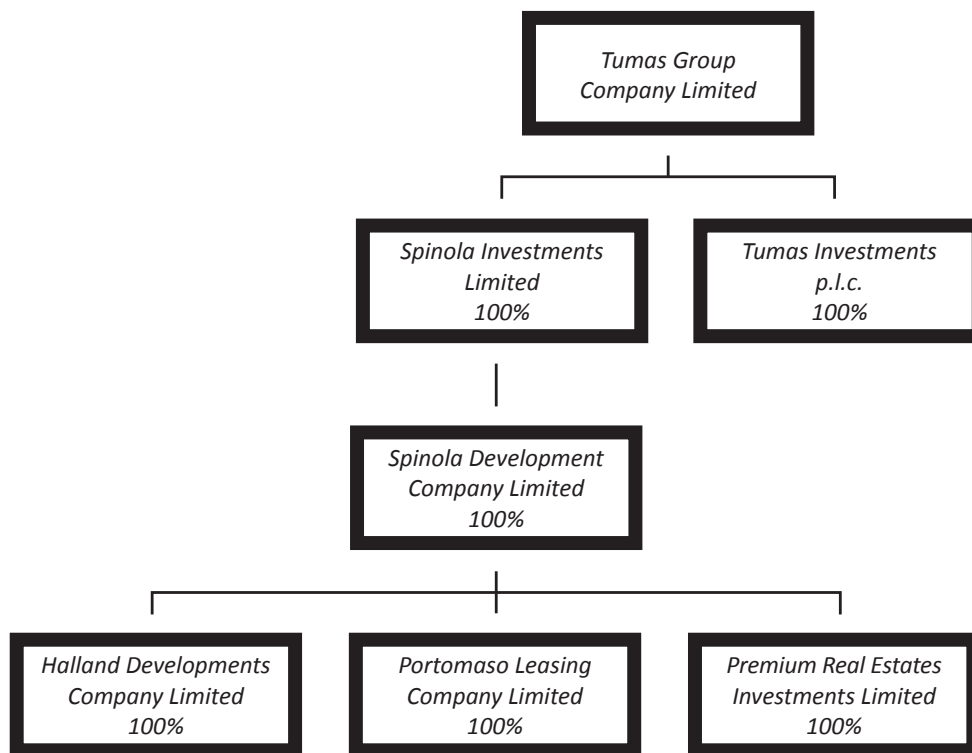
In 1994, the then Malta Hilton Hotel was demolished and the Portomaso Complex was developed. The land title was fully acquired by SDC from the Government of Malta and today the Guarantor benefits from freehold title of the site. For the purpose of management and administration of the Portomaso Complex, in 2004 SDC set up Portomaso Leasing Company Limited (100% owned subsidiary), to focus primarily on the leasing of long-term commercial and office components of the complex.

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

Premium Real Estates Investments Limited (PREIL) was incorporated during 2011, with the principal objective of acquiring property for investment purposes. The only major transaction that this company has entered into since its incorporation was in 2012 when the company acquired dominium directum on a portion of Portomaso properties from SDC.

### 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 private business groups in Malta, which has expanded significantly since its foundation during the mid-1960s. The Tumas Group is primarily active in the hospitality, leisure, tourism, property, automotive and port operations sectors. The Issuer and the Guarantor's positions within the Tumas Group are being depicted below.



Tumas Group Company Limited is beneficially owned by individual members of the Fenech family.

## 2. DIRECTORS AND SENIOR MANAGEMENT

### 2.1 Directors

#### 2.1.1 *Directors of the Issuer*

##### **Members of the Board - Issuer**

Mr. George Fenech	Executive Chairman and Managing Director
Mr. Raymond Fenech	Executive Director
Mr. Raymond Sladden	Executive Director and Company Secretary
Mr. Lino Spiteri	Independent, Non-Executive Director
Mr. Michael Grech	Non-Executive Director

#### 2.1.2 *Directors of the Guarantor*

##### **Members of the Board - Guarantor**

Mr. George Fenech	Executive Chairman and Managing Director
Mr. Raymond 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 relies on the employees of the Guarantor and the Tumas Group for its management and administration.

#### 2.2.2 *Senior Management of the Guarantor*

##### **Senior Management - Guarantor**

Mr. Raymond Sladden	Tumas Group Finance Director
Mr. Maurice Tabone	SDC Sales and Marketing Director
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 limited to the raising of financing for capital projects and advancing such funds to SDC. The loans granted to SDC are regulated through loan agreements, with similar maturities to the bonds and loans raised by TI. An additional margin is charged by TI, which represents the margin of profit required by TI to cover its administrative and other costs.

#### Major Assets of the Issuer

The assets of the Issuer are predominantly made up of the loans receivable from SDC which amount to over 90% of the Issuer's asset base as summarized in the table hereunder for the financial years ending 31 December 2011, 2012 and 2013.

Year	Total Assets	Loans Receivable from SDC	Loans Receivable from SDC as a % of Total Assets
2011	60,611	58,380	96.3%
2012	61,874	58,380	94.4%
2013	63,688	57,416	90.2%

#### Material Contracts of the Issuer

The agreements summarized below are currently in force between TI and SDC, and are in relation to the two outstanding bonds and another third agreement in relation to bank borrowings raised by TI in order to refinance a bond that matured in 2006.

Date of Agreement	Amount	Term of Loan	Purpose of Loan	Interest Rate	Financed by TI through
10 July 2009	€ 24,718,514	31 July 2016	Refinancing of existing borrowings General financing needs of SDC	6.45% p.a.	Bond Proceeds 2009
26 July 2010	€ 24,661,081	8 July 2020	Refinancing of existing borrowings General financing needs of SDC	6.30% p.a.	Bond Proceeds 2010
01 January 2014	€ 8,036,000	3 instalments in November 2014, 2015 and 2016	Originally for the refinancing of bond which matured in November 2006 (sanction letter renewed periodically)	Loan rate + 0.2% p.a.	Bank Loan

A similar loan agreement to the above will be entered into with SDC, whereby the Issuer will be advancing the proceeds of the New Bond for a period of 10 years, subject to an additional 0.2% margin on the coupon that TI is paying on the New Bond, i.e. 5%.

## 3.2 The Guarantor

The Guarantor's operations mainly comprise the Portomaso Complex which was launched by SDC in 1996. It is, to date, considered as one of the largest private sector real estate developments undertaken in the Maltese Islands and the major asset that SDC has on its books. The complex is a waterfront development in St. Julian's spread over an area of 128,000 sqm, comprising a variety of elements blended together in one development. 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 include the Hilton Malta and its convention centre, residential apartments, the business tower, commercial areas, catering outlets, extensive underground public car park facilities and the marina. Portomaso is a Special Designated Area which also aims to attract foreign investors who could potentially benefit fiscally from investing in the complex.

The operations of SDC can be sub-divided into four segments and are being described in more detail in the section below as Major Assets of the Guarantor.

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

### **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 Business Tower). The carrying value of these assets within SDC's financial statements amounted to €76,700,000 or 53.8% of total assets as at 31 December 2013 (2012: €80,000,000; 2011: €64,200,000) and are recorded under Property, Plant and Equipment.

##### i) Hilton Malta

The Hilton Malta is one of the foremost operating units within the overall complex. The five-star hotel has 410 rooms, modern conference facilities, a health centre, themed restaurants, a large indoor pool and a number of outside pools and beach clubs. The development of this hotel was done in co-operation with Hilton International, which used to operate the previous hotel situated on site of the Portomaso Complex and also continues to manage the newly built hotel under an initial 15 year management agreement. Hilton International has renewed its operating agreement with SDC, extending it to 31 December 2031, whereby Hilton International markets and manages the hotel and its adjacent conference centre as an integral part of its world-wide chain.

##### ii) Portomaso Car Park

The Portomaso underground car park is located underneath the Portomaso complex and has a capacity of circa 1,200 publicly-available car spaces. This structure is ancillary to the hotel and contributes to its returns albeit to a much smaller extent. The car park is open to the general public, although residents and tenants of the business tower have reserved areas for their exclusive use.

##### iii) Portomaso Marina

The Portomaso marina has been in operation since 1999 and has a capacity of approximately 130 berths. The marina is divided in three areas: the North Basin for smaller crafts and water sports operations, the South Basin accommodates up to 45 sailing boats, and the West Basin which accommodates up to 60 motor yachts. The marina offers ancillary services to the tenants, including mooring assistance, security around the whole perimeter, and water and electricity facilities, amongst others.

##### iv) Twenty Two wine lounge

Twenty Two is a wine lounge located on the twenty-second floor of the Business Tower. The establishment opened its doors in 2006 with a concept of evening entertainment attracting an elite and exclusive customer base.

#### **B. Property Development**

The construction of the Portomaso Complex was largely completed in 2004, while a 110-room extension to the Hilton Malta was completed in spring 2008. In 2005, the *directum dominium* of the land underlying the Portomaso complex was acquired by SDC and in 2012 this was in part transferred to its subsidiary Premium Real Estates Investments Limited.

During 2007, SDC commenced construction works on a new residential wing (Block 31) forming part of the same Portomaso Complex, which was ready for delivery to buyers in 2011 and which brought the aggregate number of residential apartments at Portomaso up to 455. The current unsold inventory from these apartments is 23 which have an expected sales value of approximately €16,200,000. Six of these apartments are subject to a promise of sale agreement and these are expected to generate an inflow of circa €2,300,000.



Source: Tumas Investments plc

The next extension to the Portomaso complex is the development of a parcel of land spread over an area of approximately 8,500 sqm on the east shore of the site on which the complex stands. This is being referred to as the Laguna project and will involve the construction of 44 additional units. Permits for this development have been received and construction works started during the second quarter of 2014. Works are expected to be finalised by 2018, and it is being financed separately from the Portomaso complex as none of the proceeds of the New Bonds will be utilised for the purpose of this development.

During 2009, SDC set up Halland Development Company Limited with the aim of acquiring a site referred to as the Halland Hotel site and the adjoining area from a sister company within the Tumas Group, St Andrews Hotels Limited. The Halland site was initially constructed as an aparthotel, but has since been overtaken by further development that has converted its environs into what is predominantly a residential area. This site has the potential of being developed into a major project covering an area of approximately 9,000 sqm. Nonetheless, given that in the interim SDC was issued with the permit for the development of the Laguna project at Portomaso, the directors of SDC are of the view that the completion of the Portomaso Complex should at present be SDC's main focus. Accordingly, given that the redevelopment of the Halland site is not expected to take place in the foreseeable future, such project has not been considered for the purpose of the preparation of the Guarantor's financial projections.

### C. Rental Operations

SDC, through its subsidiary Portomaso Leasing Company Limited, leases out areas within the Business Tower and other commercial areas within the Complex. Commercial and office development spaces within the Complex refer to office spaces within the Business Tower with a lettable area of approximately 3,200 sqm and commercial space with a lettable area of approximately 11,000 sqm. Currently, Portomaso has reached practically full capacity. Among the rented commercial areas, one can notably find the Arkadia Supermarket, Café Portomaso, the Casino at Portomaso and Luxe Pavilion, amongst other tenants in the tourism and leisure, gaming and financial services sectors.

#### D. Complex Management Operations

The maintenance and administration of the Portomaso Complex is another business unit of SDC's operations. This unit is responsible for services to the Complex relating to landscaping, cleaning, maintenance, security and the utilities within the common areas of the Complex, and within each block of apartments. SDC apportions the expenses incurred in the management of the complex and recharges the relative costs to the residential tenants, the Hilton Malta and the commercial areas. Moreover, SDC receives a management fee as a compensation for this activity from the various tenants within the Portomaso Complex.

#### Material Contracts of the Guarantor

##### 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, has been renewed for a further 20 years to 2031 and is based on terms that are similar to those of the previous agreement.

##### B. Lease Agreements

SDC has lease agreements with office and commercial tenants, which in the main have a term of between 1 and 5 years. As at 31 December 2013, the minimum lease payments receivable in relation to the lease agreements in force amounted to €5,900,000 of which €2,400,000 related to lease payments receivable within 1 year; €2,700,000 receivable later than 1 year but not later than 5 years and €900,000 receivable after 5 years (refer to table below). The lease agreements provide for renewal terms and periodic inflationary increments.

€ thousands	2011	2012	2013
Not later than 1 year	1,956	2,119	2,379
Later than 1 year and not later than 5 years	2,401	2,560	2,661
More than 5 years	473	1,084	903
	4,830	5,763	5,943

Some key tenants within the Portomaso office and commercial areas include Arkadia, Luxe Pavilion, Nemea Bank, IIG Bank, Marina Restaurants and AK Bank.

##### C. Residential Apartments

As at the date of this report, SDC has entered into a promise of sale agreement in relation to six of the remaining unsold apartments with a total sales value of €2,300,000. For the purpose of its projections, SDC is assuming that sales of the remaining 17 apartments will be spread over a nine year period (2014 – 2022) generating an average annual cash inflow of approximately €1,400,000.

##### D. Current Contracts / Guarantees to Group Companies

As at 31 December 2013, the company had guarantees of €5,700,000 issued on behalf of other fellow subsidiaries' bank facilities. The guarantees are supported by general and special hypothecs over various Group assets.

##### E. Agreements with Tumas Group

Apart from other rental, management fee and finance agreements with the Tumas Group companies, SDC has a number of loan agreements to provide short term funding to other subsidiaries within the Group which are repayable on call. These Group companies have stand-by funding facilities which can be used at any time should SDC request the repayment of the outstanding amounts. Further details in relation to these short-term loan arrangements are provided in Section 4.2.5B.

### 3.3 Market Overview

#### A. The Property Market in Malta

Performance of the property market in Malta has been modest over the past few years and has not fully recovered from the corrections registered during 2009 – 2010. However, certain niche areas such as higher quality properties were more resilient and continued to perform reasonably well, mainly due to the quality standards of the property and their location, but also aided in part by various incentives implemented by the Government to encourage purchases by foreign investors. Malta experienced a brief property boom between 2002 and 2005 and continued to grow at a more normalised rate from 2005 to 2007. Following that, the next two years saw a slump in the general property market price index as a result of the global financial crisis. Performance in the years 2010 to 2013 was relatively stable but still significantly below activity levels registered in 2007.

The analysis of property price movements is shown below and is based on the Central Bank of Malta’s residential property price index, which tracks movements in advertised residential property prices. From 2000 to 2007, the Maltese property market enjoyed strong growth, with apartment prices following the overall trend of property prices. By 2009, the house price index retracted and apartment prices declined. Since 2010, property prices have recovered although they remain lower than the levels recorded prior the global financial crisis.



Source: Central Bank of Malta

National statistics relating to commercial property in Malta are not readily available and it is therefore more difficult to gauge the relative state of this segment. Notwithstanding the lack of such data, given the progressive evolution of Malta as a services-oriented economy and the success achieved to date in attracting foreign companies specifically from sectors such as financial services, gaming and IT, it is evident that demand for good quality commercial property has increased markedly leading to a situation where demand seems to exceed supply. In fact, most, if not all, high quality commercial developments in key locations, are currently fully let.

#### B. The Tourism Industry

A recurrent and significant part of SDC’s revenues are directly correlated with the tourism sector in Malta. Tourism is an important contributor to GDP for the Maltese economy – in 2013 it contributed 25.5% of GDP and this figure is expected to surpass the 30% mark by 2024. Tourist arrivals in 2014 are expected to be just short of the 1,700,000 mark and this figure is expected to grow to 2,400,000 by 2024.

*The data quoted in this section has been sourced from “World Travel & Tourism Council – Travel & Tourism-Economic Impact 2014 – Malta report”*

#### C. Special Designated Areas (SDA)

Portomaso has the advantage of being situated in a Special Designated Area, which means that non-Maltese residents can purchase property with the same property rights as Maltese citizens. Properties falling within “Special Designated Areas” are

exempt from the restrictions set out in the Immoveable Property (Acquisitions by Non-Residents) Act (Cap. 246 of the laws of Malta), which apply to non-EU / non-Maltese persons wishing to acquire immovable property in Malta and who have not been residing on the Islands for at least five years. These areas represent developments comprising of top-end residential properties. Properties in SDAs are also exempt from any restriction on acquisition through inheritance and there are also several other special exemptions and benefits including fiscal ones.

An attractive benefit of purchasing one of the properties in a Special Designated Area is that such property can also be leased out without any restrictions. Furthermore, properties in Special Designated Areas are designed to offer high end amenities and condominium facilities to residents making them more appealing.



## 4. PERFORMANCE AND FINANCIAL POSITION

### 4.1 Financial Analysis of the Issuer

The financial information and the ratios presented and analysed hereunder for the financial years ended 31 December 2011 to 2013 are to be considered in the context of the Issuer being an SPV with the sole objective of raising financing on behalf of SDC.

This section also includes a review of the projections of the Issuer for the financial year ending 31 December 2014 as well as an analysis of the forecasts for the financial year ending 31 December 2015. The projections 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 is expected to redeem its 6.25% 2014-2016 bonds on 31 July 2014 (also referred to as the Maturing Bond), and in its stead, a New Bond of the same nominal value, i.e. €25,000,000, will be issued but at a lower coupon of 5%.

#### 4.1.1 Statement of Financial Position

as at year ended 31 December	2011 (A)	2012 (A)	2013 (A)	2014 (F)	2015 (P)
<b>Assets</b>					
<b>Non-Current Assets</b>					
Loans and Receivables	58,380	58,380	54,504	51,374	49,161
Held-to-Maturity Financial Assets	-	928	924	-	-
<b>Total Non-Current Assets</b>	<b>58,380</b>	<b>59,308</b>	<b>55,428</b>	<b>51,374</b>	<b>49,161</b>
<b>Current Assets</b>					
Loans and Receivables	-	-	2,912	2,912	2,212
Trade and Other Receivables	1,720	1,819	1,738	1,575	1,568
Current Tax Assets	7	10	-	-	-
Cash and Cash Equivalents	504	737	3,610	1,100	1,725
<b>Total Current Assets</b>	<b>2,231</b>	<b>2,566</b>	<b>8,260</b>	<b>5,587</b>	<b>5,505</b>
<b>Total Assets</b>	<b>60,611</b>	<b>61,874</b>	<b>63,688</b>	<b>56,961</b>	<b>54,666</b>
<b>Equity and Liabilities</b>					
<b>Capital and Reserves</b>					
Share Capital	233	233	233	233	233
Retained Earnings	236	239	257	297	337
<b>Total Equity</b>	<b>469</b>	<b>472</b>	<b>490</b>	<b>530</b>	<b>570</b>
<b>Non-Current Liabilities</b>					
Borrowings	58,529	58,642	54,886	51,576	49,475
Trade and Other Payables	-	1,156	3,809	500	1,000
<b>Total Non-Current Liabilities</b>	<b>58,529</b>	<b>59,798</b>	<b>58,695</b>	<b>52,076</b>	<b>50,475</b>
<b>Current Liabilities</b>					
Borrowings	-	-	2,912	2,912	2,212
Trade and Other Payables	1,613	1,604	1,590	1,443	1,409
Current Tax Liabilities	-	-	1	-	-
<b>Total Current Liabilities</b>	<b>1,613</b>	<b>1,604</b>	<b>4,503</b>	<b>4,355</b>	<b>3,621</b>
<b>Total Liabilities</b>	<b>60,142</b>	<b>61,402</b>	<b>63,198</b>	<b>56,431</b>	<b>54,096</b>
<b>Total Equity and Liabilities</b>	<b>60,611</b>	<b>61,874</b>	<b>63,688</b>	<b>56,961</b>	<b>54,666</b>



The statement of financial position of the Issuer as at 31 December 2013 indicated total assets of €63,700,000, an increase of approximately €3,100,000, or 5% since 2011. As expected from a financing SPV, the largest asset of the Issuer were the loans receivable from the Guarantor, which at €57,400,000 in 2013 (current and non-current) represented over 90% of total assets at year-end. The other assets of the Issuer include cash and cash equivalents (€3,600,000), Held-To-Maturity (HTM) financial assets (€900,000) and trade and other receivables (€1,700,000). During the years under review, the composition of the Issuer's asset base was fairly unchanged.

Although the Issuer typically obtains the required funding through bond issues, Tumas Investments plc also has some bank borrowings which are required for the general financing of SDC's operations. Specifically, the Issuer has a bank loan of approximately €8,000,000 which it is required to pay back by November 2016 over three yearly instalments.

As the Maturing Bond is expected to be replaced by the New Bond, the Issuer's financial position is not expected to change. Additionally, the repayment of the bank loan will decrease the Issuer's borrowings level, but it will also decrease the corresponding receivables from SDC.

#### Analysis of the Loans Receivable from the Guarantor

Loans Receivable from Guarantor	2011 (A)	2012 (A)	2013 (A)	2014 (F)	2015 (P)
Loans to SDC					
At beginning of year	59,163	58,380	58,380	57,416	54,286
Repayments	(783)	-	(964)	(27,630)	(2,912)
Additions	-	-	-	24,500	-
<b>At end of year</b>	<b>58,380</b>	<b>58,380</b>	<b>57,416</b>	<b>54,286</b>	<b>51,374</b>

As the Issuer's principal activity is that of raising funds through bond issues and bank borrowings on behalf of the Guarantor, it is expected that at any point in time, the Issuer had and is envisaged to have, loans receivable from the Guarantor, which are backed by the Issuer's borrowing commitments. Such loan receivables generate finance income for the Issuer, which averaged a 5.7% interest rate in the past three years. During the forecasted period 2014 and 2015, the lending levels to SDC are expected to remain over the €50,000,000 mark, declining only as the bank loan is repaid. During 2014, the repayment of the 2014/2016 bond (the Maturing Bond) is replaced by the issue of the new bond.

#### Analysis of the Borrowings of the Issuer

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

Borrowings of Issuer	2011 (A)	2012 (A)	2013 (A)
Face Value of Bonds			
250,000 6.25% bonds 2014-2016	25,000	25,000	25,000
250,000 6.2% bonds 2017-2020	25,000	25,000	25,000
	50,000	50,000	50,000
Issue Costs	(679)	(679)	(679)
Accumulated Amortisation	208	321	441
Amortised Cost at 31 December	49,529	49,642	49,762
Bank Loans	9,000	9,000	8,036
<b>Total Borrowings</b>	<b>58,529</b>	<b>58,642</b>	<b>57,798</b>

#### 4.1.2 Income Statement

	2011 (A)	2012 (A)	2013 (A)	2014 (F)	2015 (P)
Finance Income	3,762	3,765	3,772	3,605	3,327
Finance Costs	(3,624)	(3,625)	(3,616)	(3,412)	(3,131)
<b>Operating Profit</b>	<b>138</b>	<b>140</b>	<b>156</b>	<b>193</b>	<b>196</b>
Administrative expenses	(120)	(132)	(128)	(131)	(134)
<b>Profit before tax</b>	<b>18</b>	<b>8</b>	<b>28</b>	<b>62</b>	<b>62</b>
Tax expense	(1)	(5)	(10)	(22)	(22)
<b>Profit for the financial year</b>	<b>17</b>	<b>3</b>	<b>18</b>	<b>40</b>	<b>40</b>

The Issuer lends funds that it borrows (through bank loans or bond issues) to the Guarantor at a rate superior to that at which it is borrowing, thus generating a marginal profit to cover its administrative costs.

During the period 2011 to 2013, the Issuer's income stream continued to be generated from the loans to SDC, and given that there were no material changes in the loans receivable from the Guarantor, finance income remained constant at €3,800,000 per annum.

Similarly, finance costs were rather constant at €3,600,000 per annum, as the outstanding borrowings of the Issuer during the periods under review did not materially change. The interest payable on the outstanding bonds amounted to a yearly charge of €3,200,000. Interest on bank loans ranged from €410,000 in 2011 to €350,000 in 2013 as interest payable on bank loans is floating in nature.

This mix of borrowing costs resulted in a marginal increase in net interest income from €138,000 in 2011 to €156,000 in 2013. Administrative expenses related to compliance costs, directors' remuneration and trustee fees. The Issuer's profit levels ranged from €3,000 to €18,000 for the years 2011 to 2013.

During 2014 and 2015, the projected finance income and costs for the Issuer are expected to decline, on the back of the lower coupon on the New Bond when compared to that of the Maturing Bond that will be redeemed in 2014, as well as the partial repayment of the bank loan. Consequently, this lower cost is matched by a lower income that is receivable from SDC as the borrowings of the Issuer are backed by equivalent lending to SDC. Notwithstanding, profitability of the Issuer is expected to improve (albeit insignificantly).

#### Key Profitability Ratios:

	2011 (A)	2012 (A)	2013 (A)	2014 (F)	2015 (P)
<b>Net Income Margin</b> (Net interest income / finance income)	3.7%	3.7%	4.1%	5.4%	5.9%
<b>Interest Cover</b> (Finance income / finance costs)	1.04x	1.04x	1.04x	1.06x	1.06x
<b>Earnings per Share (EPS)</b> (Profit for the year / number of shares)	0.17	0.03	0.18	0.40	0.40

#### 4.1.3 Statement of Cash Flows

	2011 (A)	2012 (A)	2013 (A)	2014 (F)	2015 (P)
Net cash generated from operating activities	197	10	221	157	124
Net cash generated from / (used in) investing activities	783	(1,433)	(2,136)	7,554	2,412
Net cash (used in) / generated from financing activities	(783)	1,156	1,689	(6,721)	(2,412)
<b>Net movement in cash and cash equivalents</b>	<b>197</b>	<b>(267)</b>	<b>(226)</b>	<b>990</b>	<b>124</b>
Cash and cash equivalents at beginning of year	307	504	237	11	1,001
<b>Cash and cash equivalents at end of year</b>	<b>504</b>	<b>237</b>	<b>11</b>	<b>1,001</b>	<b>1,125</b>
Cash in Bond Redemption Fund	-	500	3,600	100	600
<b>Total Cash Position</b>	<b>504</b>	<b>737</b>	<b>3,611</b>	<b>1,101</b>	<b>1,725</b>

Cash flows generated through its operating activities 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 payables, which for 2013 resulted in a net inflow of circa €221,000.

The cash flows from investing activities of the Issuer in 2011 included a repayment received from SDC of its borrowings of €800,000 which was then used to partially repay its own bank borrowings. During 2012, the Issuer acquired Malta Government Stocks for approximately €800,000. The Issuer made an additional contribution during the same year of €500,000 to the bond redemption fund. The cash flows during 2013 were the result of a partial borrowing repayment received from SDC, and an additional contribution of €3,100,000 towards the bond redemption fund, resulting in a net cash outflow of €3,100,000.

In 2011, the cash inflow from SDC of €800,000 was used to partially pay off some of the bank borrowings of the Issuer. As the Guarantor extended monies to the Issuer for the build-up of the bond redemption fund, the dues to SDC increased, and this resulted in a net inflow in both 2012 and 2013 of €1,200,000 and €1,700,000 respectively.

The redemption of the Maturing Bond and the proceeds of the new bond are expected to net off each other during 2014 (save for the issue costs of approximately €500,000). The bank loan repayment is also a receivable from SDC, and thus the effect is expected to be nullified. Following the redemption of the 2014-2016 bonds, the cash that the Issuer was building up for the bond redemption fund is expected to be cleared and funds will be used as part of the repayment obligations towards the Maturing Bond.

## 4.2 Financial Analysis of the Guarantor

The financial analysis of the Guarantor is based on historical information for the past three financial years ended 31 December 2011, 2012 and 2013. Moreover, the projections of the Guarantor for the period 2014-2015 are based on a number of assumptions as listed below, all of which are the sole responsibility of the Directors of the Guarantor:

- I. Inflation rate of 2% per annum
- II. The Hotel and Ancillary Operations
  - Revenue per available room (RevPar) is assumed to increase by 3.1% in 2014 and 0.4% in 2015;
  - Direct costs and other operating costs are expected to remain at the same current levels, increasing in line with revenues;
  - Ancillary operations are assumed to continue to generate the present level of net contribution, increasing only at inflationary rates;
  - A refurbishment project of the Hilton Malta is expected to be carried out during 2014 and 2015, resulting in a capital expenditure of circa €9,000,000, which will be financed separately through bank loan facilities for this amount which are already committed to.
- III. Rental income is expected to increase as allowable in the lease contracts (commercial and office space), i.e. at 2.7% p.a., while costs are expected to increase at inflationary rates.
- IV. Complex management operations are assumed to continue to generate the same level of revenues, while operating at lower costs due to cost efficiencies.
- V. Property Development
  - Sale of four apartments in 2014 and another two in 2015 reflecting the six apartments which are subject to the promise of sale agreement;
  - The Laguna Project commenced during 2014 with the 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;
  - SDC is expected to sell the *directum dominium* of the Portomaso apartments during the coming years starting 2015.
- VI. Other Assumptions
  - 2014: the €25,000,000 bond will be repaid and a New Bond of an equivalent nominal amount will be issued. Costs for this bond are not expected to exceed be €500,000;
  - The finance costs for the New Bond are being assumed at 5% which is lower than that paid on the Maturing Bond;
  - SDC is expected to partially repay its loans to Tumas Investments plc (the bank facility taken by the Issuer) during 2014 and 2015.

#### 4.2.1 Statement of Financial Position

	2011 (A)	2012 (A)	2013 (A)	2014 (F)	2015 (P)
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, Plant & Equipment	64,186	80,000	76,660	76,045	79,994
Investment Property	16,024	13,532	14,197	14,529	14,159
Trade & Other Receivables	7,387	5,535	6,958	3,649	4,149
<b>Total Non-Current Assets</b>	<b>87,597</b>	<b>99,067</b>	<b>97,815</b>	<b>94,223</b>	<b>98,302</b>
<b>Current Assets</b>					
Inventories	21,260	18,086	16,361	18,791	21,006
Trade & Other Receivables	19,191	23,277	23,937	25,412	23,387
Current Tax Assets	421	260	173	173	173
Cash & Cash Equivalents	4,236	6,233	3,020	2,714	2,274
<b>Total Current Assets</b>	<b>45,108</b>	<b>47,856</b>	<b>43,491</b>	<b>47,090</b>	<b>46,840</b>
<b>Total Assets</b>	<b>132,705</b>	<b>146,923</b>	<b>141,306</b>	<b>141,313</b>	<b>145,142</b>
<b>Equity &amp; Liabilities</b>					
<b>Capital &amp; Reserves</b>					
Share Capital	13,653	13,653	13,653	13,653	13,653
Revaluation Reserve	7,231	19,223	19,160	19,100	19,051
Retained Earnings	16,852	16,405	15,554	15,369	15,881
<b>Total Equity</b>	<b>37,736</b>	<b>49,281</b>	<b>48,367</b>	<b>48,122</b>	<b>48,585</b>
<b>Non-Current Liabilities</b>					
Borrowings	69,753	69,839	64,408	65,431	71,148
Trade & Other Payables	2,664	2,664	2,346	1,822	1,378
Deferred Tax Liabilities	4,814	11,378	11,827	12,254	11,150
<b>Total Non-Current Liabilities</b>	<b>77,231</b>	<b>83,881</b>	<b>78,581</b>	<b>79,507</b>	<b>83,676</b>
<b>Current Liabilities</b>					
Borrowings	-	-	2,912	2,912	2,213
Trade & Other Payables	17,701	13,117	11,335	10,183	10,668
Current Taxation	37	644	111	589	-
<b>Total Current Liabilities</b>	<b>17,738</b>	<b>13,761</b>	<b>14,358</b>	<b>13,684</b>	<b>12,881</b>
<b>Total Liabilities</b>	<b>94,969</b>	<b>97,642</b>	<b>92,939</b>	<b>93,191</b>	<b>96,557</b>
<b>Total Equity &amp; Liabilities</b>	<b>132,705</b>	<b>146,923</b>	<b>141,306</b>	<b>141,313</b>	<b>145,142</b>

Note: the balance of the bank overdraft which in the annual financial statements of the Guarantor is recognised as current borrowings, is being netted with available cash.

The main element of the Guarantor's total assets is Property, Plant and Equipment (PPE), which comprises the Hilton Malta, its conference centre, the car park, the marina and other related ancillary operations. The book value of this asset was €76,700,000 as at end of 2013. Investment property comprises the Portomaso business tower and commercial outlets leased out (principally to third parties). These properties are recorded at cost less accumulated depreciation on the books of the Guarantor (€14,200,000 by the end of 2013), while their fair value was estimated to be approximately €30,100,000. Inventory of SDC includes the Halland site and stock of apartments that are available for sale, as well as the *directum dominium* related to the Portomaso residential apartments, all of which are recorded at cost. A recent valuation of all the property of SDC (with the exception of the Halland site and the land to be developed for the Laguna Project) that was prepared in connection with this bond issue valued the property to be worth €143,000,000, opposed to a book value of €97,300,000. While PPE is periodically revalued, Investment Property is recorded in the books of the Guarantor at historical cost less accumulated depreciation.

Trade and other receivables primarily comprise dues from other companies within the Tumas Group as they accounted for around 83% of the total receivables. Meanwhile, trade receivables from third parties amounted to €3,700,000 in 2013 (€3,700,000 in 2012; €3,500,000 in 2011), while other prepayments and accrued income amounted to €600,000 (€700,000 in 2012; €500,000 in 2011). SDC operates within the treasury function of the Group and it utilises any excess cash to lend to other companies within the Group on a short term basis. This allows the other companies to refrain from drawing on their existing committed banking facilities and obtain short-term funding in a more cost-effective way from SDC. Nonetheless, SDC retained a consistent balance of cash and cash equivalents during the years under review, amounting to €3,000,000 in 2013, €6,200,000 in 2012 and €4,200,000 in 2011.

SDC's asset base increased during 2012 as a result of the upward revaluation of the company's PPE holdings. The revaluation surplus was €18,600,000 with €12,100,000 taken to the revaluation reserve and €6,500,000 posted as a deferred tax liability in 2012. Borrowings by SDC, both current and non-current, decreased by €2,400,000 between 2011 and 2013, as the company reduced its bank borrowings by €700,000, and its intra-group borrowings by €800,000, net of cash and cash equivalent balances of €900,000. Trade and other payables decreased from €20,400,000 in 2011 to €13,700,000 in 2013. The latter figure comprises €4,900,000 in accruals and deferred income, €3,600,000 in trade payables and advance deposits, and €2,200,000 as amounts owing to fellow subsidiaries.

SDC's asset composition is not expected to change in 2014 and 2015, except for the capitalisation of the Laguna project costs which is expected to affect the value of inventory, the refurbishment of the Hilton Malta and depreciation charges which are expected to affect the value of the PPE, and the reduction in property stock as SDC disposes of the remaining apartments held in inventory. The decrease in the trade and other receivables relate mainly to the intra-group treasury receivables, which are being assumed to be repaid back to SDC.

In line with projected developments which are financed separately from this bond issue (including the refurbishment of the Hilton Malta and the construction of the Laguna project), the Guarantor will be increasing its borrowings levels accordingly. The projected figures for payables have been considerably reduced on the back of lower cost of funding for the Guarantor.

#### **Capitalisation and Indebtedness**

<b>Gearing Structure</b>	<b>2011 (A)</b>	<b>2012 (A)</b>	<b>2013 (A)</b>	<b>2014 (F)</b>	<b>2015 (P)</b>
Total Borrowings	69,968	70,618	68,449	68,343	73,361
Less Cash & Cash Equivalents	(4,451)	(7,012)	(4,149)	(2,714)	(2,274)
Less Group Treasury Funds	(10,552)	(11,475)	(9,470)	(9,470)	(6,970)
Less Advances to TI plc (for bond redemption fund)	-	(1,156)	(3,809)	(500)	(1,000)
Net Borrowings	54,965	50,975	51,021	55,659	63,117
Reported Equity	37,736	49,281	48,367	48,122	48,585
<b>Gearing Ratio</b> (Net Borrowings/Net Borrowings+Reported Equity)	<b>59.3%</b>	<b>50.8%</b>	<b>51.3%</b>	<b>53.6%</b>	<b>56.5%</b>

SDC's net borrowings throughout the period 2011 to 2013 ranged between €50,000,000 and €55,000,000, consisting primarily of loans from the Issuer (€57,000,000 to €58,000,000) and bank loans (between €10,000,000 and €11,600,000). In order to minimise the overall finance costs of the Tumas Group, any excess funds that SDC had during the period 2011 to 2013 not immediately required were advanced to other subsidiaries in the form of short term loans or overnight deposits, renewable at SDC's discretion depending on its commitments.

Reported equity of SDC increased from €37,700,000 in 2011 to €48,400,000 in 2013, as a result of retained profits and a revaluation of the PPE during 2012. The Guarantor's gearing ratio, calculated as the level of net borrowings in relation to the company's equity

and borrowings, eased from 59.3% in 2011 to 51.3% in 2013. The ratio is expected to increase to 56.5% in 2015 as borrowings in relation to the Laguna and the refurbishment would be added to the current level of borrowings – netted only by the repayments of a bank loan.

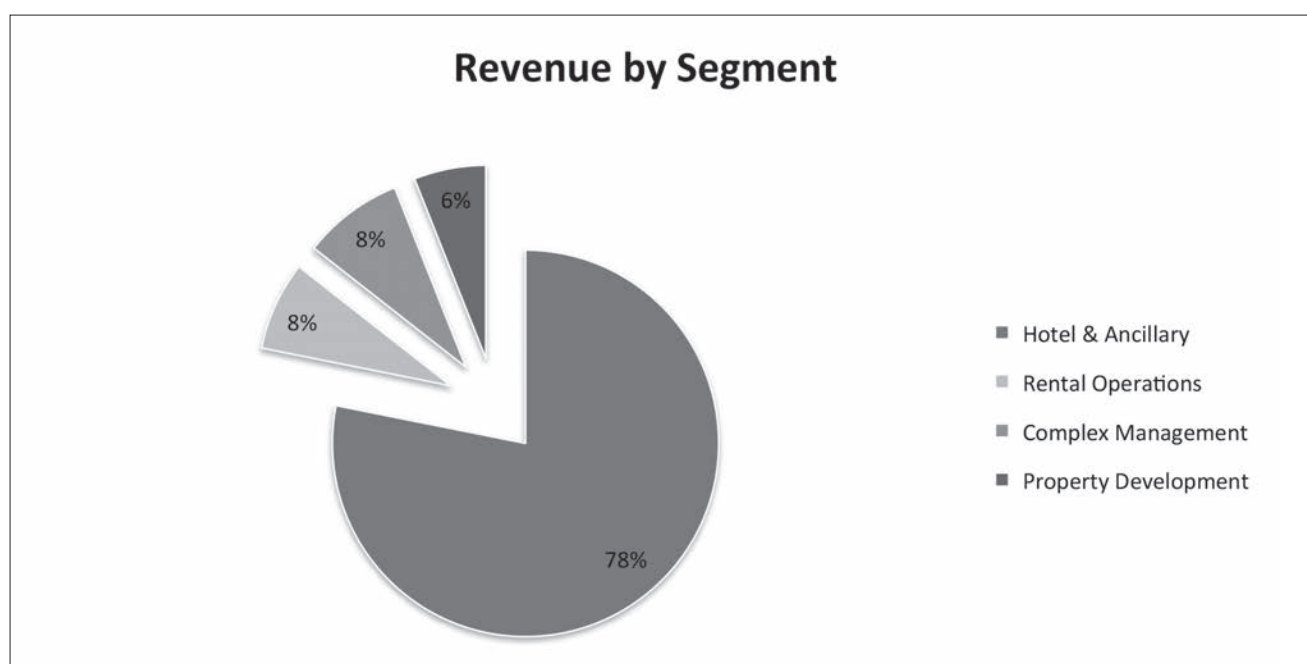
In accordance with its accounting policies, the Guarantor keeps its investment property (principally comprising floors in the Portomaso Business Tower and commercial outlets, held for long-term rental yields not occupied by the Group) in its financial statements at cost, disclosing the market value (based on directors' annual revision of active market prices) within the notes in its annual report. If the market value of the investment property had to be included in the balance sheet, the gearing ratio would improve as follows:

	2011 (A)	2012 (A)	2013 (A)	2014 (F)	2015 (P)
Net Borrowings	54,965	50,975	51,021	55,659	63,117
Reported Equity	37,736	49,281	48,367	48,122	48,585
<b><i>FV Adjustment of Investment Property</i></b>	<b>9,659</b>	<b>13,611</b>	<b>14,395</b>	<b>14,395</b>	<b>14,395</b>
Total Capital	47,395	62,892	62,762	62,517	62,980
<b>Restated Gearing Ratio</b>	<b>53.70%</b>	<b>44.80%</b>	<b>44.80%</b>	<b>47.10%</b>	<b>50.10%</b>

The Guarantor is not expecting major changes to the level of equity over the coming years, save for retained earnings. Total borrowings drawn throughout 2014 and 2015 for the Laguna project are expected to be in the region of €3,000,000 out of a total of €6,200,000 envisaged to be required until the completion of the project. Repayment of this loan is expected to commence in 2017. In addition, a €9,000,000 loan committed for the refurbishment project of the hotel is expected to be drawn on throughout 2014 and 2015 and is expected to be repaid during the period from 2014 to 2023.

#### 4.2.2 Income Statement Analysis by Segment

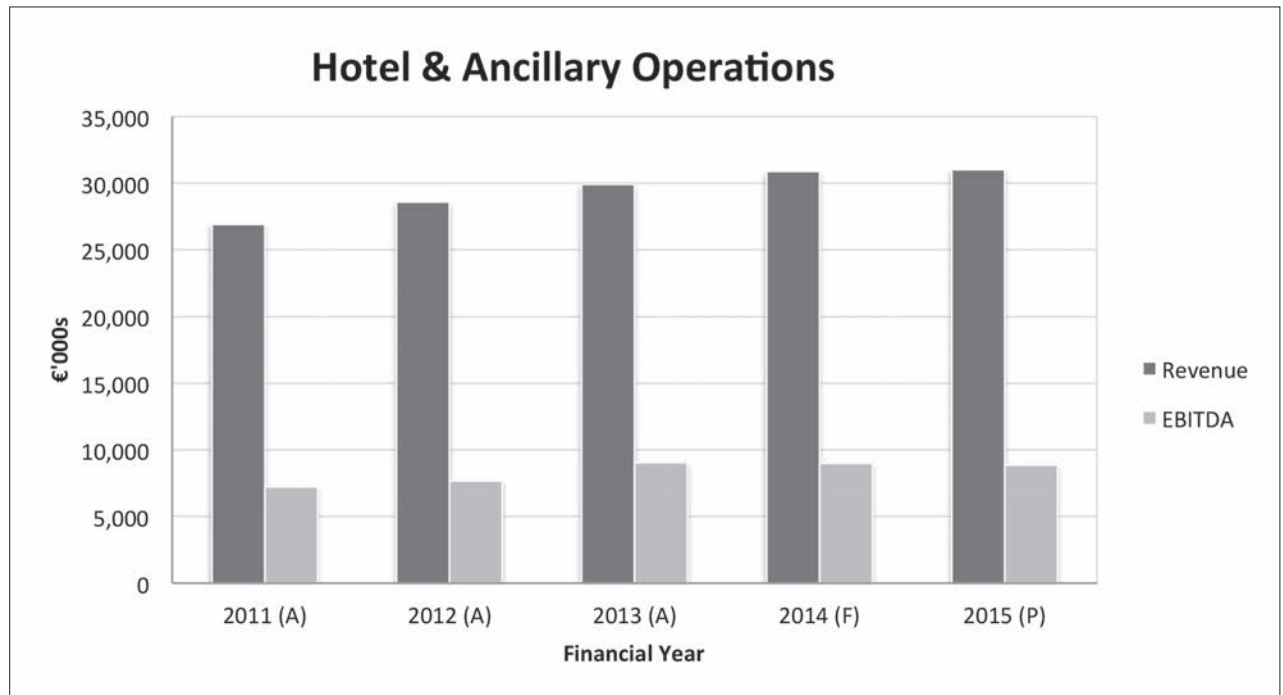
The operations of the Guarantor are split into four main segments and an overview of the performance of each segment and respective projections are being presented hereunder. Hotel and ancillary operations was the biggest revenue generating segment in 2013, with property development being the smallest segment in terms of revenue generation capacity, as the amount of apartments available for sale was limited, compared to earlier years.



## A. Hotel and Ancillary Operations

Hotel and Ancillary Operations (HAO) is the largest income segment at SDC which has, over the years, also been a very profitable segment. This segment comprises the Hilton Malta, the car park, the marina and the wine lounge.

Contribution from this segment reached in excess of 70% of revenues in 2013 as a result of a mix of improved hotel occupancy and room rates concurrently. As a result of cost efficiencies, this segment generated higher levels of revenue in 2013 on the back of lower direct costs, resulting in improved EBITDA, when compared to the previous years.



To date, the Hilton Malta performed better than its 5 star peers as can be seen below for the periods 2011 – 2013, both in terms of market penetration and revenue generation. The indices below have been extracted from information available in the financial due diligence report.

Benchmarking	FY2011	FY2012	FY2013
Market Penetration Index (MPI)	1.01	1.01	1.04
Average Rate Index (ARI)	1.19	1.16	1.15
Revenue Generation Index (RGI)	1.22	1.17	1.19

The Hilton Malta reported higher occupancy, particularly in 2013, when Hilton Malta's MPI was 1.04, implying that occupancy at the Hilton Malta was 4% better than that achieved at other 5 star hotels in Malta. Revenue per room was between 15% and 20% better than the average rate index (ARI) and revenue generation index (RGI) of its 5 star peers.

### The Refurbishment

A refurbishment of the hotel and its common areas is expected to take place during 2014 and 2015 and is projected to be staggered in a way to create as little as possible interference to hotel guests and the overall operations of the hotel. This refurbishment exercise will exclude the latest extension of the hotel which was completed in 2008 and which will become due for refurbishment around the period 2019-2020. The expected cost of the refurbishment is €9,000,000 and is fully funded by banking facilities with €2,000,000 expected to be drawn during 2014 and €7,000,000 throughout 2015. The refurbishment will largely focus on the upgrading of guest rooms, including replacement of furniture and bathrooms. Other areas that will be refurbished within the hotel include bars and restaurants, extension of existing terraces, upgrade of the ventilation systems and the replacements of soft furnishings in common areas of the hotel. The hotel will also undergo a change to the existing layout of outlets within the premises, which are envisaged to give it a more modern look.

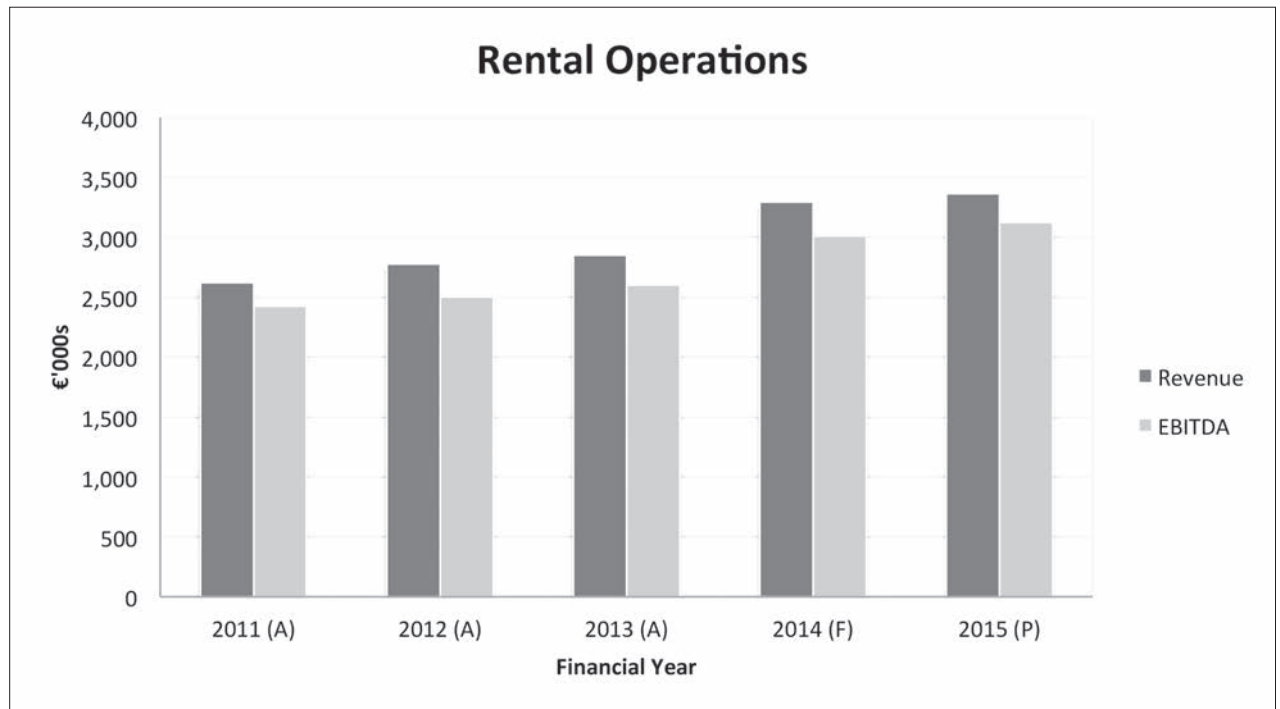


### Projections

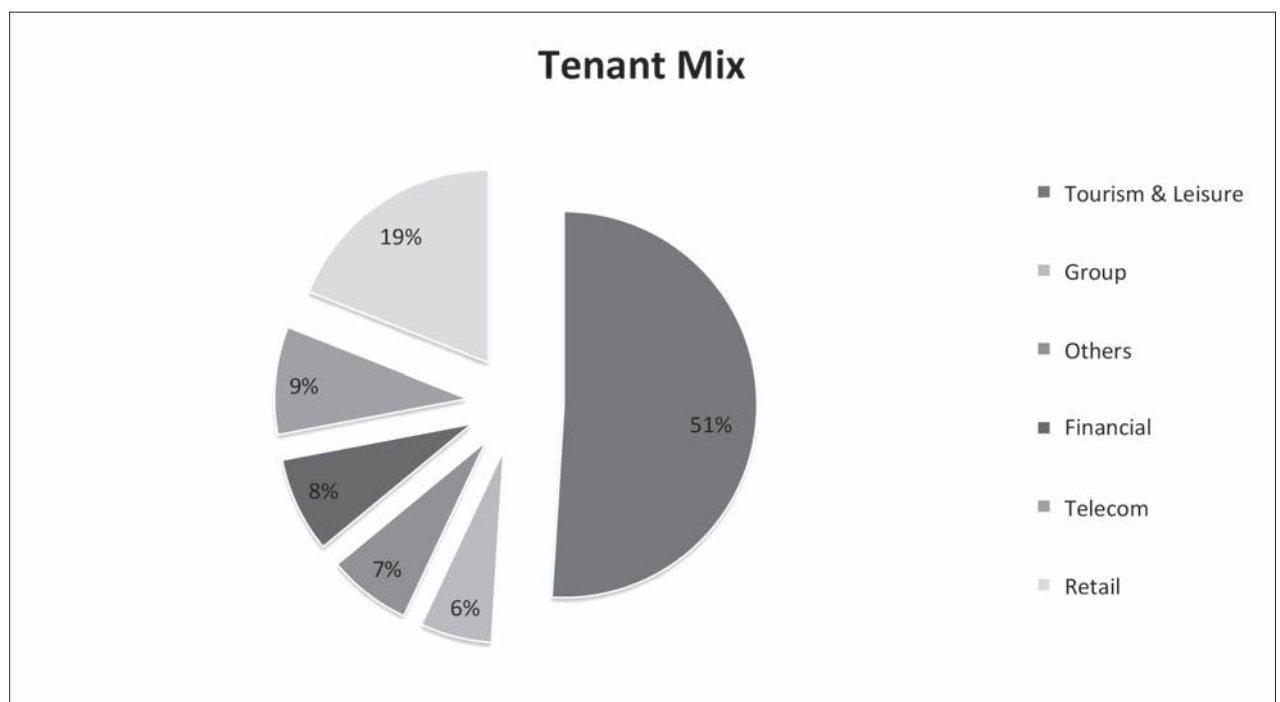
The Guarantor is not expecting any major changes in its revenue and EBITDA compositions of the hotel and the ancillary operations thereof. The assumptions are that occupancy rates are expected to remain consistent with those reported in previous years, circa 75%, while revenue per available room (RevPar) is expected to increase by 3.1% in 2014 and 0.4% in 2015. Ancillary operation revenues as well as the cost base are assumed to increase at inflationary rates.

### B. Rental Operations

The rentable areas of SDC consist of areas within the business tower, the marina, the Luxe Pavillion, shops and the supermarket area adjacent to the underground carpark. This segment operates a lean cost structure (save for the non-monetary depreciation charge) with EBITDA at over 90% of revenue, as SDC owns the land on which the property rented is situated.



During 2013 the company increased its rentable area, comprising of additional storage and periphery areas. This additional area reduced the average rental rate per square metre, as the extended areas attract lower rental income per square metre than the other commercial areas. The areas available for rent are nearly all rented out (occupancy at 97% by end of FY2013) and comprised of the following mix of tenants:



During 2014 and 2015, revenues are expected to increase at an average of 2.8% per annum as allowed in the lease agreements with tenants, while costs are expected to increase at inflationary rates.

**C. Property Development**

The property development segment generates its revenues from apartment sales and its costs relate to the construction and development of new saleable units for SDC. As such, the financial performance of this segment is quite volatile given its dependency on the number of apartments available for sale on the market, the timing of new developments and the timing of final contracts with buyers. Compared to the periods 2011 and 2012, when sales of apartments peaked at 31 and 33 respectively, 2013 saw a drop in sales to 7 apartments as the available stock declined. 23 apartments remained available for sale as at the end of 2013.

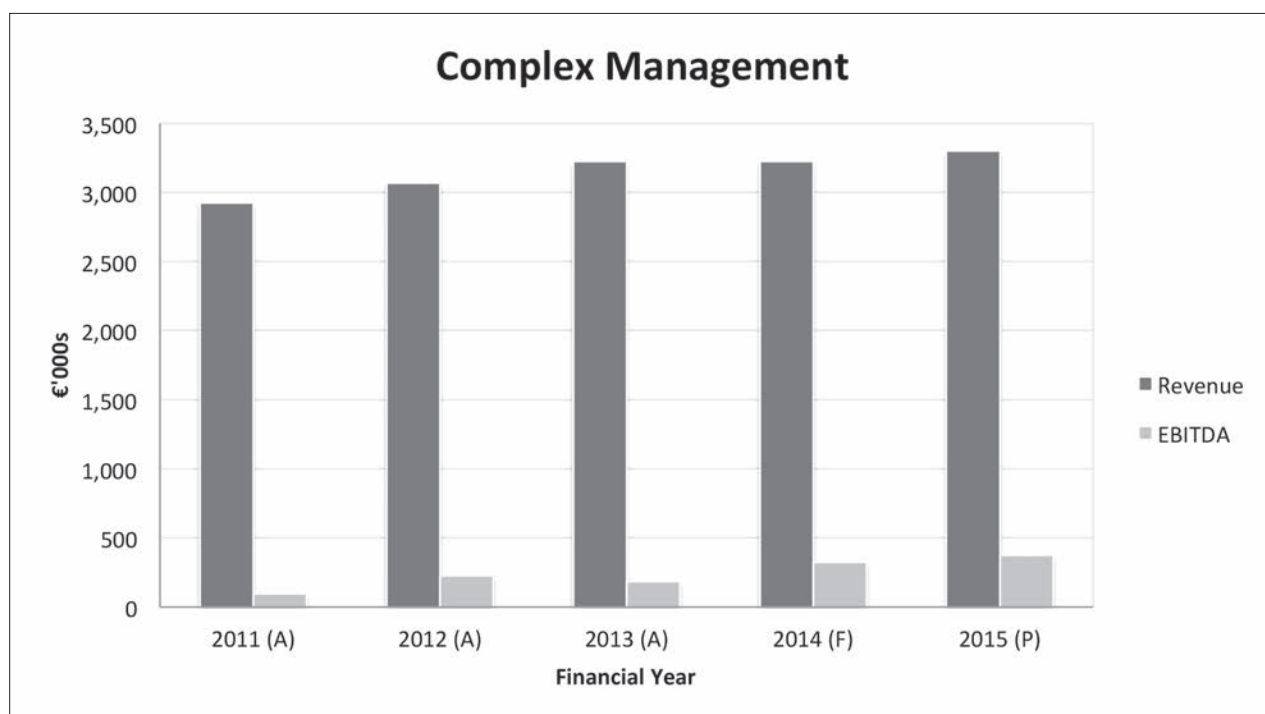
SDC estimates that during 2014, 4 apartments will be sold from existing stock, and in 2015, 2 will be sold from the existing stock and another 7 from the Laguna units, although delivery of the latter is expected to take place starting 2017. Although the new Laguna apartments are expected to be launched in 2015, revenue and profits from the sale of such apartments will be booked as from 2017 once the apartments are eventually delivered to their owners.

**The Laguna Project**

The development of 44 units spread across the 8,500 sqm area of the Laguna project has commenced during the first half of 2014, and sales of the apartments (on plan) are expected to commence from 2015. However, positive cash flows are expected only after 2017, once apartments start being delivered and full sales proceeds are received (SDC takes 10% upon signing of preliminary sales agreement, with the remainder to be received upon delivery).

**D. Complex Management Segment**

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 as a compensation for this activity.



In the projections, SDC assumed that revenue from this activity will increase at inflationary rates, while costs are expected to decline as the company increases cost efficiencies in this business segment. In all, this is expected to result in an enhanced level of EBITDA (albeit relatively insignificant) over the projected years.

### Consolidated Analysis of Segments

	2011 (A)	2012 (A)	2013 (A)	2014 (F)	2015 (P)
Revenue	42,903	44,414	38,323	39,939	40,008
<i>Hotel and Ancillary Operations</i>	26,933	28,577	29,942	30,886	31,012
<i>Rental Operations</i>	2,618	2,775	2,851	3,297	3,363
<i>Complex Management</i>	2,924	3,070	3,224	3,224	3,303
<i>Property Development</i>	10,428	9,992	2,306	2,532	2,330
Cost of Sales	(25,110)	(24,407)	(20,224)	(21,183)	(21,989)
<b>Gross Profit</b>	<b>17,793</b>	<b>20,007</b>	<b>18,099</b>	<b>18,756</b>	<b>18,019</b>
Administrative Expenses	(6,134)	(6,529)	(6,477)	(6,239)	(6,159)
Other Income & Expenses	56	73	74	27	27
<b>EBITDA</b>	<b>11,715</b>	<b>13,551</b>	<b>11,696</b>	<b>12,544</b>	<b>11,887</b>
Depreciation	(4,908)	(5,105)	(5,342)	(5,557)	(5,945)
<b>EBIT</b>	<b>6,807</b>	<b>8,446</b>	<b>6,354</b>	<b>6,987</b>	<b>5,942</b>
Finance Income	360	346	290	288	290
Finance Costs	(4,425)	(4,558)	(4,475)	(4,112)	(4,147)
<b>Profit before Tax</b>	<b>2,742</b>	<b>4,234</b>	<b>2,169</b>	<b>3,163</b>	<b>2,085</b>
Tax Expense	(1,065)	(1,574)	(860)	(1,225)	566
<b>Profit for the Year</b>	<b>1,677</b>	<b>2,660</b>	<b>1,309</b>	<b>1,938</b>	<b>2,651</b>

During the periods under review, SDC generated revenue amounting to €42,900,000 in 2011, €44,400,000 in 2012 and €38,300,000 in 2013. The variation in turnover was mainly attributable to the extent of property sales during the years, as only €2,300,000 was generated from the property development segment in 2013 compared to €10,000,000 and €10,400,000 in 2012 and 2011 respectively as existing apartments available for sale has diminished as most of the stock has been substantially sold. EBITDA margins remained at healthy levels, close to the 30% mark.

SDC's finance costs remained fairly static at around €4,000,000, while depreciation charges increased over the years due to the yearly additions within the complex. Profit after tax improved in 2012 and eased back to €1,300,000 during 2013.

The projections for the Guarantor indicate an improved level of revenue as this is expected to increase by 4.2% in 2014 to €39,900,000 (€40,000,000 expected in 2015). The projected improvement in revenue is mainly due to the anticipated growth from hotel and ancillary operations as well as the property development segment. This is expected to result in a 7.3% increase in EBITDA during 2014 whilst in 2015, EBITDA is anticipated to decline by 5.2% to €11,900,000 due to the delivery of less residential units and the slow down in hospitality earnings as a result of the refurbishment of the Hilton Malta. Some areas of the hotel will need to be closed during refurbishment works. The Laguna Project development costs are not expected to hit the income statement of SDC until after the development period is over (envisaged to be ready in 2018). Meanwhile, net profit is expected to improve during forthcoming years, as finance costs are expected to ease due to the lower coupons payable on its debts with TI.

### 4.2.3 Statement of Cash Flows

<i>for the year ended 31 December</i>	2011 (A)	2012 (A)	2013 (A)	2014 (F)	2015 (P)
Net cash (used in) / generated from operating activities	(1,054)	3,188	5,170	3,373	7,225
Net cash generated from / (used in) investing activities	1,186	2,024	(3,557)	(2,488)	(10,469)
Net cash (used in) / generated from financing activities	(3,918)	(3,215)	(4,826)	(1,191)	2,804
<b>Net movements in cash and cash equivalents</b>	<b>(3,786)</b>	<b>1,997</b>	<b>(3,213)</b>	<b>(306)</b>	<b>(440)</b>
Cash and cash equivalents at beginning of year	8,022	4,236	6,233	3,020	2,714
<b>Cash and cash equivalents at end of year</b>	<b>4,236</b>	<b>6,233</b>	<b>3,020</b>	<b>2,714</b>	<b>2,274</b>

The cash flows from operating activities were the result of profits generated during the respective years adjusted for non-monetary charges such as depreciation and provisions for impairments, as well as cash payments and receipts related to working capital. In 2011 such adjustments resulted in a net outflow of € 1,100,000, and in 2012 and 2013, there was a net inflow from operations of €3,200,000 and €5,200,000 respectively, after net finance costs absorbed approximately circa €4,000,000 per annum of the cash generated from operations.

Cash flows from investing activities accounted for inflows of €1,200,000 in 2011 and €2,000,000 in 2012, and a net outflow of €3,600,000 in 2013, and these figures were the result of the following movements:

Cash flow from Investing Activities (in € 000's)	2011 (A)	2012 (A)	2013 (A)	2014 (F)	2015 (P)
Purchase of PPE and Investment Property	(1,640)	(1,797)	(2,280)	(5,274)	(9,525)
Disposal of Investment Property	-	1,927	520	-	-
Movement in Advance Payments	(125)	42	(55)	-	-
Movement in non-Current Receivables	2,951	1,852	(1,424)	3,309	(500)
Movement in non-Current Payables	-	-	(318)	(523)	(444)
	1,186	2,024	(3,557)	(2,488)	(10,469)

During the years, SDC paid dividends amounting to €3,200,000 per annum for 2011 and 2012, and €2,200,000 during 2013. SDC's borrowings in 2011 and 2013 were reduced through a partial repayment of €700,000 and €2,600,000 respectively. These payments resulted in a net outflow of cash used in financing activities of €3,900,000, €3,200,000 and €4,800,000 in 2011, 2012 and 2013 respectively.

It is being projected that SDC will generate a pre-tax cash inflow of €2,700,000 and €2,300,000 in 2014 and 2015, respectively. The operations of SDC are expected to continue to contribute positive cash flows in 2014 and 2015. Cash from financing activities is also expected to be positive, as SDC borrows additional funds during both 2014 and 2015 for the development of the Laguna projects, as well as the refurbishment of the Hilton Malta. Such additional borrowings would be classified as additions to PPE and Investment Property as borrowing costs are expected to be capitalised accordingly.

#### 4.2.4 Ratio Analysis

The following are key ratios for the Guarantor covering both the historic and forecast periods:

	2011 (A)	2012 (A)	2013 (A)	2014 (F)	2015 (P)
Gross Profit Margin (Gross Profit / Revenue)	41.5%	45.0%	47.2%	47.0%	45.0%
EBITDA Margin (EBITDA / Revenue)	27.3%	30.5%	30.5%	31.4%	29.7%
Net Profit Margin (Net Profit / Revenue)	3.9%	6.0%	3.4%	4.9%	6.6%
Interest Cover Ratio (EBITDA / Net Finance Cost)	2.88x	3.22x	2.79x	3.28x	3.08x
Gearing Ratio 1 (Total Borrowings / Equity + Total Borrowings)	65.0%	58.9%	58.6%	58.7%	60.2%
Gearing Ratio 2 (Net Borrowings / Equity + Net Borrowings)	59.3%	50.8%	51.3%	53.6%	56.5%
Adjusted Gearing Ratio (Including FV Adjustment - refer to section 4.2.1)	53.7%	44.8%	44.8%	47.1%	50.1%
Return on Assets (Profit before Tax / Total Assets)	2.06%	2.87%	1.52%	2.27%	1.45%
Return on Equity (Net Profit / Total Equity)	4.44%	5.40%	2.71%	3.98%	5.33%
Return on Capital Employed (EBIT / Equity + Borrowings)	6.33%	7.09%	5.49%	6.00%	4.87%

Profitability ratios improved during 2012 due to the higher margins attainable on the sales of apartments. The ratios deteriorated in 2013, as apartment sales dropped, and overall performance was comparable to that of 2011. Looking ahead, the 2014 ratios are expected to be consistent with those in 2013, while 2015 is expected to be better in terms of bottom line figures as SDC is assumed to benefit from investments tax credits associated with the refurbishment of the hotel.

Interest cover is expected to improve in 2014 and 2015, as finance costs are envisaged to go down, despite the increase in borrowings, on the back of lower cost of funding from Tumas Investments plc with the refinancing of the Maturing Bond at a lower coupon.

Due to the improved profitability in 2012, the return on assets (ROA) ratio increased in 2012 to 2.87% but dropped back to 1.52% in 2013 on the back of the lower profits experienced during 2013. As profitability in 2014 is expected to improve on the same balance sheet size, this ratio is expected to improve, although with additional debts to sustain the increase in property development during 2015, this ratio is expected to weaken again in 2015.

The Return on Equity ratio is expected to pick up from the decline in 2013, as the increase in profitability is not envisaged to be matched by any increase in equity levels, which strengthens this ratio further.

Return on Capital Employed relates to the return generated, prior to finance costs, on the amount of equity capital and debt funding that is put in the company. The ROCE is expected to be impacted by the increased borrowings during 2014 and 2015 and thus this ratio is expected to decline during the coming years.

#### 4.2.5 **Related Party Transactions**

All companies forming part of the Tumas Group are considered related parties since these companies are all ultimately owned by Tumas Group Company Limited, which is the ultimate 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 bigger Group, which are being described below. Given the nature of the relationship between the Issuer and SDC, such related party transactions are not envisaged to diminish over time and the level of involvement between the two is expected to remain considerably constant throughout the lifetime of the bond, as TI continues to be the financing arm for SDC.

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.

##### **A. The Issuer and Guarantor**

Finance income relates to the interest payable on the loans that TI extended during the period to SDC, whilst finance charges relate to the facility fee that is receivable by TI. For such lending, the Issuer is entitled to receive interest and fees from SDC. Additionally, where SDC advances cash to Tumas Investments plc, the latter is charged interest, which however, is immaterial compared to the income receivable from SDC.

<b>Related Party Transactions</b>	<b>2011 (A)</b>	<b>2012 (A)</b>	<b>2013 (A)</b>	<b>2014 (F)</b>	<b>2015 (P)</b>
<b>Income</b>					
Finance income from SDC	3,569	3,535	3,506	3,357	3,058
Facility charges from SDC	192	200	220	225	229
	<b>3,761</b>	<b>3,735</b>	<b>3,726</b>	<b>3,582</b>	<b>3,287</b>
<b>Expenditure</b>					
Interest on advances from SDC	-	21	34	13	25
	-	<b>21</b>	<b>34</b>	<b>13</b>	<b>25</b>

## B. The Guarantor and Other Related Parties

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 other Hilton Hotels and related affiliates. These transactions are entered into on an arm's length basis and balances as at the respective year-end stood as summarised below.

as at 31 December (figures in €'000s)	2011	2012	2013
<b>Income</b>			
Rents receivable from fellow subsidiaries	538	611	602
<b>Expenditure</b>			
Net interest and similar charges payable to related parties	3,554	3,433	3,427
Management fees charged by fellow subsidiaries	440	440	440
Operators' charges and other fees payable to other related parties	1,741	1,486	1,563
Payroll recharges	281	317	319
	<b>6,016</b>	<b>5,676</b>	<b>5,749</b>

In addition to the above, 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, maximising the use of funds and minimising additional external funding costs. Despite such arrangements, SDC retains the right 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.

## 5. COMPARABLES

The table below compares the Issuer and its New Bond issue to other bond issues falling within a similar maturity bucket as listed on the Malta Stock Exchange.

	Nominal Value (€'000)	Yield to Maturity	Interest Cover	Total Assets (€'000s)	Total Equity	Gearing (Borrowings / Equity)
6.0% Corinthia Finance plc 2019/22	7,500	5.35%	2.09	1,299.87	677.82	39%
6.0% Pendergardens Development plc 2022	27,000	5.45%	n/a	18.74	3.27	53%
6.0% Medserv plc 2020/23 (Tranche II)	20,000	5.43%	3.38	22.46	8.16	49%
5.8% International Hotel Investments plc 2023	10,000	5.31%	2.54	1,092.67	626.49	33%
6.0% AX Investments plc 2024 *	40,000	5.45%	2.89	157.01	88.03	53%
6.0% Island Hotels Group Holdings plc 2024*	35,000	5.46%	2.30	141.14	36.20	64%
5.3% Mariner Finance plc 2024	35,000	5.30%	61.50	55.10	15.70	68%
5% Tumas Investments plc 2024	25,000	5.00%	2.79	141.30	48.40	53%

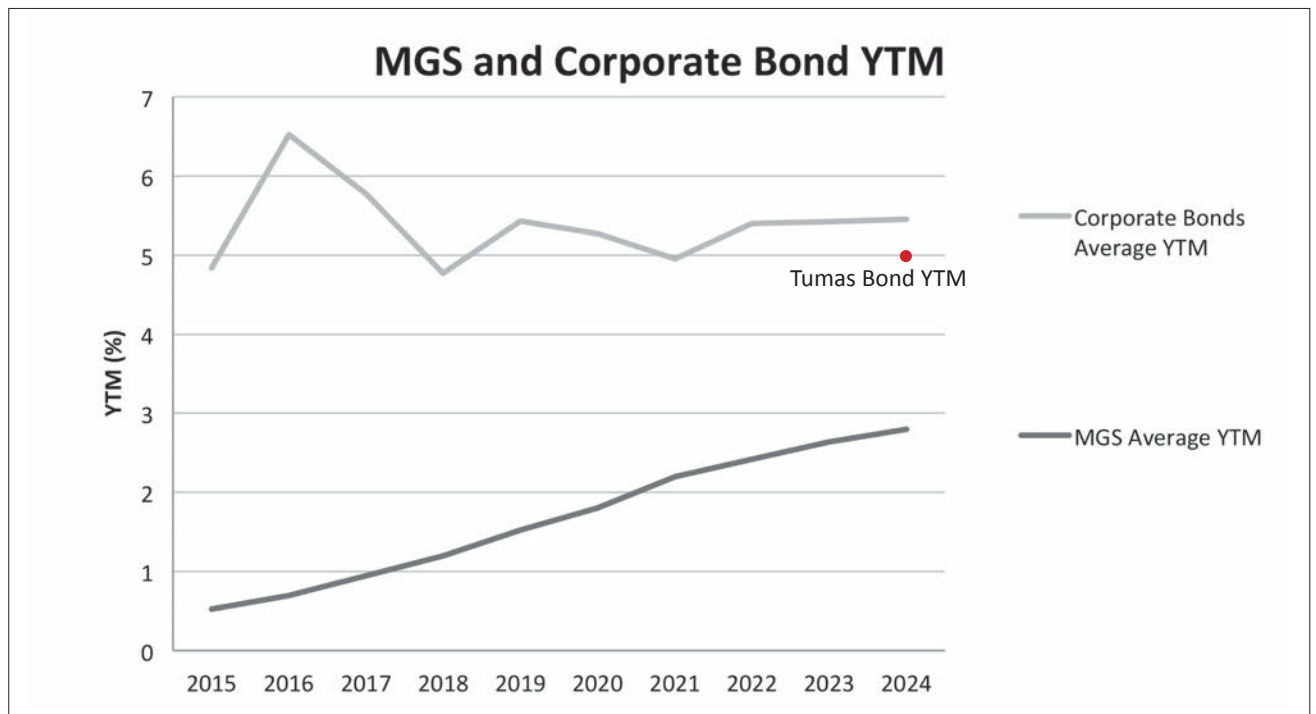
Source: Yield to Maturity from rizzofarrugia.com, based on bond prices of 25.06.2014. Ratio workings and financial information quoted have been based on the issuers' published financial data, including:

- Corinthia Finance plc - figures based on the Guarantor Corinthia Palace Hotel Company Limited FY2013 Annual Report;
- Pendergardens Developments plc FY2013 Annual Report;
- Medserv plc FY2013 Annual Report;
- International Hotel Investments plc FY2013 Annual Report;
- AX Investments plc – figures based on the Guarantor AX Holdings Limited FY2013 Annual Report ;
- Island Hotels Group Holdings plc FY2013 Annual Report
- Tumas Investments plc – figures based on the Guarantor Spinola Development Company Limited FY2013 Annual Report.

\*Financial year ended 31 October 2013

Despite the significant variances between the Issuer’s operations and that of the other listed comparables (including different industries, principal markets, competition, capital requirements, etc), this analysis aims to provide an indication how the Issuer’s bond compares with other listed bonds.

The two most important metrics when analysing a bond are the interest cover (representing the number of time the net interest expense is covered by the generated earnings before interest, tax, depreciation and amortisation) and the gearing ratio (representing the degree of financial leverage). Spinola Development Company Ltd, as guarantor to the bonds of Tumas Investments plc, has a strong interest cover of 2.8 times and a sustainable gearing ratio of 53%. These figures are in the line with those of most of the issuers listed above. The yield to maturity on the new Tumas Investments plc bond is, however, below that of the comparable set. This is also evident when the yield to maturity of the new Tumas Investments plc is compared to the Malta Government Stocks yield curve <sup>1</sup> and the local corporate bond yield curve<sup>2</sup>.



Source: Rizzo Farrugia MGS Index and Market Statistics

The spread between the yield on Malta Government Stocks and corporate bonds represents the risk premium attributable to the perceived risk of a private business in excess of the level of risk carried by sovereign paper. Currently, the 10-year spread between Malta Government Stocks and local corporate bonds with the same maturity is of approximately 266 basis points compared to a premium of approximately 220 basis points over local government paper being offered by the new bond issue of Tumas Investments plc.

<sup>1</sup>The Malta Government Stocks yield curve was constructed using the average yield of all outstanding stocks for each maturity year from 2015 to 2024.

<sup>2</sup>The local corporate bond yield curve was constructed using the average yield of the outstanding local corporate bonds for each maturity year from 2015 to 2024.



## GLOSSARY

Assets	What the company owns which can be further classified in Current and Non-Current 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.
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 Operating Activities	The cash used or generated from the company's business activities.
Cost of Sales	The costs incurred in direct relation to the operations of the Issuer or Guarantor.
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Current Liabilities	Obligations which are due within one financial year.
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.
EBITDA	Earnings before interest, tax, depreciation and amortization, reflecting the company's earnings purely from operations.
Equity	Equity is calculated as assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.
Finance Costs	Interest accrued on debt obligations.
Finance Income	Interest earned on cash bank balances and from the intra-group companies on loans advanced.
Gross Profit	The difference between Revenue and Cost of Sales.
Liabilities	What the company owes, which can be further classified in Current and Non-Current Liabilities.
Net Profit	The profit generated in one financial year.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Revenue	Total revenue generated by the company from its business activity during the financial year.

# SECURITIES NOTE

This document is a Securities Note 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 the 29<sup>th</sup> 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 the 30<sup>th</sup> March 2012, Commission Delegated Regulation (EU) No. 862/2012 of the 4<sup>th</sup> June 2012, Commission Delegated Regulation (EU) No. 759/2013 of the 30<sup>th</sup> April 2013 and Commission Delegated Regulation (EU) No. 382/2014 of the 7<sup>th</sup> March 2014.

Dated 7<sup>th</sup> July 2014

**In respect of an issue of €25,000,000 5% Unsecured Bonds 2024**  
of a nominal value of €100 per Bond issued at par by



**Tumas Investments p.l.c.**  
(duly incorporated in Malta under registration number C-27296)

Guaranteed by  
**Spinola Development Company Limited**  
(duly incorporated in Malta under registration number C-331)

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, 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.

ISIN: MT0000231242

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# IMPORTANT INFORMATION

THIS SECURITIES NOTE CONSTITUTES PART OF THE PROSPECTUS DATED 7<sup>TH</sup> JULY 2014 AND CONTAINS INFORMATION ABOUT TUMAS INVESTMENTS P.L.C. (THE 'ISSUER'), SPINOLA DEVELOPMENT COMPANY LIMITED (THE 'GUARANTOR'), THEIR SUBSIDIARIES AND THE TUMAS GROUP'S BUSINESS INTERESTS. THE INFORMATION CONTAINED HEREIN IS BEING MADE AVAILABLE IN CONNECTION WITH AN ISSUE BY THE ISSUER OF €25,000,000 BONDS 2024 OF A NOMINAL VALUE OF €100 EACH, GUARANTEED BY THE GUARANTOR.

THE BONDS SHALL BE ISSUED AT PAR AND BEAR INTEREST AT THE RATE OF 5% PER ANNUM PAYABLE SEMI-ANNUALLY IN ARREARS ON THE 31<sup>ST</sup> JANUARY AND 31<sup>ST</sup> JULY OF EACH YEAR UNTIL THE MATURITY DATE, WITH THE FIRST INTEREST PAYMENT DATE FALLING DUE ON THE 30<sup>TH</sup> JANUARY 2015 (SUCH FIRST PAYMENT IS BEING BROUGHT FORWARD BY A DAY SO AS TO FALL ON A BUSINESS DAY). THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON THE 31<sup>ST</sup> JULY 2024.

THIS SECURITIES NOTE CONTAINS INFORMATION ABOUT THE ISSUER, THE GUARANTOR AND THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES, THE COMPANIES ACT AND THE COMMISSION REGULATION (EC) NO. 809/2004 OF THE 29<sup>TH</sup> 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 THE 30<sup>TH</sup> MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF THE 4<sup>TH</sup> JUNE 2012, COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF THE 30<sup>TH</sup> APRIL 2013 AND COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF THE 7<sup>TH</sup> MARCH 2014, AND SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER.

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**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.

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THE PROSPECTUS 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 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 THE 4<sup>TH</sup> 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 (THE "1933 ACT"), 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 "UNITED STATES") OR TO OR FOR THE BENEFIT OF, DIRECTLY OR INDIRECTLY, ANY UNITED

STATES PERSON (AS DEFINED IN REGULATION "S" OF THE 1933 ACT, AS AMENDED FROM TIME TO TIME). FURTHERMORE, THE ISSUER WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT, 1940 (THE "1940 ACT") AS AMENDED AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS OF THE 1940 ACT.

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 ACT.

**STATEMENTS MADE IN THE PROSPECTUS 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 THE GUARANTOR'S WEBSITES OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S OR THE 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 ADVISORS TO THE ISSUER AND THE GUARANTOR NAMED IN THE PROSPECTUS UNDER THE HEADING "ADVISORS TO THE ISSUER AND THE GUARANTOR" IN SECTION 4 OF THIS SECURITIES NOTE HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR IN RELATION TO THIS BOND ISSUE 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 ADVISORS 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 and purchase Bonds made by an Applicant/s by completing an Application Form/s and delivering same to the Registrar or any of the Authorised Intermediaries, as applicable, in accordance with the terms of this Securities Note;
“Application Form/s”	the forms of application for subscription of Bonds, specimens of which are 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 2024 of a nominal value of €100 per bond issued at par and redeemable on the Maturity Date at their nominal value, bearing interest at the rate of 5% per annum;
“Bondholder”	a holder of Bonds;
“Bond Issue”	the issue of the Bonds;
“Bond Issue Price”	at par (€100 per Bond);
“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;
“Company” or “Issuer”	Tumas Investments p.l.c., 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 and bearing company registration number C-27296;
“CSD”	the Central Securities Depository of the Malta Stock Exchange authorised in terms of the Financial Markets Act (Chapter 345 of the laws of Malta), having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063;
“Cut-off Date”	close of business of the 30 <sup>th</sup> June 2014 (trading session of the 25 <sup>th</sup> June 2014);
“Euro” or “€”	the lawful currency of the Republic of Malta;
“Exchange” or “Malta Stock Exchange” or “MSE”	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act, 1990 (Chapter 345 of the laws of Malta), having its registered office at Garrison Chapel, Castile Place, Valletta, VLT 1063 and bearing company registration number C-42525;
“Financial Analysis Summary”	the financial analysis summary dated 7 <sup>th</sup> July 2014 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, a copy of which is set out in Annex A of the Registration Document forming part of the Prospectus;
“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 and bearing company registration number C-331;
“Interest Payment Dates”	the 31 <sup>st</sup> January and 31 <sup>st</sup> July of each year, between and including each of the years 2015 and 2024;
“Issue Date”	31 <sup>st</sup> July 2014;
“Issue Period”	the period between 08.30 hours on the 10 <sup>th</sup> July 2014 and 12.00 hours on the 22 <sup>nd</sup> July 2014 during which the Bonds are available for subscription;



“Joint Manager”	HSBC Bank Malta p.l.c.;
“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 €25,000,000 6.25% bonds 2014 – 2016 with ISIN code MT0000231226 due to mature on 31 <sup>st</sup> July 2016 at the latest, issued by the Issuer pursuant to a prospectus dated 10 <sup>th</sup> June 2009 and guaranteed by the Guarantor;
“Maturity Date”	31 <sup>st</sup> July 2024;
“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;
“Preferred Applicant”	any holder of Maturing Bonds on the Cut-off Date who elects to subscribe for and purchase Bonds;
“Prospectus”	collectively the Summary, the Registration Document and this Securities Note, all dated 7 <sup>th</sup> July 2014, 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 the 4 <sup>th</sup> 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 Value”	at par (€100 per Bond);
“Registrar and Joint Manager”	Bank of Valletta p.l.c.;
“Registration Document”	the registration document issued by the Issuer dated 7 <sup>th</sup> July 2014, forming part of the Prospectus;
“Regulation”	Commission Regulation (EC) No. 809/2004 of 29 <sup>th</sup> 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 <sup>th</sup> 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 <sup>th</sup> 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 <sup>th</sup> April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; and Commission Delegated Regulation (EU) No. 382/2014 of 7 <sup>th</sup> March 2014 supplementing Directive 2003/71/EC of the European Parliament and of the Council with regard to regulatory technical standards for publication of supplements to the prospectus (Text with EEA relevance);
“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”	this securities note issued by the Issuer dated 7 <sup>th</sup> July 2014, forming part of the Prospectus;
“Sponsor”	Rizzo, Farrugia & Co. (Stockbrokers) Ltd., an authorised financial intermediary licensed by the MFSA and a member of the MSE;
“Summary”	the summary note issued by the Issuer dated 7 <sup>th</sup> July 2014, forming part of the Prospectus;
“Terms and Conditions”	the terms and conditions relating to the Bonds as contained in the Prospectus, particularly in Section 9 of this Securities Note;
“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, the importation and retailing of motor vehicles and port operations;

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“2017 – 2020 Issuer Bonds”	the €25,000,000 6.2% bonds 2017 – 2020 with ISIN code MT0000231234 due to mature on 9 <sup>th</sup> July 2020 at the latest, issued by the Issuer pursuant to a prospectus dated 9 <sup>th</sup> June 2010 and guaranteed by the Guarantor.
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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 AND CANCELLED. 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 ADVISORS THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS 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 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, 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 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 THAT COULD LEAD TO A DECLINE IN VALUE OF THE SECURITIES.**

**NEITHER THE PROSPECTUS NOR ANY OTHER INFORMATION SUPPLIED HEREIN IN CONNECTION WITH THE BONDS ISSUED BY THE ISSUER (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION, NOR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSOR OR AUTHORISED INTERMEDIARIES THAT ANY RECIPIENT OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY BONDS 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

This Securities Note contains forward-looking statements. Such forecasts and projections do not bind the Issuer 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. These statements by their nature involve substantial risks and uncertainties, a few of which are beyond the Issuer’s and Guarantor’s control.

### 2.2 General

Potential investors in the Bonds must determine the suitability of the investment in the light of their own circumstances. In particular, each potential investor should:

- (i) have 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) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iii) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- (iv) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and 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:

### 2.3.1 Trading and liquidity

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. There can be no assurance, however, that an active secondary market for the Bonds will develop or, if it develops, that it will continue, nor can there be any assurance that an investor will be able to re-sell his Bonds at or above the Bond Issue Price, or at all. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on a number of factors including the presence in the market place of willing buyers and sellers of the Issuer's Bonds at any given time, which presence is dependent upon the individual decisions of investors 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. These factors include 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. 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.

### 2.3.2 Changes in laws and regulations

The Bonds are based on the requirements of the Listing Rules of the Listing Authority, the Companies Act and the Commission Regulation EC No. 809/2004 of the 29<sup>th</sup> April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council 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.

### 2.3.3 Guarantee

The Bonds shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall be guaranteed in respect of both the principal amount and the interest due 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. The Bonds will, however, rank subordinate to the present and future secured creditors of the Issuer and the Guarantor.

In essence, this means that Bondholders will rank *pari passu* (equally) with the other unsecured creditors of the Issuer. In addition, the Bonds are being guaranteed by the Guarantor and, therefore, Bondholders are entitled to request the Guarantor to pay both the principal amount and the interest due under said Bonds if the Issuer fails to meet any amount. The Guarantee also entitles the Bondholders to take action against the Guarantor without having to first take action against the Issuer. The strength of the Guarantee is directly linked to the financial position and solvency of the Guarantor.

### 2.3.4 Amendments to the Terms and Conditions of the Bond Issue

The terms and conditions relating to the Bonds contain provisions in sub-Section 7.13 of this Securities Note for calling meetings of Bondholders in the event that the Issuer wishes to amend any of the Terms and Conditions of the Bond Issue. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority.

### 2.3.5 Interest rate risk

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

### 2.3.6 Prior ranking charges

The Issuer may incur further borrowings or indebtedness and may create or permit to subsist other security interests upon the whole or any part of its present or future undertakings, assets or revenues (including uncalled capital).

## 3. PERSONS RESPONSIBLE

This Securities Note 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 of the Issuer whose names appear immediately hereunder in sub-Section 3.1 accept responsibility for the information contained herein, save for the information specifically relating to the Guarantor, for which the directors of the Guarantor whose names appear immediately hereunder in sub-Section 3.2 are responsible. Mr George Fenech and Mr Raymond Fenech, being directors of both the Issuer and the Guarantor, 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 hereby accept responsibility accordingly.

### 3.1 Directors of the Issuer

As at the date of this Securities Note, the board of the Issuer is composed of the following persons:

George Fenech	Executive Chairman and Managing Director
Raymond Fenech	Executive Director
Raymond Sladden	Executive Director and Company Secretary
Lino Spiteri	Independent, non-executive Director
Michael Grech	Non-executive Director

Mr George Fenech, Mr Raymond Fenech and Mr Raymond Sladden occupy senior executive positions within the Tumas Group. The two other directors, Mr Lino Spiteri and Dr Michael Grech, serve on the Board of the Company in a non-executive capacity. Mr Lino Spiteri is considered as an independent director since he is free of any business, family or other relationship with the Issuer, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgement. In assessing Mr Spiteri's independence due notice has been taken to Section 5.117 of the Listing Rules.

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

### 3.2 Directors of the Guarantor

As at the date of this Securities Note, the board of the Guarantor is composed of the following persons:

George Fenech	Executive Chairman and Managing Director
Raymond Fenech	Executive Director

## 4. ADVISORS TO THE ISSUER AND GUARANTOR

### Legal Counsel

Name: GVTH Advocates  
Address: 192, Old Bakery Street, Valletta

### Sponsoring Stockbroker

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

### Registrar and Joint Manager

Name: Bank of Valletta p.l.c.  
Address: BOV Centre, Cannon Road, Santa Venera

### Joint Manager

Name: HSBC Bank Malta p.l.c.  
Address: 116, Archbishop Street, Valletta

As at the date of the Prospectus the advisors named under this heading have no beneficial interest in the share capital of the Issuer or the Guarantor. Additionally, no transactions have been entered into by the Issuer or the Guarantor with any of the advisors referred to above.

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

## 5. CONSENT REQUIRED IN CONNECTION WITH THE USE OF THE PROSPECTUS DURING THE ISSUE PERIOD BY AUTHORISED INTERMEDIARIES

For the purposes of any subscription for Bonds through any of the Authorised Intermediaries during the Issue Period and any subsequent resale, placement or other offering of Bonds by such Authorised Intermediaries 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 through the Authorised Intermediaries during the Issue Period;
- (b) to any resale or placement of Bonds subscribed for as aforesaid taking place in Malta; and
- (c) to any resale or placement of Bonds subscribed for as aforesaid taking place within the period of 60 days from the date of the Prospectus.

Neither the Issuer nor the Sponsor has 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 or placement of Bonds.

Other than as set out above, neither the Issuer nor the Sponsor has 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 has any responsibility or liability for the actions of any person making such offers.

Investors should enquire whether an intermediary is considered to be an Authorised Intermediary in terms of the Prospectus. If the investor is in doubt as to whether he/she 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, said Authorised Intermediary shall be responsible to provide information to 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 offering to provide the investor with that information, and neither the Issuer nor the Sponsor has any responsibility or liability for such information.

Any Authorised Intermediary using the Prospectus in connection with a resale or placement of Bonds subsequent to the Bond Issue 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 and 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](http://www.tumas.com).

## **6. KEY INFORMATION**

### **6.1 Interest of natural and legal persons involved in the Issue**

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

### **6.2 Reasons for the Issue and use of proceeds**

The net proceeds of the Bond Issue amounting to approximately €24,500,000 will be available to the Issuer to redeem the outstanding amount of the Maturing Bonds which, as at the date of the Prospectus, amounted to €25,000,000.

Any shortfall will be met by the Issuer through alternative funding sources, including funds making up the bond redemption fund built up in connection with the Maturing Bonds in accordance with Section 5.8 of the securities note forming part of the prospectus dated 10<sup>th</sup> June 2009 issued by the Issuer, which as at 31<sup>st</sup> December 2013 amounted to €4,000,000.

### **6.3 Estimated expenses and proceeds of the Issue**

The Issue will involve expenses including professional fees, publicity, advertising, printing, listing, registration, sponsor, management, registrar fees and a selling commission in respect of Bonds allotted to the Applicants and other miscellaneous costs incurred in connection with this Issue. Such expenses are estimated not to exceed €500,000 and shall be borne by the Issuer and/or the Guarantor. No expenses will be specifically charged to any Bondholder who subscribes for the Bonds. 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 €24,500,000. There is no particular order of priority with respect to such expenses.

## 6.4 Issue statistics

“Allocation Preference”	Applications made by Preferred Applicants completing a pre-printed Application Form ‘A’ and stating that the consideration for the Bonds applied for shall be settled by way of transfer to the Issuer of the Maturing Bonds held, shall be for the par value of the Maturing Bonds being transferred to the Issuer, rounded upwards to the nearest €100, subject to a minimum application of €2,000. Bonds applied for by Preferred Applicants by way of transfer as described above shall be allocated prior to any other allocation of Bonds;
“Amount”	€25,000,000;
“Application Forms ‘A’ and ‘B’ available to Bondholders”	10 <sup>th</sup> July 2014;
“Bond Issue Price”	at par (€100 per bond);
“Registrar and Joint Manager”	Bank of Valletta p.l.c.;
“Denomination”	Euro (€);
“Events of Default”	the events listed in sub-Section 7.12 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 31 <sup>st</sup> July 2014 at the rate of five per cent (5%) per annum payable semi-annually in arrears on each of the Interest Payment Dates;
“Interest Payment Dates”	the 31 <sup>st</sup> January and 31 <sup>st</sup> July of each year, between and including each of the years 2015 and 2024. The first interest payment will be made on the 30 <sup>th</sup> January 2015 (such first payment is being brought forward by a day so as to fall on a Business Day);
“ISIN”	MT0000231242;
“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 5% per annum;
“Issue Period”	the period between 08.30 hours on the 10 <sup>th</sup> July 2014 and 12.00 hours on the 22 <sup>nd</sup> July 2014 during which the Bonds are available for subscription;
“Issuer”	Tumas Investments p.l.c., 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 and bearing company registration number C-27296;
“Joint Manager”	HSBC Bank Malta p.l.c.;
“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;
“Maturity date”	31 <sup>st</sup> July 2024;
“Minimum amount per subscription”	two thousand euro (€2,000);



“Plan of Distribution”	the Bonds are open for subscription to Preferred Applicants and to holders of 2017 – 2020 Issuer Bonds on the Cut-off Date and to Authorised Intermediaries through an Intermediaries’ Offer in respect of any balance of the Bonds not subscribed to by Preferred Applicants and holders of 2017 - 2020 Issuer Bonds on the Cut-off Date;
“Preferred Applicant”	any holder of Maturing Bonds on the Cut-off Date;
“Redemption Value”	at par (€100 per Bond);
“Status of the Bonds”	the Bonds shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves and with other outstanding and unsecured obligations of the Issuer and the Guarantor, present and future;
“Sponsor”	Rizzo, Farrugia & Co. (Stockbrokers) Ltd. an authorised financial intermediary licensed by the Malta Financial Services Authority and a Member of the Malta Stock Exchange;
“Subscription”	multiples of one hundred euro (€100).

## 6.5 Expected timetable of principal events

Pre-printed Application Forms ‘A’ and ‘B’ mailed to Preferred Applicants and holders of 2017 – 2020 Issuer Bonds on the Cut-off Date	Tuesday 8 <sup>th</sup> July 2014
Application Forms ‘A’ and ‘B’ available to Preferred Applicants and holders of 2017 – 2020 Issuer Bonds on the Cut-off Date	Thursday 10 <sup>th</sup> July 2014
Closing of Issue Period for Preferred Applicants and holders of 2017 – 2020 Issuer Bonds on the Cut-off Date	Tuesday 22 <sup>nd</sup> July 2014
Intermediaries’ Offer Date	Monday 28 <sup>th</sup> July 2014
Announcement of basis of acceptance	Tuesday 29 <sup>th</sup> July 2014
Commencement of Interest on the Bonds	Thursday 31 <sup>st</sup> July 2014
Expected admission of the Bonds to Listing	Thursday 31 <sup>st</sup> July 2014
Expected date of commencement of trading	Friday 1 <sup>st</sup> August 2014
Expected dispatch of allotment advices and refund of unallocated monies	Tuesday 5 <sup>th</sup> August 2014

In the event that the total amount of Applications received from Preferred Applicants and holders of the 2017-2020 Issuer Bonds on the Cut-off Date exceeds €25,000,000, the Intermediaries’ Offer will not take place.

## 7. 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.

## **7.1 General**

- 7.1.1** Each Bond forms part of a duly authorised issue of an aggregate amount of €25,000,000 5% bonds due 2024 of a nominal value of €100 per Bond, issued by Tumas Investments p.l.c. at par, guaranteed by Spinola Development Company Limited.
- 7.1.2** The issue of the Bonds has been authorised by a resolution of the board of directors of the Issuer dated the 25<sup>th</sup> June 2014. 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 the 25<sup>th</sup> June 2014.
- 7.1.3** The Bonds shall bear interest at the rate of 5% per annum payable semi-annually in arrears on the 31<sup>st</sup> January and 31<sup>st</sup> July of each year (each an “Interest Payment Date”), the first Interest Payment Date being on the 30<sup>th</sup> January 2015 (such first payment is being brought forward by a day so as to fall on a Business Day). 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.
- 7.1.4** Unless previously purchased and cancelled, the Bonds shall be redeemed at the Redemption Value of €100 per Bond (together with interest accrued to the date fixed for redemption) on the 31<sup>st</sup> July 2024 (the “Maturity Date”).
- 7.1.5** The currency of the Bonds is Euro (€).
- 7.1.6** The Bond Issue is not underwritten and the Issuer has not established an aggregate minimum subscription level for the said Bond Issue. In the event that the Issue is not fully subscribed, and provided that the Bonds are listed on the Official List, the subscribed portion of the Bonds shall be allocated to the respective Applicants in accordance with the terms of the Prospectus.
- 7.1.7** Subject to admission to listing of the Bonds to the Official List, the Bonds are expected to be assigned the following ISIN: MT0000231242
- 7.1.8** 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 press release in at least one (1) local newspaper. 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.
- 7.1.9** The Bonds are expected to be listed on the Official List on the 31<sup>st</sup> July 2014 and such date shall constitute the date of issue, allotment as well as Listing of the Bonds. Dealing shall commence on the following trading day. Dealing may commence prior to notification of the amount allotted being issued to Applicants.
- 7.1.10** Should any Application not be accepted, or be accepted for fewer Bonds than those applied for, the monies or the balance of the amount paid but not allocated will be returned by the Issuer without interest by direct credit into the Applicant’s bank account as indicated by the Applicant in the Application Form within five (5) Business Days from the date of final allocation. The Issuer will not be responsible for any charges, loss or delays in transmission of the refunds. In this regard, any monies returnable to Applicants may be retained pending clearance of the remittance 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.
- 7.1.11** There are no special rights attached to the Bonds other than the right of the Bondholders to payment of capital and interest (as detailed below) and in accordance with the ranking specified in sub-Section 7.7.1 of this Securities Note.
- 7.1.12** Applications for subscriptions to the Bonds may be made through the Registrar or any of the Authorised Intermediaries. The Bonds are open for subscription to Preferred Applicants, to holders of 2017 – 2020 Issuer Bonds on the Cut-off Date and to Authorised Intermediaries through an Intermediaries’ Offer in respect of any balance of the Bonds not subscribed to by Preferred Applicants and holders of 2017 - 2020 Issuer Bonds on the Cut-off Date.

## 7.2 Preferred Applicants and holders of the 2017 - 2020 Issuer Bonds

All Preferred Applicants may apply for Bonds by completing the pre-printed Application Form "A" by way of transfer of all or part of the Maturing Bonds held by such Applicant, which transfer shall be effected at the par value of the Maturing Bonds, rounded upwards to the nearest €100, subject to a minimum application of €2,000 (a "Maturing Bond Transfer"). Bonds applied for by Preferred Applicants by way of Maturing Bond Transfer shall be allocated prior to any other allocation of Bonds.

A Preferred Applicant shall have preference 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, with the payment of such additional amount in cash as may be required for the purpose of rounding up to the nearest €100, subject to a minimum application of €2,000. In the event that a Preferred Applicant applies for additional Bonds other than by Maturing Bond Transfer, no preference shall arise with respect to the excess Bonds applied for but such excess Bonds shall, together with applications by holders of 2017 – 2020 Issuer Bonds on the Cut-off Date, be subject to such allocation policy as shall be determined by the Issuer.

A Maturing Bond Transfer shall be without prejudice to the rights of Preferred Applicants to receive interest on the Maturing Bonds up to and including the 30<sup>th</sup> July 2014.

The Issuer has not reserved any maximum amount of Bonds being issued for subscription by Preferred Applicants, subject to the maximum amount of the Issue of €25,000,000.

Holders of Maturing Bonds on the Cut-off Date who do not elect to avail themselves of the possibility to exchange their investment in terms of the procedure outlined herein shall receive all capital and accrued interest to date on the 31<sup>st</sup> July 2014.

All Applications for the subscription of Bonds by Preferred Applicants and holders of the 2017 -2020 Issuer Bonds on the Cut-off Date must be submitted on pre-printed Application Forms "A" and "B" to the Registrar or any Authorised Intermediary by 12.00 hours of the 22<sup>nd</sup> July 2014.

## 7.3 Intermediaries' Offer

Any balance of the Bonds not subscribed to by Preferred Applicants and holders of 2017 – 2020 Issuer Bonds on the Cut-off Date shall be available for subscription by Authorised Intermediaries. In this regard, the Issuer may enter into conditional subscription agreements with Authorised Intermediaries for the subscription of the Bonds, whereby it will bind itself to allocate Bonds to such investors subsequent to closing of the Issue Period but by no later than 10.00 hours on 28<sup>th</sup> July 2014. In terms of each subscription agreement the Issuer will be conditionally bound to issue, and each of the said Authorised Intermediaries will bind itself to subscribe for, a number of Bonds subject to being admitted to trading on the Official List of the MSE. The subscription agreements will become binding on each of the Issuer and the respective Authorised Intermediaries upon delivery, provided that said intermediaries would have paid to the Issuer 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.

## 7.4 Allocation policy

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

- i. First to Preferred Applicants up to the extent of their holdings of Maturing Bonds on the Cut-off Date rounded upwards to the nearest €100 and subject to a minimum application of €2,000;
- ii. The balance of the Bonds not subscribed for by holders of Maturing Bonds on the Cut-off Date limitedly by means of a Maturing Bond Transfer shall be made available for subscription to Preferred Applicants in respect of any additional Bonds applied for other than by Maturing Bond Transfer and to holders of 2017 - 2020 Issuer Bonds on the Cut-off Date;
- 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 through an Intermediaries' Offer as detailed in section 7.3 above.

Accordingly, in the event that a Preferred Applicant applies for additional Bonds other than by Maturing Bond Transfer, no preference shall arise with respect to the excess Bonds applied for but such excess Bonds shall, together with applications by holders of 2017 – 2020 Issuer Bonds on the Cut-off Date, be subject to such allocation policy as shall be determined by the Issuer.

## 7.5 Form, denomination and title

The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100, provided that on subscription the Bonds will be issued for a minimum of €2,000. The nominal value of the Bonds is being established to facilitate the trading therein and the exchange in definitive Bonds in accordance with the provisions of the Terms and Conditions. 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. The Bonds, and transfers thereof, shall be registered as provided under Section 7.6 “Registration, replacement, transfer and exchange” below.

## 7.6 Registration, replacement, transfer and exchange

**7.6.1** The Issuer will not issue certificates representing the Bonds to the Bondholders since the Bonds will be represented in uncertificated form by the appropriate entry in the Issuer’s electronic register of Bondholders maintained on behalf of the Issuer at the CSD. There will be entered into such electronic register the names, addresses, ID Card number (in the case of natural persons), Registration Numbers (in the case of companies), MSE account numbers of the Bondholders and the number of Bonds held by them respectively, and a copy of such register will, at all reasonable times during business hours, be available for inspection by the Bondholders at the registered office of the Issuer. The CSD will issue, upon request by the Bondholder, a statement of holdings to Bondholders evidencing their entitlement to Bonds held in the register kept by the CSD. The entry in such register shall, in the absence of manifest error, be conclusive evidence of the interests of Bondholders.

**7.6.2** A Bond may be transferred or transmitted only in whole (in multiples of €100) by the Bondholder in accordance with the by-laws of the MSE and any applicable laws, rules or regulations governing the transfer of the Bonds, from time to time. If Bonds are transferred or transmitted in part, the transferee thereof will not be registered as a Bondholder.

**7.6.3** Any person becoming entitled to a Bond/s 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 MSE, 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 Issuer 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. Provided always that if a Bond is transmitted or transferred in furtherance of this paragraph 7.6.3, a person will not be registered as a Bondholder unless such transmission or transfer is made in multiples of €100.

**7.6.4** All transfers and transmissions are subject in all cases to any pledge (duly constituted in terms of law) of the Bonds and to any applicable laws and regulations.

**7.6.5** The cost and expenses of affecting any registration of transfer or transmission in the Bonds shall be at the charge of the Bondholder or at the charge of such person as the rules and bye-laws of the MSE may, from time to time, determine.

**7.6.6** The Issuer will not register the transfer or transmission of Bonds for a period of fifteen (15) Business Days preceding the due date for any payment of interest on the Bonds or the due date for redemption.

## 7.7 Status of the Bonds and negative pledge

**7.7.1** The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall be guaranteed in respect of both the principal amount and the interest due 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 with all other present and future outstanding and unsecured obligations of the Issuer and Guarantor. The Bonds will, however, rank subordinate to the present and future secured creditors of the Issuer and the Guarantor.

Both the Issuer and the Guarantor have certain liabilities which are secured by hypothecary warranties over assets pertaining to the two entities. As at the date of this Securities Note, the following secured liabilities are in place concerning the Issuer and/or Guarantor:

I) Hypothecary secured liabilities:

- (a) Bank of Valletta p.l.c. – General hypothec over the Guarantor’s assets present and future, and a special hypothec in security of these facilities over the Hilton development, yacht marina, car park, selected commercial areas at Portomaso, St. Julian’s, a number of selected floors in Portomaso Business Tower, St. Julian’s and surrounding grounds in St. Julian’s, in security of overdrafts for amounts of €1,630,550 (€131,715 overdraft balance as at 31<sup>st</sup> May 2014) and €698,800 (€51,013 overdraft balance as at 31<sup>st</sup> May 2014); and,
- (b) Bank of Valletta p.l.c. – Special hypothecary guarantee over a selected commercial area at Portomaso, St. Julian’s and over a number of selected floors in Portomaso Business Tower, St. Julian’s in security of a loan for an amount of €8,036,000, granted to a fellow subsidiary; and,
- (c) Bank of Valletta p.l.c. – General hypothec limited to, and special hypothec over, a selected commercial area at Portomaso, St. Julian’s and over a number of selected floors in Portomaso Business Tower, St. Julian’s in security of loans for an aggregate amount of €9,000,000, and,
- (d) HSBC Bank Malta p.l.c. – General hypothecary guarantee and a special hypothecary guarantee given by the Guarantor in each case limitedly over the Hilton Malta hotel and its extension for an overdraft in an amount of €698,812 (€nil balance as at 31<sup>st</sup> May 2014); and,
- (e) HSBC Bank Malta p.l.c. – General hypothecary guarantee and a special hypothecary guarantee given by the Guarantor in each case limitedly over the Hilton Malta hotel and its extension in security of an overdraft of €930,730 (€nil overdraft balance as at 31<sup>st</sup> May 2014) and a loan of €1,814,597 of a fellow subsidiary company; and,
- (f) HSBC Bank Malta p.l.c. – Special hypothecary guarantee given by the Guarantor over the Hilton Malta hotel at Portomaso, St. Julian’s up to an amount of €2,400,000 in security of a loan of €21,600,000 of a fellow subsidiary company; and,
- (g) APS Bank Limited – Special hypothecary guarantee given by the Guarantor over the Conference Centre at the Portomaso complex in security of a loan for an amount of €10,000,000; and,
- (h) Lombard Bank Malta plc – General hypothecary guarantee limited to, and special hypothecary guarantee over, a specific apartment at Portomaso, St. Julian’s, in security of loans for an aggregate amount of €1,411,238 and overdrafts for an aggregate amount of €3,494,374;

As at the date of this Securities Note the following hypothecary secured liabilities have been confirmed by way of sanction letter duly issued by Bank of Valletta p.l.c. but are not yet in effect, subject only to publication of the relative deeds:

- (i) Bank of Valletta p.l.c. – General hypothec limited to, and special hypothec over, a parcel of land measuring 7,550 sqm at Portomaso, Triq il-Knisja, St. Julian’s, in security of an overdraft for an amount of €1,500,000 (€nil overdraft balance as at 31<sup>st</sup> May 2014); and,
- (j) Bank of Valletta p.l.c. – General hypothec limited to, and special hypothec over, a parcel of land measuring 7,550 sqm at Portomaso, Triq il-Knisja, St. Julian’s, in security of a loan for an amount of €5,500,000; and,
- (k) Bank of Valletta p.l.c. – General hypothecary guarantee limited to, and special hypothecary guarantee over, a parcel of land measuring 7,550 sqm at Portomaso, Triq il-Knisja, St. Julian’s, up to an amount of €2,500,000 in security of a loan for an amount of €7,000,000, granted to a fellow subsidiary company.

II) Other liabilities:

- (a) Bank of Valletta p.l.c. – guarantee in an aggregate amount of €3,353,100 in respect of bank facilities granted to a fellow subsidiary company; and,
- (b) HSBC Bank Malta p.l.c. – guarantee in an aggregate amount of €625,000 in respect of bank facilities granted to a fellow subsidiary company; and,

- (c) bonds in issue – the Maturing Bonds. The Maturing Bonds are being redeemed in virtue of the terms and conditions of the relative prospectus dated 10<sup>th</sup> June 2009; and,
- (d) bonds in issue – the 2017 – 2020 Issuer Bonds.

Relative to the Guarantor, as at 31<sup>st</sup> May 2014, total secured and/or guaranteed debt amounted to €103,593,209 (€87,064,170 in respect of liabilities held by the Guarantor and €16,529,039 in respect of liabilities held by fellow subsidiaries), while total assets and shareholders' equity as at 31<sup>st</sup> December 2013 amounted to €142,434,492 and €48,366,646 respectively.

**7.7.2** The Issuer and Guarantor with respect to their respective assets 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 their respective present or future assets or revenues to secure any Relevant Indebtedness (as defined below) of the Issuer and Guarantor unless the Issuer and Guarantor, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, take any and all action necessary to ensure that:

- (i) all amounts payable by them under the Bonds are secured by a Security Interest equally and rateably with the Relevant Indebtedness in question being so secured; or
- (ii) such other Security Interest is approved by a resolution duly passed by the Bondholders in accordance with the provisions of sub-Section 7.13 of this Securities Note.

**7.7.3** For the purposes of this sub-Section and of sub-Section 7.12 "Events of Default", the following terms shall bear the following meanings:

"Relevant Indebtedness" means any indebtedness in respect of:

- (a) monies borrowed;
- (b) any debenture, bond, note, loan, stock or other security creating or acknowledging indebtedness;
- (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 or financing the acquisition of that asset;
- (e) leases entered into primarily as a method of raising finance or financing the acquisition of the asset leased;
- (f) amounts raised under any other transaction having the commercial effect of borrowing or raising of money; and
- (g) any guarantee, indemnity or similar assurance in respect of any such indebtedness.

"Security Interest" means any privilege, hypothec, pledge, lien, charge or other encumbrance which grants rights of preference to a creditor over the assets of the Issuer or Guarantor, as the case may be.

"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 any indebtedness of the Issuer and Guarantor created for the sole purpose of financing or raising finance for the redemption of all the Bonds;
- (d) any Security Interest securing any Relevant Indebtedness, including bank loans or overdrafts, in the ordinary course of business; and
- (e) any other Security Interest (in addition to those referred to in (a), (b), (c) and (d) above) securing Relevant Indebtedness of the Issuer and Guarantor in an aggregate outstanding amount, from time to time, not exceeding eighty percent (80%) of the amount resulting after taking the Relevant Value (as defined below) and subtracting therefrom (i) the aggregate value of the liabilities of the Issuer and Guarantor secured by Security Interests referred to in (a), (b) (c) and (d) above and (ii) the aggregate principal amount of all Bonds still outstanding at the time.

Provided that the aggregate Security Interests referred to in (d) and (e) above do not result in the amount arrived at after taking the Relevant Value and subtracting therefrom the aggregate value of the liabilities of the Issuer and Guarantor secured by Security Interests referred to in (a), (b), (c), (d) and (e) above being less than one hundred and five per cent (105%) of the aggregate principal amount of all Bonds still outstanding.

"Relevant Value" means the value of the assets of the Issuer and Guarantor calculated on the basis of their book value (as reflected in the accounts of the Issuer and Guarantor) and in the case of immovable property adjusted by reference to the open market value of the said immovable property of the Issuer and Guarantor respectively as determined by their respective Directors on the basis of independent professional advice/valuation procured by them.

## 7.8 Interest and Yield

**7.8.1** The Bonds shall bear interest from and including 31<sup>st</sup> July 2014 at the rate of 5% per annum on the nominal value thereof, payable semi-annually in arrears on the 31<sup>st</sup> January and 31<sup>st</sup> July of each year (each an "Interest Payment Date"), the first Interest Payment Date being on the 30<sup>th</sup> January 2015 (such first payment is being brought forward by a day so as to fall on a Business Day). Provided that 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%). 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.

**7.8.2** When interest is required to be calculated for any period of less than a full year, such interest shall be calculated on the basis of the actual number of days elapsed from and including the most recent Interest Payment Date, or as appropriate, the Issue Date divided by the actual number of days (365 or 366 as the case may be) in the respective year.

**7.8.3** For Bonds issued at the Bond Issue Price, the gross yield calculated on the basis of the interest, the Bond Issue Price and the Redemption Value of the Bonds at maturity is five per cent (5%).

## 7.9 Payments

**7.9.1** Payment of the principal amount of a Bond will be made by the Issuer in Euro to each Bondholder whose name is entered in the register of the Bonds held at the CSD, with interest accrued to the date fixed for redemption, by means of a direct credit against surrender of the Bonds by the Bondholders at the registered office of the Issuer or at such other place in Malta as may be notified by the Issuer. 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.

**7.9.2** Payment of any instalment of interest on a Bond will be made by the Issuer in Euro directly to each Bondholder whose name is entered in the register of the Bonds held at the CSD at the close of business fifteen (15) Business Days prior to the Interest Payment Date by means of a direct credit into such bank account as held by the CSD. The Issuer shall not be responsible for any charges, loss or delay in transmission.

**7.9.3** All payments with respect to the Bonds are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable fiscal or other laws and regulations. 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 may be 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.

**7.9.4** No commissions or expenses shall be charged by the Issuer to the Bondholders in respect of payments made in accordance with this sub-Section 7.9. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

## 7.10 Redemption

The Issuer hereby irrevocably covenants in favour of each Bondholder that the Bonds will be redeemed at par (together with interest accrued to the date fixed for redemption) on the 31<sup>st</sup> July 2024 by payment to the Bondholders (whose names are entered in the register of the Bonds held at the CSD) by means of a direct credit into such bank account as held by the CSD. The Issuer shall not be responsible for any charges, loss or delay in transmission. In such a case the Issuer shall be discharged of any and all payment obligations under the Bonds upon payment made net of any withholding or other taxes due or which may be due under Maltese law and which is payable by the Bondholders.



## 7.11 Representations and warranties

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

- (a) 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,
- (b) no litigation, arbitration or administrative proceedings are taking place, pending or, to the knowledge of the officers of the Issuer and the Guarantor, threatened against the Issuer and/or the Guarantor which could have a material adverse effect on the business, assets or financial condition of the Issuer and/or the Guarantor, as the case may be; and,
- (c) there has been no material adverse change in the financial position of the Issuer and/or the Guarantor from that set forth in the financial statements referred to in sub-Sections 5.1 and 5.3 respectively of the Registration Document.

**7.11.2** The Prospectus contains all relevant material information with respect to the Issuer and the Guarantor and all information contained herein 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.

## 7.12 Events of Default

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

- (a) 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,
- (b) 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 thirty (30) days after written notice thereof shall have been given to the Issuer by any Bondholder; or,
- (c) 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,
- (d) 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,
- (e) the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or,
- (f) 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 taken for the payment of money in excess of €1,250,000 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,
- (g) any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined above) of the Issuer in excess of €1,250,000 or its equivalent at any time.

## 7.13 Meetings of the Bondholders

**7.13.1** The Issuer may, at any time, convene a meeting of Bondholders to consider and approve by Extraordinary Resolution (as defined below) any of the following: (i) any matter affecting their interest, including the amendment, modification, waiver, abrogation or substitution of any of the terms or conditions of the Bonds and the rights of the Bondholders, whether or not those rights arise under the Prospectus; (ii) 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) the earlier redemption of the Bonds.

- 7.13.2** Notice in writing shall be given to Bondholders by the Issuer at least fourteen (14) clear days before the meeting (excluding the day on which the notice is given and the day for which it is given). The notice shall specify the date, time and location of the meeting.
- 7.13.3** The instrument appointing a proxy shall be deposited at least forty-eight (48) hours before the time fixed for the meeting at such place as the Issuer shall designate or approve and, in default, it shall not be valid unless the Chairman of the meeting decides otherwise before the meeting proceeds to business. A proxy need not be a Bondholder.
- 7.13.4** The Chairman of a meeting of Bondholders shall be the Chairman of the board of directors of the Issuer or such other person as the Issuer may nominate in writing from time to time. The Chairman of an adjourned meeting need not be the same person as the Chairman of the original meeting.
- 7.13.5** The following may attend and speak at a meeting of Bondholders: (i) the Chairman of the meeting; (ii) representatives and directors of the Issuer; and (iii) Bondholders and/or their proxies. No other person shall be entitled to attend or speak at a meeting.
- 7.13.6** Bondholders holding in aggregate at least 50% in nominal value of the Bonds for the time being outstanding (present in person or by proxy) shall constitute a quorum.
- 7.13.7** No business (except when choosing a Chairman in accordance with sub-Section 7.13.4 above) shall be transacted at a meeting of Bondholders unless a quorum is present at the commencement of the meeting. If a quorum is not present within thirty (30) minutes from the time initially fixed for the meeting, it shall stand adjourned to such date, time and place as the Chairman may decide. 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, 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, the adjourned meeting.
- 7.13.8** Each matter submitted to a meeting shall be decided by a show of hands unless a poll is (before or following the result of the show of hands) demanded by the Chairman. Every Bondholder shall be entitled to one (1) vote for each Bond held whether on a show of hands or on a poll. Voting, whether on a show of hands or on a poll, shall be taken in such manner as the Chairman of the meeting shall direct. The voting process shall be managed by the Company Secretary under the supervision and scrutiny of the Auditors of the Issuer.
- 7.13.9** An Extraordinary Resolution shall be binding on all Bondholders, whether or not present at the meeting, and each of them shall be bound to give effect to it accordingly. The Issuer shall give notice of the passing of an Extraordinary Resolution to Bondholders within fourteen (14) days, but failure to do so shall not invalidate the resolution.
- 7.13.10** The Chairman shall have the power to decide upon any other procedural issues that may arise in connection with meetings of Bondholders.

In this sub-Section 7.13, unless the context otherwise requires;

- (a) "Extraordinary Resolution" means a resolution proposed by the Issuer and passed at a meeting duly convened and held in accordance with the provisions of this paragraph by a majority of at least sixty-six per cent (66%) in nominal value of the Bondholders present at that meeting, in person or by proxy;
- (b) Reference to a meeting is to a meeting of Bondholders and includes any adjournment thereof.

## **7.14 Further issues**

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further Bonds, debentures, bonds or any other debt securities either having the same terms and conditions as the Bonds in all respects and so that such further issue shall be consolidated and form a single series with the Bonds or otherwise upon such terms and conditions as the Issuer may determine. Any further debt securities so issued may rank *pari passu* in all respects with the Bonds but shall not rank ahead of the Bonds.

## 7.15 Bonds held jointly

In respect of a Bond 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.

## 7.16 Authorisations, Approvals and Issue Date

**7.16.1** The issue of the Bonds has been authorised by means of a resolution of the board of directors of the Issuer adopted on the 25<sup>th</sup> June 2014. The Prospectus has been authorised by means of a resolution of the board of directors of the Issuer adopted on the 25<sup>th</sup> June 2014.

**7.16.2** The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 7<sup>th</sup> July 2014.

**7.16.3** Application has been made to the Malta Stock Exchange for the Bonds to be issued pursuant to the Prospectus to be listed and traded on its Official List and for dealings to commence once the Bonds are authorised as admissible to Listing by the Listing Authority.

**7.16.4** The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 31<sup>st</sup> July 2014 and trading is expected to commence on 1<sup>st</sup> August 2014. Dealing may commence prior to notification of the amount allotted being issued to Applicants.

**7.16.5** The Issue Date of the Bonds is the 31<sup>st</sup> July 2014.

## 7.17 Bonds held subject to usufruct

In respect of a Bond 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. In the event that an Applicant is the holder of Maturing Bonds held subject to usufruct, both the signatures of the bare owner as well as that of the usufructuary will be required in the applicable Application Form.

## 7.18 Governing law and jurisdiction

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

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

## 7.19 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 Bondholders at his/her registered address and posted.

## 8. TAXATION

### 8.1 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 disposal as well as any income/gains derived therefrom or made on their disposal. The following is a summary of the anticipated tax treatment applicable to holders of the Bonds 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 specific professional advice in this respect should be sought by investors and prospective investors accordingly.

### 8.2 Malta tax on interest

Insofar that the bondholder falls within the definition of “recipient” in terms of article 41(c) of the Income Tax Act (Chapter 123 of the Laws of Malta) and the said bondholder does not elect otherwise, interest shall be paid to such person net of a final withholding tax, on the basis that the interest is paid in respect of a public issue as required in the Income Tax Act. Currently final withholding tax is applied at a rate of ten per cent (10%) of the gross amount of the interest where the bondholder is a collective investment scheme which is a prescribed fund, or at a rate of fifteen per cent (15%) of the said gross amount in other cases.

Bondholders which do not fall within the definition of a “recipient” do not qualify for the said rates 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 bondholder who is an individual need not declare the interest so received on his income tax return. No person shall be charged to further tax in respect of such income. However, tax withheld shall in no case be available to any person as a credit against that person’s tax liability or for a refund, as the case may be.

In the case of a valid election made by an eligible bondholder to receive the interest due without the deduction of final tax, interest is paid gross and such person may 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 and/or any such other payor of the interest will advise the Inland Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients unless the recipient is not resident in Malta and satisfies the requisite statutory requirements.

Any such election made by an eligible bondholder at the time of the application may be subsequently changed by giving notice in writing to the Issuer and/or payor of the interest. 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)(i) 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 should receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer and/or the payor in terms of law.

### 8.3 European Union Savings Directive

Persons who are not resident in Malta should note that payment of interest to individuals and certain entities residing in another EU Member State or in certain other states who have concluded an appropriate agreement in this regard is reported on an annual basis to the Malta Commissioner for Revenue, who in turn exchanges the information with the competent authorities of the Member State where the recipient of the interest is resident. This exchange of information takes place in terms of Council Directive 2003/48/EC.

## 8.4 Malta tax 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 the applicable definition for income tax purposes and that such Bonds are held by the Bondholder as a capital asset, no tax should be chargeable in respect of a capital gain arising on the transfer of the Bonds.

Gains that arise on the transfer of the Bonds, when such bonds are not held as a capital asset by the Bondholder, should be taxable in the hands of the Bondholder in accordance with the applicable provisions of the Income Tax Act.

## 8.5 Duty on documents and transfers

No Maltese duty on documents and transfers should be chargeable on the issue of the Bonds.

Moreover, in terms of article 50 of the Financial Markets Act, as long as the Bonds constitute financial instruments of a quoted company on a regulated market, as is the Malta Stock Exchange, redemptions and transfers of the Bonds should be exempt from Maltese duty on documents and transfers.

# 9. TERMS AND CONDITIONS OF THE ISSUE

**9.1** The contract created by the acceptance of an Application shall be subject to the Terms and Conditions set out herein. If any Application is not accepted or if any Application is accepted for fewer Bonds than those applied for, the Application monies or the balance of the amount paid on Application will be returned by the Issuer, without interest, by direct credit into the Applicant’s bank account as indicated by the Applicant on the Application Form. The Issuer will not be responsible for any charges, loss or delay in transmission. In this regard, any monies returnable to Applicants may be retained pending clearance of the remittance 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.

**9.2** 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 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 and/or payments. 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.

**9.3** The consideration payable by a Preferred Applicant for the Bonds may be settled by submitting a pre-printed Application Form “A”, by the transfer to the Issuer of all or part of the Maturing Bonds held by such Preferred Applicant on the Cut-off Date, together with the payment of such additional amount in cash as may be required for the purpose of rounding up to the nearest €100, subject to a minimum application of €2,000 (a “Maturing Bond Transfer”).

By submitting a signed pre-printed Application Form “A” indicating that the Maturing Bond Transfer is being selected (whether in whole or in part consideration for the Bonds being applied for), the Preferred Applicant is thereby confirming that:

- (a) all or part (as the case may be) of the Maturing Bonds held by the Preferred Applicant are being transferred to the Issuer; and,
- (b) the pre-printed Application Form “A” constitutes the Preferred Applicant’s irrevocable mandate to the Issuer to (i) cause the transfer of the said Maturing Bonds in the Issuer’s name in consideration of the issue of Bonds, and (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 said Maturing Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Preferred Applicant.

As already indicated in sub-Section 7.2 of this Securities Note, Preferred Applicants applying for Bonds indicating their agreement to settle the consideration for the Bonds by surrendering in the Issuer’s favour Maturing Bonds of an equivalent nominal value (subject to the payment of such additional amount as may be required for the purpose of rounding up in multiples of €100 to the nearest €100), shall be allocated in their favour the full amount of Bonds.

A Preferred Applicant shall have preference 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, with the payment of such additional amount in cash as may be required for the purpose of rounding up to the nearest €100, subject to a minimum application of €2,000. In the event that a Preferred Applicant applies for additional Bonds other than by Maturing Bond Transfer, no preference shall arise with respect to the excess Bonds applied for.

A Maturing Bond Transfer shall be without prejudice to the rights of Preferred Applicants to receive interest on the Maturing Bonds up to and including the 30<sup>th</sup> July 2014.

The Issuer has not reserved any maximum amount of Bonds being issued for subscription by Preferred Applicants, subject to the maximum amount of the Issue of €25,000,000.

The Issuer intends to settle the payment of interest due to Preferred Applicants in respect of the 6.25% coupon rate on the Maturing Bonds on the 31<sup>st</sup> July 2014 as per the terms and conditions of issue of such Maturing Bonds, and, thereafter, interest will commence to run on the 31<sup>st</sup> July 2014 in respect of the Bonds. This will apply to all Preferred Applicants who would have submitted a pre-printed Application Form "A" and would, consequently, have exercised their option to subscribe for Bonds and settle the consideration for Bonds by transferring their Maturing Bonds to the Issuer as mentioned above.

Holder of Maturing Bonds on the Cut-off Date who do not elect to avail themselves of the possibility to exchange their investment in terms of the procedure outlined herein shall receive all capital and accrued interest to date on the 31<sup>st</sup> July 2014.

## 9.4

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. In the case of corporate Applicants or Applicants having separate legal personality, the Application Form must be signed by a person authorised to sign and bind such Applicant. It shall not be incumbent on the Issuer or the Registrar to verify whether the person or persons purporting to bind such an Applicant is or are in fact duly authorised.

Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by 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.

## 9.5

All Applications for the subscription of Bonds must be submitted by Preferred Applicants on a pre-printed Application Form "A" and by holders of 2017 - 2020 Issuer Bonds on the Cut-off Date on a pre-printed Application Form "B" to the Registrar or any Authorised Intermediary by 12.00 hours of the 22<sup>nd</sup> July 2014. Preferred Applicants may apply for Bonds in excess of the amount of Maturing Bonds held at the Cut-off Date on the same pre-printed Application Form "A". The minimum subscription amount of Bonds by any subscriber is €2,000 and subscriptions in excess of €2,000 in value must be in multiples of €100. All Application Forms, including those which provide for subscription for additional Bonds (other than Maturing Bond Transfers), must be accompanied by the full price of the Bonds applied for in euro and in clear funds. Payment may be made either in cash or by cheque payable to "The Registrar – Tumas Investments p.l.c. Bond Issue". In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.

Applicants are to note that any Bonds allotted to them will be recorded by the Malta Stock Exchange in the MSE account quoted on the relative Application Form even if the details of such MSE account, as held by the CSD, differ from any or all of the details appearing on such Application Form.

## 9.6

By completing and delivering an Application Form, you as the Applicant(s) shall:

- (a) irrevocably offer to purchase the number of Bonds specified in your 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; and,
- (b) authorise the Registrar and the directors of the Issuer to include your 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 you; and,

- (c) warrant that your remittance will be honoured on first presentation and agree that, if such remittance is not so honoured, you 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 (which acceptance shall be made in the absolute discretion of the Issuer and may be on the basis that the Issuer 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 of such late payment in respect of such Bonds, the Issuer 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 you will not be entitled to any refund or payment in respect of such Bonds (other than return of such late payment); and,
- (d) agree that the registration advice and other documents and any monies returnable by the Issuer may be retained pending clearance of the remittance and any verification of identity as required by all applicable laws and regulations in Malta, including the Prevention of Money Laundering Act, 1994 (and regulations made thereunder) and that such monies will not bear interest; and,
- (e) agree that all Applications, acceptances of applications and contracts resulting therefrom will be governed by, and construed in accordance with, Maltese law and that you submit to the jurisdiction of the Maltese courts and agree 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; and,
- (f) warrant that if you sign the Application Form on behalf of another party or on behalf of a corporation or corporate entity or association of persons, you have 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 and undertake to submit a power of attorney or a copy thereof duly certified by a lawyer or notary public if so required by the Registrar and/or the Issuer; and,
- (g) agree that all documents in connection with the issue of the Bonds and any returned monies, including refunds of all unapplied Application monies, will be sent at your 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; and,
- (h) agree that, having had the opportunity to read the Prospectus, you have and shall be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained herein; and,
- (i) confirm that in making such Application you are not relying on any information or representation in relation to the Issuer or the issue of the Bonds other than those contained in the Prospectus and you, accordingly, agree 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; and,
- (j) confirm that you have reviewed and will comply with the restriction contained in Section 9.7 and the warning in Section 9.8 and,
- (k) warrant that you are not under the age of eighteen (18) years or if you are lodging an Application in the name and for the benefit of a minor, warrant that you are the parents or legal guardian/s of the minor; and,
- (l) warrant that all information given in the Application Form was not incorrect or misleading; and,
- (m) agree that such Application Form is addressed to the Issuer and that in respect of those Bonds for which application has been accepted by the Issuer, you shall receive a registration advice confirming such acceptance; and,
- (n) confirm 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,
- (o) agree to provide the Registrar and/or the Issuer, as the case may be, with any information which it/they may request in connection with your Application(s); and,
- (p) agree that Rizzo, Farrugia & Co. (Stockbrokers) Ltd. in its capacity of Sponsor will not treat you as its customer by virtue of your making an Application for Bonds or by virtue of your Application to subscribe for Bonds being accepted and that Rizzo, Farrugia & Co. (Stockbrokers) Ltd. will owe you no duties or responsibilities concerning the price of the Bonds or their suitability for you; and,



- (q) warrant that, in connection with the Application, you 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 your Application in any territory and that you have 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 Bond Issue or your Application; and,
- (r) warrant that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with; and,
- (s) represent that you are 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 (the “Securities Act”)] and that you are 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, unless indicated otherwise on the Application Form in accordance with the instructions on the Application Form; and,
- (t) agree that, in all cases, any refund of unallocated Application monies will be sent to the Applicant by direct credit into the Applicant’s bank account as indicated by the Applicant on the Application Form, within five (5) Business Days from the date of final allocation. No interest shall be due on refunds. The Issuer shall not be responsible for any charges, loss or delay in transmission.

**9.7** The Bonds have not been and will not be registered under the Securities Act 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.

**9.8** No person receiving a copy of the Prospectus in any territory other than Malta may treat the same as constituting an invitation or offer to him/her nor should he/she in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to him/her or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself 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.

**9.9** For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations 2008, as subsequently amended, all Authorised Intermediaries are under a duty to communicate upon request, all information about clients as laid down in Articles 1.2(d) and 2.4 of the “Code of Conduct for Members of the Malta Stock Exchange” appended as Appendix IV to Chapter 3 of the Malta Stock Exchange Bye-Laws, irrespective of whether the Authorised Intermediaries are Malta Stock Exchange members or not. Such information shall be held and controlled by the 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’s Data Protection Policy as published from time to time.

**9.10** Within five (5) Business Days from the closing of the Issue Period, the Issuer shall, either directly or through the Registrar, determine and announce the basis of allotment to be adopted.

**9.11** Save where the context requires otherwise, terms defined in the Prospectus bear the same meaning when used in these Terms and Conditions, in the Application Forms, in any of the Annexes and in any other document issued pursuant to the Prospectus.

**9.12** Application Forms shall be submitted to the Registrar or any Authorised Intermediary during the Issue Period.

**9.13** If the Application Form(s) and proof of payment of cleared funds do not reach the Registrar by the close of the Issue Period, the Application will be deemed to have been declined.

**9.14** 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.

**9.15** The Issuer has not sought assessment of the Bonds by any independent credit rating agency.

## 10. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

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 issued pursuant to the Prospectus to be listed and traded on its Official List. The Terms and Conditions contained herein shall be read in conjunction with the Bye-Laws of the MSE applicable from time to time.

## 11. THIRD PARTY INFORMATION AND THE STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

Save for the Financial Analysis Summary reproduced in Annex A of this Registration Document and the architect's property valuation report indicated in the preceding Section 16 of this Registration Document and which is available for inspection as set out in the following Section 18 of this Registration Document, the Prospectus does not contain any statement or report attributed to any person as an expert.

The Financial Analysis Summary dated 7<sup>th</sup> July 2014 has been included 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, which has given and has not withdrawn its consent to the inclusion of said report herein. The architect's property valuation report dated 19<sup>th</sup> June 2014 is being made available in the form and context in which it appears with the authorisation of DeMicoli & Associates Architects of 70, Mill Street, Qormi QRM 3104, which has given and has not withdrawn its consent to said report being made available for inspection as set out in the following Section 12 of this Securities Note. Neither of the foregoing experts have any beneficial interest in the Issuer. The Issuer confirms that the Financial Analysis Summary and the aforesaid architect's property valuation report have been accurately reproduced 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.

## 12. DOCUMENTS ON DISPLAY

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 during the term of the Bond during office hours:

- i. The Memorandum and Articles of Association of the Issuer and the Guarantor;
- ii. The audited financial statements of the Issuer for the financial years ended 31<sup>st</sup> December 2013, 2012 and 2011;
- iii. The audited consolidated financial statements of the Guarantor for the financial years ended 31<sup>st</sup> December 2013, 2012 and 2011;
- iv. The Letter of Confirmation drawn up by PricewaterhouseCoopers dated 4<sup>th</sup> July 2014; and
- v. The independent architect's property valuation report dated 19<sup>th</sup> June 2014 prepared by Architect Ray DeMicoli of DeMicoli & Associates Architects at the Issuer's request in respect of the Portomaso project.

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# ANNEX B

## THE GUARANTEE

### SPINOLA DEVELOPMENT COMPANY LIMITED

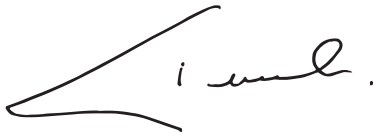
To All Bondholders:

Reference is made to the issue of €25,000,000 5% unsecured bonds due 2024 (the "Bonds") by Tumas Investments p.l.c. (the "Issuer") pursuant to and subject to the terms and conditions contained in a Prospectus to be dated 7<sup>th</sup> July 2014 (the "Prospectus").

Now, therefore, by virtue hereof we, Spinola Development Company Limited, hereby stand surety jointly and severally with the Issuer and irrevocably and unconditionally guarantee the due and punctual performance of all the obligations undertaken by the Issuer under the Bonds and, without prejudice to the generality of the foregoing, undertake to pay all amounts of principal and interest which may become due and payable 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 25<sup>th</sup> June 2014, after approval of the board of directors of Spinola Development Company Limited at its meeting of the same date.



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George Fenech  
Managing Director



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Raymond Fenech  
Director

# 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 the joint and several corporate Guarantee of the Guarantor, the full terms of which are set out in clause 4 below.

## 2. Scope of the Guarantee

The Guarantee is unconditional and shall cover all payments that may be due to Bondholders pursuant to the Prospectus. The Guarantee binds the Guarantor to pay to Bondholders any amount of interest or capital under the Bonds that may have become due under the terms of issue of a Bond.

## 3. Information about the Guarantor

Any information about the Guarantor which may be required pursuant to the Listing Rules and the Regulation may be found in the Registration Document forming part of the Prospectus.

Key details of the Guarantor are listed below:

Full legal and commercial name:	<b>Spinola Development Company Limited</b>
Registered address:	<b>Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian's</b>
Registration number:	<b>C-331</b>
Telephone number:	<b>+356 2137 2347</b>
Fax number:	<b>+356 2137 2358</b>
E-mail address:	<b>tgcorporate@tumas.com</b>
VAT Registration number:	<b>MT1280-6934</b>

## 4. Terms of the Guarantee

### 4.1 Guarantee

For the purposes of the Guarantee, the Guarantor irrevocably and unconditionally guarantees 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. This Guarantee shall apply to all Bonds issued on or after 31<sup>st</sup> July 2014 in accordance with the terms of the Prospectus.

### 4.2 Guarantor as joint and several surety

The Guarantor will be liable under this Guarantee as joint and several surety with the Issuer.

### 4.3 Guarantor's continuing obligations

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

### 4.4 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.

## **4.5 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.

## **4.6 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.

## **4.7 Power to execute**

The Guarantor hereby warrants and represents with 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 a legal, valid and binding obligation of the Guarantor in accordance with the terms laid out in this clause 4.

## **4.8 Deposit and production of the Guarantee**

The instrument creating this Guarantee shall be deposited with and held by the Issuer at its registered address for the benefit of the Bondholders until all obligations of the Guarantor have been discharged in full. Until such time, the Guarantor acknowledges the right of every Bondholder to obtain a copy of the instrument creating the Guarantee, which shall be available for inspection at the registered office of the Issuer at Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian's during the term of the Bond during office hours.

## **4.9 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.

## **4.10 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 in connection with this Guarantee are to be settled by the courts of Malta.

# ANNEX C - SPECIMEN APPLICATION FORMS

TUMAS INVESTMENTS plc  
 €25,000,000  
 5% BONDS 2024  
 APPLICATION FORM 'A'



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

**A APPLICANT** (See notes 2 to 4)

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E-MAIL ADDRESS	TEL. NO.	MOBILE NO.
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This Application Form is not transferable and entitles you to a preferential treatment as holder of Tumas Investments plc 6.25% Bonds 2014-2016 (the "Maturing Bond") and is to be submitted as a method of payment where the Applicant selects to apply for the Tumas Investments plc 5% Bonds 2024 so as to transfer to the Issuer all or part of the holding in the Maturing Bonds 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, the Applicant is thereby confirming that:

- all or part (as applicable) of the Maturing Bonds held by the Applicant as at the Cut-Off Date are being transferred to the Issuer as a form of payment at their nominal value, thereby releasing the Issuer from all and any obligations with respect to such Maturing Bonds; and
- this Application Form constitutes the Applicant's irrevocable mandate to the Issuer to cause the transfer of the Maturing Bonds in the Issuer's name in consideration of the issue of Tumas Investments plc 5% Bonds 2024.

**B BOX 1 - Nominal Value of Tumas Investments plc 6.25% Bonds 2014 - 2016 (the "Maturing Bonds")**

AMOUNT IN FIGURES <b>Box 1</b>
€

**BOX 2 - I/We** wish to purchase and acquire the amount set out in Box 2 in Tumas Investments plc 5% Bonds 2024 at the Bond Issue Price (at par) pursuant to the Prospectus dated 7<sup>th</sup> July 2014 (minimum €2,000 and in multiples of €100 thereafter).

AMOUNT IN WORDS

AMOUNT IN FIGURES <b>Box 2</b>
€

**BOX 3 - Amount of Tumas Investments plc 5% Bonds 2024** applied for less the nominal holding in Maturing Bonds, payable in full upon application under the Terms and Conditions as set out in the Prospectus.

AMOUNT IN FIGURES <b>Box 3</b> Difference payable on Application <b>Box 2 - Box 1</b>
€

**C RESIDENT - WITHHOLDING TAX DECLARATION** (See note 7) (to be completed ONLY if the Applicant is a Resident of Malta)

- I/We elect to have Final Withholding Tax deducted from my/our interest.
- I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).

**D NON-RESIDENT - DECLARATION FOR TAX PURPOSES** (See note 8) (to be completed ONLY if the Applicant is a Non-Resident)

TAX COUNTRY	TOWN OF BIRTH
T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH
PASSPORT/NATIONAL I.D. CARD NUMBER	ISSUE DATE

- I/We am/are **NOT** Resident in Malta but I/we am/are Resident in the European Union.
- 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
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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 (as contained therein) which I/we fully accept.

Signature/s of Applicant/s	Date
<small>(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)</small>	

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 7<sup>th</sup> July 2014 regulating the Bond Issue*

1. The terms used in this Application Form have the same meaning as that assigned 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 30<sup>th</sup> June 2014 (trading session of the 25<sup>th</sup> June 2014). **APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THE 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.**
5. In the case where a holder of Maturing Bonds 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 holders of Maturing Bonds up to their full amount held as at the Cut-Off Date, rounded to the nearest €100 and subject to a minimum application of €2,000.

Where the Applicant wishes to acquire a number of Tumas Investments plc 5% Bonds 2024 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 Tumas Investments plc 5% Bonds 2024 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, **may be made in cash or by cheque payable to "The Registrar - Tumas Investments plc Bond Issue"** which is to be attached to the Application Form being submitted to any Authorised Intermediary listed in Annex D of the Prospectus. 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 8.2 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, 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.

8. European Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments requires all payors established in the EU which pay interest to an individual resident in another EU Member State, to report the interest payment to the tax authorities of the Member State in which the payor is established. If the Applicant's permanent address is in an EU Member State or in another country to which the Directive applies (called a "specified territory") then the interest paid will be reported.

The contents of 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. If any Application is not accepted, after the closure of the subscription lists or is 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. Interests 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 Prospectus during normal office hours by not later than 12:00 on 22<sup>nd</sup> July 2014. 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 the Bond as contained in the Prospectus. Any Applications received by the Registrar after 12:00 on 22<sup>nd</sup> July 2014 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 2001 (Cap 440 of the Laws of Malta);
  - b. the Issuer may process such personal data for all purposes necessary for and related to the Bond 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 Issuer. The 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 a licensed stockbroker or an investments adviser, licensed under the Investments Services Act (Cap. 370 of the Laws of Malta), for advice.**

**TUMAS INVESTMENTS plc**  
**€25,000,000**  
**5% BONDS 2024**  
**APPLICATION FORM 'B'**



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

**A APPLICANT** (see notes 2 to 4)

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E-MAIL ADDRESS	TEL. NO.	MOBILE NO.
----------------	----------	------------

This Application Form is not transferable and entitles you to subscribe for Tumas Investments plc 5% Bonds 2024 as holder of the Tumas Investments plc 6.2% Bonds 2017-2020.

**B I/WE APPLY TO PURCHASE AND ACQUIRE** (see notes 6 and 7)

AMOUNT IN FIGURES €	AMOUNT IN WORDS
------------------------	-----------------

Tumas Investments plc 5% Bonds 2024 (minimum €2,000 and in multiples of €100 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 7th July 2014, (the "Prospectus"), payable in full upon application under the Terms and Conditions as defined in the said Prospectus.

**C RESIDENT - WITHHOLDING TAX DECLARATION** (See note 8) (to be completed ONLY if the Applicant is a Resident of Malta)

I/We elect to have Final Withholding Tax deducted from my/our interest.

I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).

**D NON-RESIDENT - DECLARATION FOR TAX PURPOSES** (See note 9) (to be completed ONLY if the Applicant is a Non-Resident)

TAX COUNTRY	TOWN OF BIRTH
T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH
PASSPORT/NATIONAL I.D. CARD NUMBER	ISSUE DATE

I/We am/are **NOT** Resident in Malta but I/we am/are Resident in the European Union.

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 10) Completion of this Panel is **MANDATORY**

BANK	IBAN
------	------

**F 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 (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 <div style="display: flex; justify-content: center; gap: 10px;"> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> </div>	APPLICATION NUMBER
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## Notes on how to complete this Application Form and other information

*The following notes are to be read in conjunction with the Prospectus dated 7<sup>th</sup> July 2014 regulating the Bond Issue.*

1. The terms used in this Application Form have the same meaning as that assigned to them in the Prospectus.
2. This Application Form is to be completed in BLOCK LETTERS.
3. Applicants who are Non-Resident in Malta for tax purposes, must complete Panel D Overleaf.
4. The MSE account number pertaining to the Applicant has been preprinted in Panel A and reflects the MSE account number on the Issuer's Register at the CSD as at 30<sup>th</sup> June 2014 (trading session of the 25<sup>th</sup> June 2014). **APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.**
5. In the case of a body corporate, Application Form must be signed by duly authorised representative/s indicating the capacity in which they are signing.
6. Applications must be for a minimum of €2,000 and thereafter in multiples of €100.
7. Payment in Euro **may be made in cash or by cheque payable to 'The Registrar - Tumas Investments plc Bond Issue'**. 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.
8. 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 8.2 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, 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.
9. European Council Directive 203/48/EC on the Taxation of Savings Income in the form of interest payments required all payors established in the EU which pay interest to an individual resident in another EU Member State, to report the interest payment to the tax authorities of the Member State in which the payor is established. If the Applicant's permanent residential address is in an EU Member State, or in another country to which the Directive applies (called a "specific territory") then the interest paid will be reported.  
  
The contents of 8 and 9 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisors in case of doubt.
10. If any Application is not accepted, after the closure of the subscription lists or is 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. Interests 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.
11. Completed Application Forms are to be delivered to any of the Authorised Intermediaries listed in Annex D of the Prospectus during normal office hours by not later than 12:00 on 22<sup>nd</sup> July 2014. 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 the Bond as contained in the Prospectus. Any Applications received by the Registrar after 12:00 on 22<sup>nd</sup> July 2014 will not be accepted.
12. 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 2001(Cap. 440 of the Laws of Malta);
  - b. the Issuer may process such personal data for all purposes necessary for and related to the Bond 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 Issuer. The 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 a licensed stockbroker or an investments adviser, licensed under the Investments Services Act (Cap. 370 of the Laws of Malta), for advice.**

# ANNEX D – LIST OF AUTHORISED INTERMEDIARIES

## AUTHORISED INTERMEDIARIES

### *Members of the Malta Stock Exchange*

<b>Bank of Valletta p.l.c.</b>	Tel: 2275 1732      Fax: 2275 1733 BOV Centre, Cannon Road, Santa Venera SVR 9030 <b>www.bov.com</b>
<b>Calamatta Cuschieri &amp; Co. Ltd</b>	Tel: 2568 8688      Fax: 2568 8256 5 <sup>th</sup> Floor, Valletta Buildings, South Street, Valletta VLT 1103 <b>www.cc.com.mt</b>
<b>Charts Investment Management Service Ltd</b>	Tel: 2122 4106      Fax: 2124 1101 Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913 <b>www.charts.com.mt</b>
<b>Curmi &amp; Partners Ltd</b>	Tel: 23426000      Fax: 2134 7333 Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102 <b>www.curmiandpartners.com</b>
<b>Financial Planning Services Ltd</b>	Tel: 2134 4244      Fax: 2134 1202 4, Marina Court, 1 G Cali Street, Ta' Xbiex XBX 1421 <b>www.bonellofinancial.com</b>
<b>FINCO Treasury Management Ltd</b>	Tel: 2122 0002      Fax: 2124 3280 Level 5, The Mall Complex, The Mall, Floriana FRN1470
<b>GlobalCapital Financial Management Ltd</b>	Tel: 21342342      Fax: 21333100 Testaferrata Street, Ta' Xbiex XBX 1403 <b>www.globalcapital.com.mt</b>
<b>Hogg Capital Investments Ltd</b>	Tel: 2132 2872      Fax: 2134 2760 Ferris Building, Level 4, 1 St Luke's Road, Gwardamangia, Pieta PTA1020 <b>www.hoggcapital.com</b>
<b>HSBC Bank Malta p.l.c.</b>	Tel: 2380 2381      Fax: 2380 6046 116, Archbishop Street, Valletta VLT1444 <b>www.hsbc.com.mt</b>
<b>Jesmond Mizzi Financial Advisors Ltd</b>	Tel: 2122 4410      Fax: 2122 3810 67, Level 3, South Street, Valletta VLT 1105 <b>www.jesmondmizzi.com</b>
<b>Lombard Bank Malta p.l.c.</b>	Tel: 2558 1114      Fax: 2558 1815 67, Republic Street, Valletta, VLT 1117 <b>www.lombardmalta.com</b>
<b>Rizzo, Farrugia &amp; Co. (Stockbrokers) Ltd</b>	Tel: 2258 3000      Fax: 2258 3001 Airways House, Third Floor, High Street, Sliema SLM 1549 <b>www.rizzofarrugia.com</b>

## ***Investment Services Providers***

### **APS Bank Ltd**

Tel: 2560 3192 Fax: 2560 3001  
Investment Services Unit, APS Centre Level 2, Tower Street, B'Kara BKR 4012  
**[www.apsbank.com.mt](http://www.apsbank.com.mt)**

### **Crystal Finance Investments Ltd**

Tel: 2122 6190 Fax: 2122 6188  
10, First Floor, City Gate, Valletta VLT1010  
**[www.crystal.com.mt](http://www.crystal.com.mt)**

### **Fexserv Investment Services Ltd**

Tel: 2576 2001 Fax: 2137 8869  
Alpine House, Naxxar Road, San Gwann SGN 9032

### **Growth Investments Ltd**

Tel: 2590 9356 Fax: 2122 6429  
Customer Service Centre, Pjazza Giovanni XXIII, Floriana FRN 1420  
**[www.growthinvestmentsonline.com](http://www.growthinvestmentsonline.com)**

### **Maltese Cross Financial Services Ltd**

Tel: 2144 7600  
242, Fleur-de-lys Road, B'Kara BKR 906  
**[www.maltesecrossfinancial.eu](http://www.maltesecrossfinancial.eu)**

### **Joseph Scicluna Investment Services Ltd**

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