

SUMMARY NOTE

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

Dated 30 January 2017

In respect of an issue of €25,000,000 4.4% Unsecured Bonds 2024
of a nominal value of €1,000 per Bond issued at par

by



VON DER HEYDEN GROUP

VON DER HEYDEN GROUP FINANCE P.L.C.

a public limited liability company registered in Malta with company registration number C 77266

Guaranteed by **TIMAN INVESTMENTS HOLDINGS LIMITED**

a private limited liability company registered in Malta with company registration number C 63335

ISIN: MT0001401208

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

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 INSTRUMENTS 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.

Legal Counsel



Sponsor, Manager & Registrar





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IMPORTANT INFORMATION

THIS SUMMARY NOTE CONSTITUTES PART OF A PROSPECTUS DATED 30 JANUARY 2017 AND CONTAINS INFORMATION ON VON DER HEYDEN GROUP FINANCE P.L.C. IN ITS CAPACITY AS ISSUER AND TIMAN INVESTMENTS HOLDINGS LIMITED IN ITS CAPACITY AS GUARANTOR, THEIR SUBSIDIARIES, AFFILIATES AND THE BUSINESS OF THE GROUP, AND INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH: (A) THE LISTING RULES OF THE LISTING AUTHORITY, THE COMPANIES ACT (CHAPTER 386 OF THE LAWS OF MALTA) AND THE REGULATION (AS DEFINED ON PAGE 4 BELOW); AND (B) THE RULES AND REGULATIONS APPLICABLE TO THE ADMISSION OF SECURITIES ON THE OFFICIAL LIST OF THE MALTA STOCK EXCHANGE.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF SECURITIES OF THE ISSUER OTHER THAN THOSE CONTAINED IN THIS SUMMARY NOTE AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS OR 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. THE DISTRIBUTION OF THE PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND, ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

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

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

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

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



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

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

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

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 HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR IN RELATION TO THIS PUBLIC OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY TOWARDS ANY OTHER PERSON AND WILL, ACCORDINGLY, NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

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

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

This Summary Note is prepared in accordance with the requirements of the Regulation (as defined 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 Note contains all the Elements required to be included in a summary in connection with the securities being issued pursuant to the Prospectus and the Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

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

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

| | | |
|-------------------------------------|-----------------|---|
| "Act" or "Companies Act" | | the Companies Act, 1995 (Chapter 386 of the laws of Malta); |
| "Andersia Sp. z o.o." | Property | Andersia Property Sp. z o.o., a subsidiary company of the Guarantor, registered under the laws of Poland with company registration number 058643 and having its registered address at Pl. Andersa 7, 61-894 Poznan, Poland; |
| "Andersia Retail Sp. z o.o." | | Andersia Retail Sp. z o.o., a subsidiary company of the Guarantor, registered under the laws of Poland with company registration number 238196 and having its registered address at Pl. |



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| | Andersa 7, 61-894 Poznan, Poland; |
| “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 Sponsor, Manager & Registrar or any of the other Authorised Intermediaries, as applicable; |
| “Application Form” | the form of application for subscription of Bonds, a specimen of which is contained in Annex D of the Securities Note forming part of the Prospectus; |
| “Authorised Intermediaries” | all the licensed stockbrokers and financial intermediaries listed in Annex E of the Securities Note forming part of the Prospectus; |
| “Bogenhausener Immobilien GmbH” | Tor Bogenhausener Tor Immobilien GmbH, a subsidiary company of the Guarantor, registered under the laws of Germany with company registration number Amtsgericht München HRB 164784 and having its registered address at Riedener Straße 2, 81677 Munich, Germany; |
| “Bond/s” | the €25,000,000 unsecured bonds 2024 of a nominal value of €1,000 per bond issued at par and redeemable on the Redemption Date at their nominal value, bearing interest at the rate of 4.4% per annum. The Bonds are guaranteed by Timan Investments Holdings Limited; |
| “Bondholder” | a holder of Bonds; |
| “Bond Issue” | the issue of the Bonds; |
| “Bond Issue Price” | the price of €1,000 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; |
| “CET” | Central European Time; |
| “CSD” | the Central Securities Depository of the Malta Stock Exchange authorised in terms of Part IV of the Financial Markets Act (Chapter 345 of the laws of Malta), having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta; |
| “Długi Targ Sp. z o.o.” | Długi Targ Sp. z o.o., a subsidiary company of the Guarantor, registered under the laws of Poland with company registration number 258097 and having its registered address at Pl. Andersa 7, 61-894 Poznan, Poland; |
| “Euro” or “€” | the lawful currency of the Republic of Malta; |
| “Exchange”, “Malta Stock Exchange” or “MSE” | Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Chapter 345 of the laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta; |
| “Financial Analysis Summary” | the financial analysis summary dated 30 January 2017 compiled by the Sponsor, Manager & Registrar in line with the applicable requirements of the Listing Authority policies and which is intended to summarise the key financial data set out in the Prospectus appertaining to the Issuer and the Guarantor, a copy of which is set out in Annex C of the Securities Note forming part of the Prospectus; |
| “FJV Management Limited” | FJV Management Limited, a company registered under the laws of Malta with company registration number C 42279 and having its registered office at FJVA Business Centre, Industry Street, Qormi QRM 3000, Malta; |
| “Group” | the Guarantor (parent company) and any subsidiary and associated company or entity, including the Issuer, in which the Guarantor has a controlling interest, principally specialising in the business of developing high quality office buildings and other property developments, as well as owning and managing hotel and residential properties in several European countries; |
| “Guarantor” | Timan Investments Holdings Limited, a company registered under the laws of Malta with company registration number C 63335 and having its registered office at B2, Industry Street, Qormi QRM 3000, Malta, in terms of the guarantee contained in Annex B of the Securities Note forming part of the Prospectus and as described in Element B.18 of this Summary Note; |
| “Interest Payment Date” | 8 th March of each year between and including each of the years 2018 and the year 2024, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day; |
| “Intermediaries’ Offer” | shall have the meaning set out in Element E.3 of this Summary Note; |
| “Issue Period” | the period between 0830 hours (CET) on 9 February 2017 and 1200 hours (CET) on 3 rd |



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| | March 2017 (or such earlier date as may be determined by the Issuer) during which the Bonds are available for subscription; |
| “Issuer” | Von der Heyden Group Finance p.l.c., a company registered under the laws of Malta with company registration number C 77266 and having its registered office at Spinola Palace, 46, St. Christopher Street, Valletta VLT 1464, Malta; |
| “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; |
| “Lublin Grand Hotel Sp. z o.o.” | Lublin Grand Hotel Sp. z o.o., a subsidiary company of the Guarantor, registered under the laws of Poland with company registration number 61774 and having its registered address at Wspólna 62, 00-684 Warsaw, Poland; |
| “Malta Stock Exchange Bye-Laws” | the Malta Stock Exchange p.l.c. bye-laws issued by the authority of the board of directors of Malta Stock Exchange p.l.c., as may be amended from time to time; |
| “Official List” | the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws; |
| “Prospectus” | collectively this Summary Note, the Registration Document and the Securities Note, all dated 30 January 2017, as such documents may be amended, updated, replaced and supplemented from time to time; |
| “Prospectus Directive” | Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as may be amended from time to time; |
| “Redemption Date” | 8 th March 2024; |
| “Redemption Value” | the nominal value of each Bond (€1,000 per Bond); |
| “Registration Document” | the registration document issued by the Issuer dated 30 January 2017, forming part of the Prospectus; |
| “Regulation” | Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of the prospectus and dissemination of advertisements; |
| “Securities Note” | the securities note issued by the Issuer dated 30 January 2017, forming part of the Prospectus; |
| “Sponsor, Manager & Registrar” | Calamatta Cuschieri Investment Services Limited, a private limited liability company registered under the laws of Malta having its registered office at Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta and bearing company registration number C 13729. Calamatta Cuschieri Investment Services Limited is authorised to conduct investment services by the Malta Financial Services Authority in terms of the Investment Services Act (Chapter 370 of the laws of Malta); |
| “Summary Note” | this summary note in its entirety issued by the Issuer dated 30 January 2017, forming part of the Prospectus; |
| “Terms and Conditions” | the terms and conditions relating to the Bonds as contained in the Prospectus, a summary of which is contained in Element E.3 of this Summary Note; |
| “Trusthigh Holdings Limited” | Trusthigh Holdings Limited, a company registered under the laws of Ireland with company registration number 546261 and having its registered office at Raffeen House, |



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Ringaskiddy, Co., Cork, Ireland;

“Von der Heyden Group Holdings S.AR.L”

Von der Heyden Group Holdings S.AR.L, a company registered under the laws of Luxembourg with company registration number B189623 and having its registered office at 32, rue Marthe Prim-Welter, L-6138 Junglinster, Luxembourg.

1 SECTION A – INTRODUCTION AND WARNINGS

A.1 Prospective investors are hereby warned that:

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

A.2 Consent required for use of the Prospectus in connection with the Intermediaries' Offer: prospective investors are hereby informed that:

- i. for the purposes of any subscription for Bonds by Authorised Intermediaries pursuant to the Intermediaries' Offer and any subsequent resale, placement or other offering of Bonds by Authorised Intermediaries participating in the Intermediaries' Offer in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Directive, the Issuer consents to the use of the Prospectus (and accepts responsibility for the information contained herein in accordance with the terms hereof) with respect to any such subsequent resale, placement or other offering of Bonds, provided this is limited only: (a) in respect of Bonds subscribed for in terms of the Intermediaries' Offer by Authorised Intermediaries participating in the Intermediaries' Offer; (b) to any resale, placement or other offering of Bonds subscribed for as aforesaid, taking place in Malta; and (c) to any resale, placement or other offering of Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus;
- ii. **in the event of a resale, placement or other offering of Bonds by an Authorised Intermediary subsequent to the Intermediaries' Offer, said Authorised Intermediary shall be responsible to provide information to prospective investors on the terms and conditions of the resale, placement or other offering at the time such is made;** and
- iii. any new information with respect to Authorised Intermediaries unknown at the time of the approval of the Prospectus will be made available through a company announcement which will also be made available on the Issuer's website www.vdhgroup.com.

2 SECTION B – ISSUER AND GUARANTOR

B.1 The legal and commercial name of the Issuer is Von der Heyden Group Finance p.l.c. (registration number C 77266).

The legal and commercial name of the Guarantor is Timan Investments Holdings Limited (registration number C 63335).

B.2 The Issuer was registered in Malta in terms of the Act on 15 September 2016 as a public limited liability company and is domiciled in Malta.

The Guarantor was registered in Malta in terms of the Act on 31 December 2013 as a private limited liability company. The Guarantor is domiciled in Malta.



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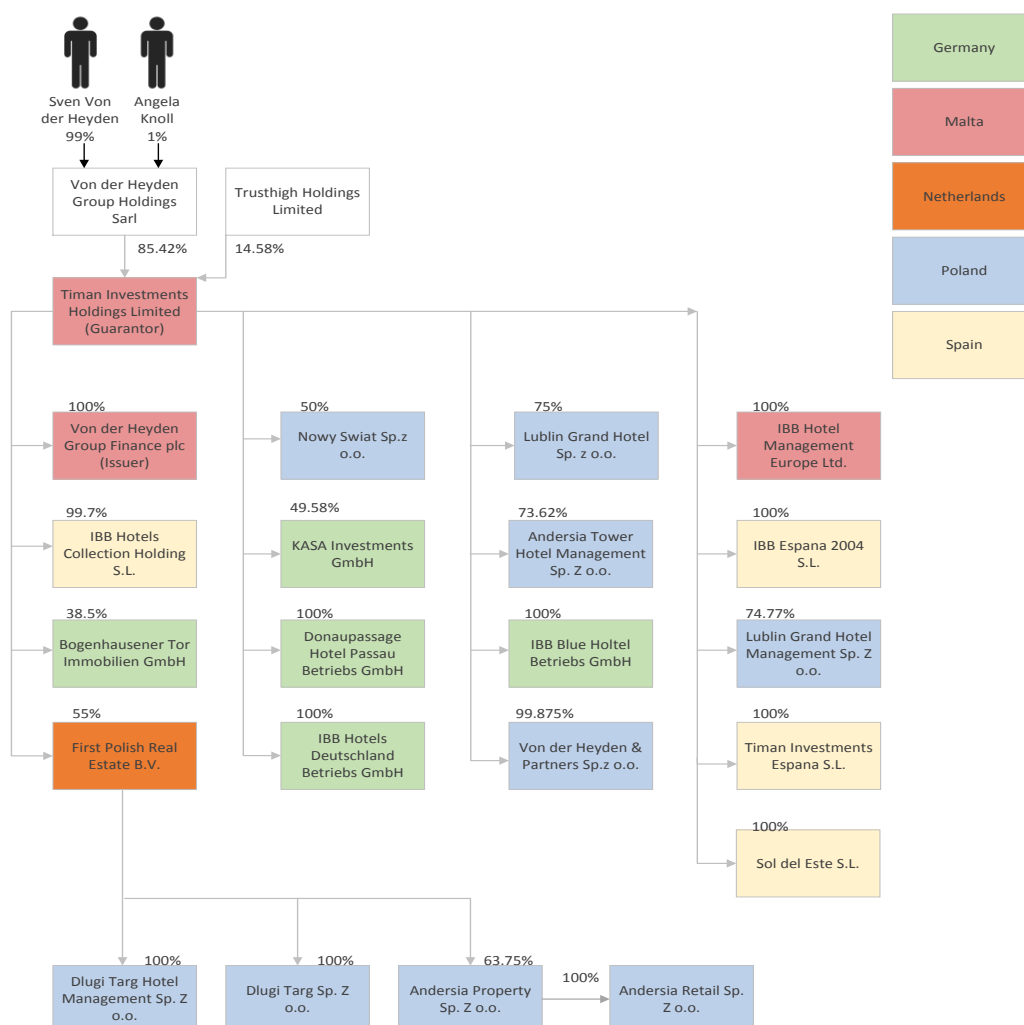
B.4b The principal object of the Issuer, which was set up and established to act as a finance company, is to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, movable and immovable property or other assets, including but not limited to securities and other financial interests. The issue of bonds falls within the objects of the Issuer.

The principal object of the Guarantor is to invest and deal with monies of the company in any shares, securities, commodities, derivatives and funds and in such manner as may, from time to time, be determined. The Guarantor is also empowered in terms of its Memorandum of Association to guarantee the payment of monies or the performance of any contract or obligation in which the Guarantor may be interested, even by the hypothecation of the Guarantor's property, whether present or future.

The Guarantor is the parent company of the Group, which is principally engaged, through several subsidiaries spread across five jurisdictions, in the business of developing high quality office buildings and other property developments, as well as owning and managing hotel and residential properties in several European countries, presently Poland, Germany and Spain. The Group also intends to invest in the Maltese real estate market in the immediate future.

The Group's operations are divided into two segments – property development and hotel operations. The core business of the Group is high quality office and hotel developments, including refurbishment of historical buildings, as well as hotel management through its IBB Hotel Collection brand. The Group currently holds offices and representations in Malta, Warsaw, Poznan, Berlin, Munich, Madrid, Menorca, Amsterdam and Luxembourg.

B.5 The Issuer is, except for one share which is held by FJV Management Limited, a fully-owned subsidiary of the Guarantor, which latter entity is the parent company of the Group. The organisational structure of the Group as at the date of the Prospectus is illustrated in the diagram below:



B.9 *Not Applicable:* the Registration Document does not contain any profit forecasts or estimates.



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B.10 *Not Applicable*: the Issuer was registered and incorporated on 15 September 2016 and since incorporation to the date of the Prospectus no financial statements have been prepared. The Guarantor's audit reports on its audited consolidated financial statements for the years ended 31 December 2013, 2014 and 2015 do not contain any material qualifications.

B.12 The Issuer was set up on 15 September 2016 and since incorporation to the date of the Prospectus no financial statements have been prepared. There has not been any significant change in the financial or trading position of the Issuer which has occurred since the company's date of incorporation. The Guarantor's historical financial information for the three financial years ended 31 December 2013, 2014 and 2015, as audited by RSM Malta, is set out in the audited consolidated financial statements of the Guarantor. Such audited consolidated financial statements are available at the Guarantor's registered office.

There were no significant changes to the financial or trading position of the Guarantor or the Group since the end of the financial period to which the Guarantor's afore-mentioned last audited consolidated financial statements relate. Furthermore, the Issuer and the Guarantor hereby confirm 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.

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

Condensed income statements for the years ended 31 December

| | 2013 <i>Euro 000</i> | 2014 <i>Euro 000</i> | 2015 <i>Euro 000</i> |
|------------------------------|-------------------------|-------------------------|-------------------------|
| Revenue | 12,360 | 13,957 | 13,779 |
| Cost of sales | (15,590) | (13,434) | (14,370) |
| Operating profit | (3,230) | 522 | (591) |
| Investment income | 4,714 | 1,018 | 574 |
| Impairment of goodwill | - | - | (1,240) |
| Fair value movements | 13 | (908) | 2,347 |
| Finance costs | (3,128) | (3,206) | (914) |
| Profit before tax | (1,630) | (2,574) | 175 |
| Taxation | 408 | 133 | 68 |
| Profit for the period | (1,222) | (2,441) | 243 |

Condensed statements of financial position as at 31 December

| | 2013 <i>Euro 000</i> | 2014 <i>Euro 000</i> | 2015 <i>Euro 000</i> |
|-------------------------------------|-------------------------|-------------------------|-------------------------|
| Assets | | | |
| Non-current assets | 95,158 | 92,438 | 62,683 |
| Current assets | 10,475 | 12,279 | 6,398 |
| Total Assets | 105,633 | 104,717 | 69,081 |
| Equity | 41,212 | 39,432 | 35,582 |
| Liabilities | | | |
| Non-current liabilities | 52,848 | 55,480 | 27,174 |
| Current liabilities | 11,573 | 9,805 | 6,325 |
| Total Liabilities | 64,421 | 65,285 | 33,499 |
| Total equity and liabilities | 105,633 | 104,717 | 69,081 |



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Condensed cash flow statements for the year ended 31 December

| | 2013 | 2014 | 2015 |
|---|-----------------|-----------------|-----------------|
| | <i>Euro 000</i> | <i>Euro 000</i> | <i>Euro 000</i> |
| Cash generated from operating activities | (1,107) | (1,915) | (3,606) |
| Cash generated from investing activities | 1,739 | 5,008 | 32,160 |
| Cash used in financing activities | (1,571) | 1,407 | (33,166) |
| Net movement in cash and cash equivalents | (940) | 4,500 | (4,613) |
| Cash and cash equivalents at the beginning of the year | 2,585 | 1,645 | 6,145 |
| Cash and cash equivalents at the end of the year | 1,645 | 6,145 | 1,532 |

B.13 In the short to medium term future the Group intends to invest in each of the following proposed projects: (i) the Bavaria Towers office development project in a strategic location in Munich, Germany; (ii) prospective office development projects in Poland, specifically the Andersia Silver development in Poznań and the Nowy Świat Atrium in Warsaw; (iii) a hotel development and refurbishment project concerning the IBB Hotel Długi Targ in Gdańsk, Poland; and (iv) IBB Hotel Collection operations in the pipeline, specifically the IBB Cugo Grand Harbour located in Senglea, Malta, the IBB Hotel Valletta Merkanti located in the downtown city centre of Malta's historic capital Valletta, the IBB Hotel Ingelheim located in the downtown city centre of Ingelheim, Germany, the IBB Hotel Kempten Allgäutower located in the city centre of Kempten, Germany and the IBB Hotel Paderborn located in the city centre of Paderborn, Germany. The Group intends to raise funds for the financing of these projects partially through the Bond Issue, with the remaining capital expenditure being funded by bank finance and own funds.

Save for the above, the Group is not party to any other material investments, and has not entered into or committed for any principal investments subsequent to 31 December 2015, being the date of the latest audited consolidated financial statements of the Guarantor, and the Guarantor is not aware of any recent events which are, to a material extent, relevant to the evaluation of its solvency.

B.14 The Issuer is not intended to undertake any trading activities itself apart from the raising of capital and the advancing thereof to members of the Group. Accordingly, the Issuer is economically dependent principally on the financial and operating performance of the businesses of Group entities, comprising the development of high quality office buildings and other property developments, as well as owning and managing hotel and residential properties in several European countries.

The Issuer does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company. The Issuer is, therefore, intended to serve as a vehicle through which the Group will continue to finance its future projects, principally and in the immediate future the projects identified in Element B.13 immediately above, as well as other projects that may be undertaken by its subsidiary companies.

The Guarantor is the parent company of the Group, the operations of which have, to date, been largely divided into two segments – property development and hotel operations. The core business of the Group is high quality office and hotel developments, including refurbishment of historical buildings, as well as hotel management through its IBB Hotel Collection brand.

B.15 The Issuer was set up and established to act as a finance company. In terms of its Memorandum of Association, the main object for which the Issuer is constituted is to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, movable and immovable property or other assets, including but not limited to securities and other financial interests.

The Guarantor, as the parent company of the Group, is principally engaged, through several subsidiaries spread across five jurisdictions, in the business of developing high quality office buildings and other property developments, as well as owning and managing hotel and residential properties in several European countries, presently Poland, Germany and Spain. In terms of its Memorandum of Association, the Guarantor is, amongst other things, empowered to guarantee the payment of monies or the performance of any contract or obligation in



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which the Guarantor may be interested, even by the hypothecation of the Guarantor's property, whether present or future.

- B.16 The Issuer's current authorised and issued share capital is €250,000 divided into 249,999 ordinary A shares of €1 each and 1 ordinary B share of €1, all fully paid up. The Guarantor holds 249,999 ordinary A shares of €1 each and FJV Management Limited holds 1 ordinary B share of €1.

The authorised share capital of the Guarantor is €50,000,000 divided into 20,000,000 ordinary A shares of €1 each and 30,000,000 ordinary B shares of €1 each. The issued share capital of the Guarantor is €3,804,641 divided into 3,249,924 ordinary A shares of €1 each held by Von der Heyden Group Holdings S.AR.L and 554,717 ordinary B shares of €1 each held by Trusthigh Holdings Limited (with a share premium of €8.013605136 each).

- 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, the Guarantor stands surety with the Issuer and irrevocably and unconditionally undertakes to affect the due and punctual performance of all the payment obligations undertaken by the Issuer under the Bonds if the Issuer fails to do so. Accordingly, until such time as the Bonds remain in issue, the Guarantor undertakes to pay on an on-going basis, interest which may become due and payable during the term of the Bonds and the principal amount of the Bonds on the Redemption Date should the Issuer default in paying the Bondholders under the Bonds. The Guarantor's obligations under the guarantee shall remain in full force and effect until no sum remains payable to any Bondholder pursuant to the issue of the Bonds.

3 SECTION C - SECURITIES

- C.1 The Issuer shall issue an aggregate of €25,000,000 in unsecured Bonds 2024 having a nominal value of €1,000 per bond, subject to a minimum subscription of €2,000 in Bonds and multiples of €1,000 thereafter. The Bonds will be issued in fully registered form and will be represented in an 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 MT0001401208. The Bonds shall bear interest at the rate of 4.4% per annum and shall be repayable in full upon maturity unless they are previously re-purchased and cancelled. The Bond Issue is guaranteed by the Guarantor.
- C.2 The Bonds are denominated in Euro (€).
- C.5 The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole (in multiples of €1,000) in accordance with the rules and regulations of the MSE applicable from time to time.
- C.8 Investors wishing to participate in the Bonds will be able to do so by duly executing the appropriate Application Form in relation to the Bonds. Execution of the Application Form will entitle such investor to: (i) the payment of interest; (ii) the payment of capital; (iii) ranking with respect to other indebtedness of the Issuer 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 debt of the Issuer and the Guarantor, present and future"; (iv) attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and (v) enjoy all such other rights attached to the Bonds emanating from the Prospectus.

The Group's indebtedness as at 31 December 2016 amounted in aggregate to €27,279,796.77, including bank loans. The relative bank borrowings are secured by privileges and hypothecs and, therefore, the indebtedness being created by the Bonds ranks after these bank borrowings. The Bonds would also rank after any future debts which may be secured by a cause of preference such as a privilege and/or a hypothec.

- C.9 The Bonds shall bear interest from and including 8th March 2017 at the rate of 4.4% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 8th March 2018. 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 Redemption Date is 4.4%.



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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 30 January 2017. Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Prospectus to be listed and traded on its Official List. The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 10th March 2017 and trading is expected to commence on 13th March 2017. Dealing may commence prior to notification of the amount allotted being issued to Applicants.

4 SECTION D – RISKS

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

The Prospectus contains statements that are, or may be deemed to be, "forward-looking statements", which relate to matters that are not historical facts and which may involve projections of future circumstances. 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 respective directors. No assurance is given that the future results or expectations will be achieved.

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

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

D.2 Essential information on the key risks specific to the Issuer, the Guarantor, the Group and its business:

Since the Issuer was incorporated on 15 September 2016, it has no trading record or history of operations. Furthermore, 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 Group, and, as such, its assets are intended to consist primarily of loans issued to Group companies. The Issuer is mainly dependant on the business prospects of the Group and, therefore, the operating results of the Group have a direct effect on the Issuer's financial position. Accordingly, the risks of the Issuer are indirectly those of the Group, and, in turn, all risks relating to the Group are the risks relevant to the Guarantor.

The operations of the Group and its operating results are subject to a number of factors that could adversely affect its business and financial condition, some of which are beyond the Group's control:

- i. The Group has a trading history in mixed-use real estate developments that consist principally of hotels, residential and office property. The hotel industry globally is characterised by strong and increasing competition. Many of the Group's current and potential competitors may have longer operating histories,



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greater name recognition, larger customer bases and greater financial and other resources than the Group. Severe competition in certain countries and changes in economic and market conditions could adversely affect the Group's business and operating results.

- ii. The Group may not be able to realise the benefits it expects from investments made in its properties under development for reasons including cost overruns, insufficiency of resources to complete the projects, sale or rental transactions not being effected at the prices and within the timeframes envisaged, or delays or refusals in obtaining the necessary planning permissions or other building and other required permits and authorisations.
- iii. The hotel industry may be adversely affected by natural disasters, terrorist activity and war, which events, if occurring in locations where the Group owns and/or operates hotels, could directly or indirectly affect travel patterns and reduce the number of business and leisure travelers in affected countries and reduce the demand for hotel accommodation at the Group's hotels.
- iv. The Group may not be able to obtain the capital it requires for development or improvement of existing or new investments on commercially reasonable terms, or at all, including increases in borrowing costs or decreases in loan funding, also taking into account the need, from time to time, for the Group's properties to undergo renovation, refurbishment or other improvements.
- v. The Group may be exposed to environmental liabilities attaching to real estate property, such as costs for the removal, investigation or remediation of any hazardous or toxic substances that may be located on or in, or which may have migrated from, a property owned or occupied by it, which costs may be substantial.
- vi. The value of the Group's property portfolio may fluctuate as a result of factors outside the Group's control, such as changes in regulatory requirements and applicable laws (including in relation to taxation and planning), political conditions, the condition of financial markets, potentially adverse tax consequences, and interest and inflation rate fluctuations. There is no assurance that valuations of Group properties and property-related assets will reflect actual market values that could be achieved upon a sale.
- vii. An increase in the supply of commercial space could impact negatively upon capital values and income streams of the Group's property portfolio. The Group may also be impacted by increased competition from other similar developments and rising operating costs.
- viii. The Group is dependent on tenants fulfilling their obligations under their lease agreements and, accordingly, the business, revenue and projected profits of the Group would be negatively impacted if tenants fail to honour their respective lease obligations.
- ix. In view of the fact that the Group is, in part, a property holding organisation, coupled with the fact that property is a relatively illiquid asset, such illiquidity may affect the Group's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely manner and at satisfactory prices in response to changes in economic, real estate, market or other conditions.
- x. All industries, including the leisure and real estate / property development industries, are subject to legal claims, with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit.
- xi. If one or more of the key personnel of the Group were unable or unwilling to continue in their present position, they may not be replaceable within the short term, which could have an adverse effect on the Group's business, financial condition and results of operations.
- xii. Historically, the Group has maintained insurance at levels determined by the Group to be appropriate in light of the cost of cover and the risk profiles of the businesses in which the Group operates. With respect to losses for which the Group is covered by its policies, it may be difficult and may take time to recover such losses from insurers. In addition, the Group may not be able to recover the full amount from the insurer.

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

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

- i. The existence of an orderly and liquid market for the Bonds depends on a number of factors including, but not limited to, the presence of willing buyers and sellers of the Issuer's Bonds at any given time. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market



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in which the Bonds are traded, over which the Issuer has no control. Many other factors over which the Issuer has no control may affect the trading market for, and trading value of, the Bonds. 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. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. There can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price, or at all.

- ii. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.
- iii. A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different.
- iv. No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time.
- v. The Bonds shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and, save for such exceptions as may be provided by applicable law, shall rank without priority and preference to all other present and future unsecured obligations of the Issuer and the Guarantor. The Bonds will, however, rank subordinate to the present and future secured creditors of the Issuer and the Guarantor. In view of the fact that the Bonds are being guaranteed by the Guarantor, Bondholders are entitled to request the Guarantor to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount, when due. The strength of this undertaking on the part of the Guarantor is directly linked to the financial position and solvency of the Guarantor.
- vi. In the event that the Issuer wishes to amend any of the Terms and Conditions of issue of the Bonds it shall call a meeting of Bondholders. The provisions relating to meetings of Bondholders permit defined majorities to bind all Bondholders, including Bondholders who do not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority.
- vii. The Bonds and the terms and conditions of the Bond Issue are based on the requirements of the Listing Rules, the Companies Act and the Regulation in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Prospectus.

5 SECTION E – OFFER

- E.2b The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €24,625,000, will be used by the Issuer for the following purposes, in the following amounts and order of priority: (i) €1,750,000 shall be advanced, pursuant to a loan agreement, by the Issuer to Bogenhausener Tor Immobilien GmbH (which entity is owned as to 38.5% by the Group) in connection with the Bavaria Towers development project to finance cash deposit for bank financing and investment expenses; (ii) €4,000,000 shall be advanced, pursuant to loan agreements, by the Issuer to Andersia Property Sp. z o.o. and Andersia Retail Sp. z o.o. in connection with the Andersia Silver development project for investment purposes and to fulfil expected equity requirements (Andersia Retail Sp. z o.o. owns the Andersia Silver property and is owned as to 42.5% by the Group); (iii) €936,000 shall be advanced, pursuant to a loan agreement, by the Issuer to Lublin Grand Hotel Sp. z o.o. to fund the refurbishment of the third floor of the IBB Grand Hotel Lublinianka and to purchase the remaining 25% of the shares in Lublin Grand Hotel Sp. z o.o., the owner of the said hotel (which entity is, as at the date of the Prospectus, owned as to 75% by the Group); (iv) €250,000 shall be advanced, pursuant to a loan agreement, by the Issuer to Długi Targ Sp. z o.o. (which entity is owned as to 50% by the Group) to be applied to the Długi Targ development project; (v) €1,000,000 shall be advanced, pursuant to a loan agreement, by the Issuer to Von der Heyden Group Holdings S.A.R.L which will, in turn, invest said funds in a 50-50 joint venture Maltese company to be incorporated for the purpose of developing of an office building in Valletta, Malta; (vi) €3,200,000 shall be advanced, pursuant to loan agreements, by the Issuer to Group companies for the purpose of part-funding other prospective development projects in Malta and Europe; (vii) €1,383,000 shall be advanced, pursuant to loan agreements, by the Issuer to Group hotel operating companies to be applied to working capital facilities in respect of the proposed expansion of the IBB Hotel Collection in Europe (including Malta); (viii) €1,895,000 shall be advanced, pursuant to loan agreements, by the Issuer to Group hotel operating companies to be applied to rental deposits in respect of the proposed expansion of the IBB Hotel Collection in Europe (including Malta); (ix) €10,000,000 shall be used to carry into effect a refinancing of Group receivables and in return also a complete



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repayment of any direct debt of the Guarantor; and (x) the remaining balance of €211,000 shall be used for the Group's general corporate funding requirements in Malta, including operational costs. In the event that the Bond Issue is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for and the proceeds from the Bond Issue shall be applied in the manner and order of priority set out above. Any residual amounts required by the Issuer for the purposes of the uses specified above which shall not have been raised through the Bond Issue shall be financed from the Group's general cash flow and/or bank financing.

- E.3 The Bonds are open for subscription by Authorised Intermediaries through an Intermediaries' Offer. The total amount of €25,000,000 of Bonds is being reserved for subscription by Authorised Intermediaries participating in the Intermediaries' Offer. In this regard, the Issuer may enter into conditional subscription agreements with a number of Authorised Intermediaries for the subscription of Bonds, whereby it will bind itself to allocate Bonds thereto up to the total amount of €25,000,000 as aforesaid during the Intermediaries' Offer. In terms of each subscription agreement entered into with an Authorised Intermediary, the Issuer will be conditionally bound to issue, and each Authorised Intermediary will conditionally bind itself to subscribe for, a number of Bonds as indicated therein subject to the Bonds being admitted to trading on the Official List. Authorised Intermediaries subscribing for Bonds may do so for their own account or for the account of underlying customers, including retail customers, and shall, in addition, be entitled to distribute any portion of the Bonds subscribed for upon commencement of trading.

Applications for subscriptions to the Bonds may be made through the Sponsor, Manager & Registrar during the Issue Period on a first-come-first-served basis. The Issue Period shall close immediately upon attaining full subscription or on the last day of the Issue Period, whichever is the earliest. The Issuer will determine and announce the allocation policy for the Bonds within five (5) Business Days of the closing of the Issue Period. The results of the offer, including the allocation policy, will be announced through a company announcement. It is expected that allotment letters will be dispatched to Bondholders within five (5) Business Days of the date of the announcement of the allocation policy.

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. Form, Denomination and Title

The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €1,000 provided that on subscription the Bonds will be issued for a minimum of €2,000 per individual Bondholder. Authorised Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €2,000 to each underlying client.

2. Redemption and purchase

Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 8th March 2024. Subject to the provisions of this paragraph, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike. All Bonds so redeemed or purchased will be cancelled forthwith and may not be re-issued or re-sold.

3. Payments

Payment of the principal amount of the Bonds will be made within 7 days of the Redemption Date in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro and held with any licensed bank in Malta. Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business 15 days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within 7 days of the Interest Payment Date.

4. Events of Default

The Securities Note sets out a list of events of default the occurrence of which would result in the Bonds becoming immediately due and repayable at their principal amount, together with accrued interest.

5. Further Issues



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The Issuer may, from time to time, without the consent of the Bondholders, create and issue further debentures, debenture stock, bonds, loan notes, or any other debt securities, either having the same terms and conditions as any outstanding debt securities of any series (including the Bonds) and so that such further issue shall be consolidated and form a single series with the outstanding debt securities of the relevant series (including the Bonds), or upon such terms as the Issuer may determine at the time of their issue.

6. Meetings of participation Bondholders

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

7. Governing Law and Jurisdiction

The Bonds have been created, and the Bond Issue relating thereto is being made, in terms of the Act. 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 and/or the Guarantor arising out of or in connection with the Bonds shall be brought exclusively before the Maltese courts and the Bondholder shall be deemed to acknowledge that it is submitting to the exclusive jurisdiction of such courts.

- E.4 Save for the subscription for Bonds by Authorised Intermediaries (which include the Sponsor, Manager & Registrar) and any fees payable to Calamatta Cuschieri Investment Services Limited as Sponsor, Manager & Registrar in connection with the Bond Issue, 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 and costs related to publicity, advertising, printing, listing, registration, sponsor, management, selling commission and other miscellaneous expenses incurred in connection with this Bond Issue are estimated not to exceed €375,000 and shall be borne by the Issuer.

6 TIMETABLE

| | |
|---|--|
| Application Forms made available | 6 February 2017 |
| Issue Period | 9 February 2017 (from 0830 CET) to 3 March 2017 (by 12:00 CET) |
| Announcement of basis of acceptance | 8 March 2017 |
| Issue date of the Bonds and commencement of interest | 8 March 2017 |
| Expected date of admission of the Bonds to listing | 10 March 2017 |
| Expected date of commencement of trading in the Bonds | 13 March 2017 |
| Expected dispatch of allotment advices and refunds (if any) | 10 March 2017 |

The Issuer reserves the right to close the Offer of Bonds before 3rd March 2017 at 12:00 CET in the event that the Bonds are fully subscribed prior to said date and time. In such eventuality the events set out in steps 3 to 7 above shall be brought forward, although the number of workings days between the respective events shall not also be altered.

REGISTRATION DOCUMENT

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

Dated 30 January 2017

In respect of an issue of €25,000,000 4.4% Unsecured Bonds 2024
of a nominal value of €1,000 per Bond issued at par

by



VON DER HEYDEN GROUP

VON DER HEYDEN GROUP FINANCE P.L.C.

a public limited liability company registered in Malta with company registration number C 77266

Guaranteed by **TIMAN INVESTMENTS HOLDINGS LIMITED**

a private limited liability company registered in Malta with company registration number C 63335

ISIN: MT0001401208

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

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 INSTRUMENTS 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.

Legal Counsel



Sponsor, Manager & Registrar





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IMPORTANT INFORMATION

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

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF SECURITIES OF THE ISSUER OTHER THAN THOSE CONTAINED IN THIS REGISTRATION DOCUMENT AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS OR 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. THE DISTRIBUTION OF THE PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND, ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

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

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT LEGAL ADVISORS, ACCOUNTANTS AND/OR OTHER FINANCIAL ADVISORS AS TO LEGAL, TAX, INVESTMENT OR ANY OTHER RELATED MATTERS CONCERNING THE BONDS AND THE PROSPECTUS.



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

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

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

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

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

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

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

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



VON DER HEYDEN GROUP

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:

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| “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 E of the Securities Note forming part of the Prospectus; |
| “Andersia Retail Sp. z o.o.” | Andersia Retail Sp. z o.o., a subsidiary company of the Guarantor, registered under the laws of Poland with company registration number 238196 and having its registered address at Pl. Andersa 7, 61-894 Poznan, Poland; |
| “Andersia Tower Hotel Management Sp. z o.o.” | Andersia Tower Hotel Management Sp. z o.o., a subsidiary company of the Guarantor, registered under the laws of Poland with company registration number 242969 and having its registered address at Pl. Andersa 3, 61-894 Poznan, Poland; |
| “Bogenhausener Tor Immobilien GmbH” | Bogenhausener Tor Immobilien GmbH, a subsidiary company of the Guarantor, registered under the laws of Germany with company registration number Amtsgericht München HRB 164784 and having its registered address at Riedenburger Straße 2, 81677 Munich, Germany; |
| “Bond/s” | the €25,000,000 unsecured bonds 2024 of a nominal value of €1,000 per bond issued at par and redeemable on the Redemption Date at their nominal value, bearing interest at the rate of 4.4% per annum. The Bonds are guaranteed by Timan Investments Holdings Limited; |
| “Bondholder” | a holder of Bonds; |
| “Bond Issue” | the issue of the Bonds; |
| “Directors” or “Board” | the directors of the Issuer whose names are set out in sub-section 4.1 of this Registration Document; |
| “Długi Targ Sp. z o.o.” | Długi Targ Sp. z o.o., a subsidiary company of the Guarantor, registered under the laws of Poland with company registration number 258097 and having its registered address at Pl. Andersa 7, 61-894 Poznan, Poland; |
| “Długi Targ Hotel Management Sp. z o.o.” | Długi Targ Hotel Management Sp. z o.o., a subsidiary company of the Guarantor, registered under the laws of Poland with company registration number 610327 and having its registered address at Pl. Andersa 7, 61-894 Poznan, Poland; |
| “Donaupassage Hotel Passau Betriebs GmbH” | Donaupassage Hotel Passau Betriebs GmbH, a subsidiary company of the Guarantor, registered under the laws of Germany with company registration number Amtsgericht Passau HRB 7582 and having its registered address at Bahnhofstrasse 24, 94032 Passau, Germany; |
| “EBITDA” | the earnings before interest, tax, depreciation and amortization; |
| “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 (Chapter 345 of the laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT |



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| | 1063, Malta; |
| “Financial Analysis Summary” | the financial analysis summary dated 30 January 2017 compiled by the Sponsor in line with the applicable requirements of the Listing Authority policies and which is intended to summarise the key financial data set out in the Prospectus appertaining to the Issuer and the Guarantor, a copy of which is set out in Annex C of the Securities Note forming part of the Prospectus; |
| “FJV Management Limited” | FJV Management Limited, a company registered under the laws of Malta with company registration number C 42279 and having its registered office at FJVA Business Centre, Industry Street, Qormi QRM 3000, Malta; |
| “Group” | the Guarantor (parent company) and any subsidiary and associated company or entity, including the Issuer, in which the Guarantor has a controlling interest, as further described in sub-section 5.2 of this Registration Document, principally specialising in the business of developing high quality office buildings and other property developments, as well as owning and managing hotel and residential properties in several European countries; |
| “Guarantor” | Timan Investments Holdings Limited, a company registered under the laws of Malta with company registration number C 63335 and having its registered office at B2, Industry Street, Qormi QRM 3000, Malta, in terms of the guarantee contained in Annex B of the Securities Note forming part of the Prospectus and as described in Element B.18 of the Summary Note forming part of the Prospectus; |
| “IBB Blue Hotel Betriebs GmbH” | IBB Blue Hotel Betriebs GmbH, a subsidiary company of the Guarantor, registered under the laws of Germany with company registration number Amtsgericht Charlottenburg HRB 176072 and having its registered address at Groß-Berliner Damm 71, 12487 Berlin, Germany; |
| “IBB España 2004 S.L.” | IBB España 2004 S.L., a subsidiary company of the Guarantor, registered under the laws of Spain with company registration number B57245896 and having its registered address at Plaza Explanada 57, 2º 07703 Mahón, Menorca, Spain; |
| “IBB Hotel Collection Holding S.L.” | IBB Hotel Collection Holding S.L., a subsidiary company of the Guarantor, registered under the laws of Spain with company registration number B07609258 and having its registered address at Plaza Explanada 57, 2º 07703 Mahón, Menorca, Spain; |
| “IBB Hotels Deutschland Betriebs GmbH” | IBB Hotels Deutschland Betriebs GmbH, a subsidiary company of the Guarantor, registered under the laws of Germany with company registration number Amtsgericht Passau HRB 9187 and having its registered address at Bahnhofstrasse 24, 94032 Passau, Germany; |
| “IBB Hotel Erfurt GmbH & Co. KG” | IBB Hotel Erfurt GmbH & Co. KG, a subsidiary company of the Guarantor, registered under the laws of Germany with company registration number Amtsgericht Passau HRA 12802 and having its registered address at Bahnhofstrasse 24, 94032 Passau, Germany; |



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| “IBB Hotel Management Europe Ltd” | IBB Hotel Management Europe Ltd, a company registered under the laws of Malta with company registration number C 74696 and having its registered office at Spinola Palace, 46, St. Christopher Street, Valletta VLT 1464, Malta; |
| “Issuer” | Von der Heyden Group Finance p.l.c., a company registered under the laws of Malta with company registration number C 77266 and having its registered office at Spinola Palace, 46, St. Christopher Street, Valletta VLT 1464, Malta; |
| “KASA Investments GmbH” | KASA Investments GmbH, a subsidiary company of the Guarantor, registered under the laws of Germany with company registration number Amtsgericht München HRB 138355 and having its registered address at Nördliche Münchner Str. 16, 82031 Grünwald, Germany; |
| “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; |
| “Lublin Grand Hotel Sp. z o.o.” | Lublin Grand Hotel Sp. z o.o., a subsidiary company of the Guarantor, registered under the laws of Poland with company registration number 61774 and having its registered address at Wspólna 62, 00-684 Warsaw, Poland; |
| “Lublin Grand Hotel Management Sp. z o.o.” | Lublin Grand Hotel Management Sp. z o.o., a subsidiary company of the Guarantor, registered under the laws of Poland with company registration number 145390 and having its registered address at ul. Krakowskie Przedmieście 56, 20-002 Lublin, Poland; |
| “Malta Stock Exchange Bye-Laws” | the Malta Stock Exchange p.l.c. bye-laws issued by the authority of the board of directors of Malta Stock Exchange p.l.c., as may be amended from time to time; |
| “Memorandum and Articles of Association” or “M&As” | the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus; |
| “MFSA” | the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act, 1988 (Chapter 330 of the laws of Malta); |
| “Nowy Świat Sp. z o.o.” | Nowy Świat Sp. z o.o., a subsidiary company of the Guarantor, registered under the laws of Poland with company registration number 63825 and having its registered address at Wspólna 62, 00-684 Warsaw, Poland; |
| “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 Note, this Registration Document and the Securities Note, all dated 30 January 2017, as such documents may be amended, updated, replaced and supplemented from time to time; |
| “Prospectus Directive” | Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as may be amended from |



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| | time to time; |
| “Redemption Date” | 8 th March 2024; |
| “Registration Document” | this registration document in its entirety issued by the Issuer dated 30 January 2017, forming part of the Prospectus; |
| “Regulation” | Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of the prospectus and dissemination of advertisements; |
| “Securities Note” | the securities note issued by the Issuer dated 30 January 2017, forming part of the Prospectus; |
| “Sol del Este S.L.” | Sol del Este S.L., a subsidiary company of the Guarantor, registered under the laws of Spain with company registration number B57077992 and having its registered address at Plaza Explanada 57, 2 ^a 07703 Mahón, Menorca, Spain; |
| “Sponsor, Manager & Registrar” | Calamatta Cuschieri Investment Services Limited, a private limited liability company registered under the laws of Malta having its registered office at Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta and bearing company registration number C 13729. Calamatta Cuschieri Investment Services Limited is authorised to conduct investment services by the MFSA in terms of the Investment Services Act (Chapter 370 of the laws of Malta); |
| “Summary Note” | the summary note issued by the Issuer dated 30 January 2017, forming part of the Prospectus; |
| “Timan Investments España S.L.” | Timan Investments España S.L., a subsidiary company of the Guarantor, registered under the laws of Spain with company registration number B57002388 and having its registered address at Plaza Explanada 57, 2 ^a 07703 Mahón, Menorca, Spain; |
| “Trusthigh Holdings Limited” | Trusthigh Holdings Limited, a company registered under the |



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| | laws of Ireland with company registration number 546261 and having its registered office at Raffeen House, Ringaskiddy, Co., Cork, Ireland; |
| “von der Heyden Development Sp. z o.o.” | von der Heyden Development Sp. z o.o., a subsidiary company of the Guarantor, registered under the laws of Poland with company registration number 228286 and having its registered address at Wspólna 62, 00-684 Warsaw, Poland; |
| “Von der Heyden Group Holdings S.AR.L” | Von der Heyden Group Holdings S.AR.L, a company registered under the laws of Luxembourg with company registration number B189623 and having its registered office at 32, rue Marthe Prim-Welter, L-6138 Junglinster, Luxembourg; |
| “Von der Heyden & Partners Sp. z o.o.” | Von der Heyden & Partners Sp. z o.o., a subsidiary company of the Guarantor, registered under the laws of Poland with company registration number 80543 and having its registered address at Wspólna 62, 00-684 Warsaw, Poland. |

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 THIS REGISTRATION DOCUMENT, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER AND/OR THE GUARANTOR. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND NEITHER THE ISSUER NOR THE GUARANTOR ARE IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

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



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

2.1 Forward-looking statements

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

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

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

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

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

2.2 General

Authorised Intermediaries are to determine the suitability of prospective investors' investment in the



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Bonds in the light of said prospective investors' own circumstances. The Bonds may not be a suitable investment for all investors. In particular, Authorised Intermediaries should determine whether each prospective investor:

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

2.3 Risks relating to the Issuer's reliance on the Group

The Issuer was incorporated on 15 September 2016 and, accordingly, has no trading record or history of operations. Furthermore, 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 Group, and, as such, its assets are intended to consist primarily of loans issued to Group companies.

The Issuer is dependent on the business prospects of the Group and, consequently, the operating results of the Group have a direct effect on the Issuer's financial position. Therefore, the risks intrinsic in the business and operations of Group companies have a direct effect on the ability of the Issuer and the Guarantor to meet their respective obligations in connection with the payment of interest on the Bonds and repayment of principal when due. Accordingly, the risks of the Issuer are indirectly those of the Group, and, in turn, all risks relating to the Group are the risks relevant to the Guarantor.

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

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



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2.4 Risks relating to the Group and its business

2.4.1 General

Whilst the Issuer and Guarantor are registered in Malta, all of their respective assets, operations, business interests and activities are presently located or conducted in Poland, Germany and Spain, in each case through entities registered in the relevant jurisdiction.

The Group has a trading history in mixed-use real estate developments that consist principally of hotels, residential and office property. The hotel industry globally is characterised by strong and increasing competition. Many of the Group's current and potential competitors may have longer operating histories, greater name recognition, larger customer bases and greater financial and other resources than the Group. Severe competition in certain countries and changes in economic and market conditions could adversely affect the Group's business and operating results.

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

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

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

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

The Group is also exposed to the risk of delays or refusals in obtaining the necessary planning permissions or other building and other required permits and authorisations, which is a risk commonly associated with property development projects. Delays or refusals in the issuance of development permits for projects



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earmarked by Group companies for construction would have an adverse effect on the business, financial condition and profitability of the Group.

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

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

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

2.4.3 The hotel industry could be adversely affected by natural disasters, terrorist activity and war

Natural disasters, the spread of contagious disease, industrial action, travel-related accidents, terrorist activity and war, and the targeting of hotels and popular tourist destinations in particular, have, in the past, had a significant negative impact on the hotel industry globally and such events could have a similarly negative impact on the industry in the future.

Events such as the afore-mentioned in locations where the Group owns and/or operates hotels could directly or indirectly affect travel patterns and reduce the number of business and leisure travelers in affected countries and reduce the demand for hotel accommodation at the Group's hotels. In addition, concerns about air travel safety could substantially decrease the overall amount of air travel, including premium business travel, which is generally associated with the highest average daily rates at hotels. Such a decrease could have an adverse impact on occupancy levels in hotels owned and/or operated by the Group.

Furthermore, actual or threatened war, terrorist activity, political unrest, civil strife and other geopolitical uncertainty may also reduce overall demand for business and leisure travel. The occurrence of any of these events or increasing concerns about these events could have a material adverse impact on the business, financial condition, results of operations and prospects of the Group.

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

The Group's ability to implement its business strategies is dependent upon, amongst other things, its ability to generate sufficient funds internally and to access financing at acceptable costs. No assurance can be given that sufficient financing for its current and future investments will be available on commercially reasonable terms or within the timeframes required by the Group, also taking into account the need, from time to time, for the Group's properties to undergo renovation, refurbishment or other improvements. Any weakness in the capital markets may limit the Group's ability to raise capital for completion of



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projects that have commenced or for development of future investments. Failure to obtain, or delays in obtaining, the capital required to complete current or future developments on commercially reasonable terms, including increases in borrowing costs or decreases in loan funding, may limit the Group's growth and materially and adversely affect its business, financial condition, results of operations and prospects.

2.4.5 The Group may be exposed to environmental liabilities attaching to real estate property

Group companies may become liable for the costs of removal, investigation or remediation of any hazardous or toxic substances that may be located on or in, or which may have migrated from, a property owned or occupied by it, which costs may be substantial. Group companies may also be required to remove or remediate any hazardous substances that they may cause or knowingly permit at any property that they own or may in future own. Laws and regulations, which may be amended over time, may also impose liability for the presence of certain materials or substances or the release of certain materials or substances into the air, land or water or the migration of certain materials or substances from a real estate investment, including asbestos, and such presence, release or migration could form the basis for liability to third parties for personal injury or other damages. These environmental liabilities, if realised, could have a material adverse effect on the Group's business, financial condition and results of operations.

2.4.6 Fluctuations in property values

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

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

2.4.7 Exposure to general market conditions and other economic conditions

The health of the property and commercial rental market may be affected by a number of factors, such as national economy, political developments, government regulations, changes in planning or tax laws, interest rate fluctuations, inflation, the availability of financing and yields of alternative investments. An increase in the supply of commercial space could impact negatively upon capital values and income streams of the Group's property portfolio.

Adverse economic developments and trends could have a material impact on the business of the Group generally and may adversely affect rental revenues, property values and results of operations. In addition,



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the Group may be impacted by increased competition from other similar developments and rising operating costs.

2.4.8 Dependence on tenants and exposure to termination of lease agreements

The Group is dependent on tenants fulfilling their obligations under their lease agreements. The business, revenue and projected profits of the Group would be negatively impacted if tenants fail to honour their respective lease obligations.

The Group is also subject to the risk that tenants may terminate or elect not to renew their respective leases, either due to the expiration of the lease term or due to an early termination of the lease. In cases of early termination by tenants prior to the expiration of the lease term there is a risk of loss of rental income if the tenant is not replaced in a timely manner.

2.4.9 Liquidity risk

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

2.4.10 Risks relating to fluctuations in exchange rates and other regional economic developments

The Group's operations are in part exposed, in the case of transactions not denominated in Euro, to foreign currency risk on transactions, receivables and borrowings that are denominated in a currency other than the Euro. As a result, exchange gains and losses may arise on the realisation of amounts receivable and the settlement of amounts payable in foreign currencies.

The Group can be impacted by transaction risk, being the risk that the currency of the costs and liabilities of Group companies fluctuates in relation to the Euro (being the reporting currency of all Group companies), which fluctuation may adversely affect the Group's operating performance.

Group companies are exposed to the risks of global and regional adverse economic developments that could result in the lowering of revenues and in reduced income. Since 2010, a number of European Union member states have been implementing austerity measures in an effort to reduce government deficits, with such measures resulting in increased taxes and reduction in social spending, consequently materially affecting disposable income.

These measures and any further unexpected changes in the political, social or economic conditions of certain countries, may reduce leisure and business travel to and from those affected countries, which, in turn, may adversely affect relevant Group companies' room rates and/or occupancy levels and other income-generating activities, and could potentially lead to increased costs through increased taxes in those particular countries, ultimately resulting in the deterioration of the Group's business and/or operating results in the affected countries.



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2.4.11 Litigation risk

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

2.4.12 Reliance on key senior personnel and management

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

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

2.4.13 The Group's insurance policies

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

2.4.14 Other risks

The Group is subject to taxation, planning, environmental and health and safety laws and regulations. As with any business, the Group is at risk in relation to changes in laws and regulations and the timing and effects of changes in the laws and regulations to which it is subject, including changes in the interpretation thereof which cannot be predicted. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Prospectus upon the business and operations of Group companies.

3 PERSONS RESPONSIBLE

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



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

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

4.1 Directors of the Issuer

As at the date of this Registration Document, the Board of Directors is constituted by the following persons:

| | |
|----------------------------|-------------------------------------|
| Sven von der Heyden | Chairman and executive Director |
| Robert Hendrik Rottinghuis | Executive Director |
| Francis J. Vassallo | Independent, non-executive Director |
| Kevin Deguara | Independent, non-executive Director |
| Robert Aquilina | Independent, non-executive Director |

Mr Francis J. Vassallo, Mr Kevin Deguara and Mr Robert Aquilina are considered as independent Directors since they are free of any business, family or other relationship with the Issuer, its controlling shareholders or the management of either, that could create a conflict of interest such as to impair their judgement. In assessing Mr Francis J. Vassallo, Mr Kevin Deguara and Mr Robert Aquilina's independence due notice has been taken of Listing Rule 5.117.

The business address of the Directors is Spinola Palace, 46, St. Christopher Street, Valletta VLT 1464, Malta.

The company secretary of the Issuer is Mr Adrian P. Sciberras. The *curriculum vitae* of Mr Sciberras is set out in sub-section 4.3 below.

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

Name: **Sven von der Heyden**; Chairman and executive Director

Mr von der Heyden is the founder and Chairman of the Group, responsible for its overall direction and strategy. Prior to the setting up of the Group in 1989, Mr von der Heyden was an institutional bond dealer. He was also a co-founder, the main shareholder as well as chairman of the Supervisory Board of the Iberia Motor Company S.A., the general exclusive importer of Seat cars in Poland, sold in 1998 with a revenue of €150 million. Mr von der Heyden has won various personal and project awards, including “*Personality of the Year 2002*” award granted by the readers of Construction Journal Poland, “*Preservation of Historical Buildings*” award granted to Mr von der Heyden by the Polish Minister of Culture in 2002 and multiple “*Building of the Year*” and “*CEE Best Projects*” awards in recognition of projects carried into effect by the Group over the years (as set out in further detail throughout sub-section 5.2 of this Registration Document). Mr von der Heyden is resident in Malta since January 2014.

Name: **Robert Hendrik Rottinghuis**; Executive Director



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Mr Rottinghuis joined the Group in September 2016 as an executive director and member of the management board, responsible for corporate governance, compliance, corporate finance and business development, after having serviced the Group in different roles working with corporate services providers and banks for over 10 years. Mr Rottinghuis also held the position of managing director of United International Management Malta and director in its Luxembourg office, primarily servicing private equity and real estate investment funds. Mr Rottinghuis holds a Master in Business Administration degree.

Name: **Francis J. Vassallo**; Independent, non-executive Director

Mr Vassallo, founder of the Francis J. Vassallo & Associates Group, is a former Governor of the Central Bank of Malta. He occupied several senior positions during his 25-year international career with Chase Manhattan Bank New York, during which time he was a member of the board of several Chase subsidiaries in Luxembourg, the Channel Islands and in Spain. Between 1987 and 1991, Mr Vassallo was general manager of Chase Manhattan Bank in Spain and responsible for the setting-up of private banking and capital markets. He was then appointed general manager of Chase Private Bank in Switzerland, where he remained in office until September 1993. Back in Malta, and prior to founding the Francis J. Vassallo & Associates Group, Mr Vassallo was appointed Governor of the Central Bank of Malta during the crucial time of the introduction into Maltese legislation of the financial services package, which office he held until 1997. Mr Vassallo is a Professed Knight of the Sovereign Military Order of St. John of Jerusalem, has been awarded the National Order of Merit by the President of Malta and the Order of Isabel La Catolica by the King of Spain. He was also appointed Special Envoy to the previous Malta administration to negotiate double taxation agreements with Latin American countries.

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

Mr Deguara has a long term background in the real estate sector in Malta, having been actively involved within this industry for over 16 years. He is co-owner in the companies that operate the Remax offices in Blue Harbour in Ta' Xbiex and Remax City in Valletta. In respect of both said companies Mr Deguara also acts as money laundering reporting officer, as well as the person certified for their Financial Intelligence Analysis Unit obligations. In addition, he serves as a board member of the Remax & Friends Foundation which is a charitable foundation set up by Remax Malta to support various organisations and charities. Mr Deguara has studied business studies, accounts and economics as well as various leadership and management courses within the real estate sector.

Name: **Robert Aquilina**; Independent, non-executive Director

Mr Aquilina joined the Salvo Grima Group in 1973, being appointed as director in the following year. As from 1988 he served as managing director of the company and in 2003 was appointed as its Chairman and CEO. In line with the company's retirement policy on April 30, 2016 he stepped down as its CEO and remained Salvo Grima's Chairman, a position he continues to occupy to date. Mr Aquilina holds selected board member mandates in various national and international companies, as well as multiple memberships of leading logistics and shipping associations. Furthermore, since 1983 he has been a member of the Malta Chamber of Commerce and in 2016 became Chairman of the newly set up Logistics Business section. Mr Aquilina was also a founding member of the Airport Tax Free Association (ATFA) and Duty Free Port Shops Association, Malta and internationally served on the International Marine Purchasing Association (IMPA) for many years as vice president and council member.

4.2 Directors of the Guarantor



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As at the date of this Registration Document, the board of directors of the Guarantor is constituted by the following persons:

| | |
|---------------------------------|-------------------------------------|
| Sven von der Heyden | Chairman and executive director |
| Javier Errejon Sainz de la Maza | Executive director |
| Francis J. Vassallo | Independent, non-executive director |
| FJV Management Limited | Independent corporate director |

The business address of the directors of the Guarantor is B2, Industry Street, Qormi QRM 3000, Malta.

The company secretary of the Guarantor is Ms Adriana Camilleri Vassallo.

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

Name: **Sven von der Heyden**; Chairman and executive director

The *curriculum vitae* of Mr von der Heyden is set out in sub-section 4.1 above.

Name: **Javier Errejon Sainz de la Maza**; Executive director

Mr Errejon joined the Group in September 2006 as its Chief Financial Officer and member of the management board responsible for finance. Prior to that he occupied several senior positions, including that of head of analysis and management control of Aldeasa S.A. and controller and financial management of Grupo Ferrovial. With a bachelor in law and a Master of Business Administration degree from IESE Business School, Mr Errejon is also a professor teaching finance and business valuation at various universities and business schools in Spain and other countries.

Name: **Francis J. Vassallo**; Independent, non-executive director

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

Name: **FJV Management Limited**; Independent corporate director

FJV Management Limited is a management company forming part of the Francis J. Vassallo & Associates Group and serves as a corporate director of the Guarantor.

4.3 Senior management of the Group

The Issuer does not have any employees of its own and is reliant on the resources which are made available to it by other Group entities.

In addition to the directors of the Issuer and Guarantor, key members of the Group's Executive Team are the following:

Name: **Vladimir Saal**; Chief Executive Officer of IBB Hotel Collection

Mr Saal joined the Group in 2009 and is responsible for its hotel operations and development. Prior to him joining the Group, Mr Saal held several positions as general manager of leading hotels in Germany.

Name: **Carolyn Schraishuhn**; Group Head of Financial Controlling



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Ms Schraishuhn joined the Group in 2014 and is responsible for financial controlling. Prior to that she held the position of Head of Finance and Controlling for a German stock listed company. Ms Schraishuhn was also one of the youngest audit managers of Ernst & Young.

Name: **Adrian P. Sciberras**; Head of Controlling of IBB Hotel Collection

Mr Sciberras joined the Group in 2016 and is responsible for financial controlling at its hotel division, headquartered in Malta. Prior to him joining the Group, Mr Sciberras' prior positions held include that of financial controller at Transport Malta, chief financial officer at Gozo Channel Company Limited, as well as several positions within the private sector in Malta. He holds a bachelor in Accounting and an Executive Master in Business Administration from the University of Malta.

Name: **Adam Karol Trybusz**; Group Head of Real Estate Development, Poland

Mr Trybusz joined the Group in 1996 and is responsible for its real estate development projects in Poland, several of which have been award winning projects. Mr Trybusz holds a Master degree from the Faculty of Computer Science and Management in Wroclaw University of Technology and is a member of the Royal Institute of Chartered Surveyors (RICS).

Name: **Kinga Koninska**; Group Head of PR & Marketing

Ms Koninska joined the Group in 1997 after graduating from university and is responsible for PR and Marketing across the Group.

4.4 Advisors to the Issuer and Guarantor

Legal Counsel

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

Sponsoring Stockbroker

Name: Calamatta Cuschieri Investment Services Limited
Address: Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta

Financial Advisors

Name: RSM Malta
Address: Mdina Road, Zebbug, ZBG9015, Malta

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

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

4.5 Auditors of the Issuer



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Name: RSM Malta
Address: Mdina Road, Zebbug, ZBG 9015, Malta

The Issuer was set up on 15 September 2016 and since incorporation to the date of this Registration Document no financial statements have been prepared. The Issuer has appointed RSM Malta as its auditors. RSM Malta 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).

4.6 Auditors of the Guarantor

Name: RSM Malta
Address: Mdina Road, Zebbug, ZBG9015, Malta

The annual statutory consolidated financial statements of the Guarantor for the financial years ended 31 December 2013, 2014 and 2015 have been audited by RSM Malta. RSM Malta is a firm of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Chapter 281 of the laws of Malta).

5 INFORMATION ABOUT THE ISSUER AND GUARANTOR

5.1 Historical development of the Issuer

| | |
|---|---|
| Full legal and commercial name of the Issuer: | Von der Heyden Group Finance p.l.c. |
| Registered address: | Spinola Palace, 46, St. Christopher Street, Valletta VLT 1464, Malta |
| Place of registration and domicile: | Malta |
| Registration number: | C 77266 |
| Date of registration: | 15 September 2016 |
| Legal form | The Issuer is lawfully existing and registered as a public limited liability company in terms of the Act |
| Telephone number: | +356 2779 2200 |
| E-mail address: | vonderheydengrouppfinance@vdhgroup.com |
| Website: | www.vdhgroup.com |

The Issuer is, except for one share which is held by FJV Management Limited, a fully-owned subsidiary of the Guarantor, which latter entity is the parent company of the Group.

The Issuer was incorporated on 15 September 2016 as a public limited liability company, registered in terms of the Companies Act with company registration number C 77266 and is domiciled in Malta, having its registered office at Spinola Palace, 46, St. Christopher Street, Valletta VLT 1464, Malta. The Issuer, which was set up and established to act as a finance company, has as at the date hereof an authorised and issued share capital of €250,000 divided into 249,999 ordinary A shares of €1 each and 1 ordinary B share of €1, all fully paid up. At present, the shares in the Issuer are subscribed to and held as indicated in sub-section 8.1 of this Registration Document.

The principal object of the Issuer is to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, movable and immovable property or other assets, including but not limited to securities and other financial interests. The issue of bonds falls within the objects of the Issuer.



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The Issuer is not intended to undertake any trading activities itself apart from the raising of capital and the advancing thereof to members of the Group. Accordingly, the Issuer is economically dependent principally on the financial and operating performance of the businesses of Group entities, comprising the development of high quality office buildings and other property developments, as well as owning and managing hotel and residential properties in several European countries (further details of said entities and their respective businesses are set out in sub-section 5.2 of this Registration Document).

The Issuer does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company. The Issuer is, therefore, intended to serve as a vehicle through which the Group will continue to finance its future projects, principally and in the immediate future the projects set out in detail in sub-section 5.2 of this Registration Document, as well as other projects that may be undertaken by its subsidiary companies; and/or enabling the Group to seize new opportunities arising in the market.

The Issuer operates exclusively in and from Malta.

5.2 Historical development of the Guarantor and overview of the Group's business

5.2.1 Introduction

| | |
|--|---|
| Full legal and commercial name of the Guarantor: | Timan Investments Holdings Limited |
| Registered address: | B2, Industry Street, Qormi QRM 3000, Malta |
| Place of registration and domicile: | Malta |
| Registration number: | C 63335 |
| Date of registration: | 31 December 2013 |
| Legal form | The company is lawfully existing and registered as a private limited company in terms of the Act |
| Telephone number: | +356 2779 2200 |
| E-mail address: | vonderheydengroupfinance@vdhgroup.com |
| Website: | www.vdhgroup.com |

The Guarantor is a limited liability company incorporated and registered in Malta with company registration number C 63335, having its registered office at B2, Industry Street, Qormi QRM 3000, Malta. The Guarantor is the parent company of the Group, holding shares in a number of subsidiary companies registered in Germany, the Netherlands, Poland, Spain and Malta, primarily operating in the real estate development and hotel management sectors.

Today, following a share capital increase in August 2014, the Guarantor has an authorised share capital of €50,000,000 divided into 20,000,000 ordinary A shares of a nominal value of €1 each and 30,000,000 ordinary B shares of a nominal value of €1 each; and an issued share capital of €3,804,641 divided into 3,249,924 ordinary A shares of a nominal value of €1 each and 554,717 ordinary B shares of a nominal value of €1 each, all fully paid up. At present, the shares in the Guarantor are subscribed to and held as indicated in sub-section 8.2 of this Registration Document.

The principal object of the Guarantor is to invest and deal with monies of the company in any shares, securities, commodities, derivatives and funds and in such manner as may, from time to time, be determined. The Guarantor is also empowered in terms of its Memorandum of Association to guarantee the payment of monies or the performance of any contract or obligation in which the Guarantor may be interested, even by the hypothecation of the Guarantor's property, whether present or future.



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As stated above, the Guarantor is the parent company of the Group, which is principally engaged, through several subsidiaries spread across five jurisdictions, in the business of developing high quality office buildings and other property developments, as well as owning and managing hotel and residential properties in several European countries, presently Poland, Germany and Spain. The Group also intends to invest in the Maltese real estate market in the immediate future. More information on past, current and future projects may be found in sub-section 5.2.2 below.

Specifically, the Group's operations are divided into two segments – property development and hotel operations. The core business of the Group is high quality office and hotel developments, including refurbishment of historical buildings, as well as hotel management through its IBB Hotel Collection brand.

The Group currently holds offices and representations in Malta, Warsaw, Poznan, Berlin, Munich, Madrid, Menorca, Amsterdam and Luxembourg.

The following table provides a list of the principal assets and operations owned by the respective Group companies as at the date of the Prospectus:

| OWNING COMPANY | NAME OF PROPERTY | LOCATION | DESCRIPTION | % OWNERSHIP |
|---|--|----------|--|-------------|
| Andersia Retail Sp. z o.o. | Andersia Silver | Poland | Property owner | 42.5% |
| Andersia Tower Hotel Management Sp. z o.o. | IBB Andersia Hotel | Poland | Hotel management and operation | 73.62% |
| Bogenhausener Tor Immobilien GmbH | Bavaria Towers | Germany | Property owner of the Blue Tower | 38.5% |
| Długi Targ Sp. z o.o. | IBB Hotel Długi Targ | Poland | Property owner | 50% |
| Długi Targ Hotel Management Sp. z o.o. | IBB Hotel Długi Targ | Poland | Hotel management and operation | 50% |
| Donaupassage Hotel Passau Betriebs GmbH | IBB Hotel Passau City Centre and IBB Hotel Passau Süd | Germany | Hotel management and operation | 100% |
| IBB Blue Hotel Betriebs GmbH | IBB Blue Hotel Berlin-Airport | Germany | Hotel management and operation | 100% |
| IBB España 2004 S.L. | IBB Recoletos Coco Salamanca | Spain | Hotel management and operation | 100% |
| IBB Hotel Collection Holding S.L. (formerly Asturme S.L.) | IBB Hotel Paradis Blau | Spain | Property owner | 99.7% |
| IBB Hotels Deutschland Betriebs GmbH | IBB Hotel Ingelheim, IBB Hotel Kempten Allgäutower and IBB Hotel Paderborn | Germany | Hotel management and operation (future projects) | 100% |
| IBB Hotel Management Europe Ltd | IBB Hotel Valletta Merkanti | Malta | Hotel management and operation (future project) | 100% |
| KASA Investments | 8 residential | Germany | Property owner | 49.58% |



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| | | | | |
|--|--|--------|---|---------|
| GmbH | buildings located in Leipzig, Berlin and Plauen (Germany) totalling 5,937sqm | | | |
| Lublin Grand Hotel Sp. o.o. | IBB Grand Hotel Lublinianka | Poland | Property owner | 75% |
| Lublin Grand Hotel Management Sp. o.o. | IBB Grand Hotel Lublinianka | Poland | Hotel management and operation | 74.77% |
| Nowy Świat Sp. z o.o. | Nowy Świat Atrium | Poland | Property owner (future project) | 50% |
| Sol del Este S.L. | IBB Hotel Paradis Blau | Spain | Hotel management and operation | 100% |
| Timan Investments España S.L. | IBB Hotel Cugó Gran | Spain | Property owner & Hotel management and operation | 100% |
| Von der Heyden & Partners Sp. z o.o. | Plot of undeveloped land in Węgorzewo, Poland measuring 8,361m ² | Poland | Property owner | 99.875% |

5.2.2 Completed office development and residential projects

5.2.2.1 Prima Court

Prima Court, a project with an investment value of €18.2 million, was completed in December 1997. Prima Court, a class 'A' office building in Poland, was the first office building in Poland to be entirely leased before construction works began. The first sole tenant was *PricewaterhouseCoopers* which rented the building to use as their headquarters for ten years. The Group secured the longest, single real estate loan in the history of Poland at the time, which was granted jointly by *BNP-Dresdner Bank Polska S.A.* and *Polski Bank Inwestycyjny*.

Prima Court is an eight-storey office building located in the centre of Warsaw which was constructed on a 1,197m² plot with a two-storey underground car park and 7,500m² gross area and 4,224m² of net usable area. Prima Court was sold by the Group in 2006 to *RE Polish Property Fund*.

Prior to being sold, the building was entirely occupied by the following tenants; *First Public Relation, Grifols Polska Sp. z o.o., DKV Euro Service Polska, Fidelity Information Services, BPP Professional Education, Manpower, Bentley, Sarmatia, MPWiK, Efikom, Trinity* and *Yves Rocher*.

5.2.2.2 Ks. Skorupki 4

Ks. Skorupki 4, a project with an investment value of €14.5 million, was completed in November 1999. It is a class 'A' office building, with 7,200 m² gross area and 4,000 m² of net usable area and is located in the centre of Warsaw, Poland, at Ks. Skorupki 4 Street.

Ks. Skorupki 4 building was the first building in Poland that was sold turn-key off-plan prior to the start of construction works. Construction works began in September 1998 and were carried out by Bilfinger SE, an



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international industrial services provider. This building was sold to the state institution *Polish Bank Guarantee Fund* in 1999 and is till today being used as their corporate headquarters.

5.2.2.3 Liberty Corner

Liberty Corner, a project with an investment value of €21 million and completed in June 2003, is a unique class 'A+' office building in Poland located in the heart of Warsaw close to the Trzech Krzyży Square. The building comprises modern building management systems and was the first building in Poland built with pre-stressed slabs instead of structural columns which allows a flexibility in space arrangement within the building. Technical floors allow for individually designed distribution of structural cabling and power supply. Each floor has its separate ventilation and air-conditioning system. The façade is covered with two different types of sandstone of varying texture which enables the office building to blend in with the surrounding historical buildings. The lobby includes genuine architectural features from the *Censorship Office* of the communist era which previously stood in this exact location.

The Group and *Polish Press Agency* entered a joint venture in order to complete this project, with the Polish Press Agency contributing its real estate of 1,467m² and the Group securing the financing of the project.

Liberty Corner is comprised of two independent above-ground components as follows:

- i. leasable office space of 5,650 m² that was fully rented until sold in 2005;
- ii. present headquarters of the Polish Press Agency of 2,500m².

Both class 'A+' office buildings share an underground car park of 75 spaces.

Liberty Corner received many prestigious awards, among others: 'Building of the Year 2003' First Prize in the most prestigious contest "Budowa Roku 2003" ("Building of the Year 2003") organized by the Polish Association of Civil Engineers and Construction Technicians, the Ministry of Infrastructure and the General Office of Building Control; 'The Golden Drill 2004' award granted by Bosch; 'The best Office Address in Warsaw 2004' award granted by "Home & Market" magazine; and 'The Best Partner in Business 2004' award in the 'Best Office Building' category granted by 'Home & Market' magazine to the Group.

The Group leased Liberty Corner to prestigious tenants such as: the *Embassy of Ireland*, *Ivex* (Spanish government owned trade promotions agency), *Deutsche Bank*, *Knight Frank*, *Kolaja & Partners*, *Jaime Mascaro*, *Dalkia*, *Spencer Stuart* and the building also served as the Polish headquarters of the Group until 2013.

Liberty Corner was sold to the Luxembourg based *Accession Fund SICAV* in November 2005.

5.2.2.4 Poznań Financial Centre

Poznan Financial Centre ('PFC'), a project with an investment value of €45.5 million, was completed in February 2001 and was the first of three constructions developed by the Group at Anders' Square in Poznan, Poland, with construction works spanning over 27 months. It is a class 'A' office building built with a gross area of 32,500m² and net usable area of 18,500m² and was the first public-private partnership in Poznań in joint venture with the *City of Poznań*.

The building is characterised by the highest European standard of fixtures and fittings in foundation, construction, installation, elevation and finishing works. An area of 11.200 m² was leased during construction to *BZWBK*, which was, at the time, a subsidiary of *Allied Irish Bank*, Dublin, now *Banco*



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Santander. Other tenants included *Polkomtel*, *Usinor* - the world's largest steel making group - *Dresdner Bank*, *Allianz* and *PricewaterhouseCoopers*.

PFC was granted numerous awards, among others: *'The Most Intelligent Building 2001'* first prize in the "Intelligent Building" competition organised by Grupa Inteligentnego Budownictwa; second place in the *'Building of the Year 2000'* award in the "Construction of the Year 2000" competition organized by the Polish Association of Construction Technicians and Engineers, the Ministry of Regional Development and Construction, the Office of Housing Policy and City Development, and the Mai Office of Construction Supervision; first prize in the architectural competition of Jan Baptist Quadro organised by the City of Poznań and the Association of Polish Architects; the *"Dobre bo polskie"* (*Good and Polish*) mark for the team of architects for perfectly executed architectural design granted by Towarzystwo im. Hipolita Cegielskiego; as well as the *'Best Office Address in Poznań 2004'* award first prize in the 'Best Office Building' category granted by 'Home & Market' Magazine.

PFC was sold to *AIB Polonia Property Fund S.a.r.l.* in December 2004.

5.2.2.5 Andersia Tower

The Andersia Tower project, having an investment value of €84 million, was completed in August 2007 and marked the second stage of the Group's development of the Anders' Square in Poznań in joint venture with the *City of Poznań*.

Andersia Tower is a mixed-use development building of 35,000m² which includes office space, hotel space and retail functions, together with an underground two-storey car park.

A 4-star deluxe hotel, IBB Andersia Hotel, is located on the bottom floors of the building having 171 rooms including suites, an executive floor, retail outlets, restaurants, a conference centre and ball rooms which can host up to 800 people. The hotel is currently operated by the Group through its subsidiary company Andersia Tower Hotel Management SP. Z o.o. The higher floors of the Andersia Tower are designated for class 'A' office space. The building also comprises a swimming pool, a fitness club, saunas and steam baths.

The entire development was built using state-of-the-art technology and conforms to the strictest standards of 'intelligent' facilities. The construction works were conducted on a 'turn-key' basis by the internationally recognised contractor - *'Hochtief'*.

Andersia Tower received prestigious awards like: *'Building of the Year 2007'* First Prize in the most prestigious contest *"Budowa Roku 2007"* (*"Building of the Year 2007"*) organized by the Polish Association of Civil Engineers and Construction Technicians, the Ministry of Infrastructure and the General Office of Building Control; *'CEE Best Project Awards 2008'* first place in the 'Best Hotel Development Project 2008' category in a competition organized by the CEPIF (Central Eastern European Property and Investment Fair) and International Herald Tribune, granted by participants of the Central and Eastern Europe real estate markets during the CEPIF Fairs in 2008 in Warsaw; and *'Quality Awards'*, a prestigious second place in the 'CEE Hotel & Leisure Development of the year 2007' category granted by Construction Journal Poland.

Andersia Tower was sold to one of Europe's largest and internationally recognized funds, *DEKA Immobilien* in January 2008. Transaction value was more than €80 million, which marked a record low cap-rate on regional markets in Polish history.

5.2.2.6 Andersia Business Centre



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Andersia Business Centre, a project with investment value of €39 million, was completed in November 2012. With the completion of this business centre, the Group successfully completed the third phase of development of the Anders Square in joint venture with the *City of Poznań*.

Andersia Business Centre, comprising of 14,000m² gross area and a net usable area of 11,200m² and an underground car park with 140 parking places, is a five-storey business centre designed by the architectural studio of *Ewa and Stanisław Sipinski*. The construction works were carried out by *PORR (Polska) S.A.*

In March 2015 Andersia Business Centre received the LEED Certificate at the Gold level. The building was leased to prestigious tenants such as: *PricewaterhouseCoopers*, *Żabka Polska Sp. z o.o.*, *Mars Polska Sp. z o.o.*, *Newell Poland Services Sp. z o.o.*, *Regus*, *MCFit*, *Probuild Sp. z o.o.*

Andersia Business Centre was sold to *Polski Holding Nieruchomości S.A.*, the leading investor on the commercial real estate market in Poland, in July 2015.

5.2.2.7 Residential development in Leipzig, Berlin and Plauen (Germany)

The Group also owns, through its subsidiary company KASA Investments GmbH, a residential property development consisting of 8 residential buildings located in Leipzig, Berlin and Plauen (Germany) with a total surface area of 5,937m² and a current market value of €3.9 million. All buildings are being rented out and have been marked for gradual divestment given the favourable German real estate market at the moment.

5.2.2.8 Undeveloped land in Węgorzewo (Poland)

The Group also owns, through its subsidiary company Von der Heyden & Partners Sp. z o.o., a plot of undeveloped land in Węgorzewo, Poland. The land in question is held in freehold ownership and consists of eleven registered sub-plots totalling 8,361m² and has a current market value of €133,000. The required permits to develop detached residential houses have recently been obtained by the Group.

5.2.3 Office development projects in the pipeline

5.2.3.1 Bavaria Towers

With a projected investment value of €154 million, the Bavaria Towers forms part of the most spectacular development project in the Bavarian capital in a strategic location in Munich. Situated in the Bogenhausen district on the eastern edge of Munich, the Bavaria Towers project will create a stunning new gateway to the city.

The Bavaria Towers building complex is designed by *Nieto Sobejano Arquitectos* and will be comprised in total of four pentagonal high-rises that account for 77,651m² of total gross rental area, two central underground car parks with a total of 960 spaces, including places for electric cars and places for bicycles with changing rooms and showers.

More specifically, Bavaria Towers complex, to be constructed on a plot of land covering a total area of approximately 11,000m², consists of: Blue Tower (18 storeys, 72.3m high, 24,347m² gross rental area, 300 parking spaces), White Tower (15 storeys, 53.6m high, 15,150m² gross rental area, 140 parking spaces), Sky Tower (20 storeys, 83.6m high, 26,246m² gross rental area, 380 parking spaces) and Star Tower (9 storeys, 46.1m high, 11,908m² gross rental area, 140 parking spaces). The plot belongs to a German registered company, Bogenhausener Tor Immobilien GmbH, of which the Guarantor is 38.5% shareholder, held in co-ownership with Luxembourg based *Atlant Capital*. The Munich-based *Bayern Projekt GmbH* is tasked with



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project development and representing the interests of the owners including *Zurich Insurance*, the owners of the future Sky Tower and Star Tower which they acquired previously on a forward-funding basis, in confirmation of the strong reputation which the Group enjoys.

The White Tower and Blue Tower are currently being constructed and are due to obtain certification in accordance with the Leadership in Energy and Environmental Design (LEED) Gold sustainability standard. The general contractor is PORR Germany. The fixtures and fittings in Bavaria Towers combine leading-edge materials, minimalist design and state-of-the-art building systems. The ensemble offers the perfect environment for innovative enterprises, supporting tomorrow's working world.

The 54m high White Tower building was already rented before construction on a twenty year lease, to *H-Hotels AG* that will operate a 4-star Ramada hotel comprising 345 state-of-the art rooms and panorama suites, with a large spa and fitness area on the 14th floor. Furthermore, in December 2015 shortly after the start of construction, the White Tower building was sold to *Swiss Life Insurance Group* and is one of the Group's largest hotel transactions to date. Completion is estimated for spring 2018.

Planned completion of construction for the Blue, Sky and Star Towers is July 2018. For more information visit: www.bavaria-towers.de/en

5.2.4 Prospective office development projects

5.2.4.1 Andersia Silver

Andersia Silver, with a planned investment value of €110 million in Poznań, Poland, will be the fourth and final development phase of the contemplated structure at the Anders Square in Poznań which will comprise of two towers to be developed in two stages.

Andersia Silver, with an expected height of 116 metres, will be the highest building in Poznań, previously being Andersia Tower which was 105.2 metres (described in sub-section 5.2.2.5 above). All necessary planning permits for this project have already been obtained.

The Group aims to initiate the financing for this project at the start of 2017, followed by tender procedures for construction works, which are aimed to start in autumn 2017. To date the project development has been financed by equity and prior to construction the project financing will be sought from banks by the Group's local Polish team. Mr von der Heyden personally acts as Chairman of the supervisory board and von der Heyden Development Sp. z o.o. will be assisting in the development of the project.

Full project and construction completion is expected prior to the end of 2020.

5.2.4.2 Nowy Świat Atrium

Nowy Świat Atrium, having a planned investment value of €24 million, is to be realised in a 50-50 joint venture with *GLL Real Estate Partners* and will be located in the very heart of Warsaw at Nowy Świat 5 Street, close to the Warsaw Stock Exchange, Liberty Corner and the most exclusive retail area in Warsaw.

Nowy Świat Atrium will be a high quality five-storey office building with a two-storey underground car park with retail function located in the very heart of Warsaw close to the Trzech Krzyży Square. This modern building will blend perfectly with its surroundings and will conform to the strictest standards of intelligent facilities, as well as set-up standards performed by the Group in its European projects. The project, until now financed with equity and intercompany loans, is currently on hold due to planning and permission



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procedures, being more complicated than anticipated. In case the development is not possible in the foreseeable future the current shareholders intend to sell their interest in this property.

5.2.5 Completed hotel development and refurbishment projects

5.2.5.1 IBB Grand Hotel Lublinianka renovation

IBB Grand Hotel Lublinianka is a 4-star hotel in the centre of Lublin, Poland, which consisted in a 5,700m² renovation project of an investment value of €11.7 million, completed in 2002.

Grand Hotel Lublinianka is the most recognized and one of the most iconic and award-winning buildings in the city of Lublin, dating back to 1899. It has won the *"Best Overall Development 2002"* award granted by Construction Journal Poland; the *"Laur Konserwatorski 2003"* (*Laurel Conservator 2003*) award granted by Lublin Voivodship Conservator under the patronage of the Polish Minister of Culture, Lublin Voivod and Marshal of the Lublin Voivodeship; the *"Zabytek Zadbany 2003"* (*Monument Well Maintained 2003*) award granted by the Polish Ministry of Culture; and the *"Kryształowa Cegła"* (*Crystal Brick*) prize under the patronage of the President of State Office for Housing and Urban Development granted by Polskie Towarzystwo Mieszkaniowe Lublin.

Furthermore, for the Grand Hotel Lublinianka renovation project, Mr Sven von der Heyden received a personal award for *'Preservation of historical buildings'*, granted by the Polish Minister of Culture in 2002.

The Grand Hotel Lublinianka comprises 72 rooms, mostly double rooms, and 6 suites. There are also two restaurants, a banquet room and various fitness facilities, including a sauna, a gym and a Turkish steam bath.

The new Grand Hotel Lublinianka, which is partly owned by the Group (75%) through its subsidiary company Lublin Grand Hotel Sp. z o.o., opened its doors to guests on May 1, 2002. The Grand Hotel Lublinianka is also operated by the Group's IBB Hotel Collection through its subsidiary company Lublin Grand Hotel Management Sp. z o.o., of which the Guarantor is a 74.77% shareholder.

5.2.5.2 IBB Andersia Hotel

IBB Andersia Hotel is a 4-star hotel located in the Andersia Tower (more information on this development project is set out in sub-section 5.2.2.5 above) which was completed in August 2007, right in the centre of Poznań, surrounded by prestigious buildings, including Poznań Financial Centre, Andersia Business Centre and Słoty Browar Shopping Mall.

It is a modern deluxe hotel which offers 171 rooms and suites with an executive floor, retail outlets, restaurants, conference centre, banquet and ball rooms which can host up to 800 people. The hotel is also recognisable by its spa and wellness facilities, offering a large pool area, jacuzzi, saunas and a gym. 250m² on the ground floor are designated to Casinos Poland. The hotel is operated by the Group's IBB Hotel Collection through its subsidiary company Andersia Tower Hotel Management Sp. z o.o., of which the Guarantor is a 73.62% shareholder.

5.2.5.3 IBB Hotel Cugó Gran



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The IBB Hotel Cugó Gran, an exclusive 5-star hotel located in a 250-acre estate in Menorca, Spain (as referred to in further detail in sub-section 5.2.7.2 below), has been meticulously restored by the Group and is today one of the Group's flagship properties.

5.2.6 Hotel development and refurbishment projects in the pipeline

5.2.6.1 IBB Długi Targ

The Długi Targ development project (with an estimated development budget of €11 million) is based on refurbishment and conversion of three historical semi-detached city houses into a unique 90 room hotel with a total area of approximately 4,500 m². The building will also have prime retail space on the ground floor of approximately 1,000m². The characteristics of the external façade will be preserved; however, the interior will be modern and full of innovative solutions.

The IBB Hotel Długi Targ in Gdańsk, Poland is scheduled to open in late summer 2017 and will be managed by the Group's IBB Hotel Collection. In Poland, the Group currently successfully operates two renowned 4-star hotels through its IBB Hotel Collection brand: IBB Grand Hotel Lublinianka in Lublin and IBB Andersia Hotel in Poznań, both enjoying very good results in terms of revenue per available room and occupancy.

As stated above, the hotel will offer 90 rooms and comfortable apartments located on five above-ground storeys. The hotel will offer business facilities such as free in-room internet and business corners with a computer/printer for public use. The hotel will also be focused on touristic groups with a drive-in access for buses, which will make the hotel the only hotel in the area offering this convenience.

Długi Targ Hotel project will be the Group's first development project in Gdańsk and the Group is actively observing the local market for further opportunities in the region. This project will be carried out through the Group's subsidiary company Długi Targ Sp. z o.o..

5.2.7 Hotel operations

The Group manages its hotels through its brand IBB Hotel Collection (www.ibbhotels.com). The locally registered entity IBB Hotel Management Europe Ltd acts as the franchisor company, franchising each Group franchisee company in the different jurisdictions where hotel operations are located. IBB Hotel Collection currently operates nine 3-star to 5-star hotels.

Apart from operating IBB Grand Hotel Lublinianka and IBB Andersia Hotel in Poland, IBB Hotel Collection also operates one 4-star hotel and two 3-star hotels in Germany, as well as three hotels in Spain: one 5-star hotel, one 4-star hotel and one 3-star hotel (as set out in further detail in sub-sections 5.2.7.1 and 5.2.7.2 immediately below).

5.2.7.1 Hotel operations in Germany

Both IBB Hotel Passau City Centre and IBB Hotel Passau Süd are operated by the Group through its subsidiary company Donaupassage Hotel Passau Betriebs GmbH, of which the Guarantor is the sole shareholder.

IBB Hotel Passau City Centre is a 4-star 129 room hotel located in the heart of a picturesque city at the convergence of the three rivers Donau, Ilz and Inn – a popular location for business trips and holidays. The hotel offers spacious, comfortable and air-conditioned rooms. The hotel's facilities include the 'Culinaria' restaurant which can host up to 100 guests, overlooking the Donau, and conference rooms which can host up to 330 guests, which allow the hosting of the largest and most important events in the area. The hotel also



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comprises a recreational area, which includes an indoor pool, sauna, steam bath, a mini-gym and an area dedicated to beauty treatments.

IBB Hotel Passau Süd is a 3-star hotel located only 3km away from the historical city centre of Passau. The hotel offers 63 elegant rooms and 2 apartments, as well as a conference area that may host up to 85 guests.

The Group also operates IBB Blue Hotel Berlin-Airport in Germany, through its subsidiary company, IBB Blue Hotel Betriebs GmbH, of which the Guarantor is sole shareholder. IBB Blue Hotel Berlin-Airport is a 3-star hotel which offers a comfortable stay in a convenient location – ten minutes away from Brandenburg Berlin Airport. This hotel forms part of the IBB Hotel Collection “Blue” brand, reserved for 3-star hotels providing high quality services in most attractive locations at affordable prices. The hotel comprises 84 double rooms, the ‘Blue Lobby’ bar, one bistro and two meeting rooms, each 40m².

5.2.7.2 Hotel operations in Spain

IBB Recoletos Coco Salamanca, a 4-star hotel, is located close to Plaza de Toros in Salamanca - a UNESCO World Heritage city. The hotel was re-opened in 2014 under the operation of the Group’s IBB Hotel Collection through its subsidiary company IBB España 2004 S.L., of which the Guarantor is sole shareholder. The property offers 74 elegant, fully equipped double rooms, 6 single rooms and 2 superior rooms with en-suite hydro-massage shower rooms. The hotel comprises a terrace bar on the ground floor, an external swimming pool and a private car park. This property also offers comfortable and modern equipped conference-rooms. It is a perfect place to organize and celebrate both business and private events, such as conferences, banquets, weddings, dinners and cocktail parties. This hotel is leased and managed by IBB España 2004 S.L., a fully owned subsidiary of IBB Hotel Collection Holding S.L. (formerly Asturme S.L.), which, in turn, is effectively a wholly-owned subsidiary of the Guarantor.

IBB Hotel Paradis Blau is a 3-star hotel located in Calan Porter, a very famous village in the island of Menorca known for its picturesque beaches and caves. After the termination of a lease agreement with an external operator, the Group refurbished the hotel in summer 2014 and added this hotel to its management portfolio. The hotel offers 59 renovated rooms, a bar and a swimming pool located on the terrace and is under the operation of the Group’s IBB Hotel Collection through its subsidiary company Sol del Este S.L., of which the Guarantor is the sole shareholder. Apart from operating this hotel, the Group currently also wholly-owns the hotel through its subsidiary company IBB Hotel Collection Holding S.L.; however, given that this hotel does not fit the criteria of IBB Hotel Collection’s expansion plans, the Group is contemplating the sale of this property.

IBB Hotel Cugó Gran is said to be the gem in the Group’s portfolio. It is a meticulously restored old Menorcan farmhouse which provides guests with the services of a 5-star hotel having the privacy of a luxury villa. Situated in a 250-acre estate, the villa features spacious interiors and terraces, a 25-metre outdoor pool in exquisitely landscaped gardens, its own vineyard, as well as a gym and massage treatment room. Cugó Gran is for exclusive use and can be booked for a minimum three or seven night stay. IBB Hotel Cugó Gran is wholly owned and operated by the Group through its subsidiary company, Timan Investments España S.L. For more information visit: www.cugogranmenorca.com

5.2.8 Hotel operations in the pipeline



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5.2.8.1 IBB Cugo Grand Harbour

IBB Cugo Grand Harbour is a recent project of IBB Hotel Collection, signed and announced in January 2017. It will be based in the former headquarters of the Malta Labour Party, the wedge-shaped Sheer Bastion also known under the name “*il-Macina*” located in Senglea, Malta. The historic building, consisting of 21 spacious double rooms and suites once fully refurbished, will offer stunning views on the capital Valletta, as well as Fort St. Angelo. Additional facilities will include a café bar on ground floor, a terrace with exclusive use and outside pool on the second floor, as well as an area which is designated for use as a spa. Furthermore, there will be a roof-top terrace and restaurant. The Group will operate this hotel under a management and operating agreement which was entered into on 13 January 2017 through its subsidiary company IBB Hotel Management Europe Ltd, which, in turn, is wholly-owned by the Guarantor. The Group aims to have this hotel operating in August 2017, subject to a punctual delivery of the building.

5.2.8.2 IBB Hotel Valletta Merkanti

IBB Hotel Valletta Merkanti is a recent project of IBB Hotel Collection, signed and announced in November 2016. It will offer 18 double rooms in a stunning fully refurbished Valletta palazzo in Old Theatre Street, facing the Piazza Merkanti in the downtown city centre of Malta’s historic capital Valletta. Additional facilities will include a restaurant, a bar and coffee shop. The Group will operate this hotel through its subsidiary company IBB Hotel Management Europe Ltd, which, in turn, is wholly-owned by the Guarantor. The Group aims to have this hotel operating in December 2017, subject to a punctual delivery of the building.

5.2.8.3 IBB Hotel Ingelheim

IBB Hotel Ingelheim is a recent project of IBB Hotel Collection, announced in October 2015. It will offer 103 double rooms and 6 studios with a 3-star superior standard. Additional facilities will include a boardroom hosting up to 12 guests, a breakfast restaurant, a bar and coffee shop. The hotel is located in the downtown city centre of Ingelheim called *Neue Mitte*, 300m from the train station and 3km from a motorway exit (A60). The Group will operate this hotel through its subsidiary company IBB Hotels Deutschland Betriebs GmbH, which, in turn, is wholly-owned by IBB Hotel Collection Holding S.L.. The Group aims to have this hotel operating in summer 2017.

5.2.8.4 IBB Hotel Kempten

IBB Hotel Kempten Allgäutower is a recent project of the IBB Hotel Collection with expected opening in the spring of 2017. Once fully operational, it will offer 100 rooms. The hotel is located in a modern building in the city centre of Kempten, in the south of Germany, close to the shopping area and train station of the old town. The Group will operate this hotel through its subsidiary company IBB Hotels Deutschland Betriebs GmbH, which, in turn, is wholly-owned by IBB Hotel Collection Holding S.L..

5.2.8.5 IBB Hotel Paderborn



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IBB Hotel Paderborn is another recent project of the IBB Hotel Collection with expected opening in the spring of 2017 which, once fully operational, will offer 50 rooms. The hotel is located in a modern building in the city centre of Paderborn, in the west of Germany, close to the shopping area, university and train station. The Group will operate this hotel through its subsidiary company IBB Hotels Deutschland Betriebs GmbH, which, in turn, is wholly-owned by IBB Hotel Collection Holding S.L..

The prospective developments detailed in this sub-section 5.2 will be financed by the Group partially through the Bond Issue (specifically as set out in sub-section 5.1 of the Securities Note) and through equity, shareholder loans or bank financing.

5.3 Group organisational structure

The Group has adopted a streamlined and cost-effective organisational structure which has expanded over the years in line with the Group's development phases and growth. The Group's organisational structure is considered to be instrumental in ensuring success in view of the fact that it allows the Guarantor to keep the strategic direction and development of the Group as its primary focus, while allowing the respective boards and management teams of the subsidiaries to focus on achieving the Group's operational objectives. IBB Hotel Management Europe Ltd, the Group's ultimate hotel management company, provides the necessary support, expertise and guidance to the subsidiaries with respect to operations of each hotel.

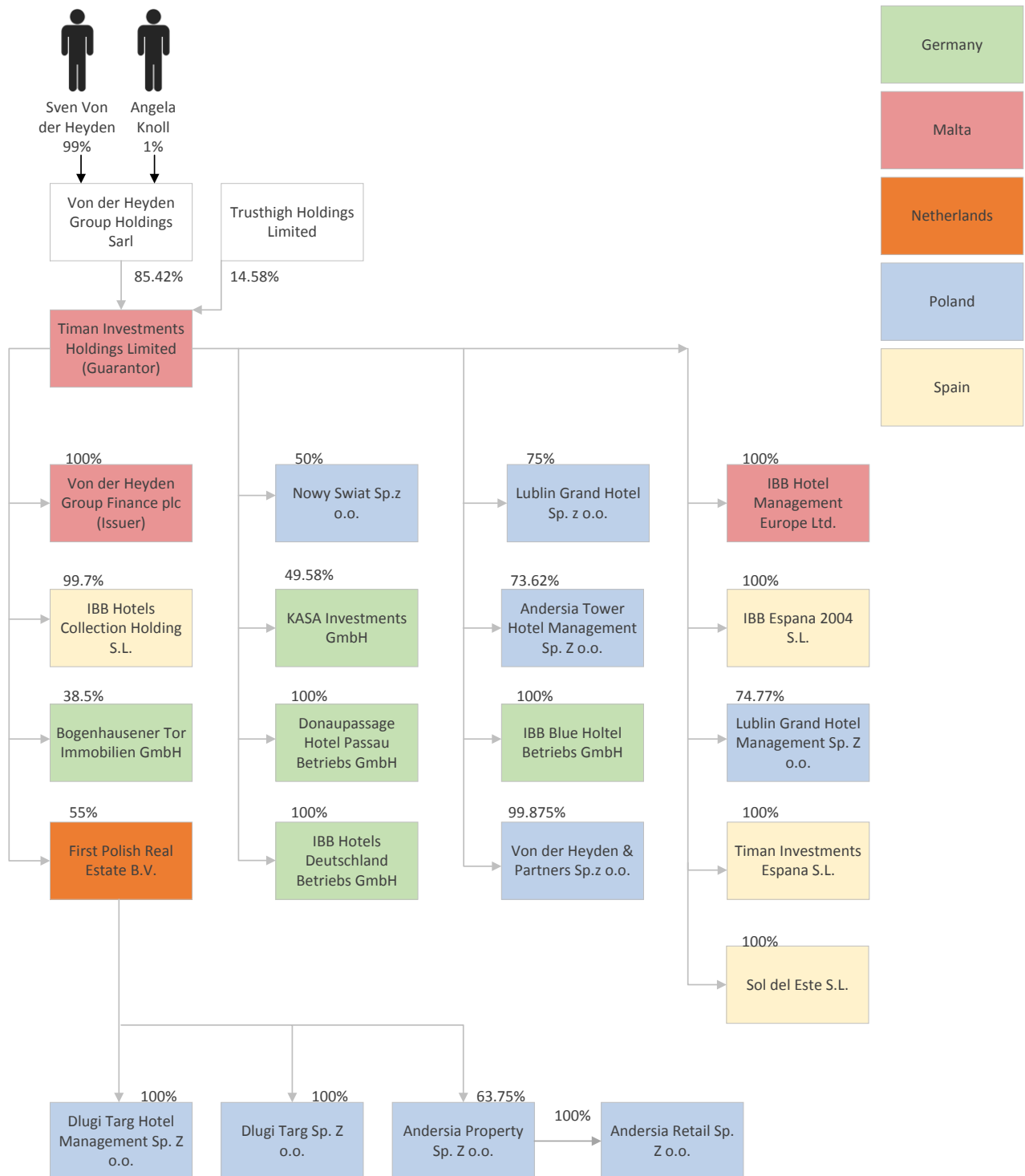
The Group has created a special purpose company for each development project, hotel property and operation. The Group's philosophy is based on the ownership of each development project/hotel property through a company established in the jurisdiction where development project/hotel property is located. This is driven principally by two factors: firstly, retaining a corporate structure that provides efficient tax treatment to the Group; and secondly, ensuring that each project/hotel property is vested with its own management structure entrusted with its operation. The latter approach suitably adheres to each project's need to take account of the particular environment and market in which it operates, although subject to the overall direction and the strategic parameters and objectives established by the Group's executive management team.

The Issuer is essentially a special purpose vehicle set up to act as a financing company for the needs of the Group, and, as such, it is dependent on the business prospects and operating results of Group entities. As the holding company of the Group, the Guarantor is, likewise, ultimately dependent on the operations and performance of its subsidiaries.



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The diagram below illustrates the principal subsidiaries and associates within the organisational structure of the Group as at the date of the Prospectus:



The complete list of Group companies is included in the consolidated audited financial statements of the Guarantor for the year ended 31 December 2015, which financial statements are available for inspection as indicated in section 17 of this Registration Document.



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6 TREND INFORMATION AND FINANCIAL PERFORMANCE

6.1 Trend information of the Issuer

As previously explained, the Issuer is a fully-owned subsidiary of the Guarantor (except for one share which is held by FJV Management Limited), the latter being the parent company of the Group, and has been set up to act as a financing company.

Accordingly, the Issuer's business is limited to the raising of capital for the financing of capital projects and the loaning of such capital to the Guarantor and/or its subsidiary companies, the collection of interest from Group entities and the settlement, in turn, of interest payable on capital raised from third parties, in the circumstances via the issue of listed bonds.

There has been no material adverse change in the prospects of the Issuer since the date of its incorporation.

6.2 Trend information of the Group

The European Commission forecasts that economic growth in Europe is expected to continue at a moderate pace, as recent labor market gains and rising private consumption are being counterbalanced by a number of hindrances to growth and the weakening of supportive factors¹. The predicted growth levels are still well below the peak years of 2007-2008 which is also expected by the Group's senior management to have an impact on the pace at which the Group's hotel revenues and rental income may grow in the coming year(s).

Furthermore, inflation in the Euro area was very low in the first half of the year 2016 due to falling oil prices, but started to pick up in the third and fourth quarter of 2016 as the impact of past price decreases began to wear off. Inflation is envisaged to climb moderately above 1% in 2017, as oil prices are assumed to rise. In addition to that, it is expected that the European Central Bank will limit its stimulus package in the medium to long run and will gradually phase it out once inflation approaches its 2 percent goal. The directors of the Issuer and Guarantor anticipate that this will have an impact on interest rates throughout Europe, which are expected to gradually rise resulting in a higher cost of (construction and investment) debt financing for the Group's new development and investment projects.

The Group recently secured its first hotel lease in Malta, with another 2 or 3 local projects in its pipeline. Depending on the number of hotels that can be opened in Malta in 2017 and onwards, the creation of economies of scale and, therefore, lower average operating costs per hotel, will likely have an impact on the overall profitability of the Group. In addition to that, the planned openings of several boutique hotels in Valletta by other hotel operators provides for a competitive hotel market with subsequent downward pressure on occupancy and revenue levels.

Save for the matters disclosed in this Registration Document, there has been no material adverse change in the prospects of the Guarantor since the date of its last published audited consolidated financial statements dated 31 December 2015.

At the time of publication of this Registration Document, the Issuer and the Guarantor consider that their respective future performance is intimately related to the performance of the Group. The Issuer and Guarantor consider that generally they shall be subject to the normal business risks associated with the industries in which the Group and subsidiary companies are involved and operate as disclosed in this

¹ European Commission Economic Publications, Institutional Papers – *European Economic Forecast Autumn 2016* (http://ec.europa.eu/economy_finance/publications/eeip/forecasts_en.htm)



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Registration Document, and, barring unforeseen circumstances, do not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of their respective businesses and that of the Group, at least up to the end of the next financial year.

6.3 Key financial review

6.3.1 Financial information of the Issuer

The Issuer was registered and incorporated on 15 September 2016 to issue the Bonds and loan the proceeds to the Group. The Issuer has not conducted any business and has no trading record. Since incorporation to the date of this Registration Document no financial statements have been prepared in respect of the Issuer.

There has not been any significant change in the financial or trading position of the Issuer, which has occurred since the company's date of incorporation.

6.3.2 Selected financial information of the Guarantor

The historical financial information of the Guarantor, which has been extracted from the audited consolidated financial statements of the Guarantor, which comprises the Guarantor and its subsidiaries as at 31 December 2015, is available for inspection as set out under the heading “Documents available for inspection” in section 17 of this Registration Document. Set out below are highlights taken from the audited consolidated financial statements of the Guarantor for the years ended 31 December 2013, 2014 and 2015:

Extracts from the historical consolidated financial information of the Guarantor

| Income statements for the years ended 31 December | 2013 | 2014 | 2015 |
|---|-----------------|-----------------|-----------------|
| | <i>Euro 000</i> | <i>Euro 000</i> | <i>Euro 000</i> |
| Revenue | 11,950 | 13,377 | 13,373 |
| Cost of sales | (13,812) | (12,527) | (13,934) |
| Gross (loss) / profit | (1,862) | 849 | (562) |
| Other operating income | 410 | 580 | 406 |
| Operating (loss) / profit | (1,452) | 1,429 | (156) |
| Investment income | 4,714 | 1,018 | 574 |
| Fair value movements | 13 | (908) | 2,347 |
| EBITDA | 3,275 | 1,539 | 2,765 |
| Impairment of goodwill | - | - | (1,240) |
| Finance costs | (3,128) | (3,206) | (914) |
| Depreciation | (1,778) | (907) | (435) |
| (Loss) / Profit before tax | (1,630) | (2,574) | 175 |
| Income tax | 408 | 133 | 68 |
| (Loss) / Profit for the year | (1,222) | (2,441) | 243 |

Source: audited accounts



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Statements of financial position as at 31 December

| | 2013 <i>Euro 000</i> | 2014 <i>Euro 000</i> | 2015 <i>Euro 000</i> |
|--|-------------------------|-------------------------|-------------------------|
| Assets | | | |
| Non-current assets | | | |
| Intangible assets | 1,301 | 1,292 | 46 |
| Property plant and equipment | 76,585 | 72,760 | 45,097 |
| Investment properties | 421 | - | - |
| Loans and receivables | 14,021 | 15,300 | 8,185 |
| Financial assets | 2,586 | 1,688 | 3,984 |
| Deferred tax | 244 | 1,399 | 766 |
| Total non-current assets | 95,158 | 92,438 | 58,078 |
| Current assets | | | |
| Inventories | 709 | 78 | 100 |
| Trade and other receivables | 4,045 | 4,358 | 7,641 |
| Current income tax assets | 103 | 174 | 86 |
| Available for sale financial assets | 253 | 59 | 4 |
| Cash and cash equivalents | 5,364 | 7,609 | 3,171 |
| Total current assets | 10,475 | 12,279 | 11,003 |
| Total assets | 105,633 | 104,717 | 69,081 |
| Equity and liabilities | | | |
| Equity | | | |
| Share capital | 3,250 | 3,805 | 3,805 |
| Share premium account | - | 4,445 | 4,445 |
| Other reserves | 13,919 | 14,308 | 12,123 |
| Currency translation reserve | 298 | 1,202 | 1,115 |
| Retained earnings | 9,338 | 3,282 | 3,255 |
| Non-controlling interest | 14,407 | 12,390 | 10,839 |
| Total equity | 41,212 | 39,432 | 35,582 |
| Non-current liabilities | | | |
| Borrowings | 48,107 | 50,511 | 18,472 |
| Deferred tax liabilities | 4,424 | 4,852 | 3,503 |
| Provisions for other liabilities and charges | 317 | 118 | 199 |
| Total non-current liabilities | 52,848 | 55,480 | 22,174 |
| Current liabilities | | | |
| Trade and other payables | 4,758 | 4,277 | 2,400 |
| Current income tax liability | - | 159 | 94 |
| Borrowings | 6,815 | 5,369 | 8,831 |
| Total current liabilities | 11,573 | 9,805 | 11,325 |
| Total liabilities | 64,421 | 65,285 | 33,499 |
| Total equity and liabilities | 105,633 | 104,717 | 69,081 |

Source: audited accounts

Cash flow statements for the years ended 31 December

| | 2013 <i>Euro 000</i> | 2014 <i>Euro 000</i> | 2015 <i>Euro 000</i> |
|---|-------------------------|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Net cash used in operations | (1,107) | (1,915) | (3,606) |



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Cash flows from investing activities

| | | | |
|---|--------------|--------------|---------------|
| Movement in loans | 982 | (497) | 4,599 |
| Interest received | - | 1,137 | 567 |
| Movement in intangible assets | (1,243) | (11) | (13) |
| Movement in tangible assets | (1,434) | 2,856 | 27,423 |
| Movement in investment properties | (142) | 46 | - |
| Movement in financial assets | 6,756 | (11) | 51 |
| Movement in available for sale financial assets | - | 175 | 36 |
| Exchange rate movements | (3,181) | 1,312 | (504) |
| Net cash from investing activities | 1,739 | 5,008 | 32,160 |

Cash flows from financing activities

| | | | |
|---|----------------|--------------|-----------------|
| Issue of shares | - | 5,000 | - |
| Movement in borrowings | 1,861 | 3,213 | (28,752) |
| Dividends paid | (304) | (3,600) | (3,500) |
| Interest paid | (3,128) | (3,206) | (914) |
| Net cash (used in) / from financing activities | (1,571) | 1,407 | (33,166) |

Net movement in cash and cash equivalents

| | | |
|--------------|--------------|----------------|
| (940) | 4,500 | (4,613) |
|--------------|--------------|----------------|

| | | | |
|---|-------|-------|-------|
| Cash and equivalents at beginning of year | 2,585 | 1,645 | 6,145 |
|---|-------|-------|-------|

| | | | |
|---|--------------|--------------|--------------|
| Cash and cash equivalents at end of year | 1,645 | 6,145 | 1,532 |
|---|--------------|--------------|--------------|

Source: audited accounts

Income statement

The principal revenue stream of the Group is income generated from accommodation fees from its managed hotels and food and beverage revenue from these hotels. Accommodation revenue increased during FY2015 by approximately €1.0 million driven by the opening of the second hotel in Passau, IBB Hotel Passau Süd, and the IBB Hotel Cugó Gran in Menorca. Leasing revenue streams in FY2015 decreased due to the disposal of the Andersia Business Centre. The most significant hotel management revenue streams are derived from the two managed hotels in Poland, primarily the IBB Andersia Hotel and the IBB Grand Hotel Lublinianka. Revenues from the hotel management operations in Germany, where the Group managed two hotels in Passau as at FY2015, increased to approximately 29% of total revenue during FY2015 following the opening of the IBB Hotel Passau Süd.

Cost of sales primarily comprises operating expenses and staff costs, primarily incurred by the hotel management business line. Cost of sales increased by 11% during FY2015 to approximately €13.9 million due to an increase of 27% in wages and salaries, which increase was mainly driven by the opening of the two new managed hotels during FY2015. FY2015 cost of sales were also impacted by exchange translation losses of approximately €200,000 and professional fees amounting to approximately €400,000 in relation to key projects that should not be recurring.

Investment income primarily comprises interest income and gains on sale of assets. FY2013 includes a gain of approximately €2.7 million relating to the sale of the previously Group-owned IBB Erfurt Hotel.



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Fair value movements comprise fair value adjustments to significant associated entities. The FY2015 fair value movement of approximately €2.4 million was due to the revaluation of Bogenhausener Tor Immobilien GmbH, which entity holds the Group's interest in the Bavaria Towers development.

Goodwill of approximately €1.2 million was impaired during FY2015 relating to goodwill recognised on the acquisition of IBB Hotel Erfurt GmbH & Co. KG. The goodwill arose in the past from the acquisition by the Group of IBB Hotel Erfurt, resulting from the fact that the purchase price was higher than the fair value of the assets and liabilities. The hotel asset though was divested by the entity and the goodwill in its books depreciated.

Depreciation and amortisation constantly decreased during the period following the sale of buildings during FY2013 and FY2014 and the deconsolidation of Andersia Business Centre Sp. z o.o. during FY2015. Andersia Business Centre Sp. z o.o. was the entity through which the Group held its 85% interest in phase 3 of the Andersia Place development, a joint venture with the City of Poznan, consisting of the development and construction of Andersia Business Centre. After successful completion and leasing of the building, the shares in Andersia Business Centre Sp. z o.o. were sold to a third party in June 2015.

The Group generated €3.3 million in earnings before interest, tax, depreciation and amortisation in FY2013, €1.5 million in FY2014 and €2.8 million in FY2015 representing an EBITDA margin of 26% in FY2013, 11% in FY2014 and 20% in FY2015.

Operating losses amounted to €1.5 million in FY2013, whilst operating profits of €1.5 million were disclosed in FY2014. FY2015 performance was impacted by the significant operational losses incurred in the first year of opening of the IBB Hotel Cugó Gran and the IBB Hotel Passau Süd.

Financial position

The consolidated Group includes 25 subsidiaries and 6 associates in various countries. Associates are carried at fair value in the Group balance sheet. The FY2013 and FY2014 Group accounts include the consolidation of a significant subsidiary, Andersia Business Centre Sp. z o.o.. As stated above, the Group divested its shares in Andersia Business Centre Sp. z o.o. during FY2015 and the entity was deconsolidated. The deconsolidation of Andersia Business Centre Sp. z o.o. (assets of approximately €30.5 million and borrowings of approximately €26.1 million) impacts the comparability of the Group's consolidated financial position for FY2015.

Group assets primarily consist of land and buildings comprising hotels that are owned by the Group (64% of property, plant and equipment) and land held for redevelopment. Both items are consolidated, primarily comprising the Andersia Silver project detailed in sub-section 5.2.4.1 above (34% of property, plant and equipment in FY2015). Land and buildings are carried at the revalued amounts and approximately €12 million of revaluation reserves are carried in equity representing revaluation amounts to FY2015. The Group's participation in its most significant development is held in Bogenhausener Tor Immobilien GmbH, an associated entity that is not consolidated but carried at fair value as a financial asset. The FY2015 valuation of Bogenhausener Tor Immobilien GmbH amounted to €3.1 million which represents a very conservative value for the project taking into account the potential of the real estate market in the city of Munich. The Group's other principal assets are loans to unconsolidated related parties amounting to approximately €12.8 million and cash and equivalents. The most significant loan in an amount of €4.5 million is to Bogenhausener Tor Immobilien GmbH.

Group borrowings of €27 million in FY2015 are primarily due to banks (51%), other third parties (37%) and related parties (12%). The Group organises its borrowings on a non-recourse basis within the principal asset owning subsidiaries.



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6.3.3 Guarantor's interim financial results

The interim unaudited financial results of the Guarantor for the six months ended 30 June 2015 and 30 June 2016 are set out below:

Extracts from the unaudited interim consolidated financial information of the Guarantor

Income statements for the period ended 30 June

| | 2015 <i>Unaudited</i> <i>Euro 000</i> | 2016 <i>Unaudited</i> <i>Euro 000</i> |
|---------------------------------------|--|--|
| Revenue | 8,158 | 6,908 |
| Cost of sales | (9,082) | (6,344) |
| Gross (loss) / profit | (924) | 564 |
| Other operating income | 100 | 12 |
| Operating (loss) / profit | (824) | 576 |
| Investment income | 668 | 135 |
| Fair value movements | 2,396 | 496 |
| EBITDA | 2,240 | 1,207 |
| Impairment of goodwill | (1,240) | - |
| Finance costs | (946) | (604) |
| Depreciation | (424) | (138) |
| (Loss) / Profit before tax | (370) | 466 |
| Income tax | 199 | (23) |
| (Loss) / Profit for the period | (172) | 442 |

Source: unaudited interim financial information



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Statements of financial position as at 30 June

| | 2015 <i>Unaudited</i> <i>Euro 000</i> | 2016 <i>Unaudited</i> <i>Euro 000</i> |
|--|---|---|
| Assets | | |
| Non-current assets | | |
| Intangible assets | 55 | 43 |
| Property plant and equipment | 73,430 | 45,193 |
| Investment properties | - | - |
| Loans and receivables | 16,652 | 11,421 |
| Financial assets | 4,027 | 4,491 |
| Deferred tax | 1,769 | 750 |
| Total non-current assets | 95,933 | 61,899 |
| Current assets | | |
| Inventories | 83 | 142 |
| Trade and other receivables | 3,662 | 2,478 |
| Current income tax assets | | 4 |
| Available for sale financial assets | 4 | 0 |
| Cash and cash equivalents | 3,364 | 3,128 |
| Total current assets | 7,113 | 5,752 |
| Total assets | 103,046 | 67,651 |
| Equity and liabilities | | |
| Equity | | |
| Share capital | 3,805 | 3,805 |
| Share premium account | 4,445 | 4,445 |
| Other reserves | 11,780 | 12,119 |
| Currency translation reserve | 1,043 | 807 |
| Retained earnings | 7,191 | 3,670 |
| Non-controlling interest | 14,990 | 10,867 |
| Total equity | 43,253 | 35,712 |
| Non-current liabilities | | |
| Borrowings | 44,295 | 18,959 |
| Deferred tax liabilities | 4,850 | 3,460 |
| Provisions for other liabilities and charges | 59 | 78 |
| Total non-current liabilities | 49,204 | 22,497 |
| Current liabilities | | |
| Trade and other payables | 4,544 | 2,203 |
| Current income tax liability | 294 | 94 |
| Borrowings | 5,752 | 7,144 |
| Total current liabilities | 10,589 | 9,442 |
| Total liabilities | 59,793 | 31,939 |
| Total equity and liabilities | 103,046 | 67,651 |

Source: unaudited interim financial information

The Group registered a gross profit of €564,000 during HY16 (HY15: loss of €924,000) and profit before taxation of €466,000 (HY15: loss of €370,000). Although revenue decreased during HY16 compared to HY15 by approximately €1.0 million following the disposal of the Andersia Business Centre as detailed in sub-section 5.2.2.6 of this Registration Document, the Group's hotel management business line registered



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improved profitability. Accommodation revenue from the two managed hotels in Poland remained comparable to HY15 whilst accommodation revenue from the managed hotels in Passau, Germany increased substantially by 29%, including IBB Hotel Passau Süd which commenced operations during January 2015. Accommodation revenue from the IBB Hotel Cugó Gran which was opened during July 2015 increased to €397,000 during HY16. Cost of sales decreased by 30% during HY16 primarily due to the disposal of the Andersia Business Centre as aforesaid.

The Group's financial position for HY16 compared to HY15 was significantly impacted by the deconsolidation of Andersia Business Centre (assets of approximately €30.5 million and borrowings of approximately €26.1 million). The Group's debt-to-equity ratio decreased from 52% to 39% during the period.

6.4 Capital resources

The following table sets out the capitalisation and indebtedness of the Group as at 30 June 2016 and the estimate after reflecting the issue of the Bonds:

| Capitalisation and indebtedness of the Group as at 30th June 2016 | | <i>Euro 000</i> |
|---|----------|-----------------|
| Bank and other borrowings | | 26,103 |
| Cash and cash equivalents | | (3,128) |
| Net third party debt as at 30th June 2016 | | 22,975 |
| Funding: | | |
| Bond issue | 25,000 | |
| Refinancing of Group receivables | (10,000) | |
| | | 15,000 |
| | | 37,975 |
| Equity as at 30th June 2016 | | 35,712 |
| Gearing ratio after bond issue | | 52% |

Gearing was calculated as net debt after bond issue divided by the aggregate equity and net third party debt.

6.5 Future investments

The Group's business development strategy consists of sourcing potential real estate developments, investments and hotel operations from its network of own offices, real estate advisors and brokers, as well as its business partners and co-investors. The Group systematically applies its investment criteria to any new transaction, which due diligence includes, amongst others, a thorough risk assessment, return on equity and cost calculations, as well as exit scenario simulations.

As previously stated, in the short to medium term future the Group intends to invest in each of the proposed projects set out in sub-sections 5.2.3, 5.2.4, 5.2.6 and 5.2.8 of this Registration Document. The Group intends to raise funds for the financing of these projects partially through the Bond Issue (as set out in sub-section 5.1 of the Securities Note), with the remaining capital expenditure being funded by bank finance and own funds.



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Save for the above, the Group is not party to any other material investments, and has not entered into or committed for any principal investments subsequent to 31 December 2015, being the date of the latest audited consolidated financial statements of the Guarantor.

7 MANAGEMENT AND ADMINISTRATION

7.1 The Issuer

7.1.1 The Board of Directors

The Memorandum of Association of the Issuer provides that the business and affairs of the Issuer shall be managed and administered by a Board of Directors to be composed of not less than two and not more than five Directors, who are appointed by the shareholders.

Directors of the Issuer are appointed by means of an ordinary resolution in general meeting. Accordingly, the Guarantor is empowered to appoint the Directors of the Issuer, thereby putting it in a position to appoint an absolute majority of the Directors of the Issuer and, accordingly, have control over the management and operations of the Issuer.

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

As at the date of the Prospectus, the Board of the Issuer is composed of the individuals listed in sub-section 4.1 of this Registration Document. Furthermore, in line with generally accepted principles of sound corporate governance, at least one (1) of the Directors shall be a person independent of the Group.

None of the Directors have been:

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

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

7.1.2 Directors' service contracts

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

7.1.3 Conflict of interest

In addition to being directors of the Issuer, Mr Sven von der Heyden and Mr Francis J. Vassallo are also directors of the Guarantor and Mr Vassallo is also an indirect majority shareholder of the corporate director



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of the Guarantor, namely, FJV Management Limited (through FJV Holdings Limited [C 50564]). FJV Management Limited is also a shareholder of the Issuer (albeit holding one share).

Furthermore, in addition to being a director of the Issuer, Mr Robert Hendrik Rottinghuis is also the sole director of Von der Heyden Group Holdings S.AR.L which holds 85.42% of the shares issued in the capital of the Guarantor (further details on the controlling shareholders of the Guarantor are set out in sub-section 8.2 below) and is a director of First Polish Real Estate B.V., one of the Group's Dutch special purpose vehicles.

Mr Sven von der Heyden and Mr Javier Errejon Saniz de la Maza (apart from being directors of the Guarantor, and in the case of Mr Sven von der Heyden, a director of both the Issuer and Guarantor) are also directors of IBB Hotel Management Europe Ltd and of various other Group companies.

Additionally, Mr Sven von der Heyden is the ultimate beneficial owner of 85.42% of the Group.

In light of the foregoing, such directors are susceptible to conflicts between the potentially diverging interests of the Issuer and the Guarantor, as the case may be, and any of such other companies in transactions entered into, or proposed to be entered into, between them. The Audit Committee of the Issuer has the task of ensuring that any potential conflicts of interest that may arise at any moment pursuant to these different roles held by the directors are handled in the best interest of the Issuer and according to law. The fact that the Audit Committee is constituted in its entirety by independent non-executive Directors provides an effective measure to ensure that transactions vetted by the Audit Committee are determined on an arms-length basis.

Additionally, the Audit Committee has, pursuant to the relative terms of reference, been granted express powers to be given access to the financial position of the Issuer, the Guarantor and all other entities comprising the Group on a quarterly basis. To this effect, the Issuer, the Guarantor and all other entities comprising the Group are to submit to the Audit Committee bi-annual accounts, as well as at least quarterly comparisons of actuals against projections.

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

7.1.4 Loans to Directors

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

7.1.5 Removal of Directors

In terms of the Issuer's Articles of Association, the first Directors of the Issuer shall serve until the end of the first annual general meeting during which the new directors shall be appointed. Thereafter, all other directors shall hold office from the general meeting at which they are elected until the end of the next annual general meeting. All retiring directors shall be eligible for re-election. The Directors of the Issuer currently in office are expected to remain in office at least until the next Annual General Meeting of the Issuer.

A director may, unless he resigns, be removed by an ordinary resolution of the shareholders as provided by Article 140 of the Act.



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7.1.6 Powers of Directors

By virtue of the provisions of the Articles of Association of the Issuer, the Directors are empowered to transact all business which is not by the Articles expressly reserved for the shareholders in general meeting. The powers of the Directors are better described in sub-section 13.2.3 below.

7.1.7 Aggregate emoluments of the Issuer's Directors

Pursuant to the Issuer's 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 shall be deemed to accrue from day to day. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Issuer or in connection with the business of the Issuer.

For the current financial year ending on 31 December 2017 it is expected that the Issuer will pay an aggregate of €126,000 to its Directors.

7.1.8 Employees

The Issuer does not have any employees of its own and is, therefore, reliant on the Group for administrative support. As at the date of this Registration Document, the Group has a total of around 270 employees in 30 subsidiaries spread over 5 countries.

7.1.9 Working capital

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

7.2 The Guarantor

7.2.1 The Board of directors of the Guarantor

The Memorandum of Association of the Guarantor provides that the Board of directors shall be composed of not less than one and not more than five directors. As at the date of the Prospectus, the Board of the Guarantor is composed of four directors - three individuals and one corporate director as listed in sub-section 4.2 of this Registration Document.

7.2.2 Directors' service contracts

None of the directors of the Guarantor have a definitive service contract with the company.

7.2.3 Removal of the Guarantor's directors

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



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7.2.4 Loans to directors

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

7.2.5 Aggregate emoluments of the Guarantor's directors

Pursuant to the Guarantor's Articles of Association, the maximum annual aggregate emoluments that may be paid to the directors of the company are approved by the shareholders in general meeting.

Such remuneration shall be deemed to accrue from day to day. The directors may also be paid for all traveling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors or any committee of the directors or general meetings of the company or in connection with the business of the company.

For the current financial year ending on 31 December 2017 it is expected that the Guarantor will pay an aggregate of €332,000 to its directors.

8 MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

8.1 Major shareholders of the Issuer

The Issuer has an authorised and issued share capital of €250,000 divided into 249,999 ordinary A shares of €1 each and 1 ordinary B share of €1, which are subscribed to and allotted as fully paid up shares as follows:

| <i>Name of Shareholder</i> | <i>Number of shares held</i> |
|--|---|
| Timan Investments Holdings Limited (C 63335) (the Guarantor) | 249,999 ordinary A shares of €1 each |
| FJV Management Limited (C 42279) | 1 ordinary B share of €1 |

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

8.2 Major shareholders of the Guarantor

The authorised share capital of the Guarantor is fifty million Euro (€50,000,000) divided into twenty million (20,000,000) ordinary A shares having a nominal value of €1 each and thirty million (30,000,000) ordinary B shares having a nominal value of €1 each. The issued share capital of the Guarantor is three million, eight hundred and four thousand, six hundred and forty-one Euro (€3,804,641) divided into three million, two hundred and forty-nine thousand, nine hundred and twenty-four (3,249,924) ordinary A shares having a nominal value of €1 each and five hundred and fifty-four thousand, seven hundred and seventeen (554,717) ordinary B shares having a nominal value of €1 each. The issued share capital has been subscribed to and fully paid up, as follows:



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Name of Shareholder

Number of shares held

| | |
|---|---|
| Von der Heyden Group Holdings S.AR.L (B189623) | 3,249,924 ordinary A shares of €1 each |
| Trusthigh Holdings Limited (546261) | 554,717 ordinary B shares of €1 each (with a share premium of €8.013605136 each) |

The Issuer and the Guarantor are, therefore, owned as to 85.42% by Von der Heyden Group Holdings S.AR.L and as to 14.58% by Trusthigh Holdings Limited. In turn, Von der Heyden Group Holdings S.AR.L is ultimately wholly-owned and controlled by Mr Sven von der Heyden, except for 1% which is held by Mrs. Angela Knoll. Trusthigh Holdings Limited is ultimately wholly-owned by the Horan family of Cork, Ireland.

In terms of its Memorandum and Articles of Association, the Guarantor is controlled by Von der Heyden Group Holdings S.AR.L and, accordingly, the Group is ultimately controlled by Mr Sven von der Heyden (refer to sub-section 13.3.4 of this Registration Document).

8.3 Related party transactions concerning the Guarantor

The Issuer adopts measures in line with the Code of Principles of Good Corporate Governance forming part of the Listing Rules (the "Code") with a view to ensuring that the relationship with its major shareholder is retained at arm's length, including adherence to rules on related party transactions requiring the sanction of the Issuer's Audit Committee, which is constituted in its entirety by independent, non-executive Directors, of which one, in the person of Mr Francis J. Vassallo, also acts as Chairman. The Audit Committee has the task of ensuring that any potential abuse is managed, controlled and resolved in the best interests of the Issuer.

More specifically, the Guarantor on occasion enters into transactions with fellow subsidiaries and associates within the Group, which transactions will be 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 will meet as and when necessary for the purpose of discussing any transactions or circumstances which may potentially give rise to such conflict or abuse.

9 BOARD COMMITTEES

9.1 Audit Committee of the Issuer

The terms of reference of the Audit Committee of the Issuer consist of *inter alia* its support to the Board in its responsibilities in dealing with issues of risk, control and governance, and associated assurance. The Board has set formal terms of establishment and the terms of reference of the Audit Committee that establish its composition, role and function, the parameters of its remit, as well as the basis for the processes that it is required to comply with. The Audit Committee, which meets at least once every three months, is a sub-committee of the Board and is directly responsible and accountable to the Board. The Board reserved the right to change the Committee's terms of reference from time to time.

Briefly, the Committee is expected to deal with and advise the Board on:

- its monitoring responsibility over the financial reporting processes, financial policies and internal control structures;
- maintaining communications on such matters between the Board, management and the independent auditors;



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- c) facilitating the independence of the external audit process and addressing issues arising from the audit process; and
- d) preserving the company's assets by understanding the company's risk environment and determining how to deal with those risks.

Additionally, the Audit Committee has the role and function of considering and evaluating the arm's length nature of any proposed transaction to be entered into by the Issuer and a related party, given the role and position of the Issuer within the Group, to ensure that the execution of any such transaction is, indeed, at arm's length and on a sound commercial basis and, ultimately, in the best interests of the Issuer. In this regard, the Audit Committee of the Issuer has the task of ensuring that any potential abuse which may arise in consequence of the foregoing state of affairs is immediately identified and resolved.

For this purpose, as stated in sub-section 7.1.3 above, the Audit Committee has, pursuant to the relative terms of reference, been granted express powers to be given access to the financial position of the Issuer, the Guarantor and all other entities comprising the Group on a quarterly basis. To this effect, the Issuer, the Guarantor and all other entities comprising the Group are to submit to the Audit Committee bi-annual accounts, as well as at least quarterly comparisons of actuals against projections.

The Audit Committee is presently composed of Mr Francis J. Vassallo, Mr Kevin Deguara and Mr Robert Aquilina, all three members being independent, non-executive Directors. The Audit Committee is chaired by Mr Francis J. Vassallo, whilst Mr Kevin Deguara and Mr Robert Aquilina act as members. In compliance with the Listing Rules, Mr Francis J. Vassallo is the independent, non-executive Director who is competent in accounting and/or auditing matters. The Issuer considers that the members of the Audit Committee have the necessary experience, independence and standing to hold office as members thereof. The CVs of the said Directors may be found in sub-section 4.1 above.

10 COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

10.1 The Issuer

The Issuer complies with the Code forming part of the Listing Rules with the exceptions mentioned below, and is confident that the adoption of the Code shall result in positive effects accruing to it.

The Board of Directors sets the strategy and direction of the Issuer and retains direct responsibility for appraising and monitoring the Issuer'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 Issuer so as to protect the interests of bondholders, amongst other stakeholders. The Board is also responsible for making relevant public announcements and for the Issuer's compliance with its continuing listing obligations.

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



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As at the date hereof, the Board considers the Issuer to be in compliance with the Code save for the following exceptions:

Principle 8: The Board of Directors considers that the size and operation of the Issuer does not warrant the setting up of nomination and remuneration committees. Given that the Issuer does not have any employees other than the Directors and the company secretary, it is not considered necessary for the Issuer to maintain a remuneration committee. Also, the Issuer will not be incorporating a nomination committee. Appointments to the Board of Directors are determined by the shareholders of the Issuer in accordance with the company's Memorandum and Articles of Association. The Issuer considers that the members of the Board possess the level of skill, knowledge and experience expected in terms of the Code.

10.2 The Guarantor

The Guarantor is a private company and, accordingly, is not bound by the provisions of the Code set out in the Listing Rules. While the Guarantor is not required to adopt the provisions of the Code, the Audit Committee of the Issuer has been specifically tasked with keeping a watching brief over the financial performance of the Guarantor and other Group subsidiaries, as set out in sub-section 9.1 above.

11 HISTORICAL FINANCIAL INFORMATION

The Issuer was set up on 15 September 2016 and since incorporation to the date of this Registration Document no financial statements have been prepared. There has not been any significant change in the financial or trading position of the Issuer which has occurred since the company's date of incorporation.

The Guarantor's historical financial information for the three financial years ended 31 December 2013, 2014 and 2015, as audited by RSM Malta, is set out in the audited consolidated financial statements of the Guarantor. Such audited consolidated financial statements are available for inspection as set out in section 17 below.

There were no significant changes to the financial or trading position of the Guarantor or the Group since the end of the financial period to which the Guarantor's afore-mentioned last audited consolidated financial statements relate. Furthermore, the Issuer and the Guarantor hereby confirm that there has been no material change or recent development which could adversely affect potential investors' assessments in respect of the Bonds, other than the information contained and disclosed in the Prospectus.

12 LITIGATION 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 is aware) during the period covering twelve months prior to the date of the Prospectus which may have, or have had, in the recent past significant effects on the financial position or profitability of the Issuer, the Guarantor and/or the Group.

13 ADDITIONAL INFORMATION

13.1 Share capital of the Issuer



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The Issuer has, as at the date hereof, an authorised and issued share capital of €250,000 divided into 249,999 ordinary A shares of €1 each and 1 ordinary B share of €1, all fully paid up. The Guarantor holds 249,999 ordinary A shares of €1 each and FJV Management Limited holds 1 ordinary B share of €1.

The holder of the ordinary A shares (that is, the Guarantor) shall be entitled to one vote in general meetings for each of such shares held, whilst the holder of the ordinary B share shall not be entitled to any vote in respect of those shares.

The ordinary B share does not carry any dividend entitlement, while the holder of the ordinary A shares shall be entitled to any surplus assets of the company on a winding up and the holder of the ordinary B share shall not be entitled to any surplus assets of the company on a winding up, but shall have a prior claim over the holder of the ordinary A shares for the return of the nominal value of the said ordinary B share.

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

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

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

13.2 Memorandum and Articles of Association of the Issuer

13.2.1 Objects

The Memorandum and Articles of Association of the Issuer is registered with the Registry of Companies, Malta. The principal object of the Issuer is to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, movable and immovable property or other assets, including but not limited to securities and other financial interests. The issue of bonds falls within the objects of the Issuer. Clause 4 of the Memorandum of Association contains the full list of objects of the Issuer.

The Memorandum and Articles of Association of the Issuer otherwise regulate matters customarily dealt with therein, including matters such as voting rights and restrictions thereof, and the appointment and powers of Directors, as elaborated upon in sub-section 13.2.3 below.

A copy of the Memorandum and Articles of Association of the Issuer may be inspected during the lifetime of the Prospectus at the registered office of the Issuer as set out under the heading *“Documents available for inspection”* in section 17 of this Registration Document and at the Registry of Companies of the MFSA during the lifetime of the company.

13.2.2 Voting rights and restrictions

The holder of the ordinary A shares in the Issuer (that is, the Guarantor) shall be entitled to one (1) vote in general meetings for each of such shares held, whilst the holder of the ordinary B share in the Issuer shall not be entitled to any vote in respect of that share.

13.2.3 Powers of Directors



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

Directors may not vote on any contract, arrangement or investment in which they have a personal material interest, whether direct or indirect.

In terms of the Memorandum and Articles of Association, the Board of Directors may exercise all the powers of the Issuer to borrow money and to hypothecate or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligations of the Issuer or of any third party as it thinks fit, 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 Issuer's Memorandum and Articles of Association regulating the retirement or non-retirement of Directors over an age limit.

13.3 Memorandum and Articles of Association of the Guarantor

The principal object of the Guarantor is to invest and deal with monies of the company in any shares, securities, commodities, derivatives and funds and in such manner as may, from time to time, be determined.

The Guarantor is also empowered in terms of its Memorandum of Association to guarantee the payment of monies or the performance of any contract or obligation in which the Guarantor may be interested, even by the hypothecation of the Guarantor's property, whether present or future.

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 Issuer as set out under the heading "*Documents available for inspection*" in section 17 of this Registration Document and at the Registry of Companies of the MFSA during the lifetime of the company.

13.3.1 Share capital of the Guarantor

The Guarantor has, as at the date hereof, an authorised share capital of €50,000,000 divided into 20,000,000 ordinary A shares of €1 each and 30,000,000 ordinary B shares of €1 each. The issued share capital of the Guarantor is €3,804,641 divided into 3,249,924 ordinary A shares of €1 each, fully paid up and held by Von der Heyden Group Holdings S.AR.L, and 554,717 ordinary B shares of €1 each, fully paid up and held by Trusthigh Holdings Limited.

In terms of the Guarantor's Articles of Association, subject to the provisions of any shareholder's agreements, if at any time the share capital is divided into different classes of shares, the change of any shares from one class into another or the variation of the rights attached to any class (unless otherwise



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provided by the terms of issue of the shares of that class which is to be changed or the rights attached to which are to be varied, according to the case) may, whether or not the company is being wound-up, be made with the consent in writing of the holders of three-fourths of the issued shares of that class, and the holders of three-fourths of the issued shares of any other class affected thereby. Such change or variation may also be made with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the issued shares of that class and of an extraordinary resolution passed at a separate general meeting of the holders of the issued shares of any other class affected thereby.

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

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

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

13.3.2 Voting rights and restrictions

Each share, irrespective of the class by which it is designated, confers the right to one (1) vote at general meetings of the Guarantor. All ordinary shares rank *pari passu* in all respects.

13.3.3 Appointment of directors

In terms of Article 139(4) of the Act a director shall be appointed by ordinary resolution of the company in general meeting. In terms of the Guarantor's Articles of Association, every member of the Board of directors shall continue to act indefinitely. In the case of any director that is appointed by a class of shareholders, such director may be removed and/or replaced at any time by his class appointees at their sole discretion by a simple letter addressed to the company secretary. On the death, resignation or removal of a director, a new director shall be appointed in his/her stead by the members of the class, if any, who appointed the retiring director, and such director shall serve as a director indefinitely.

13.3.4 Ordinary and extraordinary resolutions

In terms of the Guarantor's Articles of Association, resolutions in respect of (i) amendments, alterations and/or revocations of the Memorandum and Articles of Association and additions thereto, including any increase or reduction of the company's share capital, (ii) any proposed merger or amalgamation and (iii) the voluntary liquidation of the company, shall require an extraordinary resolution. Wherever a shareholder's extraordinary resolution is required, it shall be taken to mean a resolution which has been:

- taken at a general meeting of which the notice specifying the intention to propose the text of the resolution as an extraordinary resolution and the principal purpose thereof has been duly given; and
- passed by a member of members having the right to attend and vote at the meeting holding in the aggregate not less than 75% in nominal value of the shares conferring that right to vote at the meeting.

Resolutions in respect of decisions which either in terms of the above or in terms of law do not require an extraordinary resolution shall be taken by an ordinary resolution; that is, a resolution which has been taken



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by a member or members having the right to attend and vote and who, in the aggregate, hold a simple majority in nominal value of shares in the company.

Accordingly, Von der Heyden Group Holdings S.AR.L as holder of 85.42% of the issued share capital of the Guarantor is empowered, in its sole discretion, with the control of the Guarantor.

13.3.5 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 Guarantor or any of its subsidiaries.

14 MATERIAL CONTRACTS

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

15 PROPERTY VALUATION REPORTS

In connection with the issue of the Bonds in accordance with the terms of the Prospectus, the Issuer commissioned Cushman & Wakefield (DTZ Polska Sp. z o.o.) [*in respect of the Andersia Silver property*], Value AG – the Valuation Group [*in respect of the Bavaria Blue Tower*], Polish Properties Sp. z o.o. [*in respect of the IBB Hotel Długi Targ*] and Knight Frank Sp. z o. o. [*in respect of the IBB Grand Hotel Lublinianka*], to issue property valuation reports in relation to the properties owned by the Group and referred to in sub-section 5.1 of the Securities Note. The following are the details of said independent valuers:

Name: Cushman & Wakefield (DTZ Polska Sp. z o.o.) [*re: Andersia Silver property*]
Business address: Lumen Office Building, Ul. Złota 59, 00-120 Warsaw, Poland

Name: Value AG – the Valuation Group; Dipl.-Ing. (FH) Holger Ladewig [*re: Bavaria Blue Tower*]
Business address: Südliche Münchner Straße 21, 82031 Grünwald / Munich, Germany

Name: Polish Properties Sp. z o.o. [*re: IBB Hotel Długi Targ*]
Business address: ul. Emilii Plater 28, 00-688 Warsaw, Poland

Name: Knight Frank Sp. z o. o. [*re: IBB Grand Hotel Lublinianka*]
Business address: ul. Mokotowska 49, 00-542, Warsaw, Poland

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 reports referred to herein are dated 9 January 2017, 22 December 2016, 3 January 2017 and 2 January 2017, respectively.



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Copies of the reports dated 9 January 2017, 22 December 2016, 3 January 2017 and 2 January 2017, respectively, compiled by Cushman & Wakefield (DTZ Polska Sp. z o.o.), Value AG – the Valuation Group, Polish Properties Sp. z o.o. and Knight Frank Sp. z o. o., respectively, in respect of the properties owned by the Group and referred to in sub-section 5.1 of the Securities Note, the aggregate value of which has been estimated at circa €190.3 million, are available for inspection as set out in section 17 of this Registration Document.

16 THIRD PARTY INFORMATION, STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTEREST

Save for the Financial Analysis Summary and the architects' property valuation reports, the Prospectus does not contain any statement or report attributed to any person as an expert.

The Financial Analysis Summary dated 30 January 2017 has been included in Annex C of the Securities Note in the form and context in which it appears with the authorisation of Calamatta Cuschieri Investment Services Limited of Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta, which has given and has not withdrawn its consent to the inclusion of said report therein.

The architects' property valuation reports dated 9 January 2017, 22 December 2016, 3 January 2017 and 2 January 2017, respectively, are being made available in the form and context in which they appear with the authorisation of Cushman & Wakefield (DTZ Polska Sp. z o.o.) of Lumen Office Building, Ul. Złota 59, 00-120 Warsaw, Poland, Value AG – the Valuation Group of Südliche Münchner Straße 21, 82031 Grünwald / Munich, Germany, Polish Properties Sp. z o.o. of ul. Emilii Plater 28, 00-688 Warsaw, Poland and Knight Frank Sp. z o. o. of ul. Mokotowska 49, 00-542, Warsaw, Poland, respectively, which have given and have not withdrawn their respective consent to said reports being made available for inspection as set out in the following section 17 of this Registration Document. Condensed versions of the aforesaid reports have been included in Annex A of this Registration Document.

None of the foregoing experts have any beneficial interest in the Issuer or the Guarantor. The Issuer confirms that the Financial Analysis Summary and the architects' property valuation reports 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.

17 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or certified copies thereof, where applicable, are available for inspection at the registered office of the Issuer at Spinola Palace, 46, St. Christopher Street, Valletta VLT 1464, Malta during the term of the Bond Issue during office hours:

- i. the Memorandum and Articles of Association of the Issuer;
- ii. the Memorandum and Articles of Association of the Guarantor;
- iii. the audited consolidated financial statements of the Guarantor for the years ended 31 December 2013, 2014 and 2015;
- iv. the interim unaudited financial results of the Guarantor for the six months ended 30 June 2015 and 30 June 2016;
- v. the guarantee given by the Guarantor in respect of the Bonds, as set out in Annex B of the Securities Note;



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- vi. the independent architects' property valuation reports dated 9 January 2017, 22 December 2016, 3 January 2017 and 2 January 2017, respectively; and
- vii. the letter of confirmation drawn up by RSM Malta dated 30 January 2017.

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



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ANNEX A

CONDENSED ARCHITECTS' VALUATION REPORTS

The Directors
Von der Heyden Group Finance p.l.c.
Spinola Palace
46 St. Christopher Street
VLT 1464 Valletta
Malta

Date: January 19th, 2017

Subject: Valuation Report

Property: ul. Kościuszki and ul. Królowej Jadwigi, Poznan, Poland

We, the undersigned, have been requested to evaluate the property in caption.

Requirement for a valuation report

The purpose of this valuation is to establish market value and furthermore for inclusion thereof within the Prospectus, to be published in connection with the proposed bond issue by Von der Heyden Group Finance p.l.c., in accordance with the Listing Rules (Chapter 7) of the Listing Authority.

The following is based on our full valuation report dated 9 January 2017 and we recommend parties seeking to rely on our valuation refer to the full report and its appendices.

Reporting standards

The valuation has been prepared in accordance with the appropriate sections of the Professional Standards ("PS"), RICS Global Valuation Practice Statements ("VPS") and RICS Global Valuation Practice Guidance – Applications ("VPGAs") contained within the RICS Valuation – Professional Standards 2014 (the "Red Book"). It follows that the valuation is compliant with the International Valuation Standards ("IVS").

Independence of valuer

The undersigned confirms that there is no conflict of interest in providing advice on the value of the property, since the undersigned or his associates will not benefit from the valuation instruction, other than the valuation fee.

A. Contents of valuation report

1. Address

The subject property is located within Poznań city centre, approximately 1.5 km east of the Central Railway Station and approximately 1 km to the south of the Poznań Old Market Square, between ul. Kościuszki and ul. Królowej Jadwigi. The site plan has been included in Appendix A of this report. Site photos are available for inspection at the Issuer's registered office.

2. Nature of valuer's inspection

The undersigned declares that they have visited the site, and are fully familiar with the plans of the property which is under construction.

3. Brief description



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The subject property forms part of an undeveloped site. According to the land register the property comprises plot of land No. 29/6 from 51 cadastral area. The site extends to 6,670sqm. The proposed development will be constructed in two phases - office towers S1 and S2 will comprise 28 above ground levels and three underground floors. The office accommodation will be located on all over ground levels with an exception of ground and first floors which will accommodate retail facilities and the last, 28th level where residential apartments will be located. Rentable area within the proposed building S1 will equal to 28,251.73sqm and within the proposed building S2 will equal to 26,626.42sqm. Car parking facilities will be located on three underground levels and provide in total 479 lots. In addition, there will be 10 surface parking lots available.

4. Existing use

The site is currently vacant and used for on-street parking.

5. Relevant planning applications

All required building and development permits have been obtained. A copy of the permits is available for inspection at the registered office of Andersia Retail Sp. z o.o. with seat in Poznań, Poland, a 42.5% subsidiary of the Von der Heyden Group which owns the appraised development site.

6. Material contravention of statutory requirements

LR7.4.1.6: Not applicable.

7. Tenure

The property is held freehold by Andersia Retail Sp. z o.o. with seat in Poznań, Poland.

8. Main terms of tenants' leases or sub-leases

LR7.4.1.8: Not applicable.

9. Approximate age of any buildings

Currently the site is vacant and provides for on-street parking.

10. Present capital value in existing state

As the subject site will be undergoing development and bearing in mind that there is a valid building permit in respect of the proposed development, the so called residual valuation approach has been adopted. The residual method of valuation is based on the premise that the value of any property suitable for or undergoing development may be arrived at by deducting from the end value of a proposed completed development the total costs of development, including financing costs and fees incurred on property acquisition, construction costs, professional fees, development financing costs and an appropriate amount for "developer's profit". The residual amount remaining represents the price which a developer could justifiably pay for the property in order to gain a reasonably expected profit from the sale proceeds of the development.

Market value

On the basis of the above and in accordance with the RICS Valuation – Professional Standards 2014 (the "Red Book"), the market value of the property including the ground value based on timely completion, approval of fault-free construction and full occupancy is estimated to be €135,268,600 with the current site valued at €17,397,000 (in words: seventeen million three hundred and ninety seven thousand Euro), for the entire site extending to an area of 6,670sqm implying an average land value of €2,608/sqm.



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Expected Date of Completion

The project is expected to be completed by mid-2019 for the first phase and the second phase not later than 4 years after .

Estimated Total Cost of the Development

The estimated total cost of completion is €106,686,000 (in words: one hundred and six million six hundred and eighty six thousand Euro). This cost also includes the market value of the site in the amount of €17,397,000 (in words: seventeen million three hundred and ninety seven Euro), therefore the development costs amount to €89,289,000 (in words: eighty nine million two hundred and eighty nine thousand Euro).

11. Terms of intra-Group lease on Property occupied by the Group (identifying the Properties) to the extent that such leases are taken into account in the valuation

LR7.4.1.11: Not applicable.

12. Other matters which materially affect the value

LR7.4.1.12: Not applicable.

13. Sources of information and verification

All information that was considered necessary for the purpose of drawing up the present report was obtained from the directors and advisors of the Von der Heyden Group and Andersia Retail Sp. z o.o. This included all planning applications, construction and finishing cost estimates, design, management and supervision costs, marketing and selling costs, estate management costs, and financing costs. There was also access to the projections of sales and cash flow.

14. Details of registered mortgages and privileges and other charges, real rights atheron including details of emphyteutical concessions, easements and other burdens

In accordance with the mortgage register No. PO1P/00202009/3 Andersia Retail Sp. z o.o. registered in Poznań is the freehold owner of the plot No. 29/6 from 51 cadastral area extending to an area of 0.6670 ha and located at Władysława Andersa Square in Poznań.

Part I-Sp of the register includes details of the following rights related with the freehold interest in the subject property:

- payable and established for an undefined period of time serFvitute right to access drainage infrastructure
- payable and established for an undefined period of time servitude right to access respective infrastructure
- payable and established for an undefined period of time servitude right to use slurry wall of the building

Part III of the register includes details on the following encumbrances:

- free of charge servitude right to transit and drive through internal roads located on various sites of different owners
- free of charge servitude right in favour of every owner of the sites No. 27 and 25/17 to use eastern wall of the building located on sites No. 25/8, 25/9, 25/14 and 25/15

free of charge servitude right in favor of owners of certain sites to use traffic routes in order to link them together as well as to use external and internal walls in order to place technical installation free of charge servitude right in favour of freehold owners of certain properties to unrestricted access to drainage infrastructure of the internal roadPart IV includes details of following mortgage:

- a contractual mortgage in the amount PLN 8,500,000 in favour of Poznański Bank Spółdzielczy seated in Poznań.



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B. Details of valuer

DTZ Polska Sp. z o.o.

MARK FREEMAN MRICS, RICS REGISTERED VALUER, CIS HYPZERT (MLV)

MAGDALENA IWANIUK - MRÓZ MRICS

BARTŁOMIEJ USZKUR

Lumen Office Building

Ul. Złota 59

00-120 Warsaw

Poland

+48 (22) 222 29 80

C. Date of valuation

The valuation was completed on, and the effective date thereof is January 9th, 2017.

D. Basis of valuation

The listing rules require that the valuation be made on the basis of market value for existing use. Market value represents an opinion of the best price for which the sale of an interest in a property would have been completed unconditionally for a cash consideration on the date of valuation.

The valuation has been carried out using the residual value method.

E. Assumptions

An open market valuation assumes that there is a willing seller, that the interest being valued would have been, prior to the transaction, properly marketed, that the state of the market, level of values and other circumstances are consistent over the period of the valuation, that no account is taken of any additional bid by a prospective purchaser with special interest, and that both parties to the transaction act knowledgeably, prudently and without compulsion.

F. Title

The site in caption is freehold.

G. Benefits/Detriments of contractual agreements

LR 7.4.7: Not applicable.

H. Acquisitions/Disposals Interest

LR 7.4.8: Not applicable.

I. Other relevant matters

LR 7.4.9: Not applicable.

J. Standards and guidelines

The valuation has been prepared in accordance with the appropriate sections of the Professional Standards ("PS"), RICS Global Valuation Practice Statements ("VPS") and RICS Global Valuation Practice Guidance – Applications ("VPGAs") contained within the RICS Valuation – Professional Standards 2014 (the "Red Book"). It follows that the valuation is compliant with the International Valuation Standards ("IVS").

K. Planning Permits

Building permit No. 365/2015 is dated 27 February 2015 and Site development conditions No.955/2013 are dated 24 December 2013.



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There are no material or onerous conditions attached to the issue of the permits, which are valid for the construction in two phases – office towers S1 and S2 comprising 28 above ground levels and three underground levels.

L. Expected date of completion and letting/occupancy

The expected date of completion of the development is by mid-2019 for the first phase and the second phase not later than 4 years after. Currently there are no pre-leases concluded yet, as construction still has to commence.

M. Estimated cost of completion

The estimated cost of completion of the development amount to €106,686,072 which include market value of the land of €17,397,000, as well as construction costs, professional fees, marketing and letting fees, disposal fees and finance costs.

N. Estimated capital value

The estimated capital value of the property including the ground value based on timely completion, approval of fault-free construction and full occupancy is estimated to be €135,268,600.

The original full valuation report has been signed by:

DTZ

Polska Sp. z o.o.

MARK FREEMAN MRICS, RICS REGISTERED VALUER, CIS HYPZERT (MLV)

MAGDALENA IWANIUK - MRÓZ MRICS

BARTŁOMIEJ USZKUR

Lumen Office Building

Ul. Żłota 59

00-120 Warsaw

Poland

+48 (22) 222 29 80



VON DER HEYDEN GROUP

APPENDIX A SITE MAP

ul. Kościuszki and ul. Królowej Jadwigi, Poznan, Poland





VON DER HEYDEN GROUP

The Directors
Von der Heyden Group Finance p.l.c.
Spinola Palace
46 St. Christopher Street
VLT 1464 Valletta
Malta

Date: January 19th, 2017

Subject: Valuation Report

Property: Einsteinstrasse 172, 81677 Munich, Germany

I, the undersigned, have been requested to evaluate the property in caption.

Requirement for a valuation report

The purpose of this valuation is to establish fair market value and furthermore for inclusion thereof within the Prospectus, to be published in connection with the proposed bond issue by Von der Heyden Group Finance p.l.c., in accordance with the Listing Rules (Chapter 7) of the Listing Authority.

Reporting standards

The valuation has been carried out by the undersigned, as an independent valuer, in terms of § 194 of the German Building Code ("BauGB/ImmoWertV") and following the Regulation on Principles for the Fair Value Appraisal of Land (ImmoWertV) and the Guidelines for the Market Value Appraisal of Land (WertR) applicable in Germany. A further legal basis and applicable German Directives are given in the original valuation report under paragraph 17.

Independence of valuer

The undersigned confirms that there is no conflict of interest in providing advice on the value of the property, since the undersigned or his associates will not benefit from the valuation instruction, other than the valuation fee.

A. Contents of valuation report

1. Address

The location of the site is at Einsteinstrasse 172, 81677 Munich, Germany and the site plan has been included in Appendix A of this report. Site photos are available for inspection at the Issuer's registered office.

2. Nature of valuer's inspection

The undersigned declares that he has visited the site, and is fully familiar with the plans of the property which is under construction.

3. Brief description

The development is an office building with 18 floors called "blue tower", forming part of the Bavaria Towers development, with pro-rata use of the underground carpark with 3 floors (274 underground parking spaces). The plot measuring 4,674 m² - mostly flat (except the park) and with an irregular shape – is classified as land ready for building in accordance with § 5/4 ImmoWertV. It is situated at the Einsteinstrasse, at the beginning of the highway BAB 94. The plot is situated in city district 13, Bogenhausen, borough 13.4 Engelschalking and within the coverage of the legally effective development plan no. 2038a of the capital city of Munich dated 18.08.2014. The development consists four objects - sky, star, blue and white tower – with three office buildings and one hotel. The appraisal object is the office tower with the name "blue tower". Scheduled completion date is 30th June 2018. The tower consists of 17 upper floors, the ground floor and 3 lower



VON DER HEYDEN GROUP

levels. According to the stacking plan dated 01.06.2016, the building's overall rental space is 25,571 m² gross floor area (TFA) (due to rounding differences the report considers 25,575 m² TFA). These include 22,617 m² TFA office area (office, cores and lobby), 1,347 m² TFA gastronomic and ancillary area (gastronomy, cores and lobby) and 1,611 m² TFA storage. According to the exposé of September 2014 a LEED certification in gold is aspired for the blue tower.

4. Existing use

The site is currently under construction.

5. Relevant planning applications

The development is covered by the following permits:

- Building permit pursuant to Art. 60 and 68 of the Bavarian Building Regulations (BayBO) with condition precedent for "New construction of an office building and a hotel incl. underground parking (Einsteinstr. 172 / Truderinger Str. 9 + 13)" dated 02.06.2015
- Application for building permit dated 04.11.2014
- Six applications for exemption/relief dated 04.11.2014

A copy of the permits is available for inspection at the registered office of Bogenhausener Tor Immobilien GmbH, Munich, a 38.5% subsidiary of the Von der Heyden Group which owns the appraised property and land.

6. Material contravention of statutory requirements

LR7.4.1.6: Not applicable.

7. Tenure

The site in caption is freehold.

8. Main terms of tenants' leases or sub-leases

LR7.4.1.8: Not applicable.

9. Approximate age of any buildings

Currently under construction, the first floors are ready in shell form.

10. Present capital value in existing state

Since the number of adequate prices for comparison is not sufficient due to the specific properties of the appraisal object, and since factors for comparison for office buildings cannot be derived or are not published, the sales comparison method is not applicable. Office building purchase prices are based primarily on the long-term realizable earnings. In accordance with customary practice on the property market the fair value of the appraisal property is to be determined applying the income approach. To support the income value a cost approach is performed additionally. The cost approach also serves the assessment of the structural substance, since it is not to be expected, „that an investor will pay costs, which are not covered by the profitability of the object“ (see 3.1.3 WertR).

Fair market value

On the basis of the above, the fair market value of the property including the ground value based on timely completion, approval of fault-free construction and full occupancy is estimated to be €150,000,000 (in words: one hundred and fifty million Euro), which is 22,3-fold annual gross earnings and €5.870/sqm lettable space (TFA).



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Expected Date of Completion

The project is expected to be completed by June 2018.

Estimated Total Cost of the Development

The estimated total cost of completion is €106,400,000 (in words: one hundred and six million four hundred thousand Euro).

11. Terms of intra-Group lease on Property occupied by the Group (identifying the Properties) to the extent that such leases are taken into account in the valuation

LR7.4.1.11: Not applicable.

12. Other matters which materially affect the value

LR7.4.1.12: Not applicable.

13. Sources of information and verification

All information that was considered necessary for the purpose of drawing up the present report was obtained from the directors and advisors of the Von der Heyden Group and Bogenhausener Tor Immobilien GmbH. This included all planning applications, construction and finishing cost estimates, design, management and supervision costs. There was also access to the projections of sales and cash flow.

14. Details of registered mortgages and privileges and other charges, real rights atheron including details of emphyteutical concessions, easements and other burdens

The following are the summarized charges and restrictions that apply on the property as shown in the mortgage register of Munchen, Berg am Laim, page 20298:

Section II:

- Limited personal easement for transformer and cable right and public access rights
- Realty charges for the state capital of Munich
- Water pipe right
- Access right to certain owners of ancillary plots
- Gas and water supply right

Section III

- Land charge in favor of HSH Nordbank AG of €91,500,000 € for Blue Tower (Tower B).
- Land charge in favor of Bogenhausener Tor Immobilien GmbH of 10,000,000 €



VON DER HEYDEN GROUP

B. Details of valuer

Value AG - the valuation group
Dipl.-Ing. (FH), FRICS, Holger Ladewig
Südliche Münchner Straße 21
82031 Grünwald, Munich
Germany
+49 89/620 21 89 11

C. Date of valuation

The valuation was completed on, and the effective date thereof is December 22nd, 2016. .

D. Basis of valuation

The listing rules require that the valuation be made on the basis of an open market value for existing use. An open market value represents an opinion of the best price for which the sale of an interest in a property would have been completed unconditionally for a cash consideration on the date of valuation. Since projects of this nature and scale do not easily lend themselves to a method of valuation which is based on the comparative method, this valuation method is based on the income method.

E. Assumptions

An open market valuation assumes that there is a willing seller, that the interest being valued would have been, prior to the transaction, properly marketed, that the state of the market, level of values and other circumstances are consistent over the period of the valuation, that no account is taken of any additional bid by a prospective purchaser with special interest, and that both parties to the transaction act knowledgeably, prudently and without compulsion.

F. Title

The site in caption is freehold.

G. Benefits/Detriments of contractual agreements

LR 7.4.7: Not applicable.

H. Acquisitions/Disposals Interest

LR 7.4.8: Not applicable.

I. Other relevant matters

The appraisal assumes a total decontamination. Therefore for the quality key date a contamination-free area is assumed, evidence is required.

J. Standards and guidelines

The valuation has been carried out by the undersigned, as an independent valuer, in terms of § 194 of the German Building Code ("BauGB/ImmoWertV") and following the Regulation on Principles for the Fair Value Appraisal of Land (ImmoWertV) and the Guidelines for the Market Value Appraisal of Land (WertR) applicable in Germany. A further legal basis and applicable German Directives are given in the original valuation report under paragraph 17.

The standards adopted by the German valuers are equivalent to the commonly adopted EU standard.

K. Planning Permits



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There are no material or onerous conditions attached to the issue of the permits and construction is underway.

L. Expected date of completion and letting/occupancy

The expected date of completion of the development is 30.06.2018. Currently there are no pre-leases concluded yet as construction of the underground works have just finished, but pre-leases are expected to come into place by October 2017.

M. Estimated cost of completion

The estimated cost of completion of the development amount to €96,184,070 which include land acquisition costs, construction costs, professional fees, development and marketing fees and finance costs.

The original full valuation report has been signed by:

Value AG - the valuation group
Dipl.-Ing. (FH), FRICS, Holger Ladewig
Südliche Münchner Straße 21
82031 Grünwald, Munich
Germany
+49 89/620 21 89 11

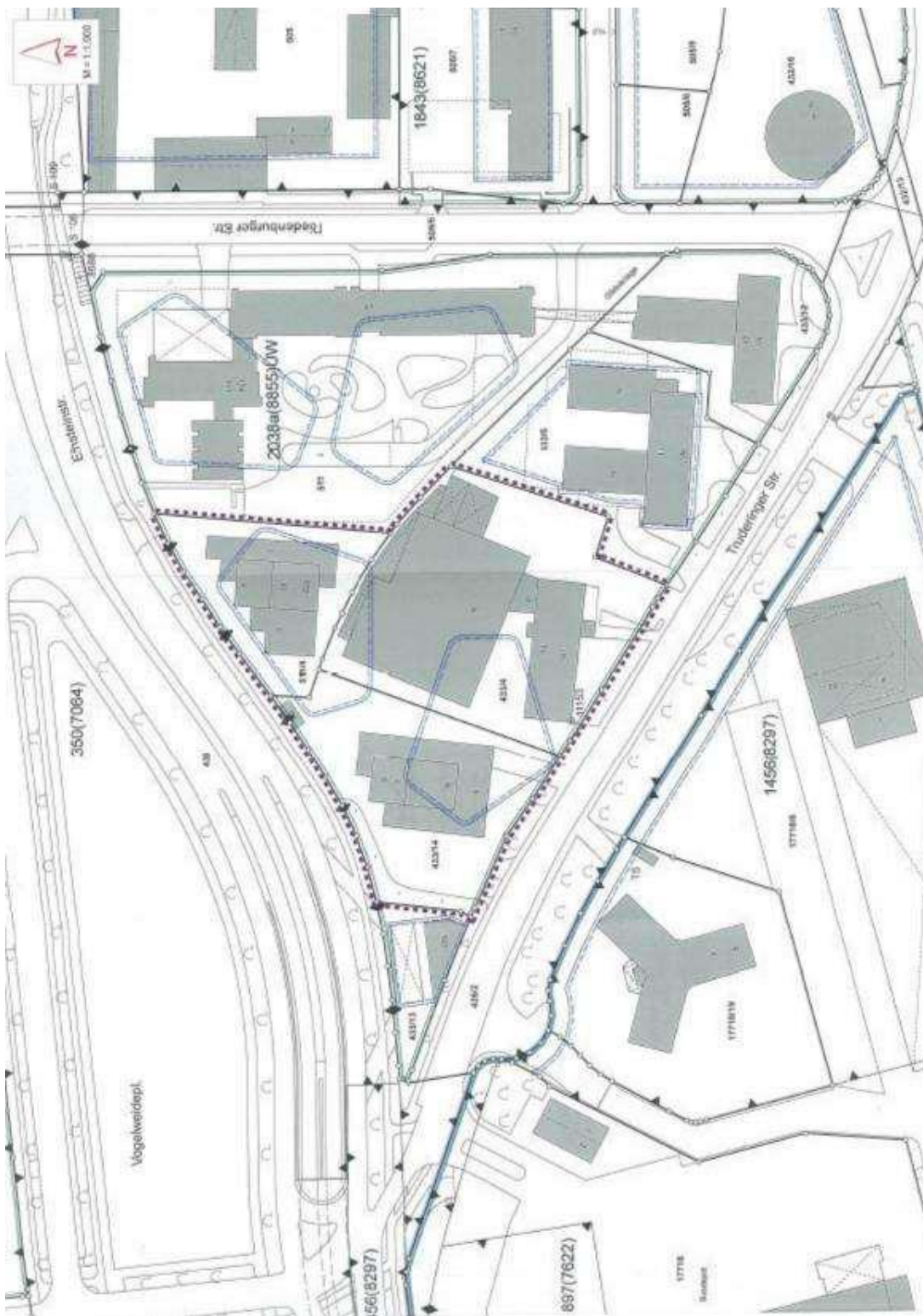




VON DER HEYDEN GROUP

APPENDIX A SITE MAP

Einsteinstr. 172 in 81677 Munich





VON DER HEYDEN GROUP

The Directors
Von der Heyden Group Finance p.l.c.
Spinola Palace
46 St. Christopher Street
VLT 1464 Valletta
Malta

Date: January 19th, 2017

Subject: Valuation Report

Property: Długi Targ, ul. Długi Targ 14/16, Gdansk, Poland

We, the undersigned, have been instructed to assess the fair value of the property in caption.

Requirement for a valuation report

The purpose of this valuation is to establish fair value and furthermore for inclusion thereof within the Prospectus, to be published in connection with the proposed bond issue by Von der Heyden Group Finance p.l.c., in accordance with the Listing Rules (Chapter 7) of the Listing Authority.

Reporting standards

The valuation has been carried out in accordance with European Valuation Standards 2016 published by The European Group of Valuers' Associations (TEGoVA), RICS Valuation Standards - Professional Standards 2014 and International Valuation Standards published by the International Valuation Standards Council (IVSC). The latter are largely also followed by the Professional Standards for Property Valuers' issued by the Polish Federation of Valuers' Associations.

Independence of valuer

The undersigned confirms that there is no conflict of interest in providing advice on the value of the property, since the undersigned or his associates will not benefit from the valuation instruction, other than the valuation fee.

A. Contents of valuation report

1. Address

The location of the site is at ul. Długi Targ 14/16, Gdansk, Poland and the site plan has been included in Appendix A of this report. Site photos are available for inspection at the Issuer's registered office.

2. Nature of valuer's inspection

The undersigned declares that they have visited the site, and are fully familiar with the plans of the development of the property which is undergoing construction works.

3. Brief description

The property comprises 3 adjoining tenement houses located in the historic main town of Gdańsk. The 5-storey buildings are located in the northern part of the subject site, fronting ul. Długi Targ. The buildings are currently being reconstructed, expanded and modernized as a 3* hotel with a gross internal areas of 5,567.22 sq m providing a total of 90 rooms. The buildings stand on a site made up of registered plot no 481 with a total area of 1 127 sq m.

The freehold ownership of the property is registered in favour of State Treasury subject to a perpetual usufruct interest until 05.12.2089 in favour of „Długi Targ” Sp. z o.o.



4. Existing use

The property, on which a hotel is being developed, is currently still under construction, with planned completion in July 2017 on the basis of our inspection on 3.11.2016, it would appear that construction works are likely to last for around another 15 months.

5. Relevant planning applications

All required building permits have been granted. A copy of the permits is available for inspection at the registered office of Długi Targ Sp. z o.o., Poznan, Poland.

6. Material contravention of statutory requirements

LR7.4.1.6: Not applicable.

7. Tenure

The freehold is owned by the State Treasury, subject to perpetual usufruct interested until 05.12.2089 in favor of Długi Targ Sp. z o.o.

8. Main terms of tenants' leases or sub-leases

The hotel is leased, upon completion, by Długi Targ Hotel Management Sp. z o.o. as tenant under a lease agreement dated 31 May 2016. The subject of the lease agreement is the building of 3,350sqm of the subject property (including the Front Desk, 90 rooms, breakfast room, bar, kitchen and storages), 7 parking spaces and all furniture and equipment in which the tenant will operate the IBB Hotel Długi Targ. The lease term is 10 years from the date of the issue of a user permit. The lease term can be extended for a further 5 years. For the 1st 3 years of the lease agreement the rent has been established in the amount of a capital instalment with interest and another payment connected with a loan agreement increased by 5%.

In addition, the retail and service area of the building will be subject to other separate lease agreements upon completion.

We note that the subject agreement has been concluded between connected parties and for the purposes of this valuation we have assumed that on a sale of the subject property the above lease agreement would be terminated by the parties and no longer encumber the property in the possession of a willing purchaser. Thus our valuation assumes a perpetual usufruct interest free of such encumbrance.

9. Approximate age of any buildings

On the valuation date, the subject property was in the process of being remodeled, expanded and converted into a hotel and retail area. Originally the buildings were constructed in the 17th century, then destroyed during WWII and rebuilt afterwards.

10. Present capital value in existing state

As the subject property is undergoing development the so called residual valuation approach has been adopted to assess the fair value of the subject property in its existing state. The residual method of valuation is based on the premise that the value of any property suitable for or undergoing development may be arrived at by deducting from the end value of a proposed completed development the total costs of development, including financing costs and fees incurred on property acquisition, construction costs, professional fees, development financing costs and an appropriate amount for "developer's profit". The residual amount remaining represents the price which a developer could justifiably pay for the property in order to gain a reasonably expected profit from the sale proceeds of the development.



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On the basis of the above we have assessed the fair value of the property in its existing condition, in the course of building works, as at the date of our inspection on 03.11.2016, at € 5,000,000 (in words: five million Euro).

Fair value

On the basis of a profits method valuation, the fair value of the development as completed, is equal to €12,900,000 (in words: twelve million nine hundred thousand Euro).

Expected Date of Completion

At the date of our inspection we were informed of a completion date of July 2017. However we considered such timetable as unrealistic and at that time we estimated completion in 15 months. We now understand from the owner that completion is scheduled for September 2017.

Estimated Total Cost of the Development

For the purposes of our residual method valuation we estimated the total costs of completing the ongoing development at € 6,377,139. The latter cost figure included our estimate of hard construction costs, soft costs, financing costs and other costs. In addition for the purposes of our residual calculation we deducted a so called “developers’ profit” of € 956 570.

11. Terms of intra-Group lease on Property occupied by the Group (identifying the Properties) to the extent that such leases are taken into account in the valuation

The hotel will be leased by Długi Targ Hotel Management Sp. z o.o. under a lease agreement dated 31 May 2016, the subject of which is the IBB Hotel Długi Targ building. Please however note, we have not based our valuation on income flows from this agreement but on our estimations of the incomes based on our market knowledge and experience.

12. Other matters which materially affect the value

LR7.4.1.12: Not applicable.

13. Sources of information and verification

All information that was considered necessary for the purpose of drawing up the present report was obtained from the directors and advisors of the Von der Heyden Group, Długi Targ Hotel Management Sp. z o.o. and Długi Targ Sp. z o.o. This included all permits, tenant schedules, cost and income statements and financing costs. There was also access to the projections of sales and cash flow as well as the development budget.

14. Details of registered mortgages and privileges and other charges, real rights atheron including details of emphyteutical concessions, easements and other burdens

The freehold ownership of the property is registered in favor of State Treasury subject to a perpetual usufruct interest until 05.12.2089 in favor of „Długi Targ” Sp. z o.o.

Registered mortgages entered into Chapter IV of the Perpetual Book can be summarized as follows:

- contractual mortgage up to the sum of 6 343 218 zł in favor of Alior Bank S.A.
- contractual mortgage up to the sum of 38 722 317 zł in favor of Alior Bank S.A.
- contractual mortgage up to the sum of 3 100 000 zł in favor of Alior Bank S.A.

B. Details of valuer

Polish Properties Sp. z o.o.



VON DER HEYDEN GROUP

Ewa Nowak MRICS REV
(Polish Valuer's Qualification No. 4639)
Magdalena Goćłowska Msc
(Polish Valuer's Qualification No 6523)
Ul. Nowogrodzka 50, 00-695 Warsaw
Poland
+48 22 501 96 95

C. Date of valuation

The valuation was completed on, and the effective date thereof is January 3rd, 2017.

The date of our opinion of the fair value of the completed development may be taken as January 19th, 2017 (the effective date).

D. Basis of valuation

The valuation has been carried out in accordance with International Financial Reporting Standard 13 (IFRS 13), which defines **fair value** as follows:

"the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".

The valuation has been carried out using the profits and residual value method.

E. Assumptions

A fair value valuation assumes that there is a willing seller, that the interest being valued would have been, prior to the transaction, properly marketed, that the state of the market, level of values and other circumstances are consistent over the period of the valuation, that no account is taken of any additional bid by a prospective purchaser with special interest, and that both parties to the transaction act knowledgeably, prudently and without compulsion.

F. Title

The subject interest in the property is made up of a perpetual usufruct interest in the land and a freehold interest in the buildings on the land.

G. Benefits/Detriments of contractual agreements

LR 7.4.7: Not applicable.

H. Acquisitions/Disposals Interest

LR 7.4.8: Not applicable.

I. Other relevant matters

LR 7.4.9: Not applicable.

J. Standards and guidelines

The valuation has been carried out in accordance with European Valuation Standards 2016 published by The European Group of Valuers' Associations (TEGoVA), RICS Valuation Standards - Professional Standards 2014 and International Valuation Standards published by the International Valuation Standards Council (IVSC). The latter are largely also followed by the Professional Standards for Property Valuers' issued by the Polish Federation of Valuers' Associations.



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K. Planning Permits

Building permit decision no WUiA.I.6740.1242-3.2016.4-MM.194277 based on updated architectural project is dated 14.09.2016.

There are no material or onerous conditions attached to the issue of the permits and construction is underway.

I. Estimated cost of completion

The estimated cost of completion of the development amount to €6,377,139 which include land preparation costs, estimated hard costs, estimated soft costs, estimated other costs and financing costs.

The original full valuation report has been signed by:

Polish Properties Sp. z o.o.

Ewa Nowak MRICS REV
(Polish Valuer's Qualification No. 4639)

Magdalena Goćłowska Msc
(Polish Valuer's Qualification No 6523)
Ul. Nowogrodzka 50, 00-695 Warsaw
Poland
+48 22 501 96 95



VON DER HEYDEN GROUP

APPENDIX A SITE MAP

ul. Długi Targ 14/16, Gdansk, Poland





VON DER HEYDEN GROUP

The Directors
Von der Heyden Group Finance p.l.c.
Spinola Palace
46 St. Christopher Street
VLT 1464 Valletta
Malta

Date: January 19th, 2017

Subject: Valuation Report

Property: IBB Grand Hotel Lublinianka, ul. Krakowskie Przedmiescie 56, Lublin, Poland

We, the undersigned, have been requested to evaluate the property in caption.

This document is to be used in conjunction with the valuation report to which it forms part and is subject to the assumptions, caveats and bases of valuation stated herein and should not be read in isolation.

Requirement for a valuation report

The purpose of this valuation is to establish market value and furthermore for inclusion thereof within the Prospectus, to be published in connection with the proposed bond issue by Von der Heyden Group Finance p.l.c., in accordance with the Listing Rules (Chapter 7) of the Listing Authority.

Reporting standards

The valuation has been undertaken in accordance with RICS Valuation – Professional Standards global January 2014, including the International Valuations Standards, and RICS Professional Standards UK January 2014 (revised April 2015). Reference to “the Red Book” refer to either or both of these documents, as applicable.

Independence of valuer

The undersigned confirms that there is no conflict of interest in providing advice on the value of the property, since the undersigned or his associates will not benefit from the valuation instruction, other than the valuation fee.

However one of Knight Frank’s sp. z o.o. shareholders is indirectly, by foreign entities, a shareholder of a company owned by the Client.

A. Contents of valuation report

1. Address

The location of the site is at ul. Krakowskie Przedmiescie 56, Lublin, Poland and the site plan has been included in Appendix A of this report. Site photos are available for inspection at the Issuer’s registered office.

2. Nature of valuer’s inspection

The undersigned declares that they have visited the site, and are fully familiar with the plans of the property..

3. Brief description

The property comprises of one plot of land nos. 47 with a total area of 1,763sqm, developed with a 4-star hotel building with 72 rooms on four storeys. It is located in the central-east part of Poland in the very city center of Lublin, one of the biggest cities on the east side of Vistula river. The property is freehold by Lublin Grand Hotel Sp. z o.o..



VON DER HEYDEN GROUP

4. Existing use

The property, a hotel, is leased to Lublin Grand Hotel Management Sp. z o.o.

5. Relevant planning applications

Lublin Grand Hotel Sp. z o.o. has been granted the required occupational and building permits for the hotel. Based on the decision number AAB.III.RM.5.7355 / 264/2002 of 30 April 2002 an occupational permit has been granted to Lublin Grand Hotel Sp. z o.o. A copy of the permits is available for inspection at the registered office of Lublin Grand Hotel Sp. z o.o. in Warsaw, Poland.

6. Material contravention of statutory requirements

LR7.4.1.6: Not applicable.

7. Tenure

The site in caption is freehold by Lublin Grand Hotel Sp. z o.o.

8. Main terms of tenants' leases or sub-leases

The hotel is leased by Lublin Grand Hotel Management Sp. z o.o., under a lease agreement dated 16 January 2003, the subject of which is the IBB Grand Hotel Lublinianka building. An annex to the lease agreement was executed on 23 October 2015 whereby the term of the lease was extended to 1 January 2020, which up to that date cannot be terminated, and thereafter automatically extended for a further period of 5 (five) years. In addition, the retail and service area of the building are subject to four separate lease agreements, as summarized in below table.

| Tenant | Area (m ²) | Passing rent | Passing rent (EUR) | Lease start | Lease end |
|--|------------------------|--------------|--------------------|-------------|------------|
| Bank Zachodni WBK S.A. | 245.60 | EUR 35.14/m2 | EUR 35.14/m2 | 19.03.2012 | 18.03.2022 |
| Gold SHIRIN - SPA Patrycja Arciszewska | 210.00 | PLN 9.52/m2 | EUR 2.36/m2 | 01.08.2011 | 31.07.2017 |
| Karol Brzyski - hairdressing services | 154.37 | PLN 39.11/m2 | EUR 9.68/m2 | 09.09.2008 | 08.09.2018 |
| Adam Hetman - hairdressing services | 68.00 | PLN 36.76/m2 | EUR 9.09/m2 | 01.12.2015 | 30.11.2020 |

9. Approximate age of any buildings

The building was constructed in the late nineteenth and early twentieth century and is entered in the register of monuments. In 2001-2002 the building was modernized and reopened on 15 May 2002.

10. Present capital value in existing state

The valuation has been carried out using the investment and profits methods.

In undertaking our valuation of the property we have made our assessment on the basis of a collation and analysis of appropriate comparable transactions, together with evidence of demand within the vicinity of the subject property. With the benefit of such transactions we have then applied these to the property, taking into account size, location, aspect and other material factors.

The profits method is applied to properties whose value is derived from the profitability of the business for which the buildings are designed. In undertaking the valuation of the property an assessment is made on the



VON DER HEYDEN GROUP

basis of a collation and analysis of appropriate comparable investment and rental transaction together with information about commissions charged by Reasonably Efficient Operators, EBITDa and Market Rent.

Market value

On the basis of the above, the market value of the property built-up with IBB Grand Hotel Lublinianka is equal to €10,020,000 (in words: ten million twenty thousand Euro).

Expected Date of Completion

The project is completed with the hotel in operation after renovation that took place in 2001-2002.

Estimated Total Cost of the Development

LR7.5: Not applicable.

11. Terms of intra-Group lease on Property occupied by the Group (identifying the Properties) to the extent that such leases are taken into account in the valuation

The hotel is leased by Lublin Grand Hotel Management Sp. z o.o. under a lease agreement dated 16 January 2003, the subject of which is the IBB Grand Hotel Lublinianka building.

12. Other matters which materially affect the value

LR7.4.1.12: Not applicable.

13. Sources of information and verification

All information that was considered necessary for the purpose of drawing up the present report was obtained from the directors and advisors of the Von der Heyden Group, Lublin Grand Hotel Management Sp. z o.o. and Lublin Grand Hotel Sp. z o.o. This included all permits, tenant schedules, cost and income statements and financing costs. There was also access to the projections of sales and cash flow.

14. Details of registered mortgages and privileges and other charges, real rights atheron including details of emphyteutical concessions, easements and other burdens

Registered mortgages entered into Chapter IV of the Perpetual Book can be summarized as follows:

- Contractual capped mortgage in the amount of EUR 9,600,000 for the benefit of Bank Zachodni WBK S.A. as a guarantee for a loan repayment.
- Contractual mortgage in the amount of EUR 600,000 for the benefit of Bank Zachodni WBK S.A.
- Contractual mortgage in the amount of EUR 3,000,000 for the benefit of Bank Zachodni WBK S.A.

B. Details of valuer

Knight Frank Sp. z o.o.

Grzegorz Chmielak (MRICS. Hyp Zert. RICS Registered Valuer, Polish Licensed Valuer No. 3064)

Ul. Mokotowska 49, 00-542 Warsaw

Poland

+48 22 596 50 50

C. Date of valuation

The valuation was completed on, and the effective date thereof is January 2nd, 2017.

D. Basis of valuation

Market Value is defined within RICS Valuation – Professional Standards as:



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“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

E. Assumptions

An open market valuation assumes that there is a willing seller, that the interest being valued would have been, prior to the transaction, properly marketed, that the state of the market, level of values and other circumstances are consistent over the period of the valuation, that no account is taken of any additional bid by a prospective purchaser with special interest, and that both parties to the transaction act knowledgeably, prudently and without compulsion.

F. Title

The site in caption is freehold.

G. Benefits/Detriments of contractual agreements

LR 7.4.7: Not applicable.

H. Acquisitions/Disposals Interest

LR 7.4.8: Not applicable.

I. Other relevant matters

LR 7.4.9: Not applicable.

J. Standards and guidelines

The valuation has been undertaken in accordance with RICS Valuation – Professional Standards global January 2014, including the International Valuations Standards, and RICS Professional Standards UK January 2014 (revised April 2015). Reference to “the Red Book” refer to either or both of these documents, as applicable.



VON DER HEYDEN GROUP

The original full valuation report has been signed by:

A handwritten signature in blue ink, appearing to read 'G Chmielak'.

Grzegorz Chmielak (MRICS. Hyp Zert. RICS Registered Valuer, Polish Licensed Valuer No. 3064)

A handwritten signature in blue ink, appearing to read 'M Krzystek'.

Malgorzata Krzystek (Valuer, Polish Licensed Valuer No. 6437)

A handwritten signature in blue ink, appearing to read 'W Blaszkiewicz'.

Wieslaw Blaszkiewicz (Valuer, Polish Licensed Valuer No. 2860) Knight

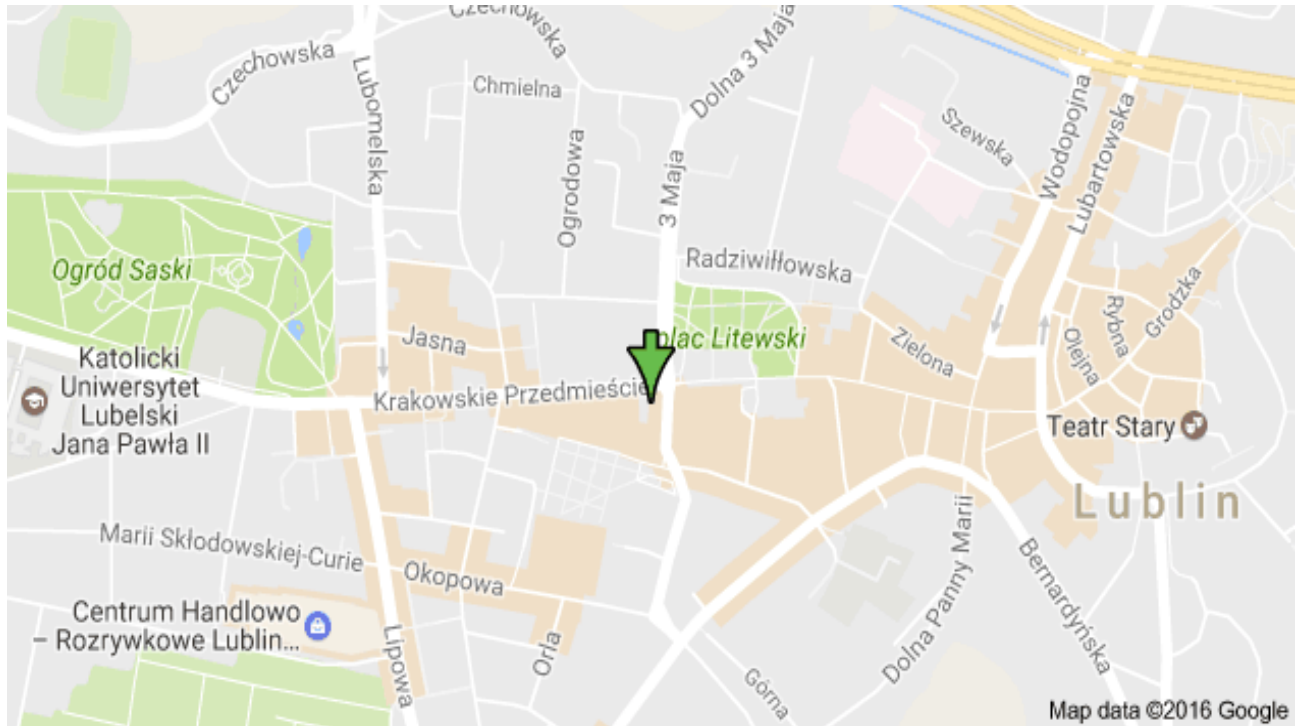
Frank Sp. z o.o.
Ul. Mokotowska 49, 00-542 Warsaw
Poland
+48 22 596 50 50



VON DER HEYDEN GROUP

APPENDIX A SITE MAP

ul. Krakowskie Przedmieście 56, Lublin, Poland



SECURITIES NOTE

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Listing Rules published by the Listing Authority and of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended by Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015. This Securities Note is issued pursuant to the requirements of Listing Rule 4.14 of the Listing Rules and contains information about the Bonds being issued by Von der Heyden Group Finance p.l.c. Application has been made for the admission to listing and trading of the Bonds on the Official List of the Malta Stock Exchange. This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Issuer.

Dated 30 January 2017

In respect of an issue of €25,000,000 4.4% Unsecured Bonds 2024
of a nominal value of €1,000 per Bond issued at par

by



VON DER HEYDEN GROUP

VON DER HEYDEN GROUP FINANCE P.L.C.

a public limited liability company registered in Malta with company registration number C 77266

Guaranteed by **TIMAN INVESTMENTS HOLDINGS LIMITED**

a private limited liability company registered in Malta with company registration number C 63335

ISIN: MT0001401208

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

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 INSTRUMENTS 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.

Legal Counsel



Sponsor, Manager & Registrar



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VON DER HEYDEN GROUP

IMPORTANT INFORMATION

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

THE INFORMATION CONTAINED HEREIN IS BEING MADE AVAILABLE IN CONNECTION WITH AN ISSUE BY THE ISSUER OF €25,000,000 BONDS 2024 OF A NOMINAL VALUE OF €1,000 EACH. THE BONDS SHALL BE ISSUED AT PAR AND BEAR INTEREST AT THE RATE OF 4.4% PER ANNUM PAYABLE ANNUALLY IN ARREARS ON 8th OF MARCH OF EACH YEAR UNTIL THE REDEMPTION DATE, WITH THE FIRST INTEREST PAYMENT FALLING DUE ON 8th MARCH 2018. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 8th MARCH 2024. THE BOND ISSUE IS GUARANTEED BY TIMAN INVESTMENTS HOLDINGS LIMITED.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF SECURITIES OF THE ISSUER OTHER THAN THOSE CONTAINED IN THIS SECURITIES NOTE AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS OR 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. THE DISTRIBUTION OF THE PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND, ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

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



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TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT LEGAL ADVISORS, ACCOUNTANTS AND/OR OTHER FINANCIAL ADVISORS AS TO LEGAL, TAX, INVESTMENT OR ANY OTHER RELATED MATTERS CONCERNING THE BONDS AND THE PROSPECTUS.

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

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

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

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

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

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

UNLESS OTHERWISE STATED, THE CONTENTS OF THE ISSUER'S OR GUARANTOR'S WEBSITES OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S OR GUARANTOR'S WEBSITES DO NOT FORM PART OF THE



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

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



VON DER HEYDEN GROUP

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:

| | |
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| “Act” or “Companies Act” “Andersia Property Sp. z o.o.” | the Companies Act, 1995 (Chapter 386 of the laws of Malta); Andersia Property Sp. z o.o., a subsidiary company of the Guarantor, registered under the laws of Poland with company registration number 058643 and having its registered address at Pl. Andersa 7, 61-894 Poznan, Poland; |
| “Andersia Retail Sp. z o.o.” | Andersia Retail Sp. z o.o., a subsidiary company of the Guarantor, registered under the laws of Poland with company registration number 238196 and having its registered address at Pl. Andersa 7, 61-894 Poznan, Poland; |
| “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 Sponsor, Manager & Registrar or any of the Authorised Intermediaries, as applicable, in accordance with the terms of this Securities Note; |
| “Application Form” | the form of application for subscription of Bonds, a specimen of which is contained in Annex D of this Securities Note; |
| “Authorised Intermediaries” | all the licensed stockbrokers and financial intermediaries listed in Annex E of this Securities Note; |
| “Bogenhausener Tor Immobilien GmbH” | Bogenhausener Tor Immobilien GmbH, a subsidiary company of the Guarantor, registered under the laws of Germany with company registration number Amtsgericht München HRB 164784 and having its registered address at Riedenburger Straße 2, 81677 Munich, Germany; |
| “Bond/s” | the €25,000,000 unsecured bonds 2024 of a nominal value of €1,000 per bond issued at par and redeemable on the Redemption Date at their nominal value, bearing interest at the rate of 4.4% per annum. The Bonds are guaranteed by Timan Investments Holdings Limited; |
| “Bondholder” | a holder of Bonds; |
| “Bond Issue” | the issue of the Bonds; |
| “Bond Issue Price” | the price of €1,000 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; |
| “CET” | Central European Time; |
| “CSD” | the Central Securities Depository of the Malta Stock Exchange authorised in terms of Part IV of the Financial Markets Act (Chapter 345 of the laws of Malta), having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta; |
| “Directors” or “Board” | the directors of the Issuer whose names are set out in sub-section 4.1 of the Registration Document forming part of the Prospectus; |
| “Długi Targ Sp. z o.o.” | Długi Targ Sp. z o.o., a subsidiary company of the Guarantor, registered under the laws of Poland with company registration number 258097 and having its registered address at Pl. Andersa 7, |



VON DER HEYDEN GROUP

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| “Euro” or “€” | 61-894 Poznan, Poland; |
| “Exchange”, “Malta Stock Exchange” or “MSE” | the lawful currency of the Republic of Malta; Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Chapter 345 of the laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta; |
| “Financial Analysis Summary” | the financial analysis summary dated 30 January 2017 compiled by the Sponsor, Manager & Registrar in line with the applicable requirements of the Listing Authority policies and which is intended to summarise the key financial data set out in the Prospectus appertaining to the Issuer and the Guarantor, a copy of which is set out in Annex C of this Securities Note; |
| “Group” | the Guarantor (parent company) and any subsidiary and associated company or entity, including the Issuer, in which the Guarantor has a controlling interest, as further described in sub-section 5.2 of the Registration Document forming part of the Prospectus, principally specialising in the business of developing high quality office buildings and other property developments, as well as owning and managing hotel and residential properties in several European countries; |
| “Guarantor” | Timan Investments Holdings Limited, a company registered under the laws of Malta with company registration number C 63335 and having its registered office at B2, Industry Street, Qormi QRM 3000, Malta, 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; |
| “Interest Payment Date” | 8 March of each year between and including each of the years 2018 and the year 2024, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day; |
| “Intermediaries’ Offer” | shall have the meaning set out in sub-section 6.2 of this Securities Note; |
| “Issue Date” | 8 March 2017; |
| “Issue Period” | the period between 0830 hours (CET) on 9 February 2017 and 1200 hours (CET) on 3 March 2017 (or such earlier date as may be determined by the Issuer) during which the Bonds are available for subscription; |
| “Issuer” | Von der Heyden Group Finance p.l.c., a company registered under the laws of Malta with company registration number C 77266 and having its registered office at Spinola Palace, 46, St. Christopher Street, Valletta VLT 1464, Malta; |
| “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; |
| “Lublin Grand Hotel Sp. z o.o.” | Lublin Grand Hotel Sp. z o.o., a subsidiary company of the Guarantor, registered under the laws of Poland with company registration number 61774 and having its registered address at Wspólna 62, 00-684 Warsaw, Poland; |



VON DER HEYDEN GROUP

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| “Malta Stock Exchange Bye-Laws” | the Malta Stock Exchange p.l.c. bye-laws issued by the authority of the board of directors of Malta Stock Exchange p.l.c., as may be amended from time to time; |
| “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 Note, the Registration Document and this Securities Note, all dated 30 January 2017, as such documents may be amended, updated, replaced and supplemented from time to time; |
| “Prospectus Directive” | Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as may be amended from time to time; |
| “Redemption Date” | 8 March 2024; |
| “Redemption Value” | the nominal value of each Bond (€1,000 per Bond); |
| “Registration Document” | the registration document issued by the Issuer dated 30 January 2017, forming part of the Prospectus; |
| “Regulation” | Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of the prospectus and dissemination of advertisements; |
| “Securities Note” | this securities note in its entirety issued by the Issuer dated 30 January 2017, forming part of the Prospectus; |
| “Sponsor, Manager & Registrar” | Calamatta Cuschieri Investment Services Limited, a private limited liability company registered under the laws of Malta having its registered office at Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta and bearing company registration |



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| | number C 13729. Calamatta Cuschieri Investment Services Limited is authorised to conduct investment services by the MFSA in terms of the Investment Services Act (Chapter 370 of the laws of Malta); |
| “Summary Note” | the summary note issued by the Issuer dated 30 January 2017, forming part of the Prospectus; |
| “Terms and Conditions” | the terms and conditions relating to the Bonds as contained in the Prospectus, particularly in section 8 of this Securities Note; |
| “Von der Heyden Group Holdings S.A.R.L.” | Von der Heyden Group Holdings S.A.R.L., a company registered under the laws of Luxembourg with company registration number B189623 and having its registered office at 32, rue Marthe Prim-Welter, L-6138 Junglinster, Luxembourg. |

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

Unless it appears otherwise from the context:

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

2 RISK FACTORS

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

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

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

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 AND GUARANTOR, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER AND GUARANTOR FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER’S AND/OR GUARANTOR’S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A



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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 THIS SECURITIES NOTE, NOR ANY OTHER PARTS OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BONDS: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION, NOR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER, THE GUARANTOR, THE SPONSOR, MANAGER & REGISTRAR OR AUTHORISED INTERMEDIARIES THAT ANY RECIPIENT OF THIS SECURITIES NOTE OR ANY OTHER PART OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS OR ANY BONDS, SHOULD PURCHASE ANY BONDS ISSUED BY THE ISSUER.

ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT.

2.1 FORWARD-LOOKING STATEMENTS

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

2.2 GENERAL

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

- a) has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in the Prospectus or any applicable supplement;
- b) has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the prospective investor’s currency;
- c) understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets; and
- d) is 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 his/her/its investment and his/her/its ability to bear the applicable risks.

2.3 RISKS RELATING TO THE BONDS

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

- a) The existence of an orderly and liquid market for the Bonds depends on a number of factors including, but not limited to, the presence of willing buyers and sellers of the Issuer’s Bonds at any given time. Such factors are dependent upon the individual decisions of investors and the general



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economic conditions of the market in which the Bonds are traded, over which the Issuer has no control. Many other factors over which the Issuer has no control may affect the trading market for, and trading value of, the Bonds, including the time remaining to the maturity of the Bonds, the outstanding amount of the Bonds and the level, direction and volatility of market interest rates, generally. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price, or at all.

- b) Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.
- c) A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different.
- d) No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time.
- e) The Bonds shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and, save for such exceptions as may be provided by applicable law, shall rank without priority and preference to all other present and future unsecured obligations of the Issuer and the Guarantor. The Bonds will, however, rank subordinate to the present and future secured creditors of the Issuer and the Guarantor. In view of the fact that the Bonds are being guaranteed by the Guarantor, Bondholders are entitled to request the Guarantor to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount, when due. The strength of this undertaking on the part of the Guarantor is directly linked to the financial position and solvency of the Guarantor. Furthermore, subject to the negative pledge clause set out in sub-section 6.5 of this Securities Note, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.
- f) In the event that the Issuer wishes to amend any of the Terms and Conditions of issue of the Bonds it shall call a meeting of Bondholders in accordance with the provisions of sub-section 6.16 of this Securities Note. These provisions permit defined majorities to bind all Bondholders, including Bondholders who do not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority.
- g) The Bonds and the terms and conditions of the Bond Issue are based on the requirements of the Listing Rules, the Companies Act and the Regulation in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Prospectus.

3 PERSONS RESPONSIBLE

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



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

4 CONSENT FOR USE OF THE PROSPECTUS

Consent required in connection with the Intermediaries' Offer in terms of sub-section 6.2 of this Securities Note:

As explained in sub-section 6.2 of this Securities Note, the Bonds shall be made available for subscription by Authorised Intermediaries through an Intermediaries' Offer.

For the purposes of any subscription for Bonds by Authorised Intermediaries pursuant to such an Intermediaries' Offer and any subsequent resale, placement or other offering of Bonds by Authorised Intermediaries participating in the Intermediaries' Offer in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Directive, the Issuer consents to the use of the Prospectus (and accepts responsibility for the information contained herein in accordance with the terms hereof) with respect to any such subsequent resale, placement or other offering of Bonds, provided this is limited only:

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

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

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

Neither the Issuer nor the Sponsor, Manager & Registrar 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, placement or other offering of Bonds.

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



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

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

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

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

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

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

5 KEY INFORMATION

5.1 REASONS FOR THE ISSUE AND USE OF PROCEEDS

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €24,625,000, will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

- a) an amount of €1,750,000 of the net Bond Issue proceeds shall be advanced, pursuant to a loan agreement, by the Issuer to Bogenhausener Tor Immobilien GmbH in connection with the Bavaria Towers development project detailed in sub-section 5.2.3.1 of the Registration Document to finance cash deposit for bank financing and investment expenses (said latter entity is owned as to 38.5% by the Group as set out in sub-section 5.2.1 of the Registration Document and, accordingly, the development project in question is not fully owned by the Group);
- b) an amount of €4,000,000 of the net Bond Issue proceeds shall be advanced, pursuant to loan agreements, by the Issuer to Andersia Property Sp. z o.o. and Andersia Retail Sp. z o.o. in connection with the Andersia Silver development project detailed in sub-section 5.2.4.1 of the Registration Document for



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investment purposes and to fulfil expected equity requirements, in such proportion between each of said entities as shall be determined at the time of funding for the project being confirmed; for its real estate development projects the Group has as a general investment rule that it anticipates to double its equity in a period of 3 to 4 years (Andersia Retail Sp. z o.o., which is the entity which owns the said Andersia Silver property, is owned as to 42.5% by the Group as set out in sub-section 5.2.1 of the Registration Document and, accordingly, the development project in question is not fully owned by the Group);

c) an amount of €936,000 of the net Bond Issue proceeds shall be advanced, pursuant to a loan agreement, by the Issuer to Lublin Grand Hotel Sp. z o.o. to fund the refurbishment of the third floor of the IBB Grand Hotel Lublinianka detailed in sub-section 5.2.5.1 of the Registration Document and to purchase the remaining 25% of the shares in Lublin Grand Hotel Sp. z o.o., the owner of the IBB Grand Hotel Lublinianka, pursuant to which said entity would become wholly-owned by the Group (as at the date of this Securities Note said entity is owned as to 75% by the Group as set out in sub-section 5.2.1 of the Registration Document and, accordingly, the hotel property in question is presently not fully owned by the Group);

d) an amount of €250,000 of the net Bond Issue proceeds shall be advanced, pursuant to a loan agreement, by the Issuer to Długi Targ Sp. z o.o. to be applied to the Długi Targ development project detailed in sub-section 5.2.6.1 of the Registration Document (said latter entity is owned as to 50% by the Group as set out in sub-section 5.2.1 of the Registration Document and, accordingly, the development project in question is not fully owned by the Group);

e) an amount of €1,000,000 of the net Bond Issue proceeds shall be advanced, pursuant to a loan agreement, by the Issuer to Von der Heyden Group Holdings S.AR.L which will, in turn, invest said funds in a 50-50 joint venture Maltese company to be incorporated for the purpose of developing of an office building in Valletta, Malta, with a total expected investment volume of €5,000,000 (of which €2,000,000 will be contributed by way of equity, with the Group contributing 50% of said amount, and €3,000,000 being raised through bank financing);

f) an amount of €3,200,000 of the net Bond Issue proceeds shall be advanced, pursuant to loan agreements, by the Issuer to Group companies for the purpose of part-funding other prospective development projects in Malta and Europe. For the purpose of identifying such development projects, the Group shall fully adhere to the parameters established in terms of its business development strategy described in further detail in sub-section [6.5] of the Registration Document. With respect to the aforementioned €3,200,000 the Group's executive management team shall aim to acquire / develop / invest in attractively priced commercial properties located in European countries. Furthermore, in accordance with the principle of generating sustainable income for the Issuer, the Group's executive management team shall select commercial properties that have an anticipated high level of tenancy, in the case of office developments, and/or room rate occupancy, in the case of hotel management operations, as the case may be, in keeping with the Group's current occupancy rates;

g) an amount of €1,383,000 of the net Bond Issue proceeds shall be advanced, pursuant to loan agreements, by the Issuer to Group hotel operating companies to be applied to working capital facilities for the period 2017 – 2019, specifically and principally in respect of the proposed expansion of the IBB Hotel Collection in Europe (including Malta) concerning, in the immediate, the IBB Hotel Ingelheim (€350,000), the IBB Hotel Kempten (€150,000), the IBB Hotel Paderborn (€200,000) and the IBB Cugo Grand Harbour (€200,000) detailed in sub-section 5.2.8 of the Registration Document;

h) an amount of €1,895,000 of the net Bond Issue proceeds shall be advanced, pursuant to loan agreements, by the Issuer to Group hotel operating companies to be applied to rental deposits for the period 2017 – 2019, specifically and principally in respect of the proposed expansion of the IBB Hotel Collection in



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Europe (including Malta) concerning, in the immediate, the IBB Hotel Ingelheim (€350,000), the IBB Hotel Kempten (€200,000), the IBB Hotel Paderborn (€120,000) and the IBB Cugo Grand Harbour (€300,000) detailed in sub-section 5.2.8 of the Registration Document;

i) an amount of €10,000,000 of the net Bond Issue proceeds shall be used to carry into effect a refinancing of Group receivables and in return also a complete repayment of any direct debt of the Guarantor, thereby freeing the Guarantor of its receivables towards Group companies and further reinforcing its position as a pure holding company; and

j) the remaining balance of the net Bond Issue proceeds in an amount of €211,000 shall be used for the Group's general corporate funding requirements in Malta, including operational costs.

In the event that the Bond Issue is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for and the proceeds from the Bond Issue shall be applied in the manner and order of priority set out above. Any residual amounts required by the Issuer for the purposes of the uses specified in this sub-section 5.1 which shall not have been raised through the Bond Issue shall be financed from the Group's general cash flow and/or bank financing.

5.2 ESTIMATED EXPENSES AND PROCEEDS OF THE ISSUE

The Issue will involve expenses, including professional fees and costs related to publicity, advertising, printing, listing, registration, sponsor, management, selling commission, and other miscellaneous costs incurred in connection with this Bond Issue. Such expenses are estimated not to exceed €375,000 and shall be borne by the Issuer. 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 €24,625,000. There is no particular order of priority with respect to such expenses.

5.3 ISSUE STATISTICS

| | |
|--|--|
| "Amount" | €25,000,000; |
| "Application Forms made available" | 6 February 2017; |
| "Bond Issue Price" | at par (€1,000 per bond); |
| "Closing date for Applications to be received" | 3 March 2017 at 1200 hours (CET); |
| "Denomination" | Euro (€); |
| "Events of Default" | the events listed in sub-section 6.13 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 8 th March 2017 at the rate of four point four per cent (4.4%) per annum payable annually in arrears on the Interest Payment Dates; |



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| | |
|-----------------------------------|---|
| “Interest Payment Date” | annually on the 8 March between and including each of the years 2018 and 2024, as from 8 March 2018 (the first interest payment date); |
| “ISIN” | MT0001401208; |
| “Issue” | Bonds denominated in Euro having a nominal value of €1,000 each, which will be issued at par and shall bear interest at the rate of 4.4% per annum; |
| “Issue Period” | the period between 0830 hours (CET) on 9 February 2017 and 1200 hours (CET) on 3 March 2017 (or such earlier date as may be determined by the Issuer) during which the Bonds are available for subscription; |
| “Intermediaries’ Offer” | the Bonds shall form part of an Intermediaries’ Offer as set out in sub-section 6.2 of this Securities Note. In the event that the aggregate of the subscription agreements received from Authorised Intermediaries in terms of the Intermediaries’ Offer is in excess of the amount of Bonds available for subscription, the Issuer (acting through the Sponsor, Manager & Registrar) shall scale down each subscription agreement received from Authorised Intermediaries in accordance with the allocation policy to be issued in terms of sub-section 6.1.10 of this Securities Note; |
| “Listing” | application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List; |
| “Minimum amount per subscription” | two thousand Euro (€2,000) and multiples of one thousand Euro (€1,000) thereafter; |
| “Plan of Distribution” | the Bonds are open for subscription to Authorised Intermediaries pursuant to the Intermediaries’ Offer; |
| “Redemption Date” | 8 March 2024; |
| “Redemption Value” | at par (€1,000 per Bond); |
| “Status of the Bonds” | the Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed by the Guarantor, and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves and with other outstanding and unsecured obligations of the Issuer and the Guarantor, present and future, if any; |
| “Subscription” | multiples of one thousand Euro (€1,000); |
| “Underwriting” | the Bonds are not underwritten. |

5.4 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for the subscription for Bonds by Authorised Intermediaries (which include the Sponsor, Manager & Registrar) and any fees payable to Calamatta Cuschieri Investment Services Limited as Sponsor, Manager & Registrar in connection with the Bond Issue, so far as the Issuer is aware no person involved in the Issue has an interest material to the Bond Issue.



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5.5 EXPECTED TIMETABLE OF PRINCIPAL EVENTS

| | | |
|---|---|---|
| 1 | Application Forms made available | 6 February 2017 |
| 2 | Issue Period | 9 February 2017 (from 08:30 CET) to 3 March 2017 (by 12:00 CET) |
| 3 | Announcement of basis of acceptance | 8 March 2017 |
| 4 | Issue date of the Bonds and commencement of interest | 8 March 2017 |
| 5 | Expected date of admission of the Bonds to listing | 10 March 2017 |
| 6 | Expected date of commencement of trading in the Bonds | 13 March 2017 |
| 7 | Expected dispatch of allotment advices and refunds (if any) | 10 March 2017 |

The Issuer reserves the right to close the Offer of Bonds before 3 March 2017 at 12:00 CET in the event that the Bonds are fully subscribed prior to said date and time. In such eventuality the events set out in steps 3 to 7 above shall be brought forward, although the number of workings days between the respective events shall not also be altered.

6 INFORMATION CONCERNING THE BONDS

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

6.1 GENERAL

6.1.1 Each Bond forms part of a duly authorised issue of 4.4% unsecured bonds 2024 of a nominal value of €1,000 per Bond issued by the Issuer at par up to the principal amount of €25,000,000 (except as otherwise provided under sub-section 6.15 “Further Issues” below), and guaranteed by the Guarantor. The issue date of the Bonds is 8 March 2017.

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

6.1.3 The Bonds shall bear interest at the rate of 4.4% per annum payable annually in arrears on 8 March of each year, the first interest payment falling on 8 March 2018. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day.

6.1.4 Subject to admission to listing of the Bonds to the Official List, the Bonds are expected to be assigned ISIN: MT0001401208.

6.1.5 The Bonds are expected to be listed on the Official List on 10 March 2017 and dealing is expected to commence on 13 March 2017. Dealing may commence prior to notification of the amount allotted being issued to Applicants.

6.1.6 All outstanding Bonds not previously purchased or cancelled shall be redeemed by the Issuer at par (together with interest accrued to the date fixed for redemption) on the Redemption Date.



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6.1.7 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 Sponsor, Manager & Registrar 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. Neither the Issuer nor the Sponsor, Manager & Registrar will 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.

6.1.8 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 6.4 of this Securities Note.

6.1.9 The minimum subscription amount of Bonds that can be subscribed for by Applicants is €2,000, and in multiples of €1,000 thereafter.

6.1.10 The Issuer will determine and announce the allocation policy for the Bonds within five (5) Business Days of the closing of the Issue Period. The results of the offer, including the allocation policy, will be announced through a company announcement. It is expected that allotment letters will be dispatched to Bondholders within five (5) Business Days of the date of the announcement of the allocation policy.

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

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

6.2 INTERMEDIARIES' OFFER

The total amount of €25,000,000 of Bonds is being reserved for subscription by Authorised Intermediaries participating in the Intermediaries' Offer.

In this regard, the Issuer may enter into conditional subscription agreements with a number of Authorised Intermediaries for the subscription of Bonds, whereby it will bind itself to allocate Bonds thereto up to the total amount of €25,000,000 as aforesaid during the Intermediaries' Offer.

In terms of each subscription agreement entered into with an Authorised Intermediary, the Issuer will be conditionally bound to issue, and each Authorised Intermediary will conditionally bind itself to subscribe for, a number of Bonds as indicated therein subject to the Bonds being admitted to trading on the Official List. The subscription agreements will become binding on each of the Issuer and the respective Authorised Intermediaries upon delivery, provided that these intermediaries would have paid to the 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, and shall, in addition, be entitled to distribute any portion of the Bonds subscribed for upon commencement of trading.



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6.3 PLAN OF DISTRIBUTION AND ALLOTMENT

Applications for subscriptions to the Bonds may be made through the Sponsor, Manager & Registrar during the Issue Period on a first-come-first-served basis. The Issue Period shall close immediately upon attaining full subscription or on the last day of the Issue Period, whichever is the earliest. Subscription to the Bonds must be accompanied by full price of the Bonds applied for in Euro and in cleared funds at the Issue Price. If the Application Form(s) and proof of payment of cleared funds do not reach the Sponsor, Manager & Registrar by the close of the Issue Period, the Application will be deemed to have been declined.

The Bonds are open for subscription by Authorised Intermediaries through an Intermediaries' Offer.

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

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

6.4 STATUS AND RANKING OF THE BONDS

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

The following sets out a summary of the Group's indebtedness which, as at 31 December 2016, amounted in aggregate to €27,279,796.77. The bank borrowings listed below are secured by privileges and hypothecs and, therefore, the indebtedness being created by the Bonds ranks after these bank borrowings. In addition, the Bonds would also rank after any future debts which may be secured by a cause of preference such as a privilege and/or a hypothec:

| Facility held | Borrower | Lender | Description of facility | Amount outstanding as at 31 December 2016 (€) | Repayment with Bond proceeds (€) | Security held in respect of said facility |
|--------------------------------|-------------------------------|---------------------|--|---|----------------------------------|---|
| Subsidiary Bank Payable | Lublin Grand Hotel Sp. z o.o. | BZBWK Bank (Poland) | Bank loan facility Grand Hotel Lublinianka | € 5,781,948.82 | -Nil- | Mortgage on property |
| Subsidiary Bank Payable | Lublin Grand Hotel Sp. z o.o. | BZBWK Bank (Poland) | Bank loan facility Grand Hotel Lublinianka | € 208,217.70 | -Nil- | Mortgage on property |
| Subsidiary Bank Payable | Lublin Grand Hotel Sp. z o.o. | BZBWK Bank (Poland) | Bank loan facility Grand Hotel Lublinianka | € 220,169.58 | -Nil- | Mortgage on property |
| Subsidiary Bank Payable | Dlugi Targ Sp. z o.o. | Alior Bank (Poland) | Bank loan facility for construction Dlugi Targ | € 1,736,925.58 | -Nil- | Mortgage on property |



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| | | | | | | |
|-----------------------------------|--|--|---|----------------|----------------|-----------------------|
| Subsidiary Bank Payable | Andersia Retail Sp. z o.o. | PBS Bank (Poland) | Bank loan facility for current operations | € 1,034,798.82 | -Nil- | Mortgage on property |
| Subsidiary Bank Payable | IBB Hotel Collection Holding S.L. | Sabadell Bank (Spain) | Bank loan facility for acquisition hotel Paradis Blau | € 1,838,671.12 | -Nil- | Mortgage on property |
| Subsidiary Bank Payable | IBB Hotel Collection Holding S.L. | La Caixa Bank (Spain) | Bank loan facility for current operations | € 147,127.16 | -Nil- | Mortgage on property |
| Subsidiary Bank Payable | IBB Hotel Collection Holding S.L. | Sabadell Bank (Spain) | Bank loan facility for acquisition hotel Paradis Blau | € 57,000.00 | -Nil- | Mortgage on property |
| Subsidiary Bank Payable | IBB Hotel Collection Holding S.L. | La Caixa Bank (Spain) | Bank loan facility for current operations | € 15,481.84 | -Nil- | Mortgage on property |
| Subsidiary Bank Payable | IBB Hotel Collection Holding S.L. | Santander Bank (Spain) | Bank loan facility for current operations | € 13,500.00 | -Nil- | Mortgage on property |
| Subsidiary Bank Payable | IBB Hotel Collection Holding S.L. | Bantierra Bank (Spain) | Bank loan facility for current operations | € 6,000.00 | -Nil- | Mortgage on property |
| Subsidiary Bank Payable | IBB Hotel Collection Holding S.L. | Cobra (Spain) | Bank loan facility for current operations | € 26,000.00 | -Nil- | Mortgage on property |
| Subsidiary Bank Payable | Timan Investments Espana S.L. | Santander Bank (Spain) | Bank loan facility for construction Cugo Gran | € 1,708.641.12 | -Nil- | Mortgage on property |
| Subsidiary Bank Payable | Timan Investments Espana S.L. | Sabadell Bank (Spain) | Bank loan facility for construction Portol Gran | € 488.012.05 | -Nil- | Mortgage on property |
| Subsidiary Bank Payable | Timan Investments Espana S.L. | Santander Bank (Spain) | Bank loan facility for construction Cugo Gran | € 228.462.39 | -Nil- | Mortgage on property |
| Subsidiary Bank Payable | Timan Investments Espana S.L. | Sabadell Bank (Spain) | Bank loan facility for construction Portol Gran | € 49,581.04 | -Nil- | Mortgage on property |
| Subsidiary Leasing Payable | Andersia Tower Hotel Management Sp. z o.o. | GrenkeLeasing (Poland) | Leasing facility for hotel conference equipment | € 11,097.20 | -Nil- | Mortgage on equipment |
| Subsidiary Leasing Payable | Andersia Tower Hotel Management Sp. z o.o. | Europejski Fundusz Leasingowy (Poland) | Leasing facility for hotel conference and fitness equipment | € 36,090.42 | -Nil- | Mortgage on equipment |
| Third party payable | Timan Investments Holdings Limited | Group of investors | Loan facilities for investment purposes | € 9,714,036.72 | € 9,714,036.72 | None |
| Third party payable | IBB Hotel Collection Holding S.L. | Former shareholder | Purchase price payable | € 871,300.00 | -Nil- | None |



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| | | | | | | |
|------------------------------|-----------------|-----------------|--|----------------|-------|------|
| Related party payable | Group companies | Related parties | Intercompany loans for working capital and investment purposes | € 3,086,735.22 | -Nil- | None |
|------------------------------|-----------------|-----------------|--|----------------|-------|------|

Further details on the aforesaid indebtedness, particularly the secured bank borrowings, including, *inter alia*, respective term, security and repayment schedule, are found in the audited consolidated financial statements of the Guarantor for the financial year ended 31 December 2015, which have been published on the Issuer's website (www.vdhgroup.com) and are available at its registered office during office hours for the term of the Bonds.

6.5 NEGATIVE PLEDGE

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

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

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

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

Provided that the aggregate Security Interests referred to in (B) and (C) above do not result in the unencumbered assets of the Issuer being less than 104.4% of the aggregate principal amount of the Bonds still outstanding;

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

6.6 RIGHTS ATTACHING TO THE BONDS

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

- i. the payment of interest;
- ii. the payment of capital;



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- iii. ranking with respect to other indebtedness of the Issuer in accordance with the provisions of subsection 6.4 hereof;
- iv. attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
- v. enjoy all such other rights attached to the Bonds emanating from the Prospectus.

6.7 INTEREST

The Bonds shall bear interest from and including 8 March 2017 at the rate of 4.4% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 8 March 2018. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. Each Bond will cease to bear interest from and including its due date for redemption, unless payment of the principal in respect of the Bond is improperly withheld or refused or unless default is otherwise made in respect of payment, in any of which events interest shall continue to accrue at the rate specified above plus one per cent (1%), but in any event not in excess of the maximum rate of interest allowed by Maltese law. In terms of article 2156 of the Civil Code (Chapter 16 of the laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five (5) years.

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

6.8 YIELD

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 Redemption Date is 4.4%.

6.9 REGISTRATION, FORM, DENOMINATION AND TITLE

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

6.9.2 The CSD will issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/her/its entitlement to Bonds held in the register kept by the CSD.

6.9.3 Upon submission of an Application Form, Bondholders who do not have an online e-portfolio account with the CSD will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to secured bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Those Bondholders who opt not to avail themselves of this facility should indicate such on the Application Form. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.



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6.9.4 The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €1,000 provided that on subscription the Bonds will be issued for a minimum of €2,000 per individual Bondholder. Authorised Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €2,000 to each underlying client.

6.9.5 Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading *“Transferability of the Bonds”* in sub-section 6.14 of this Securities Note.

6.10 PRICING

The Bonds are being issued at par, that is, at €1,000 per Bond.

6.11 PAYMENTS

6.11.1 Payment of the principal amount of the Bonds will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Redemption Date. The Issuer shall not be responsible for any charges, loss or delay in transmission. If no such Euro-denominated bank account number is provided, or in the event that bank account details on the Application Form are incorrect or inaccurate, Bondholders will receive payment by means of a cheque mailed to their address (or, in the case of joint Applications, the address of the first named Applicant) indicated in the Application Form. Upon payment of the Redemption Value, the Bonds shall be redeemed and the appropriate entry made in the electronic register of the Bonds at the CSD.

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

6.11.2 Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Interest Payment Date. The Issuer shall not be responsible for any charges, loss or delay in transmission. If no such Euro-denominated bank account number is provided, or in the event that bank account details on the Application Form are incorrect or inaccurate, Bondholders will receive payment by means of a cheque mailed to their address (or, in the case of joint Applications, the address of the first named Applicant) indicated in the Application Form.

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



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6.11.4 No commissions or expenses shall be charged by the Issuer to the Bondholders in respect of payments made in accordance with this sub-section 6.11. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

6.12 REDEMPTION AND PURCHASE

6.12.1 Unless previously purchased and cancelled, the Issuer hereby irrevocably covenants in favour of each Bondholder that the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 8 March 2024. 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.

6.12.2 Subject to the provisions of this sub-section 6.12, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

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

6.13 EVENTS OF DEFAULT

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

- i. the Issuer and/or the Guarantor, as the case may be, shall fail to pay any interest on any Bond when due and such failure shall continue for thirty (30) days after written notice thereof shall have been given to the Issuer and/or the Guarantor, as the case may be, by any Bondholder; or
- ii. the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the terms and conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- iii. an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer; or
- iv. the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or
- v. the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- vi. there shall have been entered against the Issuer a final judgment by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of five million Euro (€5,000,000) or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; or
- vii. any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined in sub-section 6.5 above) of the Issuer in excess of five million Euro (€5,000,000) or its equivalent at any time.



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6.14 TRANSFERABILITY OF THE BONDS

6.14.1 The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole (in multiples in €1,000) in accordance with the rules and regulations of the MSE applicable from time to time. If Bonds are transferred in part, the transferee thereof will not be registered as a Bondholder.

6.14.2 Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may, from time to time, properly be required by the Issuer or the CSD, elect either to be registered himself as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person. Provided always that if a Bond is transmitted in furtherance of this paragraph 6.14.2, a person will not be registered as a Bondholder unless such transmission is made in multiples of €1,000.

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

6.14.4 The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the person to whom the transfer / transmission has been made.

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

6.15 FURTHER ISSUES

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further debentures, debenture stock, bonds, loan notes, or any other debt securities, either having the same terms and conditions as any outstanding debt securities of any series (including the Bonds) and so that such further issue shall be consolidated and form a single series with the outstanding debt securities of the relevant series (including the Bonds), or upon such terms as the Issuer may determine at the time of their issue.

6.16 MEETINGS OF BONDHOLDERS

6.16.1 The Issuer may, from time to time, call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of any of the following: (i) considering and approving any matter affecting their interest, including the amendment, modification, waiver, abrogation or substitution of any of the Terms and Conditions of the Bonds and the rights of the Bondholders, whether or not those rights arise under the Prospectus; (ii) considering and approving the exchange or substitution of the Bonds by, or the conversion of the Bonds into, shares, debentures or other obligations or securities of the Issuer; and (iii) obtaining the consent of Bondholders on other matters which in terms of the Prospectus require the approval of a Bondholders' meeting in accordance with sub-section 6.16.3 below.



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6.16.2 A meeting of Bondholders shall be called by the Directors by giving all Bondholders listed on the register of Bondholders as at a date being not more than thirty (30) days preceding the date scheduled for the meeting, not less than fourteen (14) days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this sub-section 6.16 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

6.16.3 The amendment of any of the Terms and Conditions of issue of the Bonds may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.

6.16.4 A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose at least two (2) Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within thirty (30) minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to Bondholders present at that meeting. The Issuer shall within two (2) days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven (7) days, and not later than fifteen (15) days, following the original meeting. At an adjourned meeting the number of Bondholders present at the commencement of the meeting, in person or by proxy, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at and decided upon during, the adjourned meeting.

6.16.5 Any person who in accordance with the Memorandum and Articles of Association of the Issuer is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.

6.16.6 Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the Directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.

6.16.7 The voting process shall be managed by the Issuer's company secretary under the supervision and scrutiny of the auditors of the Issuer.

6.16.8 The proposal placed before a meeting of Bondholders shall only be considered approved if at least sixty per cent (60%) in nominal value of the Bonds held by Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.



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

6.17 AUTHORISATIONS AND APPROVALS

The Directors authorised the Bond Issue and the publication of the Prospectus pursuant to a board of directors' resolution passed on 20 January 2017. The guarantee being given by the Guarantor in respect of the Bonds has been authorised by a resolution of the board of directors of the Guarantor dated 20 January 2017.

6.18 ADMISSION TO TRADING

6.18.1 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 30 January 2017.

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

6.18.3 The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 10 March 2017 and trading is expected to commence on 13 March 2017. Dealing may commence prior to notification of the amount allotted being issued to Applicants.

6.19 REPRESENTATIONS AND WARRANTIES

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

- i. it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business as it is now being conducted and to hold its property and other assets under legal title;
- ii. it has the power to execute, deliver and perform its obligations under the Prospectus and that all necessary corporate, shareholder and other actions have been duly taken to authorise the execution, delivery and performance of the same, and further that no limitation on its power to borrow or guarantee shall be exceeded as a result of the Terms and Conditions or the Prospectus; and
- iii. no litigation, arbitration or administrative proceedings are taking place, pending or, to the knowledge of the officers of the Issuer, threatened against the Issuer which could have a material adverse effect on the business, assets or financial condition of the Issuer.

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

6.20 BONDS HELD JOINTLY

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



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6.21 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, and shall not be entitled to the repayment of principal on the Bond/s (which shall be due to the bare owner).

6.22 GOVERNING LAW AND JURISDICTION

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

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

6.23 NOTICES

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

7 TAXATION

7.1 GENERAL

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Bonds, including their acquisition, holding and 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 the Bonds and to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive.

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

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

7.2 MALTA TAX ON INTEREST

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is otherwise instructed by a Bondholder or if the Bondholder does not fall within the definition of “recipient” in terms of article 41(c) of the Income Tax Act (Chapter 123 of the laws of Malta), interest shall be paid to such



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person net of a final withholding tax, currently at the rate of 15% of the gross amount of the interest, pursuant to article 33 of the said Income Tax Act. Bondholders who do not fall within the definition of a “recipient” do not qualify for the said rate and should seek advice on the taxation of such income as special rules may apply.

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

In the case of a valid election made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his income tax return and be subject to tax on it at the standard rates applicable to that person at that time. Additionally, in this latter case the Issuer will advise the Malta Commissioner for Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients unless the beneficiary is a non-resident of Malta. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

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

7.3 EXCHANGE OF INFORMATION

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

7.4 MALTESE TAXATION ON CAPITAL GAINS ON TRANSFER OF THE BONDS

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

7.5 DUTY ON DOCUMENTS AND TRANSFERS

In terms of article 50 of the Financial Markets Act (Chapter 345 of the laws of Malta), in view of the fact that the Bonds constitute financial instruments of a company quoted on a regulated market Exchange, as is the MSE, redemptions and transfers of the Bonds are exempt from Maltese duty.



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8 TERMS AND CONDITIONS OF THE BOND ISSUE

- 8.1 The issue and allotment of the bonds is conditional upon the bonds being admitted to the official list. In the event that the bonds are not admitted to the official list any application monies received by the issuer will be returned without interest by direct credit into the applicant's bank account indicated by the applicant on the relative application form. If no such bank account number is provided, or in the event that bank account details on the application form are incorrect or inaccurate, such returns will be made by means of a cheque mailed to the applicant's address (or, in the case of joint applications, the address of the first named applicant) indicated in the application form.
- 8.2 The issuer has not established an aggregate minimum subscription level for the bond issue.
- 8.3 It is the responsibility of investors wishing to apply for the bonds to inform themselves as to the legal requirements of so applying, including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.
- 8.4 The contract created by the issuer's acceptance of an application filed by a prospective bondholder shall be subject to all the terms and conditions set out in this securities note and the memorandum and articles of association of the issuer.
- 8.5 Any person, whether natural or legal, shall be eligible to submit an application and any one (1) person, whether directly or indirectly, should not submit more than one (1) application form. If an application form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have duly bound his principal, or the relative corporation, corporate entity, or association of persons, and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such representative may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public if so required by the issuer and/or the sponsor, manager & registrar, but it shall not be the duty or responsibility of the sponsor, manager & registrar or issuer to ascertain that such representative is duly authorised to appear on the application form and bind the applicant.
- 8.6 In the case of joint applications, reference to the applicant in these terms and conditions is a reference to each of the joint applicants, and liability therefor is joint and several.
- 8.7 Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or the legal guardian/s and accompanied by a public registry birth certificate of the minor in whose name and for whose benefit the application form is submitted. Any bonds allocated pursuant to such an application shall be registered in the name of the minor as bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the application form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
- 8.8 The bonds have not been and will not be registered under the securities act of 1933 of the United States of America and, accordingly, may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.



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- 8.9 No person receiving a copy of the prospectus or an application form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such application form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such application form could lawfully be used without contravention of any registration or other legal requirements.
- 8.10 It is the responsibility of any person outside Malta wishing to make any application to satisfy himself/herself/itself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- 8.11 Subject to all other terms and conditions set out in the prospectus, the issuer reserves the right to reject, in whole or in part, or to scale down, any application, including multiple or suspected multiple applications, and to present any cheques and/or drafts for payment upon receipt. the right is also reserved to refuse any application which in the opinion of the issuer is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. only original application forms will be accepted and photocopies/facsimile copies will not be accepted.
- 8.12 Save where the context requires otherwise or where otherwise defined therein, terms defined in the prospectus bear the same meaning when used in these terms and conditions, in the application forms, in any of the annexes and in any other document issued pursuant to the prospectus.
- 8.13 The issuer has not sought assessment of the bonds by any independent credit rating agency.
- 8.14 Subject to all other terms and conditions set out in the prospectus, the issuer reserves the right to revoke the issue at any time before the closing of the issue period. the circumstances in which such revocation might occur are expected to be exceptional, for example where a significant change in market conditions occurs.
- 8.15 The bonds will be issued in multiples of €1,000. the minimum subscription amount of bonds that can be subscribed for by all applicants is €2,000.
- 8.16 For the purposes of the prevention of money laundering and funding of terrorism regulations, 2008, as amended from time to time, all appointed authorised intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in articles 1.2(d) and 2.4 of the “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 said appointed authorised intermediaries are malta stock exchange members or not. such information shall be held and controlled by the malta stock exchange in terms of the data protection act (chapter 440 of the laws of malta) for the purposes and within the terms of the malta stock exchange data protection policy as published from time to time.
- 8.17 By completing and delivering an application form, the applicant:
- i. agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the Guarantor and the issue of the Bonds contained therein;



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- ii. warrants that the information submitted by the Applicant in the Application Form is true and correct in all respects and in the case where an MSE account number is indicated in the Application Form, such MSE account number is the correct account of the Applicant. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the Application Form and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;
- iii. authorises the Sponsor, Manager & Registrar and the Directors to include his/her/its name or, in the case of joint Applications the first named Applicant, in the register of debentures of the Issuer in respect of the Bonds allocated to such Applicant and further authorises the Issuer and the MSE to process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Chapter 440 of the laws of Malta). The Applicant has the right to request access to and rectification of the personal data relating to him/her/it as processed by the Issuer and/or the MSE. Any such requests must be made in writing and sent to the Issuer at the address indicated in the Prospectus. The requests must further be signed by the Applicant to whom the personal data relates;
- iv. confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer, the Guarantor or the issue of the Bonds other than what is contained in the Prospectus and, accordingly, agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
- v. agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her/its remittance and any verification of identity as required by the Prevention of Money Laundering Act (Chapter 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
- vi. agrees to provide the Sponsor, Manager & Registrar and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;
- vii. warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her/its Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Sponsor, Manager & Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bonds or his/her/its Application;
- viii. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- ix. represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) and that he/she/it is not accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the "United States") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- x. agrees that Calamatta Cuschieri Investment Services Limited will not, in their capacity of Sponsor, Manager & Registrar, treat the Applicant as their customer by virtue of such Applicant making an Application for the Bonds, and that Calamatta Cuschieri Investment Services Limited will owe the Applicant no duties or responsibilities concerning the price of the Bonds or their suitability for the Applicant;
- xi. agrees that all documents in connection with the issue of the Bonds and any returned monies, including refunds of all unapplied Application monies, if any, will be sent at the Applicant's own risk and may be sent, in the case of documents, by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form and in the case of monies by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form;



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- xii. renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds;
- xiii. irrevocably offers to purchase the number of Bonds specified in his/her/its Application Form (or any smaller number for which the Application is accepted) at the Bond Issue Price subject to the Prospectus, the terms and conditions thereof and the Memorandum and Articles of Association of the Issuer;
- xiv. warrants that his/her/its remittance will be honoured on first presentation and agrees that if such remittance is not so honoured he/she/it will not be entitled to receive a registration advice, or to be registered in the register of debentures or to enjoy or receive any rights in respect of such Bonds unless and until payment in cleared funds for such Bonds is received and accepted by the Issuer and/or the Sponsor, Manager & Registrar (which acceptance shall be made in the absolute discretion of the Issuer and/or the Sponsor, Manager & Registrar and may be on the basis that the Issuer and/or the Sponsor, Manager & Registrar is indemnified against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of such remittance to be honoured on first presentation) and that, at any time prior to unconditional acceptance by the Issuer and/or the Sponsor, Manager & Registrar of such late payment in respect of such Bonds, the Issuer and/or the Sponsor, Manager & Registrar may (without prejudice to other rights) treat the agreement to allocate such Bonds as void and may allocate such Bonds to some other person, in which case the Applicant will not be entitled to any refund or payment in respect of such Bonds (other than return of such late payment);
- xv. agrees that all Applications, acceptances of applications and contracts resulting therefrom will be governed by, and construed in accordance with, Maltese law and that he/she/it submits to the exclusive jurisdiction of the Maltese Courts and agrees that nothing shall limit the right of the Issuer to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of applications and contracts in any other manner permitted by law in any court of competent jurisdiction;
- xvi. warrants that if he/she signs the Application Form on behalf of another party or on behalf of a corporation or corporate entity or association of persons, he/she has due authority to do so and such person, corporation, corporate entity or association of persons will also be bound accordingly, and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions;
- xvii. warrants that he/she is not under the age of eighteen (18) years or if he/she is lodging an Application in the name and for the benefit of a minor, warrants that he/she is the parent/s or legal guardian/s of the minor;
- xviii. confirms that, in the case of a joint Application entered into in joint names, the first named Applicant shall be deemed the holder of the Bonds; and
- xix. agrees that, in all cases, any refund of unallocated Application monies, if any, will be sent to the Applicant by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form. No interest shall be due on refunds. The Issuer shall not be responsible for any changes, loss or delay in transmission. If no such bank account number is provided, or in the event that bank account details on the Application Form are incorrect or inaccurate, such refund will be made by means of a cheque mailed to the Applicant's address (or, in the case of joint Applications, the address of the first named Applicant) indicated in the Application Form.



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9 ADDITIONAL INFORMATION

The Financial Analysis Summary dated 30 January 2017 has been included in Annex C of this Securities Note in the form and context in which it appears with the authorisation of Calamatta Cuschieri Investment Services Limited of Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta, which has given and has not withdrawn its consent to the inclusion of said report herein.

Calamatta Cuschieri Investment Services Limited does not have any beneficial interest in the Issuer or the Guarantor. The Issuer confirms that the Financial Analysis Summary has 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.



VON DER HEYDEN GROUP

ANNEX B

GUARANTEE

TIMAN INVESTMENTS HOLDINGS LIMITED - C 63335

(the "Guarantor")

To All Bondholders:

Reference is made to the issue of €25,000,000 4.4% unsecured bonds due 2024 (the "**Bonds**") by Von der Heyden Group Finance p.l.c. [C 77266] (the "**Issuer**") pursuant to and subject to the terms and conditions contained in a prospectus to be dated 30 January 2017 (the "**Prospectus**").

Now, therefore, by virtue of this Guarantee Timan Investments Holdings Limited hereby stands surety with the Issuer and irrevocably and unconditionally undertakes to affect the due and punctual performance of all the payment obligations undertaken by the Issuer under the Bonds if the Issuer fails to do so and, without prejudice to the generality of the foregoing, undertakes to pay on an on-going basis, interest which may become due and payable during the term of the Bonds and the principal amount of the Bonds on the Redemption Date should the Issuer default in paying the Bondholders under the Bonds.

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

Signed and executed on this the 20th day of January 2017, after approval of the board of directors of Timan Investments Holdings Limited.

NATURE, SCOPE AND TERMS OF THE GUARANTEE

1. Nature of the Guarantee

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

2. Scope of the Guarantee

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

3. Information about the Guarantor

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

4. Terms of the Guarantee

4.1 Guarantee

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



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4.2 Continuing obligations

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

4.3 Repayment to the Issuer

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

4.4 Indemnity

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

4.5 Status of Guarantee

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

4.6 Power to execute

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

4.7 Deposit and production of the Guarantee

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

4.8 Subrogation

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



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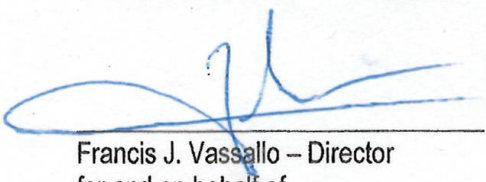
4.9 Governing law and jurisdiction

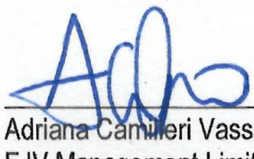
This Guarantee is governed by and shall be construed in accordance with Maltese law, and any disputes which may arise out of or in connection with this Guarantee are to be settled exclusively by the Courts of Malta.

Signed:



Sven von der Heyden – Director
for and on behalf of
Timan Investments Holdings Limited

Javier Errejon Sainz de la Maza - Director
for and on behalf of
Timan Investments Holdings Limited

Francis J. Vassallo – Director
for and on behalf of
Timan Investments Holdings Limited

Adriana Camilleri Vassallo, for and on behalf of
FJV Management Limited - Director
for and on behalf of
Timan Investments Holdings Limited



VON DER HEYDEN GROUP

ANNEX C

FINANCIAL ANALYSIS SUMMARY



VON DER HEYDEN GROUP

FINANCIAL ANALYSIS SUMMARY
Von der Heyden Group Finance p.l.c.
30th January 2017



Calamatta Cuschieri
YOUR PARTNER IN FINANCIAL SERVICES



VON DER HEYDEN GROUP



FINANCIAL ANALYSIS SUMMARY Von der Heyden Group Finance p.l.c.

The Directors
Von der Heyden Group Finance p.l.c.,
Palazzo Spinola Business Centre
46, St. Christopher Street
Valletta, VLT1464
30th January 2017

Dear Sirs,

Von der Heyden Group Finance p.l.c. – Financial Analysis Summary

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 financial analysis is that of summarising key financial data appertaining to Von der Heyden Group Finance p.l.c. ("the issuer"). The data is derived from various sources or is based on our own computations as follows:

- (a) The forecast data for the financial years ending 31st December 2017 to 31st December 2018 have been provided by management.
- (b) Our commentary on the results of Von der Heyden Group Finance p.l.c. ("the Group") and on its financial position is based on the explanations set out by the Issuer in the Prospectus.
- (c) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions set out in Part 4 of the Analysis.
- (d) The principal relevant market players listed in Part 3 of the document have been identified by management. Relevant financial data in respect of competitors has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

The Analysis is meant to assist potential investors by summarising the more important financial data set out in the Prospectus. The Analysis does not contain all data that is relevant to potential investors and is meant to complement, and not replace, the contents of the full Prospectus. The Analysis does not constitute an endorsement by our firm of the proposed Bond Issue and should not be interpreted as a recommendation to invest in the Bonds. 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. Potential investors are encouraged to seek professional advice before investing in the bonds.

Yours sincerely

Nick Calamatta - Director



VON DER HEYDEN GROUP



FINANCIAL ANALYSIS SUMMARY Von der Heyden Group Finance p.l.c.

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1. Information about the Issuer

1.1 Issuer and Guarantor's key activities and structure

Von der Heyden Group Finance plc ("VDHGF"), company registration number C 77266, is a limited liability company registered in Malta on 15th September 2016. It is intended that VDHGF will serve as the financing vehicle of the Group. The issued share capital is held by:

Timan Investment Holdings ("TIH") 249,999 A Ordinary shares; and

FJV Management Limited 1 B Ordinary share.

The ultimate beneficial owners of TIH are described in further detail below.

TIH, the guarantor of the debt securities, has company registration number C 63335 and is a limited liability company registered in Malta on 31st December 2013 as a continuing business from the Netherlands (previously Timan Investments Holdings B.V.) under Companies Act 1995. The principal activity of TIH is to hold for capital growth and income generation, investments in subsidiary and associated entities. TIH also currently provides financing to Group and related entities. The Group is involved in real estate development, real estate leasing, hotel management, and hospitality and has operations in Germany, Poland, Spain and Malta.

Currently the authorised share capital of TIH consists of 50,000,000 ordinary shares, comprising 20,000,000 ordinary A Shares of Euro 1 each and 30,000,000 Ordinary B shares of Euro 1 each. The issued share capital is Euro 3,804,641 divided into 3,249,924 ordinary A shares of Euro 1 each and 554,717 ordinary B shares of Euro 1 each and is held as follows:

Von der Heyden Group Holdings S.A.R.L. 3,249,924 A Ordinary shares (85.42%) of Euro 1 each fully paid up; and

Trusthigh Holdings Limited 554,717 B Ordinary shares (14.58%) of Euro 1 each fully paid up.

In terms of its Memorandum and Articles of Association, the Guarantor is controlled by Von der Heyden Group Holdings S.A.R.L and, accordingly, the Group is ultimately controlled by Mr. Sven Von Der Heyden. The Group's parent company is TIH. TIH's principal Malta registered subsidiaries are VDHGF and IBB Hotel Management Europe Ltd ("IHME"). As at 4th October 2016, the Group had 25 subsidiary entities and 6 associated entities registered in Germany, Poland, Spain and Holland.

Group associated entities include Bogenhausener Tor Immobilien GmbH ("BTI") that is involved in the development of the Bavaria Towers Munich project and Andersia Retail Sp. z o.o. ("AR") that is involved in the future development of Andersia Silver, an office building in Poznan, Poland.

Where the Group owns and manages a hotel, it normally sets up a property holding entity and a separate hotel operating entity. Where the Group operates a hotel, it normally sets up a hotel operating company. Hotels, whether owned and managed or just managed, are all managed under the IBB brand. Spanish and German hotels are currently managed by IBB Management 2007 S.L. ("IMSL") whilst the Polish hotels are managed by IBB Polska Sp. z o.o. ("IPSZ"). These two hotel management companies offer services like a common booking



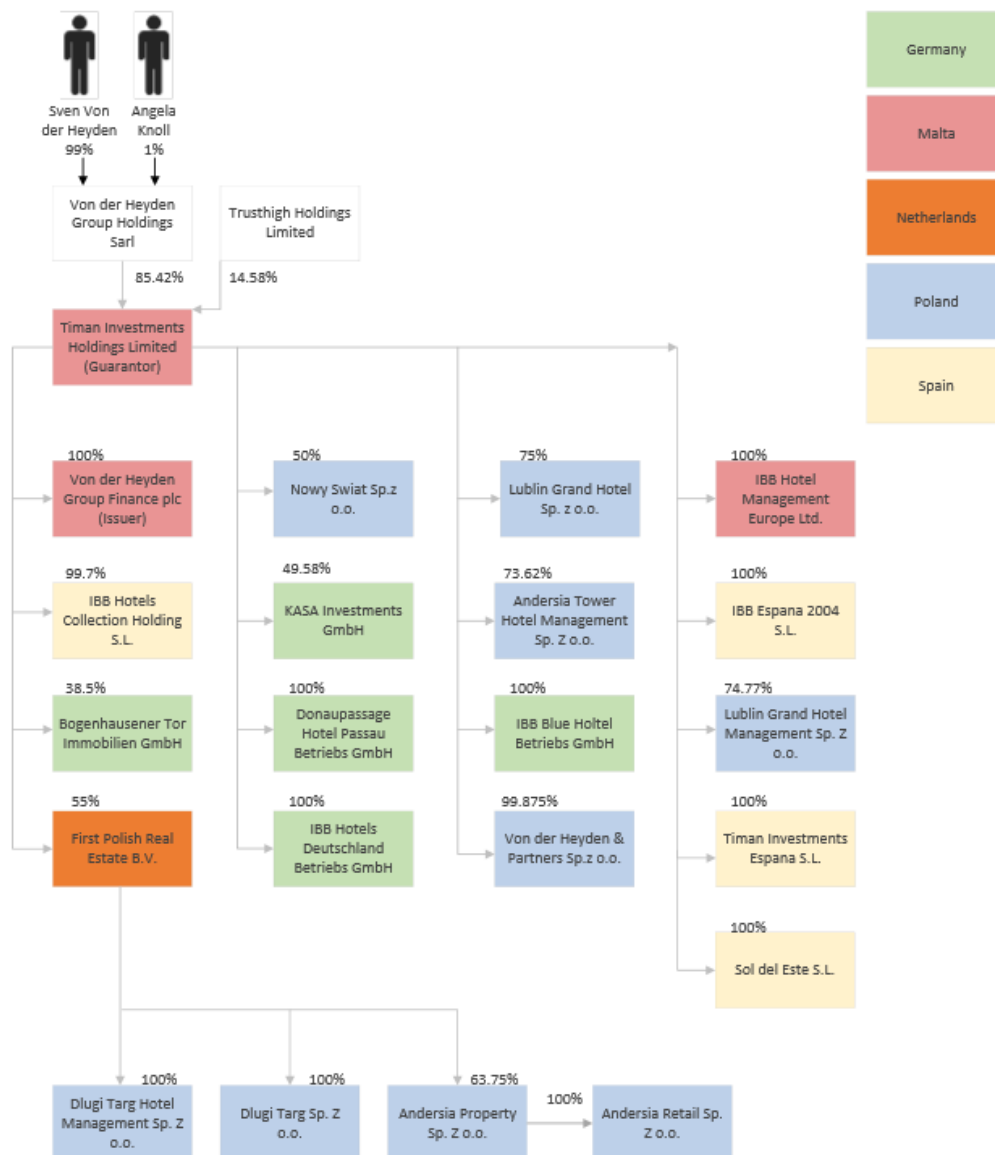
VON DER HEYDEN GROUP



FINANCIAL ANALYSIS SUMMARY Von der Heyden Group Finance p.l.c.

online platform and marketing. In future, the management of IBB Hotels Collection will be centralised under IHME.

The Group's complete organisation chart is set out below:





1.2 History of the Group

The Group was founded in 1989 and has completed investment programmes in real estate markets with a market value of approximately over Euro 350 million. The Group employs approximately 272 people. The Group has representative offices or investments in Warsaw, Poznan, Lublin, Gdansk, Amsterdam, Berlin, Leipzig, London, Mahón (Menorca), Madrid, Munich, Malta and Luxembourg and also has conducted or still conducts business in Atlanta, Dresden and New York. The Group has established itself as a niche boutique player targeting top quality results developing high quality office buildings, owning and managing hotel and residential properties in Europe and specifically in Germany, Poland and Spain.

The Group's business activities are currently organised primarily across two lines of business:

Property development; and

Hotel management.

Property development

The property development business line includes the identification and development of sites for office, retail, and mix use commercial or residential purposes. The property development business also includes development of hotels that are owned or managed by the Group. The Group has been involved in development projects in:

- Germany – including the Bavaria Towers Munich development;
- Poland – including the Liberty Corner Warsaw development and the Andersia Square Poznan development; and
- Spain – including the Cugó Gran Menorca boutique hotel development (see hotel management below).

Individual property developments are described in further detail in section 1.4.1.

Hotel management

The hotel management business line includes the management of hotels under the IBB Hotel Collection brand, in Germany, Poland, and Spain. Certain hotels under management are also currently owned by the Group. As at FY15, the Group had 8 hotels under management including 3 owned and managed hotels. Hotels under management are discussed in more detail in section 1.4.1.



VON DER HEYDEN GROUP



FINANCIAL ANALYSIS SUMMARY
Von der Heyden Group Finance p.l.c.

1.3 Directors and Executive Management

BOARD OF DIRECTORS - ISSUER

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

| Name | Designation |
|-----------------------------------|-------------------------------------|
| Sven von der Heyden | Executive Director, Chairman |
| Robert Hendrik Rottinghuis | Executive Director, CEO |
| Francis J. Vassallo | Independent, Non-Executive Director |
| Kevin Deguara | Independent, Non-Executive Director |
| Robert Aquilina | Independent, Non-Executive Director |

The business address of all of the Directors is the registered office of the Issuer. Below is a short curriculum vitae of each of the Directors.

Sven von der Heyden

Mr von der Heyden is the founder and Chairman of the Group, responsible for its overall direction and strategy. Prior to the setting up of the Group in 1989, Mr von der Heyden was an institutional bond dealer. He was also a co-founder, the main shareholder as well as chairman of the Supervisory Board of the Iberia Motor Company S.A., the general exclusive importer of Seat cars in Poland, sold in 1998 with a revenue of €150 million. Mr von der Heyden has won various personal and project awards, including "Personality of the Year 2002" award granted by the readers of Construction Journal Poland, "Preservation of Historical Buildings" award granted to Mr von der Heyden by the Polish Minister of Culture in 2002 and multiple "Building of the Year" and "CEE Best Projects" awards in recognition of projects carried into effect by the Group over the years. Mr von der Heyden is resident in Malta since January 2014.

Robert Hendrik Rottinghuis

Mr Rottinghuis joined the Group in September 2016 as an executive director and member of the management board, responsible for corporate governance, compliance, corporate finance and business development, after having serviced the Group in different roles working with corporate services providers and banks for over 10 years. Mr Rottinghuis also held the position of managing director of United International Management Malta and director in its Luxembourg office, primarily servicing private equity and real estate investment funds. Mr Rottinghuis holds a Master in Business Administration degree.

Francis J. Vassallo



Mr Vassallo, founder of the Francis J. Vassallo & Associates Group, is a former Governor of the Central Bank of Malta. He occupied several senior positions during his 25-year international career with Chase Manhattan Bank New York, during which time he was a member of the board of several Chase subsidiaries in Luxembourg, the Channel Islands and in Spain. Between 1987 and 1991, Mr Vassallo was general manager of Chase Manhattan Bank in Spain and responsible for the setting-up of private banking and capital markets. He was then appointed general manager of Chase Private Bank in Switzerland, where he remained in office until September 1993. Back in Malta, and prior to founding the Francis J. Vassallo & Associates Group, Mr Vassallo was appointed Governor of the Central Bank of Malta during the crucial time of the introduction into Maltese legislation of the financial services package, which office he held until 1997. Mr Vassallo is a Professed Knight of the Sovereign Military Order of St. John of Jerusalem, has been awarded the National Order of Merit by the President of Malta and the Order of Isabel La Catolica by the King of Spain. He was also appointed Special Envoy to the previous Malta administration to negotiate double taxation agreements with Latin American countries.

Kevin Deguara

Mr Deguara has a long term background in the real estate sector in Malta, having been actively involved within this industry for over 16 years. He is co-owner in the companies that operate the Remax offices in Blue Harbour in Ta' Xbiex and Remax City in Valletta. In respect of both said companies Mr Deguara also acts as money laundering reporting officer, as well as the person certified for their Financial Intelligence Analysis Unit obligations. In addition, he serves as a board member of the Remax & Friends Foundation which is a charitable foundation set up by Remax Malta to support various organisations and charities. Mr Deguara has studied business studies, accounts and economics as well as various leadership and management courses within the real estate sector.

Robert Aquilina

Mr Aquilina joined the Salvo Grima Group in 1973, being appointed as director in the following year. As from 1988 he served as managing director of the company and in 2003 was appointed as its Chairman and CEO. In line with the company's retirement policy on April 30, 2016 he stepped down as its CEO and remained Salvo Grima's Chairman, a position he continues to occupy to date. Mr Aquilina holds selected board member mandates in various national and international companies, as well as multiple memberships of leading logistics and shipping associations. Furthermore, since 1983 he has been a member of the Malta Chamber of Commerce and in 2016 became Chairman of the newly set up Logistics Business section. Mr Aquilina was also a founding member of the Airport Tax Free Association (ATFA) and Duty Free Port Shops Association, Malta and internationally served on the International Marine Purchasing Association (IMPA) for many years as vice president and council member.



VON DER HEYDEN GROUP



FINANCIAL ANALYSIS SUMMARY
Von der Heyden Group Finance p.l.c.

BOARD OF DIRECTORS - GUARANTOR

TIH has a board consisting of four directors, comprising:

| Name | Designation |
|--|-------------------------------------|
| Sven von der Heyden | Executive Director |
| Javier Errejon Sainz de la Maza | Executive Director |
| Francis J. Vassallo | Independent, Non-Executive Director |
| FJV Management Limited | Independent, Non-Executive Director |

Below is a short CV about directors not part of the issuer and other key members of the Group's senior executive team.

Mr. Javier Errejon Sainz de la Maza – Executive Director

Mr Errejon joined the Group in September 2006 as its Chief Financial Officer and member of the management board responsible for finance. Prior to that he occupied several senior positions, including that of head of analysis and management control of Aldeasa S.A. and controller and financial management of Grupo Ferrovial. With a bachelor in law and a Master of Business Administration degree from IESE Business School, Mr Errejon is also a professor teaching finance and business valuation at various universities and business schools in Spain and other countries.

Mr. Adam Karol Trybusz – Head of Real Estate Development Poland Von der Heyden Group.

Mr Trybusz joined the Group in 1996 and is responsible for its real estate development projects in Poland, several of which have been award winning projects. Mr Trybusz holds a Master degree from the Faculty of Computer Science and Management in Wroclaw University of Technology and is a member of the Royal Institute of Chartered Surveyors (RICS).

Mr. Vladimir Saal – Chief Executive Officer of IBB Hotel Collection

Mr. Saal joined the Von der Heyden Group in 2009 and is responsible for its hotel operations and development. Prior to that he held several positions as general manager of leading hotels in Germany.

Ms. Carolin Schraishuhn – Head of Financial Controlling Von der Heyden Group

Ms. Schraishuhn joined the Von der Heyden Group in 2014 and is responsible for financial controlling. Prior to that she held the position of head of finance and controlling for a German stock listed company as well as one of the youngest audit manager ever in Ernst & Young.

Ms. Kinga Koninska – Head of PR & Marketing Von der Heyden Group

Ms. Koninska joined the Von der Heyden Group in 1997 after graduating from university and is responsible for PR & Marketing of the entire Group.



Mr Adrian Sciberras – Head of Controlling of IBB Hotel Collection

Mr Sciberras joined the Group in 2016 and is responsible for financial controlling at its hotel division, headquartered in Malta. Prior to joining the Group, Mr Sciberras' prior positions held include that of financial controller at Transport Malta, chief financial officer at Gozo Channel Co Ltd as well as several positions within the private sector in Malta. He holds a bachelor in accounting and an executive master in business administration from the University of Malta.



VON DER HEYDEN GROUP



FINANCIAL ANALYSIS SUMMARY Von der Heyden Group Finance p.l.c.

1.4 Major assets owned by the group

The following table provides a list of the principal assets and operations owned by the respective Group companies as at the date of the Prospectus:

| OWNING COMPANY | NAME OF PROPERTY | LOCATION | DESCRIPTION | % OWNERSHIP |
|---|--|----------|--|-------------|
| Andersia Retail Sp. z o.o. | Andersia Silver | Poland | Property owner | 42.5% |
| Andersia Tower Hotel Management Sp. z o.o. | IBB Andersia Hotel | Poland | Hotel management and operation | 73.62% |
| Bogenhausener Immobilien GmbH | Tor Bavaria Towers | Germany | Property owner of the Blue Tower | 38.5% |
| Długi Targ Sp. z o.o. | IBB Hotel Długi Targ | Poland | Property owner | 50% |
| Długi Targ Hotel Management Sp. z o.o. | IBB Hotel Długi Targ | Poland | Hotel management and operation | 50% |
| Donaupassage Hotel Passau Betriebs GmbH | IBB Hotel Passau City Centre and IBB Hotel Passau Süd | Germany | Hotel management and operation | 100% |
| IBB Blue Hotel Betriebs GmbH | IBB Blue Hotel Berlin-Airport | Germany | Hotel management and operation | 100% |
| IBB España 2004 S.L. | IBB Recoletos Coco Salamanca | Spain | Hotel management and operation | 100% |
| IBB Hotel Collection Holding S.L. (formerly Asturme S.L.) | IBB Hotel Paradis Blau | Spain | Property owner | 99.7% |
| IBB Hotels Deutschland Betriebs GmbH | IBB Hotel Ingelheim, IBB Hotel Kempten Allgäutower and IBB Hotel Paderborn | Germany | Hotel management and operation (future projects) | 100% |
| IBB Hotel Management Europe Ltd | IBB Hotel Valletta Merkanti | Malta | Hotel management and operation (future project) | 100% |
| KASA Investments GmbH | 8 residential buildings located in Leipzig, Berlin and Plauen (Germany) totalling 5,937sqm | Germany | Property owner | 49.58% |
| Lublin Grand Hotel Sp. o.o. | IBB Grand Hotel Lublinianka | Poland | Property owner | 75% |
| Lublin Grand Hotel Management Sp. o.o. | IBB Grand Hotel Lublinianka | Poland | Hotel management and operation | 74.77% |
| Nowy Świat Sp. z o.o. | Nowy Świat Atrium | Poland | Property owner (future project) | 50% |
| Sol del Este S.L. | IBB Hotel Paradis Blau | Spain | Hotel management and operation | 100% |
| Tíman Investments España S.L. | IBB Hotel Cugó Gran | Spain | Property owner & Hotel management and operation | 100% |
| Von der Heyden & Partners Sp. z o.o. | Plot of undeveloped land in Węgorzewo, Poland measuring 8,361m2 | Poland | Property owner | 99.875% |



1.4.1 Further details about projects and assets owned by the Group

1.4.1.1 Completed Office developments

Prima Court

Project- eight-storey office building located in the centre of Warsaw, a project with an investment value of €18.2 million.

Highlight- A class 'A' office building in Poland, was the first office building in Poland to be entirely leased before construction works began.

Ks. Skorupki 4

Project- a class 'A' office building, with 7,200 m² gross area and 4,000 m² of net usable area and is located in the centre of Warsaw, Poland with an investment value of €14.5 million.

Highlight - was the first building in Poland that was sold turn-key off-plan prior to the start of construction works.

Liberty Corner

Project- class 'A+' office building in Poland located in the heart of Warsaw with an investment value of €21 million.

Highlight - The building comprises modern building management systems and was the first building in Poland built with pre-stressed slabs instead of structural columns which allows a flexibility in space arrangement within the building. Liberty Corner received many prestigious awards, among others: 'Building of the Year 2003' First Prize in the most prestigious contest "Budowa Roku 2003" ("Building of the Year 2003").

Poznań Financial Centre

Project – The first of three constructions developed by the Group at Anders' Square in Poznan, Poland. It is a class 'A' office building with an investment value of €45.5 million and was the first public-private partnership in Poznań in joint venture with the City of Poznań.

Highlight - PFC was granted numerous awards, among others: 'The Most Intelligent Building 2001', second place in the 'Building of the Year 2000' award in the "Construction of the Year 2000".

Andersia Tower

Project - the second stage of the Group's development of the Anders' Square in Poznań in joint venture with the City of Poznań, having an investment value of €84 million. Andersia Tower is a mixed-use development building of 35,000m² which includes office space, hotel space and retail functions, together with an underground two-storey car park.



Highlight - Andersia Tower received prestigious awards like: 'Building of the Year 2007' and 'CEE Best Project Awards 2008' first place in the 'Best Hotel Development Project 2008' category in a competition organized by the CEPIF (Central Eastern European Property and Investment Fair).

Andersia Business Centre

Project – third phase of the Anders Square in joint venture with the City of Poznań, a project with investment value of €39 million.

Highlight - Comprising of 14,000m² gross area and a net usable area of 11,200m² and an underground car park with 140 parking places, is a five-storey business centre.

Residential development in Leipzig, Berlin and Plauen (Germany)

The Group also owns, through its subsidiary company KASA Investments GmbH, a residential property development consisting of 8 residential buildings located in Leipzig, Berlin and Plauen (Germany) with a total surface area of 5,937m² and a current market value of €3.9 million. All buildings are being rented out and have been marked for gradual divestment given the favourable German real estate market at the moment.

Undeveloped land in Węgorzewo (Poland)

The Group also owns, through its subsidiary company Von der Heyden & Partners Sp. z o.o., a plot of undeveloped land in Węgorzewo, Poland. The land in question is held in freehold ownership and consists of eleven registered sub-plots totalling 8,361m² and has a current market value of €133,000. The required permits to develop detached residential houses have recently been obtained by the Group.

1.4.1.2 Office development projects in the pipeline

Bavaria Towers

With a projected investment value of €154 million, the Bavaria Towers forms part of the most spectacular development project in the Bavarian capital in a strategic location in Munich. Situated in the Bogenhausen district on the eastern edge of Munich, the Bavaria Towers project will create a stunning new gateway to the city.

The Bavaria Towers building complex comprises a total of four pentagonal high-rises that account for 77,651m² of total gross rental area, two central underground car parks with a total of 960 spaces.

The project consists of: Blue Tower (18 storeys, 72.3m high, 24,347m² gross rental area, 300 parking spaces), White Tower (15 storeys, 53.6m high, 15,150m² gross rental area, 140 parking spaces), Sky Tower (20 storeys, 83.6m high, 26,246m² gross rental area, 380 parking spaces) and Star Tower (9 storeys, 46.1m high, 11,908m² gross rental area, 140 parking spaces).

The plot belongs to a German registered company, Bogenhausener Tor Immobilien GmbH, of which the Guarantor is 38.5% shareholder, held in co-ownership with Luxembourg based Atlant Capital. Zurich Insurance acquired the future Sky Tower and Star Tower on a forward-funding basis, in confirmation of the strong reputation which the Group enjoys.



The White Tower and Blue Tower are currently being constructed and are due to obtain certification in accordance with the Leadership in Energy and Environmental Design (LEED) Gold sustainability standard. The 54m high White Tower building was already rented before construction on a twenty year lease, to H-Hotels AG that will operate a 4-star Ramada hotel comprising 345 state-of-the art rooms. Furthermore, in December 2015 shortly after the start of construction, the White Tower building was sold to Swiss Life Insurance Group and is one of the Group's largest hotel transactions to date. Completion is estimated for spring 2018. For more information visit: www.bavaria-towers.de/en

1.4.1.3 Prospective office development projects

Andersia Silver

Andersia Silver, with a planned investment value of €110 million in Poznań, Poland, will be the fourth and final development phase of the contemplated structure at the Anders Square in Poznań which will comprise of two towers to be developed in two stages.

Andersia Silver, with an expected height of 116 metres, will be the highest building in Poznań, previously being Andersia Tower which was 105.2 metres. All necessary planning permits for this project have already been obtained.

Full project and construction completion is expected prior to the end of 2020.

Nowy Świat Atrium

Nowy Świat Atrium, having a planned investment value of €24 million, is to be realised in a 50-50 joint venture with GLL Real Estate Partners and will be located in the very heart of Warsaw at Nowy Świat 5 Street, close to the Warsaw Stock Exchange, Liberty Corner and the most exclusive retail area in Warsaw.

The project, until now financed with equity and intercompany loans, is currently on hold due to planning and permission procedures, being more complicated than anticipated. In case the development is not possible in the foreseeable future the current shareholders intend to sell their interest in this property.

1.4.1.4 Completed hotel development and refurbishment projects

IBB Grand Hotel Lublinianka renovation

Project - IBB Grand Hotel Lublinianka is a 4-star hotel in the centre of Lublin, Poland, which consisted in a 5,700m² renovation project of an investment value of €11.7 million, completed in 2002.

Highlight - Grand Hotel Lublinianka is the most recognized and one of the most iconic and award-winning buildings in the city of Lublin, dating back to 1899. It has won the "Best Overall Development 2002" award granted by Construction Journal Poland.

IBB Andersia Hotel

Project - IBB Andersia Hotel is a 4-star hotel located in the Andersia Tower (more information on this development project is set out in sub-section 1.4.1.1 above) which was completed in August 2007, right in the



centre of Poznań, surrounded by prestigious buildings, including Poznań Financial Centre, Andersia Business Centre and Stary Browar Shopping Mall.

Highlight - It is a modern deluxe hotel which offers 171 rooms and suites with an executive floor, retail outlets, restaurants, conference centre, banquet and ball rooms which can host up to 800 people.

IBB Hotel Cugó Gran

The IBB Hotel Cugó Gran, an exclusive 5-star hotel located in a 250-acre estate in Menorca, Spain, has been meticulously restored by the Group and is today one of the Group's flagship properties.

1.4.1.5 Hotel development and refurbishment projects in the pipeline

IBB Długi Targ

The Długi Targ development project (with an estimated development budget of €11 million) is based on refurbishment and conversion of three historical semi-detached city houses into a unique 90 room hotel with a total area of approximately 4,500m². The building will also have prime retail space on the ground floor of approximately 1,000m².

The IBB Hotel Długi Targ in Gdańsk, Poland is scheduled to open in late summer 2017 and will be managed by the Group's IBB Hotel Collection.

Długi Targ Hotel project will be the Group's first development project in Gdańsk and the Group is actively observing the local market for further opportunities in the region.

1.4.1.6 Hotel operations

The Group manages its hotels through its brand IBB Hotel Collection (www.ibbhotels.com). The locally registered entity IBB Hotel Management Europe Ltd acts as the franchisor company, franchising each Group franchisee company in the different jurisdictions where hotel operations are located. IBB Hotel Collection currently operates nine 3-star to 5-star hotels.

Apart from operating IBB Grand Hotel Lublinianka and IBB Andersia Hotel in Poland, IBB Hotel Collection also operates one 4-star hotel and two 3-star hotels in Germany, as well as three hotels in Spain: one 5-star hotel, one 4-star hotel and one 3-star hotel.

Hotel operations in Germany

Both **IBB Hotel Passau City Centre** and **IBB Hotel Passau Süd** are operated by the Group through its subsidiary company Donaupassage Hotel Passau Betriebs GmbH, of which the Guarantor is the sole shareholder.

IBB Hotel Passau City Centre is a 4-star 129 room hotel located in the heart of a picturesque city at the convergence of the three rivers Donau, Ilz and Inn.

IBB Hotel Passau Süd is a 3-star hotel located only 3km away from the historical city centre of Passau. The hotel offers 63 elegant rooms and 2 apartments, as well as a conference area that may host up to 85 guests.



The Group also operates IBB Blue Hotel Berlin-Airport in Germany, through its subsidiary company, IBB Blue Hotel Betriebs GmbH, of which the Guarantor is sole shareholder. IBB Blue Hotel Berlin-Airport is a 3-star hotel which offers a comfortable stay in a convenient location – ten minutes away from Brandenburg Berlin Airport. This hotel forms part of the IBB Hotel Collection “Blue” brand, reserved for 3-star hotels providing high quality services in most attractive locations at affordable prices. The hotel comprises 84 double rooms, the ‘Blue Lobby’ bar, one bistro and two meeting rooms.

Hotel operations in Spain

IBB Recoletos Coco Salamanca, a 4-star hotel, is located close to Plaza de Toros in Salamanca - a UNESCO World Heritage city. The hotel was re-opened in 2014 under the operation of the Group’s IBB Hotel Collection through its subsidiary company IBB España 2004 S.L., of which the Guarantor is sole shareholder. The property offers 74 elegant, fully equipped double rooms, 6 single rooms and 2 superior rooms with en-suite hydro-massage shower rooms. The hotel comprises a terrace bar on the ground floor, an external swimming pool and a private car park.

IBB Hotel Paradis Blau is a 3-star hotel located in Calan Porter, a very famous village in the island of Menorca known for its picturesque beaches and caves. After the termination of a lease agreement with an external operator, the Group refurbished the hotel in summer 2014 and added this hotel to its management portfolio. The hotel offers 59 renovated rooms, a bar and a swimming pool located on the terrace and is under the operation of the Group’s IBB Hotel Collection through its subsidiary company Sol del Este S.L., of which the Guarantor is the sole shareholder. Apart from operating this hotel, the Group currently also wholly-owns the hotel through its subsidiary company IBB Hotel Collection Holding S.L.; however, given that this hotel does not fit the criteria of IBB Hotel Collection’s expansion plans, the Group is contemplating the sale of this property.

IBB Hotel Cugó Gran is said to be the gem in the Group’s portfolio. It is a meticulously restored old Menorcan farmhouse which provides guests with the services of a 5-star hotel having the privacy of a luxury villa. Situated in a 250-acre estate, the villa features spacious interiors and terraces, a 25-metre outdoor pool in exquisitely landscaped gardens, its own vineyard, as well as a gym and massage treatment room. Cugó Gran is for exclusive use and can be booked for a minimum three or seven night stay. IBB Hotel Cugó Gran is wholly owned and operated by the Group through its subsidiary company, Timan Investments España S.L. For more information visit: www.cugogranmenorca.com.



1.4.1.7 Hotel operations in the pipeline

IBB Cugo Grand Harbour

IBB Cugo Grand Harbour is a recent project of IBB Hotel Collection, signed and announced in January 2017. It will be based in the former headquarters of the Malta Labour Party, the wedge-shaped Sheer Bastion also known under the name "il-Macina" located in Senglea, Malta. The historic building, consisting of 21 spacious double rooms and suites once fully refurbished, will offer stunning views on the capital Valletta, as well as Fort St. Angelo. Additional facilities will include a café bar on ground floor, a terrace with exclusive use and outside pool on the second floor, as well as an area which is designated for use as a spa. Furthermore, there will be a roof-top terrace and restaurant. The Group will operate this hotel under a management and operating agreement which was entered into on 13 January 2017 through its subsidiary company IBB Hotel Management Europe Ltd, which, in turn, is wholly-owned by the Guarantor. The Group aims to have this hotel operating in August 2017, subject to a punctual delivery of the building.

IBB Hotel Valletta Merkanti

IBB Hotel Valletta Merkanti is a recent project of IBB Hotel Collection, signed and announced in November 2016. It will offer 18 double rooms in a stunning fully refurbished Valletta palazzo in Old Theatre Street, facing the Piazza Merkanti in the downtown city centre of Malta's historic capital Valletta. Additional facilities will include a restaurant, a bar and coffee shop. The Group aims to have this hotel operating in December 2017, subject to a punctual delivery of the building.

IBB Hotel Ingelheim

IBB Hotel Ingelheim is a recent project of IBB Hotel Collection, announced in October 2015. It will offer 103 double rooms and 6 studios with a 3-star superior standard. Additional facilities will include a boardroom hosting up to 12 guests, a breakfast restaurant, a bar and coffee shop. The hotel is located in the downtown city centre of Ingelheim called Neue Mitte, 300m from the train station and 3km from a motorway exit (A60). The Group aims to have this hotel operating in summer 2017.

IBB Hotel Kempten

IBB Hotel Kempten Allgäutower is a recent project of the IBB Hotel Collection with expected opening in the spring of 2017. Once fully operational, it will offer 100 rooms. The hotel is located in a modern building in the city centre of Kempten, in the south of Germany, close to the shopping area and train station of the old town.

IBB Hotel Paderborn

IBB Hotel Paderborn is another recent project of the IBB Hotel Collection with expected opening in the spring of 2017 which, once fully operational, will offer 50 rooms. The hotel is located in a modern building in the city centre of Paderborn, in the west of Germany, close to the shopping area, university and train station.

All prospective developments will be financed by the Group through equity, shareholder loans or bank financing.



2. Review of the business

The European Commission forecasts that economic growth in Europe is expected to continue at a moderate pace, as recent labour market gains and rising private consumption are being counterbalanced by a number of hindrances to growth and the weakening of supportive factors. The predicted growth levels are still well below the peak years of 2007-2008 which is also expected by the Group's senior management to have an impact on the pace at which the Group's hotel revenues and rental income may grow in the coming year(s).

Furthermore, inflation in the Euro area was very low in the first half of the year 2016 due to falling oil prices, but started to pick up in the third and fourth quarter of 2016 as the impact of past price decreases began to wear off. Inflation is envisaged to climb moderately above 1% in 2017, as oil prices are assumed to rise. In addition to that, it is expected that the European Central Bank will limit its stimulus package in the medium to long run and will gradually phase it out once inflation approaches its 2 percent goal. The directors of the Issuer and Guarantor anticipate that this will have an impact on interest rates throughout Europe, which are expected to gradually rise resulting in a higher cost of (construction and investment) debt financing for the Group's new development and investment projects.

The Group recently secured its first hotel lease in Malta, with another 2 or 3 local projects in its pipeline. Depending on the number of hotels that can be opened in Malta in 2017 and onwards, the creation of economies of scale and, therefore, lower average operating costs per hotel, will likely have an impact on the overall profitability of the Group. In addition to that, the planned openings of several boutique hotels in Valletta by other hotel operators provides for a competitive hotel market with subsequent downward pressure on occupancy and revenue levels.

Save for the matters disclosed in this Financial Analysis Summary, there has been no material adverse change in the prospects of the Guarantor since the date of its last published audited consolidated financial statements dated 31 December 2015.

At the time of publication of this Financial Analysis Summary, the Issuer and the Guarantor consider that their respective future performance is intimately related to the performance of the Group. The Issuer and Guarantor consider that generally they shall be subject to the normal business risks associated with the industries in which the Group and subsidiary companies are involved and operate as disclosed in this Financial Analysis Summary, and, barring unforeseen circumstances, do not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of their respective businesses and that of the Group, at least up to the end of the next financial year.



3. The Bond Issue and Projects Concerned

The issuer is proposing the issuance of debt securities with a total notional value of Euro 25 million unsecured bonds repayable in 2024 with a fixed coupon and a nominal value of Euro 1,000 per debt security to be issued at par. The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €24,625,000, will be used by the Issuer for the following purposes:

3.1 Use of Proceeds

1. Real estate development and investments

- An amount of Euro 1,750,000 of the net Bond Issue proceeds shall be advanced, pursuant to a loan agreement, by the Issuer to Bogenhausener Tor Immobilien GmbH in connection with the Bavaria Towers development project to finance cash deposit for bank financing and investment expenses (said entity is owned as to 38.5% by the group).
- an amount of Euro 4,000,000 of the net Bond Issue proceeds shall be advanced, pursuant to loan agreements, by the Issuer to APS and ARS in connection with the Andersia Silver development project for investment purposes and to fulfil expected equity requirements, in such proportion between each of said entities as shall be determined at the time of funding for the project being confirmed; for its real estate development projects the Group has as a general investment rule that it anticipates to double its equity in a period of 3 to 4 years (Andersia Retail Sp. z o.o., which is the entity which owns the said Andersia Silver property, is owned as to 42.5% by the Group)
- an amount of Euro 936k of the net Bond Issue proceeds shall be advanced, pursuant to a loan agreement, by the issuer to LGHS to fund the refurbishment of the third floor of the IBB Grand Hotel Lublinianka and to purchase the remaining 25% of the shares currently held in LGHS, the owner of the IBB Grand Hotel Lublinianka, pursuant to which said entity would become wholly-owned by the Group (note that said entity is owned as to 75% by the Group)
- an amount of Euro 250k of the net Bond Issue proceeds shall be advanced, pursuant to a loan agreement, by the issuer to DTS to be applied to the Długi Targ development project (said entity is owned 50% by the group)
- an amount of Euro 1 million of the net Bond Issue proceeds shall be advanced, pursuant to a loan agreement, by the issuer to VDHGH which will, in turn, invest said funds in a 50-50 joint venture Maltese company to be incorporated for the purpose of developing of an office building in Valletta, Malta, with a total expected investment volume of Euro 5 million (of which Euro 2 million will be contributed by way of equity, with the Group contributing 50% of said amount, and Euro 3 million being raised through bank financing);
- an amount of Euro 3.2 million of the net Bond Issue proceeds shall be advanced, pursuant to loan agreements, by the issuer to Group companies for the purpose of part-funding other prospective development projects in Malta and Europe. For the purpose of identifying such development projects, the Group shall fully adhere to the parameters established in terms of its business development strategy described in further detail in sub-section [6.5] of the Registration Document. With respect to the afore-mentioned Euro 3.2 million the Group's executive management team shall aim to acquire /develop / invest in attractively priced commercial properties located in European countries. Furthermore, in accordance with the principle of generating sustainable income for the issuer, the Group's executive management team shall select commercial properties that have an anticipated high



level of tenancy, in the case of office developments, and/or room rate occupancy, in the case of hotel management operations, as the case may be, in keeping with the Group's current occupancy rates.

2. Investment in hotel expansion

- An amount of Euro 1,383,000 of the net Bond Issue proceeds shall be advanced, pursuant to loan agreements, by the issuer to Group hotel operating companies to be applied to working capital facilities for the period 2017 to 2019, specifically and principally in respect of the proposed expansion of the IBB Hotel Collection in Europe (including Malta) concerning, in the immediate, the IBB Hotel Ingelheim (Euro 350k), the IBB Hotel Kempten (Euro 150k) and the IBB Hotel Paderborn (Euro 200k)
- an amount of Euro 1,895,000 of the net Bond Issue proceeds shall be advanced, pursuant to loan agreements, by the issuer to Group hotel operating companies to be applied to rental deposits for the period 2017 – 2019, specifically and principally in respect of the proposed expansion of the IBB Hotel Collection in Europe (including Malta) concerning, in the immediate, the IBB Hotel Ingelheim (Euro 350k), the IBB Hotel Kempten (Euro 200k) and the IBB Hotel Paderborn (Euro 120k)

3. Refinancing

- an amount of Euro 10 million of the net Bond Issue proceeds shall be used to carry into effect a refinancing of intra Group receivables and in return also a complete repayment of any direct debt of the guarantor, thereby freeing the guarantor of its receivables towards Group companies and further reinforcing its position as a pure holding company.

4. Other purposes

- The remaining balance of the net Bond Issue proceeds in an amount of Euro 211,000 shall be used for the Group's general corporate funding requirements in Malta, including operational costs.



4. Performance Review

The Issuer was incorporated on 15th September 2016 and, accordingly, has no trading record or history of operations. Furthermore, 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 Group, and, as such, its assets are intended to consist primarily of loans issued to Group companies. For the purpose of this document we shall review the performance of the guarantor which constitutes the entire group of companies. The Guarantor's historical financial information for the three financial years ended 31 December 2013, 2014 and 2015, as audited by RSM Malta, is set out in the audited consolidated financial statements of the Guarantor.

4.1 Significant Transactions

Disposal of ABC- ABC was the entity through which the Group held its interest in Phase 3 of the Andersia development, the Andersia Business Centre.

The Andersia development was undertaken as a joint venture with the City of Poznan as a 15% passive shareholder that made the freehold land available for development and involved the development of this land over four phases:

Phase 1 – Poznan Financial Centre
Phase 3 – Andersia Business Centre

Phase 2 – Andersia Towers
Phase 4 – Andersia Silver (in progress)



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4.2 Income Statement

| Income statements for the years ended 31 December | 2013 | 2014 | 2015 | 1H2015 | 1H2016 |
|---|----------|----------|----------|---------|---------|
| | €000 | €000 | €000 | €000 | €000 |
| Revenue | 11,950 | 13,377 | 13,373 | 8,158 | 6,908 |
| Cost of sales | (13,812) | (12,527) | (13,934) | (9,082) | (6,344) |
| Gross (loss) / profit | (1,862) | 849 | (562) | (924) | 564 |
| Other operating income | 410 | 580 | 406 | 100 | 12 |
| Operating (loss) / profit | (1,452) | 1,429 | (156) | (824) | 576 |
| Investment income | 4,714 | 1,018 | 574 | 668 | 135 |
| Fair value movements | 13 | (908) | 2,347 | 2,396 | 496 |
| EBITDA | 3,275 | 1,539 | 2,765 | 2,240 | 1,207 |
| Impairment of goodwill | - | - | (1,240) | (1,240) | - |
| Finance costs | (3,128) | (3,206) | (914) | (946) | (604) |
| Depreciation | (1,778) | (907) | (435) | (424) | 138 |
| (Loss) / Profit before tax | (1,630) | (2,574) | 175 | (370) | 466 |
| Income tax | 408 | 133 | 68 | 199 | 23 |
| (Loss) / Profit for the year | (1,222) | (2,441) | 243 | (172) | 442 |
| Source: Audited accounts | | | | | |
| Gross Profit Margin | -15.58% | 6.35% | -4.20% | -11.33% | 8.16% |
| Operating Profit Margin | -12.15% | 10.68% | -1.16% | -10.10% | 6.34% |
| Net Margin | -10.23% | -18.25% | 1.82% | -2.11% | 6.40% |
| Return on Capital Employed | -1.54% | 1.51% | -0.27% | -0.89% | 0.99% |
| Return on Assets | -1.16% | -2.33% | 0.35% | -0.17% | 1.31% |
| Interest Coverage Ratio | N/A | 0.45 | N/A | N/A | 0.73 |

The principal revenue stream of the Group is income generated from accommodation fees from its managed hotels and food and beverage revenue from these hotels. Accommodation revenue increased during FY2015 by approximately €1.0 million driven by the opening of the second hotel in Passau, IBB Hotel Passau Süd, and the IBB Hotel Cugó Gran in Menorca. Leasing revenue streams in FY2015 decreased due to the disposal of the Andersia Business Centre. The most significant hotel management revenue streams are derived from the two managed hotels in Poland, primarily the IBB Andersia Hotel and the IBB Grand Hotel Lublinianka. Revenues from the hotel management operations in Germany, where the Group managed two hotels in Passau as at FY2015, increased to approximately 29% of total revenue during FY2015 following the opening of the IBB Hotel Passau Süd.

Cost of sales primarily comprises operating expenses and staff costs, primarily incurred by the hotel management business line. Cost of sales increased by 11% during FY2015 to approximately €13.9 million due to an increase of 27% in wages and salaries, which increase was mainly driven by the opening of the two new

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managed hotels during FY2015. FY2015 cost of sales were also impacted by exchange translation losses of approximately €200,000 and professional fees amounting to approximately €400,000 in relation to key projects that should not be recurring.

Investment income primarily comprises interest income and gains on sale of assets. FY2013 includes a gain of approximately €2.7 million relating to the sale of the previously Group-owned IBB Erfurt Hotel.

Fair value movements comprise fair value adjustments to significant associated entities. The FY2015 fair value movement of approximately €2.4 million was due to the revaluation of Bogenhausener Tor Immobilien GmbH, which entity holds the Group's interest in the Bavaria Towers development.

Goodwill of approximately €1.2 million was impaired during FY2015 relating to goodwill recognised on the acquisition of IBB Hotel Erfurt GmbH & Co. KG. The goodwill arose in the past from the acquisition by the Group of IBB Hotel Erfurt, resulting from the fact that the purchase price was higher than the fair value of the assets and liabilities. The hotel asset though was divested by the entity and the goodwill in its books depreciated.

Depreciation and amortisation constantly decreased during the period following the sale of buildings during FY2013 and FY2014 and the deconsolidation of Andersia Business Centre Sp. z o.o. during FY2015. Andersia Business Centre Sp. z o.o. was the entity through which the Group held its 85% interest in phase 3 of the Andersia Place development, a joint venture with the City of Poznan, consisting of the development and construction of Andersia Business Centre. As mentioned previously, after successful completion and leasing of the building, the shares in Andersia Business Centre Sp. z o.o. were sold to a third party in June 2015.

The Group generated €3.3 million in earnings before interest, tax, depreciation and amortisation in FY2013, €1.5 million in FY2014 and €2.8 million in FY2015 representing an EBITDA margin of 26% in FY2013, 11% in FY2014 and 20% in FY2015.

Operating losses amounted to €1.5 million in FY2013, whilst operating profits of €1.5 million were disclosed in FY2014. FY2015 performance was impacted by the significant operational losses incurred in the first year of opening of the IBB Hotel Cugó Gran and the IBB Hotel Passau Süd.



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4.3 Financial Position

| Statements of financial position as at 31 December | 2013 | 2014 | 2015 | 1H2015 | 1H2016 |
|--|----------------|----------------|---------------|----------------|---------------|
| | €000 | €000 | €000 | €000 | €000 |
| Assets | | | | | |
| Non-current assets | | | | | |
| Intangible assets | 1,301 | 1,292 | 46 | 55 | 43 |
| Property plant and equipment | 76,585 | 72,760 | 45,097 | 73,430 | 45,193 |
| Investment properties | 421 | - | - | - | - |
| Loans and receivables | 14,021 | 15,300 | 8,185 | 16,652 | 11,421 |
| Financial assets | 2,586 | 1,688 | 3,984 | 4,027 | 4,491 |
| Deferred tax | 244 | 1,399 | 766 | 1,769 | 750 |
| Total non-current assets | 95,158 | 92,438 | 58,078 | 95,933 | 61,899 |
| Current assets | | | | | |
| Inventories | 709 | 78 | 100 | 83 | 142 |
| Trade and other receivables | 4,045 | 4,358 | 7,641 | 3,662 | 2,478 |
| Current income tax assets | 103 | 174 | 86 | | 4 |
| Available for sale financial assets | 253 | 59 | 4 | 4 | 0 |
| Cash and cash equivalents | 5,364 | 7,609 | 3,171 | 3,364 | 3,128 |
| Total current assets | 10,475 | 12,279 | 11,003 | 7,113 | 5,752 |
| Total assets | 105,633 | 104,717 | 69,081 | 103,046 | 67,651 |
| Equity and liabilities | | | | | |
| Equity | | | | | |
| Share capital | 3,250 | 3,805 | 3,805 | 3,805 | 3,805 |
| Share premium account | - | 4,445 | 4,445 | 4,445 | 4,445 |
| Other reserves | 13,919 | 14,308 | 12,123 | 11,780 | 12,119 |
| Currency translation reserve | 298 | 1,202 | 1,115 | 1,043 | 807 |
| Retained earnings | 9,338 | 3,282 | 3,255 | 7,191 | 3,670 |
| Non-controlling interest | 14,407 | 12,390 | 10,839 | 14,990 | 10,867 |
| Total equity | 41,212 | 39,432 | 35,582 | 43,253 | 35,712 |
| Non-current liabilities | | | | | |
| Borrowings | 48,107 | 50,511 | 18,472 | 44,295 | 18,959 |
| Deferred tax liabilities | 4,424 | 4,852 | 3,503 | 4,850 | 3,460 |
| Provisions for other liabilities and charges | 317 | 118 | 199 | 59 | 78 |
| Total non-current liabilities | 52,848 | 55,480 | 22,174 | 49,204 | 22,497 |
| Current liabilities | | | | | |
| Trade and other payables | 4,758 | 4,277 | 2,400 | 4,544 | 2,203 |
| Current income tax liability | - | 159 | 94 | 294 | 94 |
| Borrowings | 6,815 | 5,369 | 8,831 | 5,752 | 7,144 |
| Total current liabilities | 11,573 | 9,805 | 11,325 | 10,589 | 9,442 |
| Total liabilities | 64,421 | 65,285 | 33,499 | 59,793 | 31,939 |
| Total equity and liabilities | 105,633 | 104,717 | 69,081 | 103,046 | 67,651 |
| <i>Source: Audited Accounts</i> | | | | | |
| Current Ratio | 0.91 | 1.25 | 1.01 | 0.67 | 0.61 |
| Net Debt/Total Assets Ratio | 51.99% | 53.36% | 39.52% | 44.48% | 28.63% |
| Net Debt/Equity Ratio | 120.25% | 122.42% | 76.73% | 105.98% | 54.24% |



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The consolidated Group includes 25 subsidiaries and 6 associates in various countries. Associates are carried at fair value in the Group balance sheet. The FY2013 and FY2014 Group accounts include the consolidation of a significant subsidiary, Andersia Business Centre Sp. z o.o.. As stated above, the Group divested its shares in Andersia Business Centre Sp. z o.o. during FY2015 and the entity was deconsolidated. The deconsolidation of Andersia Business Centre Sp. z o.o. (assets of approximately €30.5 million and borrowings of approximately €26.1 million) impacts the comparability of the Group's consolidated financial position for FY2015.

Group assets primarily consist of land and buildings comprising hotels that are owned by the Group (64% of property, plant and equipment) and land held for redevelopment. Both items are consolidated, primarily comprising the Andersia Silver project (34% of property, plant and equipment in FY2015). Land and buildings are carried at the revalued amounts and approximately €12 million of revaluation reserves are carried in equity representing revaluation amounts to FY2015. The Group's participation in its most significant development is held in Bogenhausener Tor Immobilien GmbH, an associated entity that is not consolidated but carried at fair value as a financial asset. The FY2015 valuation of Bogenhausener Tor Immobilien GmbH amounted to €3.1 million which represents a very conservative value for the project taking into account the potential of the real estate market in the city of Munich. The Group's other principal assets are loans to unconsolidated related parties amounting to approximately €12.8 million and cash and equivalents. The most significant loan in an amount of €4.5 million is to Bogenhausener Tor Immobilien GmbH.

Group borrowings of €27 million in FY2015 are primarily due to banks (51%), other third parties (37%) and related parties (12%). The Group organises its borrowings on a non-recourse basis within the principal asset owning subsidiaries, meaning that the Guarantor is free from guarantees in relation to borrowings of its subsidiaries.



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FINANCIAL ANALYSIS SUMMARY Von der Heyden Group Finance p.l.c.

4.4 Cash Flow Statement Review

| Cash flow statements for the years ended 31 December | 2013 | 2014 | 2015 |
|--|---------|---------|----------|
| Cash flows from operating activities | | | |
| Net cash used in operations | (1,107) | (1,915) | (3,606) |
| Cash flows from investing activities | | | |
| Movement in loans | 982 | (497) | 4,599 |
| Interest received | - | 1,137 | 567 |
| Movement in intangible assets | (1,243) | (11) | (13) |
| Movement in tangible assets | (1,434) | 2,856 | 27,423 |
| Movement in investment properties | (142) | 46 | - |
| Movement in financial assets | 6,756 | (11) | 51 |
| Movement in available for sale financial assets | - | 175 | 36 |
| Exchange rate movements | (3,181) | 1,312 | (504) |
| Net cash from investing activities | 1,739 | 5,008 | 32,160 |
| Cash flows from financing activities | | | |
| Issue of shares | - | 5,000 | - |
| Movement in borrowings | 1,861 | 3,213 | (28,752) |
| Dividends paid | (304) | (3,600) | (3,500) |
| Interest paid | (3,128) | (3,206) | (914) |
| Net cash (used in) / from financing activities | (1,571) | 1,407 | (33,166) |
| Net movement in cash and cash equivalents | (940) | 4,500 | (4,613) |
| Cash and equivalents at beginning of year | 2,585 | 1,645 | 6,145 |
| Cash and cash equivalents at end of year | 1,645 | 6,145 | 1,532 |
| Source: Audited accounts | | | |

Notes:

Normalisation adjustment

Note: the audited cash flow statement as at FY15 was adjusted to reclassify the loan to BTI of Euro 4.6 million from short term to long term, impacting cash flows from operations and net movement in loans to related parties.

Operating activities

- Cash used in operating activities (which includes net taxation paid), decreased significantly from Euro 1.9 million during FY14 to Euro 1 million cash from operations during FY15 due to a significant improvement in profit before tax. We note that the profit before tax includes the fair value movements from the revaluation of financial assets amounting to Euro 2.5 million and are a non cash movement the reversal of which impacts cash used in operations.

Investing activities

- The increase in cash from investing activities during FY15 includes the impact of the sale of ABC, specifically in proceeds from sale in tangible assets



- Cash flows from investing activities reflect the foreign exchange differences for translation of tangible, intangible and other assets denominated in foreign currency and translated at the balance sheet date. PLN decreased in value by 0.2% during FY15 resulting a negative exchange difference
- Cash outflows for the purchase of tangible assets averaged Euro 1.9 million per annum for the period reviewed

Financing activities

- Cash flows used in financing activities increased significantly during FY15 due to the impact of the sale of ABC
- The Group paid dividends of Euro 3.5 million (note includes Euro 500k still due to TH Limited at FY15) during FY15 and Euro 3.6 million during FY14
- Cash inflows from financing activities during FY14 were impacted by the issue of new shares the proceeds of which generated Euro 5 million
- TIH disclosed cash inflow of Euro 4.3 million in FY14 on the sale of the Roemerbad Hotel and Euro 3 million from the sale of properties held by KIG.



5. Projected Financials

The Guarantor's financial projections were prepared to reflect a base scenario where the Group successfully obtained alternative funding, which funding was used to:

- Repay certain of its current external borrowings;
- Refinance intra Group funding;
- Provide further equity financing for its two current main property development projects (Bavaria Towers and Andersia Silver which development is scheduled to commence during FY18);
- Finance a significant expansion of the hotel management business; and
- Undertake further smaller scale development projects

The main assumptions underpinning the financial projections are the completion and the contemplated exit multiples of Bavaria Towers and Andersia Silver.

Management remain confident that completion risk can be effectively managed and that their experience demonstrates a proven track record of undertaking and exiting property development projects.

The hotel management expansion plan is directed towards concluding lease agreements to manage hotels with a phased growth strategy that is conservative in the first three years of operations. Management remain confident that they will identify the required number of suitable premises and locations to lease and operate in order to achieve the expansion plan.



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5.1 Projected Income Statement

The projected Income Statement and Statement of financial position of the Guarantor presented in this section and section 5.2 represent management's financial projections pertaining to the Group for the current year and FY2018.

| €000 | FY17 | FY18 |
|---------------------------------------|----------|----------|
| Revenue | 18,644 | 28,712 |
| Cost of sales | (18,156) | (27,257) |
| Gross Profit | 488 | 1,455 |
| Other operating income | 50 | 51 |
| Operating Profit | 538 | 1,506 |
| Investment Income | 643 | 847 |
| Profit on sale of associate | - | 2,951 |
| Profit on sale of subsidiary | - | - |
| Fair value movements | 600 | - |
| EBITDA | 1,781 | 5,304 |
| Finance Costs | (1,799) | (2,095) |
| Depreciation | (513) | (462) |
| Profit before tax | (531) | 2,748 |
| Income tax Expense | - | (163) |
| Loss/Profit for the year | (531) | 2,584 |
| <i>Gross Profit Margin</i> | 2.62% | 5.07% |
| <i>Operating Profit Margin</i> | 2.89% | 5.25% |
| <i>Net Margin</i> | -2.85% | 9.0% |
| <i>Return on Capital Employed</i> | -1.47% | 7.04% |
| <i>Return on assets</i> | -0.62% | 2.33% |
| <i>Interest Coverage Ratio</i> | 0.30 | 0.72 |
| <i>Source: Management Information</i> | | |

The financial statements of FY17 and FY18 would not yet fully reflect the returns from the investments of the capital employed until the key projects are finalised. FY17 is expected to be a transition year, which will then improve drastically from 2018 onwards.



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5.2 Projected Balance Sheet

| Statements of financial position as at 31 December | FY17 | FY18 |
|--|---------------|----------------|
| | €000 | €000 |
| Assets | | |
| Non-current assets | | |
| Intangible assets | 43 | 43 |
| Property plant and equipment | 47,779 | 74,075 |
| Investment properties | - | - |
| Loans and receivables | 19,066 | 14,709 |
| Financial assets | 5,291 | 893 |
| Deferred tax | 750 | 750 |
| Total non-current assets | 72,930 | 90,471 |
| Current assets | | |
| Inventories | 128 | 122 |
| Trade and other receivables | 2,380 | 2,332 |
| Current income tax assets | 4 | 4 |
| Available for sale financial assets | - | - |
| Cash and cash equivalents | 9,768 | 17,804 |
| Total current assets | 12,280 | 20,262 |
| Total assets | 85,210 | 110,733 |
| Equity and liabilities | | |
| Equity | | |
| Share capital | 3,805 | 3,805 |
| Share premium account | 4,445 | 4,445 |
| Other reserves | 12,919 | 12,919 |
| Currency translation reserve | 807 | 807 |
| Retained earnings | 3,260 | 5,845 |
| Non-controlling interest | 10,867 | 10,867 |
| Total equity | 36,103 | 38,687 |
| Non-current liabilities | | |
| Borrowings | 42,823 | 65,803 |
| Deferred tax liabilities | 3,460 | 3,460 |
| Provisions for other liabilities and charges | 78 | 78 |
| Total non-current liabilities | 46,362 | 69,342 |
| Current liabilities | | |
| Trade and other payables | 2,116 | 2,074 |
| Current income tax liability | 94 | 94 |
| Borrowings | 536 | 536 |
| Total current liabilities | 2,746 | 2,704 |
| Total liabilities | 49,108 | 72,045 |
| Total equity and liabilities | 85,210 | 110,733 |
| Current Ratio | 4.47 | 7.49 |
| Net Debt/Total Assets Ratio | 39.42% | 43.83% |
| Net Debt/Equity Ratio | 93.04% | 125.46% |
| <i>Source: Management Information</i> | | |



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5.3 Projected Capital Position

The following table sets out the capitalisation and indebtedness of the Group as at 30 June 2016 and the estimate after reflecting the issue of the Bonds:

Capitalisation and indebtedness of the Group as at 30th June 2016

| | | |
|--|----------|---------------|
| Bank and other borrowings | | 26,103 |
| Cash and cash equivalents | | (3,128) |
| Net third party debt as at 30th June 2016 | | 22,975 |
| Funding: | | |
| Bond issue | 25,000 | |
| Refinancing of Group receivables | (10,000) | |
| | | 15,000 |
| | | 37,975 |
| Equity as at 30th June 2016 | | 35,712 |

Gearing ratio (Debt/Total Assets) after bond issue 52%

Gearing ratio (Debt/Equity) after bond issue 106%

Gearing (Debt/Total Assets) was calculated as net debt after bond issue divided by the aggregate equity and net third party debt.

Gearing (Debt/Equity) was calculated as net debt after bond issue divided by the aggregate equity.

5.4 Projected Cashflow Statement

| Cash flow statements for the years ended 31 December | 2017 | 2018 |
|--|----------|----------|
| Cash flows from operating activities | | |
| Net cash used in operations | 1,150 | 1,518 |
| Cash flows from investing activities | | |
| Movement in loans | (7,645) | 4,357 |
| Interest received | 643 | 847 |
| Movement in intangible assets | - | 7,350 |
| Movement in tangible assets | (3,099) | (26,758) |
| Movement in investment properties | - | - |
| Movement in financial assets | - | - |
| Movement in available for sale financial assets | - | - |
| Exchange rate movements | - | - |
| Net cash from investing activities | (10,100) | (14,368) |
| Cash flows from financing activities | | |
| Issue of shares | - | - |
| Movement in borrowings | 16,756 | 22,980 |
| Dividends paid | - | - |
| Interest paid | (1,799) | (2,095) |
| Net cash (used in) / from financing activities | 14,957 | 20,885 |
| Net movement in cash and cash equivalents | 6,006 | 8,035 |
| Cash and equivalents at beginning of year | 3,762 | 9,768 |
| Cash and cash equivalents at end of year | 9,768 | 17,804 |
| Source: Management Information | | |



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5.5 Key Assumptions Used in forecasts

IBB Hotel expansion

| | Germany | Poland | Spain | Malta |
|------------------------------|---------|--------|-------|-------|
| Rooms | 100 | 140 | 100 | 20 |
| Occupancy | 67% | 65% | 65% | 65% |
| Annual increase in occupancy | 2.50% | 2.50% | 2.50% | 2.50% |
| Average room rate (ARR) | 65 | 60 | 60 | 180 |
| Annual increase in ARR | 2.50% | 2.50% | 2.50% | 2.50% |
| Days Open | 365 | 365 | 365 | 365 |
| Revenue Rooms (EUR) | 1,590 | 1,993 | 1,424 | 854 |

Germany Poland Spain Malta

Real estate Developments and Investments

| | Bavaria Towers | Andersia Silver | Other |
|----------------------|----------------|-----------------|----------------------------|
| Annual Rental Income | €6.5 million | €7.5 million | n/a |
| Exit Multiple | 22 | 16 | 2 |
| Year of Sale | FY18 | FY20 | 3-4 years after investment |
| Expected Sale Price | €144 million | €120 million | |



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6. Comparables

The purpose of the table below compares the proposed debt issuance of the group to other debt instruments with similar duration. One must note that given the material differences in profiles and industries, the risks associated with the Group's business and that of other issuers is therefore also different.

| Security | Yield to Maturity (%) | Interest Cover | Total Assets | Net Asset Value | Gearing Ratio |
|--|-----------------------|----------------|--------------|-----------------|---------------|
| 6% Pendergardens Developments plc Secured € 2022 Series II | 3.94% | 3.63 | 58.0 | 11,734.0 | 61.9% |
| 5.8% International Hotel Investments plc 2023 | 4.49% | 1.45 | 1,159.6 | 608.3 | 36.5% |
| 6% AX Investments Plc € 2024 | 3.79% | 2.88 | 206.0 | 111.5 | 36.7% |
| 5.3% Mariner Finance plc Unsecured € 2024 | 4.33% | 2.82 | 67.7 | 25.8 | 61.8% |
| 5% Tumas Investments plc Unsecured € 2024 | 3.69% | 4.62 | 175.6 | 80.4 | 42.9% |
| 4.4% Von der Heyden Group Finance 2024 | 4.40% | N/A | 69.0 | 36.0 | 39.5% |
| 5.75% International Hotel Investments plc Unsecured € 2025 | 4.95% | 1.45 | 1,159.6 | 608.3 | 36.5% |
| 4.5% Hili Properties plc Unsecured € 2025 | 3.78% | 1.50 | 90.9 | 26.3 | 71.3% |
| 5.25% Central Business Centres plc Unsecured € 2025 S2T1 | 4.43% | 1.63 | 30.0 | 18.3 | 38.5% |
| 4.25% Corinthia Finance plc Unsecured € 2026 | 3.57% | 1.13 | 1,357.9 | 641.0 | 41.8% |
| 4% MIDI plc Secured € 2026 | 4.35% | 2.64 | 187.5 | 71.3 | 37.6% |
| 4% International Hotel Investments plc Secured € 2026 | 3.74% | 1.45 | 1,159.6 | 608.3 | 36.5% |
| Average of Comparables | 4.10% | | | | |

The debt to equity ratio or gearing ratio demonstrates the degree to which the capital employed in a business is funded by external borrowings as compared to shareholders' funds.

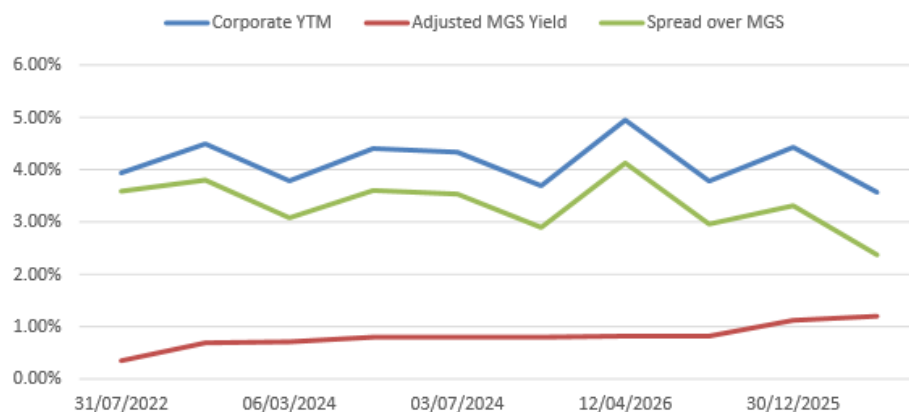


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Yield Curve Analysis



As at 23rd January 2017, the average spread over the Malta Government Stock (MGS) for corporates with maturity range of 5-8 years was 308 basis points. The new VDH bond is being priced with a 4.4% coupon issued at par, meaning a spread of 365 basis points over the equivalent MGS, and therefore at a significant premium to the average on the market.



7. Glossary and Definitions

| Income Statement | |
|-------------------------------------|---|
| Revenue | Total revenue generated by the Group from its business activities during the financial year, that is, from its real estate development and hotel operations |
| Operating Expenses | Operating expenses include the cost of real estate developments and hotel operations |
| EBITDA | EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions. |
| Profit after tax | Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities. |
| Profitability Ratios | |
| Operating profit margin | Operating profit margin is operating income or EBITDA as a percentage of total revenue. |
| Net profit margin | Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue. |
| Profit before Tax (PBT) | Profit before Tax is the profit is achieved during the financial year after deducting all relevant expenses including interest expenses. This however does not include tax expense. |
| Efficiency | |
| Return on Equity | Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity. |
| Return on capital employed | Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed. |
| Return on Assets | Return on assets (ROA) is computed by dividing profit after tax by total assets. |
| Equity Ratios | |
| Earnings per share | Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date |
| Cash Flow Statement | |
| Cash flow from operating activities | Cash generated from the principal revenue-producing activities of the Company. |
| Cash flow from investing activities | Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Company. |
| Cash flow from financing activities | Cash generated from the activities that result in change in share capital and borrowings of the Company. |
| Balance Sheet | |
| Non-current assets | Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group allocates the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was purchased. Such |



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| | |
|----------------------------------|---|
| | assets include intangible assets (goodwill on acquisition), investment properties, and property, plant & equipment. |
| Current assets | Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group allocates the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was purchased. Such assets include intangible assets (goodwill on acquisition), investment properties, and property, plant & equipment. |
| Current assets | Current assets are all assets of the Company, which are realisable within one year from the balance sheet date. Such amounts include inventory, accounts receivable, cash and bank balances. |
| Current liabilities | All liabilities payable by the Company within a period of one year from the balance sheet date, and include accounts payable and short-term debt. |
| Net debt | Borrowings before unamortised issue costs less cash and cash equivalents. |
| Non-current liabilities | The Company's long-term financial obligations that are not due within the present accounting year. The Company's non-current liabilities include bank borrowings and bonds. |
| Total equity | Total equity includes share capital, reserves & other equity components, and retained earnings. |
| Financial Strength Ratios | |
| Liquidity ratio | The liquidity ratio (also known as current ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities. |
| Interest cover | The interest coverage ratio is calculated by dividing a company's operating profit of one period by the company's interest expense of the same period. |
| Gearing ratio | The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity. |



VON DER HEYDEN GROUP

ANNEX D APPLICATION FORM



VON DER HEYDEN GROUP

APPLICATION FORM

€25,000,000 4.4% Unsecured Bond 2024

Von Der Heyden Group Finance plc

Application No. _____

| | | | |
|---|--|---|--|
| APPLICANT | | | |
| <input type="checkbox"/> Non-Resident | | <input type="checkbox"/> Minor (under 18) | |
| <input type="checkbox"/> Corporate | | <input type="checkbox"/> CIS | |
| TITLE (Mr/Mrs/Ms/...) | | FULL NAME & SURNAME / REGISTERED NAME | |
| ADDRESS | | | |
| | | POST CODE | |
| MSE A/C NO. (if applicable) | | I.D. CARD / PASSPORT / COMPANY REG. NO. | |
| E-MAIL ADDRESS | | TEL NO. | MOBILE NO. |
| Already Registered for e-Portfolio <input type="checkbox"/> | | Please register me for e-Portfolio <input type="checkbox"/> | Please do NOT register me for e-Portfolio <input type="checkbox"/> |
| ADDITIONAL (JOINT) APPLICANTS (please use additional application form if space is not sufficient) | | | |
| TITLE (Mr/Mrs/Ms/...) | | FULL NAME & SURNAME | |
| | | I.D. CARD / PASSPORT NO. | |
| TITLE (Mr/Mrs/Ms/...) | | FULL NAME & SURNAME | |
| | | I.D. CARD / PASSPORT NO. | |
| MINOR'S PARENTS/LEGAL GUARDIANS (See Note 4) (to be completed ONLY if the Applicant is a minor) | | | |
| TITLE (Mr/Mrs/Ms/...) | | FULL NAME & SURNAME | |
| | | I.D. CARD / PASSPORT NO. | |
| TITLE (Mr/Mrs/Ms/...) | | FULL NAME & SURNAME | |
| | | I.D. CARD / PASSPORT NO. | |
| E I/We apply to purchase and acquire the amount set out below | | | |
| AMOUNT IN FIGURES € | | AMOUNT IN WORDS | |
| Von der Heyden Group Finance p.l.c. €25,000,000 Unsecured 4.4% Bonds 2024 at the Bond Issue Price (at par) pursuant to the Prospectus dated 30 th January 2017 (minimum €2,000 and in multiples of €1,000 thereafter) and guaranteed by Timan Investments Holdings Limited | | | |
| RESIDENT - WITHHOLDING TAX DECLARATION (to be completed ONLY if the Applicant is a Resident of Malta) | | | |
| <input type="checkbox"/> I/We elect to have Final Withholding Tax deducted from my/our interest. | | | |
| <input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without deduction of withholding tax). | | | |
| NON-RESIDENT DECLARATION FOR TAX PURPOSES (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 | |
| <input type="checkbox"/> I/We am/are NOT Resident in Malta but I/we am/are Resident in the European Union. | | | |
| <input type="checkbox"/> I/We am/are NOT Resident in Malta and I/we am/are NOT Resident in the European Union. | | | |
| INTEREST, REFUND AND REDEMPTION MANDATE (completion of this panel is mandatory) | | | |
| BANK | | IBAN | |
| I/We have fully understood the instructions for completing this Application Form, and am/are making this Application on the basis of the Prospectus, and subject to its Terms and Conditions (as defined therein) which have been explained to me/us, and which I/we fully accept. | | | |
| Signature/s of Applicant/s (All parties are to sign in the case of a joint Application) | | Financial Intermediary | |
| | | Date | |
| (both parents 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) | | | |
| AUTHORISED FINANCIAL INTERMEDIARY'S STAMP | | AUTHORISED FINANCIAL INTERMEDIARY'S CODE | |



VON DER HEYDEN GROUP

INSTRUCTIONS SHEET

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 30th January 2017

1. This Application is governed by the Terms and Conditions of Application contained in the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the same meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS.
3. Applicants are to insert full personal details in Panel B. In the case of an application by more than one person (including husband and wife) full details of all individuals – including I.D. Card Numbers – must be given in Panels B and C but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 7 below).

Upon submission of an Application Form, Bondholders who do not have an online e-portfolio account will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to Secured Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Those Bondholders who opt not to avail themselves of this facility should indicate such on the Application Form. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.

4. 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. The relative box in Panel A must also be marked appropriately. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or 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 proceeds shall be payable 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.
5. Applicants who are Non-Resident in Malta for tax purposes must indicate their passport number in Panel B and complete Panel G. The relative box in Panel A must also be marked appropriately.
6. In the case of a body corporate, the name of the entity exactly as registered, and the registration number are to be inserted in Panel B. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
7. **APPLICANTS WHO ALREADY HOLD SECURITIES ON THE MSE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL B. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM. IF DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MSE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF, A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE EFFECTED.**
8. The amount applied for must be in multiples of €1,000 subject to a minimum application of €2,000. The Applicant must ensure that the relative Application Form is accompanied by payment of the full price of the amount of Bonds applied for. Payment of the amount, must be made in Euro in cleared funds to "The Registrar – Von der Heyden Group Finance p.l.c.". In the event that the cheque accompanying the Application Form is not honored on the first presentation the Issuer and the Registrar reserve the right to invalidate the relative Application.
9. Only Applicants who hold an official Maltese Identity Card or companies registered in Malta will be treated as resident 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 he/she will be obliged to declare interest so received on his/her tax return. Authorised entities applying in the name of a Prescribed Fund (having indicated their status in the appropriate box in Panel A) will have Final Withholding Tax, currently 10%, deducted from interest payments.
10. In terms of Section 7 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of 'recipient' in terms of article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), Interest shall be paid to such a person net of final withholding tax (currently 15%) of the gross amount of interest, pursuant to Article 33 of the Tax Act (Cap. 123 of the Laws of Malta).
11. 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 the application form. Interest or redemption proceeds will be credited to the account designated or as otherwise amended by the Bondholder/s during the term of the Bond.
12. 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 residential address is in an EU Member State or in another country to which the said Directive applies (called a "specified territory") then the interest paid will be reported.
13. Completed Application Forms are to be delivered to any of the Financial Intermediaries listed in Annex D of the Securities Note during normal office hours by not later than 12 noon on the 3rd March 2017. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not being received by the closing date indicated above. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of the Bonds as contained in the Prospectus. Any applications received by the Registrar after 12 noon on the 3rd March 2017 will be rejected.
14. By completing and delivering an Application Form you (as the Applicant(s)):
 - a. acknowledge that the Issuer may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta);
 - b. acknowledge that the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. acknowledge that 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 an independent financial advisor, licensed under the Investment Services Act (Cap. 370 of the Laws of Malta), for advice.



VON DER HEYDEN GROUP

ANNEX E

AUTHORISED INTERMEDIARIES

| | | |
|---|---|----------|
| Calamatta Cuschieri Investment Services Ltd | Ewropa Business Centre, Triq Dun Karm Birkirkara, BKR 9034 | 25688688 |
| Jesmond Mizzi Financial Advisors Ltd | 67/3, South Street, Valletta VLT 1105 | 23265690 |
| Michael Grech Financial Investment Services Ltd. | The Brokerage, St. Marta Street, Victoria VCT2550 | 2258 000 |



VON DER HEYDEN GROUP

FINANCIAL ANALYSIS SUMMARY
Von der Heyden Group Finance p.l.c.
30th January 2017



Calamatta Cuschieri
YOUR PARTNER IN FINANCIAL SERVICES

The Directors
Von der Heyden Group Finance p.l.c.,
Palazzo Spinola Business Centre
46, St. Christopher Street
Valletta, VLT1464
30th January 2017

Dear Sirs,

Von der Heyden Group Finance p.l.c. - Financial Analysis Summary

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 financial analysis is that of summarising key financial data appertaining to Von der Heyden Group Finance p.l.c. ("the issuer"). The data is derived from various sources or is based on our own computations as follows:

- (a) The forecast data for the financial years ending 31st December 2017 to 31st December 2018 have been provided by management.
- (b) Our commentary on the results of Von der Heyden Group Finance p.l.c. ("the Group") and on its financial position is based on the explanations set out by the Issuer in the Prospectus.
- (c) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions set out in Part 4 of the Analysis.
- (d) The principal relevant market players listed in Part 3 of the document have been identified by management. Relevant financial data in respect of competitors has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

The Analysis is meant to assist potential investors by summarising the more important financial data set out in the Prospectus. The Analysis does not contain all data that is relevant to potential investors and is meant to complement, and not replace, the contents of the full Prospectus. The Analysis does not constitute an endorsement by our firm of the proposed Bond Issue and should not be interpreted as a recommendation to invest in the Bonds. 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. Potential investors are encouraged to seek professional advice before investing in the bonds.

Yours sincerely



Nick Calamatta
Director

| | | |
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1. Information about the Issuer

1.1 Issuer and Guarantor's key activities and structure

Von der Heyden Group Finance plc ("VDHGF"), company registration number C 77266, is a limited liability company registered in Malta on 15th September 2016. It is intended that VDHGF will serve as the financing vehicle of the Group. The issued share capital is held by:

Timan Investment Holdings ("TIH") 249,999 A Ordinary shares; and

FJV Management Limited 1 B Ordinary share.

The ultimate beneficial owners of TIH are described in further detail below.

TIH, the guarantor of the debt securities, has company registration number C 63335 and is a limited liability company registered in Malta on 31st December 2013 as a continuing business from the Netherlands (previously Timan Investments Holdings B.V.) under Companies Act 1995. The principal activity of TIH is to hold for capital growth and income generation, investments in subsidiary and associated entities. TIH also currently provides financing to Group and related entities. The Group is involved in real estate development, real estate leasing, hotel management, and hospitality and has operations in Germany, Poland, Spain and Malta.

Currently the authorised share capital of TIH consists of 50,000,000 ordinary shares, comprising 20,000,000 ordinary A Shares of Euro 1 each and 30,000,000 Ordinary B shares of Euro 1 each. The issued share capital is Euro 3,804,641 divided into 3,249,924 ordinary A shares of Euro 1 each and 554,717 ordinary B shares of Euro 1 each and is held as follows:

Von der Heyden Group Holdings S.A.R.L. 3,249,924 A Ordinary shares (85.42%) of Euro 1 each fully paid up; and

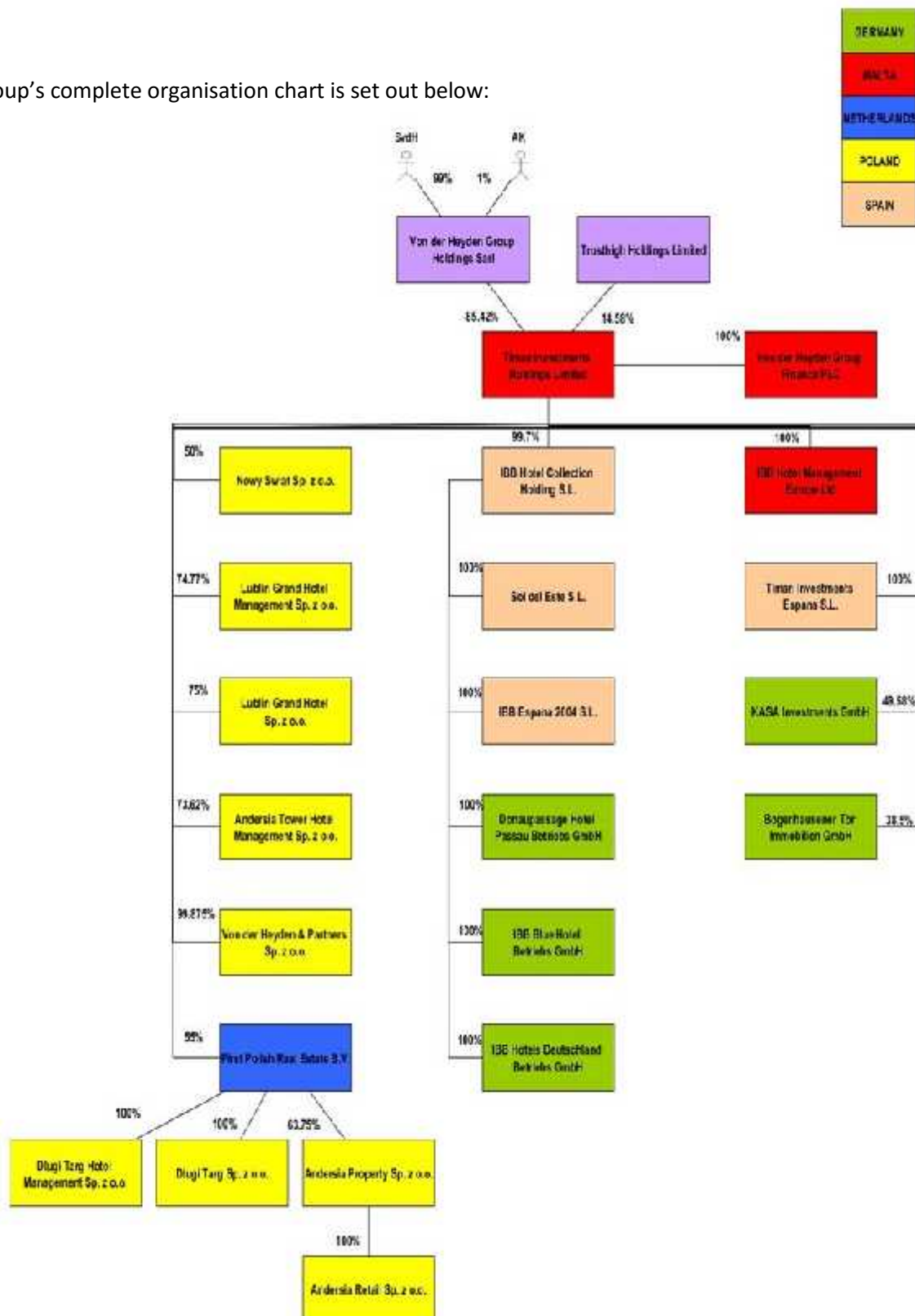
Trusthigh Holdings Limited 554,717 B Ordinary shares (14.58%) of Euro 1 each fully paid up.

In terms of its Memorandum and Articles of Association, the Guarantor is controlled by Von der Heyden Group Holdings S.A.R.L and, accordingly, the Group is ultimately controlled by Mr. Sven Von Der Heyden. The Group's parent company is TIH. TIH's principal Malta registered subsidiaries are VDHGF and IBB Hotel Management Europe Ltd ("IHME"). As at 4th October 2016, the Group had 25 subsidiary entities and 6 associated entities registered in Germany, Poland, Spain and Holland.

Group associated entities include Bogenhausener Tor Immobilien GmbH ("BTI") that is involved in the development of the Bavaria Towers Munich project and Andersia Retail Sp. z o.o. ("AR") that is involved in the future development of Andersia Silver, an office building in Poznan, Poland.

Where the Group owns and manages a hotel, it normally sets up a property holding entity and a separate hotel operating entity. Where the Group operates a hotel, it normally sets up a hotel operating company. Hotels, whether owned and managed or just managed, are all managed under

The Group's complete organisation chart is set out below:



1.2 History of the Group

The Group was founded in 1989 and has completed investment programmes in real estate markets with a market value of approximately over Euro 350 million. The Group employs approximately 272 people. The Group has representative offices or investments in Warsaw, Poznan, Lublin, Gdansk, Amsterdam, Berlin, Leipzig, London, Mahón (Menorca), Madrid, Munich, Malta and Luxembourg and also has conducted or still conducts business in Atlanta, Dresden and New York. The Group has established itself as a niche boutique player targeting top quality results developing high quality office buildings, owning and managing hotel and residential properties in Europe and specifically in Germany, Poland and Spain.

The Group's business activities are currently organised primarily across two lines of business:

Property development; and

Hotel management.

Property development

The property development business line includes the identification and development of sites for office, retail, and mix use commercial or residential purposes. The property development business also includes development of hotels that are owned or managed by the Group. The Group has been involved in development projects in:

-) Germany – including the Bavaria Towers Munich development;
-) Poland – including the Liberty Corner Warsaw development and the Andersia Square Poznan development; and
-) Spain – including the Cugó Gran Menorca boutique hotel development (see hotel management below).

Individual property developments are described in further detail in section 1.4.1.

Hotel management

The hotel management business line includes the management of hotels under the IBB Hotel Collection brand, in Germany, Poland, and Spain. Certain hotels under management are also currently owned by the Group. As at FY15, the Group had 8 hotels under management including 3 owned and managed hotels. Hotels under management are discussed in more detail in section 1.4.1.

1.3 Directors and Executive Management

BOARD OF DIRECTORS - ISSUER

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

| Name | Designation |
|----------------------------|-------------------------------------|
| Sven von der Heyden | Executive Director, Chairman |
| Robert Hendrik Rottinghuis | Executive Director, CEO |
| Francis J. Vassallo | Independent, Non-Executive Director |
| Kevin Deguara | Independent, Non-Executive Director |
| Robert Aquilina | Independent, Non-Executive Director |

The business address of all of the Directors is the registered office of the Issuer. Below is a short curriculum vitae of each of the Directors.

Sven von der Heyden

Mr von der Heyden is the founder and Chairman of the Group, responsible for its overall direction and strategy. Prior to the setting up of the Group in 1989, Mr von der Heyden was an institutional bond dealer. He was also a co-founder, the main shareholder as well as chairman of the Supervisory Board of the Iberia Motor Company S.A., the general exclusive importer of Seat cars in Poland, sold in 1998 with a revenue of €150 million. Mr von der Heyden has won various personal and project awards, including "Personality of the Year 2002" award granted by the readers of Construction Journal Poland, "Preservation of Historical Buildings" award granted to Mr von der Heyden by the Polish Minister of Culture in 2002 and multiple "Building of the Year" and "CEE Best Projects" awards in recognition of projects carried into effect by the Group over the years. Mr von der Heyden is resident in Malta since January 2014.

Robert Hendrik Rottinghuis

Mr Rottinghuis joined the Group in September 2016 as an executive director and member of the management board, responsible for corporate governance, compliance, corporate finance and business development, after having serviced the Group in different roles working with corporate services providers and banks for over 10 years. Mr Rottinghuis also held the position of managing director of United International Management Malta and director in its Luxembourg office, primarily

servicing private equity and real estate investment funds. Mr Rottinghuis holds a Master in Business Administration degree.

Francis J. Vassallo

Mr Vassallo, founder of the Francis J. Vassallo & Associates Group, is a former Governor of the Central Bank of Malta. He occupied several senior positions during his 25-year international career with Chase Manhattan Bank New York, during which time he was a member of the board of several Chase subsidiaries in Luxembourg, the Channel Islands and in Spain. Between 1987 and 1991, Mr Vassallo was general manager of Chase Manhattan Bank in Spain and responsible for the setting-up of private banking and capital markets. He was then appointed general manager of Chase Private Bank in Switzerland, where he remained in office until September 1993. Back in Malta, and prior to founding the Francis J. Vassallo & Associates Group, Mr Vassallo was appointed Governor of the Central Bank of Malta during the crucial time of the introduction into Maltese legislation of the financial services package, which office he held until 1997. Mr Vassallo is a Professed Knight of the Sovereign Military Order of St. John of Jerusalem, has been awarded the National Order of Merit by the President of Malta and the Order of Isabel La Catolica by the King of Spain. He was also appointed Special Envoy to the previous Malta administration to negotiate double taxation agreements with Latin American countries.

Kevin Deguara

Mr Deguara has a long term background in the real estate sector in Malta, having been actively involved within this industry for over 16 years. He is co-owner in the companies that operate the Remax offices in Blue Harbour in Ta' Xbiex and Remax City in Valletta. In respect of both said companies Mr Deguara also acts as money laundering reporting officer, as well as the person certified for their Financial Intelligence Analysis Unit obligations. In addition, he serves as a board member of the Remax & Friends Foundation which is a charitable foundation set up by Remax Malta to support various organisations and charities. Mr Deguara has studied business studies, accounts and economics as well as various leadership and management courses within the real estate sector.

Robert Aquilina

Mr Aquilina joined the Salvo Grima Group in 1973, being appointed as director in the following year. As from 1988 he served as managing director of the company and in 2003 was appointed as its Chairman and CEO. In line with the company's retirement policy on April 30, 2016 he stepped down as its CEO and remained Salvo Grima's Chairman, a position he continues to occupy to date. Mr Aquilina holds selected board member mandates in various national and international companies, as well as multiple memberships of leading logistics and shipping associations. Furthermore, since 1983 he has been a member of the Malta Chamber of Commerce and in 2016 became Chairman of the newly set up Logistics Business section. Mr Aquilina was also a founding member of the Airport Tax Free Association (ATFA) and Duty Free Port Shops Association, Malta and internationally served on the International Marine Purchasing Association (IMPA) for many years as vice president and council member.

BOARD OF DIRECTORS - GUARANTOR

TIH has a board consisting of four directors, comprising:

| Name | Designation |
|---------------------------------|-------------------------------------|
| Sven von der Heyden | Executive Director |
| Javier Errejon Sainz de la Maza | Executive Director |
| Francis J. Vassallo | Independent, Non-Executive Director |
| FJV Management Limited | Independent, Non-Executive Director |

Below is a short CV about directors not part of the issuer and other key members of the Group's senior executive team.

Mr. Javier Errejon Sainz de la Maza – Executive Director

Mr Errejon joined the Group in September 2006 as its Chief Financial Officer and member of the management board responsible for finance. Prior to that he occupied several senior positions, including that of head of analysis and management control of Aldeasa S.A. and controller and financial management of Grupo Ferrovial. With a bachelor in law and a Master of Business Administration degree from IESE Business School, Mr Errejon is also a professor teaching finance and business valuation at various universities and business schools in Spain and other countries.

Mr. Adam Karol Trybusz – Head of Real Estate Development Poland Von der Heyden Group.

Mr Trybusz joined the Group in 1996 and is responsible for its real estate development projects in Poland, several of which have been award winning projects. Mr Trybusz holds a Master degree from the Faculty of Computer Science and Management in Wroclaw University of Technology and is a member of the Royal Institute of Chartered Surveyors (RICS).

Mr. Vladimir Saal – Chief Executive Officer of IBB Hotel Collection

Mr. Saal joined the Von der Heyden Group in 2009 and is responsible for its hotel operations and development. Prior to that he held several positions as general manager of leading hotels in Germany.

Ms. Carolin Schraishuhn – Head of Financial Controlling Von der Heyden Group

Ms. Schraishuhn joined the Von der Heyden Group in 2014 and is responsible for financial controlling. Prior to that she held the position of head of finance and controlling for a German stock listed company as well as one of the youngest audit manager ever in Ernst & Young.

Ms. Kinga Koninska – Head of PR & Marketing Von der Heyden Group

Ms. Koninska joined the Von der Heyden Group in 1997 after graduating from university and is responsible for PR & Marketing of the entire Group.

Mr Adrian Sciberras – Head of Controlling of IBB Hotel Collection

Mr Sciberras joined the Group in 2016 and is responsible for financial controlling at its hotel division, headquartered in Malta. Prior to joining the Group, Mr Sciberras' prior positions held include that of financial controller at Transport Malta, chief financial officer at Gozo Channel Co Ltd as well as several positions within the private sector in Malta. He holds a bachelor in accounting and an executive master in business administration from the University of Malta.

1.4 Major assets owned by the group

The following table provides a list of the principal assets and operations owned by the respective Group companies as at the date of the Prospectus:

| OWNING COMPANY | NAME OF PROPERTY | LOCATION | DESCRIPTION | % OWNERSHIP |
|---|--|----------|--|-------------|
| Andersia Retail Sp. z o.o. | Andersia Silver | Poland | Property owner | 42.5% |
| Andersia Tower Hotel Management Sp. z o.o. | IBB Andersia Hotel | Poland | Hotel management and operation | 73.62% |
| Bogenhausener Immobilien GmbH | Bavaria Towers | Germany | Property owner of the Blue Tower | 38.5% |
| Długi Targ Sp. z o.o. | IBB Hotel Długi Targ | Poland | Property owner | 50% |
| Długi Targ Hotel Management Sp. z o.o. | IBB Hotel Długi Targ | Poland | Hotel management and operation | 50% |
| Donaupassage Hotel Passau Betriebs GmbH | IBB Hotel Passau City Centre and IBB Hotel Passau Süd | Germany | Hotel management and operation | 100% |
| IBB Blue Hotel Betriebs GmbH | IBB Blue Hotel Berlin-Airport | Germany | Hotel management and operation | 100% |
| IBB España 2004 S.L. | IBB Recoletos Coco Salamanca | Spain | Hotel management and operation | 100% |
| IBB Hotel Collection Holding S.L. (formerly Asturme S.L.) | IBB Hotel Paradis Blau | Spain | Property owner | 99.7% |
| IBB Hotels Deutschland Betriebs GmbH | IBB Hotel Ingelheim, IBB Hotel Kempten Allgäutower and IBB Hotel Paderborn | Germany | Hotel management and operation (future projects) | 100% |
| IBB Hotel Management Europe Ltd | IBB Hotel Valletta Merkanti | Malta | Hotel management and operation (future project) | 100% |
| KASA Investments GmbH | 8 residential buildings located in Leipzig, Berlin and Plauen (Germany) totalling 5,937sqm | Germany | Property owner | 49.58% |
| Lublin Grand Hotel Sp. o.o. | IBB Grand Hotel Lublinianka | Poland | Property owner | 75% |
| Lublin Grand Hotel Management Sp. o.o. | IBB Grand Hotel Lublinianka | Poland | Hotel management and operation | 74.77% |
| Nowy Świat Sp. z o.o. | Nowy Świat Atrium | Poland | Property owner (future project) | 50% |
| Sol del Este S.L. | IBB Hotel Paradis Blau | Spain | Hotel management and operation | 100% |
| Timan Investments España S.L. | IBB Hotel Cugó Gran | Spain | Property owner & Hotel management and operation | 100% |
| Von der Heyden & Partners Sp. z o.o. | Plot of undeveloped land in Węgorzewo, Poland measuring 8,361m2 | Poland | Property owner | 99.875% |

1.4.1 Further details about projects and assets owned by the Group

1.4.1.1 Completed Office developments

Prima Court

Project- eight-storey office building located in the centre of Warsaw, a project with an investment value of €18.2 million.

Highlight- A class 'A' office building in Poland, was the first office building in Poland to be entirely leased before construction works began.

Ks. Skorupki 4

Project- a class 'A' office building, with 7,200 m² gross area and 4,000 m² of net usable area and is located in the centre of Warsaw, Poland with an investment value of €14.5 million.

Highlight - was the first building in Poland that was sold turn-key off-plan prior to the start of construction works.

Liberty Corner

Project- class 'A+' office building in Poland located in the heart of Warsaw with an investment value of €21 million.

Highlight - The building comprises modern building management systems and was the first building in Poland built with pre-stressed slabs instead of structural columns which allows a flexibility in space arrangement within the building. Liberty Corner received many prestigious awards, among others: 'Building of the Year 2003' First Prize in the most prestigious contest "Budowa Roku 2003" ("Building of the Year 2003").

Poznań Financial Centre

Project – The first of three constructions developed by the Group at Anders' Square in Poznan, Poland. It is a class 'A' office building with an investment value of €45.5 million and was the first public-private partnership in Poznań in joint venture with the City of Poznań.

Highlight - PFC was granted numerous awards, among others: 'The Most Intelligent Building 2001', second place in the 'Building of the Year 2000' award in the "Construction of the Year 2000".

Andersia Tower

Project - the second stage of the Group's development of the Anders' Square in Poznań in joint venture with the City of Poznań, having an investment value of €84 million. Andersia Tower is a mixed-use development building of 35,000m² which includes office space, hotel space and retail functions, together with an underground two-storey car park.

Highlight - Andersia Tower received prestigious awards like: 'Building of the Year 2007' and 'CEE Best Project Awards 2008' first place in the 'Best Hotel Development Project 2008' category in a competition organized by the CEPIF (Central Eastern European Property and Investment Fair).

Andersia Business Centre

Project – third phase of the Anders Square in joint venture with the City of Poznań, a project with investment value of €39 million.

Highlight - Comprising of 14,000m² gross area and a net usable area of 11,200m² and an underground car park with 140 parking places, is a five-storey business centre.

Residential development in Leipzig, Berlin and Plauen (Germany)

The Group also owns, through its subsidiary company KASA Investments GmbH, a residential property development consisting of 8 residential buildings located in Leipzig, Berlin and Plauen (Germany) with a total surface area of 5,937m² and a current market value of €3.9 million. All buildings are being rented out and have been marked for gradual divestment given the favourable German real estate market at the moment.

Undeveloped land in Węgorzewo (Poland)

The Group also owns, through its subsidiary company Von der Heyden & Partners Sp. z o.o., a plot of undeveloped land in Węgorzewo, Poland. The land in question is held in freehold ownership and consists of eleven registered sub-plots totalling 8,361m² and has a current market value of €133,000. The required permits to develop detached residential houses have recently been obtained by the Group.

1.4.1.2 Office development projects in the pipeline

Bavaria Towers

With a projected investment value of €154 million, the Bavaria Towers forms part of the most spectacular development project in the Bavarian capital in a strategic location in Munich. Situated in the Bogenhausen district on the eastern edge of Munich, the Bavaria Towers project will create a stunning new gateway to the city.

The Bavaria Towers building complex comprises a total of four pentagonal high-rises that account for 77,651m² of total gross rental area, two central underground car parks with a total of 960 spaces.

The project consists of: Blue Tower (18 storeys, 72.3m high, 24,347m² gross rental area, 300 parking spaces), White Tower (15 storeys, 53.6m high, 15,150m² gross rental area, 140 parking spaces), Sky Tower (20 storeys, 83.6m high, 26,246m² gross rental area, 380 parking spaces) and Star Tower (9 storeys, 46.1m high, 11,908m² gross rental area, 140 parking spaces).

The plot belongs to a German registered company, Bogenhausener Tor Immobilien GmbH, of which the Guarantor is 38.5% shareholder, held in co-ownership with Luxembourg based Atlant Capital.

Zurich Insurance acquired the future Sky Tower and Star Tower on a forward-funding basis, in confirmation of the strong reputation which the Group enjoys.

The White Tower and Blue Tower are currently being constructed and are due to obtain certification in accordance with the Leadership in Energy and Environmental Design (LEED) Gold sustainability standard. The 54m high White Tower building was already rented before construction on a twenty year lease, to H-Hotels AG that will operate a 4-star Ramada hotel comprising 345 state-of-the art rooms. Furthermore, in December 2015 shortly after the start of construction, the White Tower building was sold to Swiss Life Insurance Group and is one of the Group's largest hotel transactions to date. Completion is estimated for spring 2018. For more information visit: www.bavaria-towers.de/en

1.4.1.3 Prospective office development projects

Andersia Silver

Andersia Silver, with a planned investment value of €110 million in Poznań, Poland, will be the fourth and final development phase of the contemplated structure at the Anders Square in Poznań which will comprise of two towers to be developed in two stages.

Andersia Silver, with an expected height of 116 metres, will be the highest building in Poznań, previously being Andersia Tower which was 105.2 metres. All necessary planning permits for this project have already been obtained.

Full project and construction completion is expected prior to the end of 2020.

Nowy Świat Atrium

Nowy Świat Atrium, having a planned investment value of €24 million, is to be realised in a 50-50 joint venture with GLL Real Estate Partners and will be located in the very heart of Warsaw at Nowy Świat 5 Street, close to the Warsaw Stock Exchange, Liberty Corner and the most exclusive retail area in Warsaw.

The project, until now financed with equity and intercompany loans, is currently on hold due to planning and permission procedures, being more complicated than anticipated. In case the development is not possible in the foreseeable future the current shareholders intend to sell their interest in this property.

1.4.1.4 Completed hotel development and refurbishment projects

IBB Grand Hotel Lublinianka renovation

Project - IBB Grand Hotel Lublinianka is a 4-star hotel in the centre of Lublin, Poland, which consisted in a 5,700m² renovation project of an investment value of €11.7 million, completed in 2002.

Highlight - Grand Hotel Lublinianka is the most recognized and one of the most iconic and award-winning buildings in the city of Lublin, dating back to 1899. It has won the "Best Overall Development 2002" award granted by Construction Journal Poland.

IBB Andersia Hotel

Project - IBB Andersia Hotel is a 4-star hotel located in the Andersia Tower (more information on this development project is set out in sub-section 1.4.1.1 above) which was completed in August 2007, right in the centre of Poznań, surrounded by prestigious buildings, including Poznań Financial Centre, Andersia Business Centre and Stary Browar Shopping Mall.

Highlight - It is a modern deluxe hotel which offers 171 rooms and suites with an executive floor, retail outlets, restaurants, conference centre, banquet and ball rooms which can host up to 800 people.

IBB Hotel Cugó Gran

The IBB Hotel Cugó Gran, an exclusive 5-star hotel located in a 250-acre estate in Menorca, Spain, has been meticulously restored by the Group and is today one of the Group's flagship properties.

1.4.1.5 Hotel development and refurbishment projects in the pipeline

IBB Długi Targ

The Długi Targ development project (with an estimated development budget of €11 million) is based on refurbishment and conversion of three historical semi-detached city houses into a unique 90 room hotel with a total area of approximately 4,500m². The building will also have prime retail space on the ground floor of approximately 1,000m².

The IBB Hotel Długi Targ in Gdańsk, Poland is scheduled to open in late summer 2017 and will be managed by the Group's IBB Hotel Collection.

Długi Targ Hotel project will be the Group's first development project in Gdańsk and the Group is actively observing the local market for further opportunities in the region.

1.4.1.6 Hotel operations

The Group manages its hotels through its brand IBB Hotel Collection (www.ibbhotels.com). The locally registered entity IBB Hotel Management Europe Ltd acts as the franchisor company, franchising each Group franchisee company in the different jurisdictions where hotel operations are located. IBB Hotel Collection currently operates nine 3-star to 5-star hotels.

Apart from operating IBB Grand Hotel Lublinianka and IBB Andersia Hotel in Poland, IBB Hotel Collection also operates one 4-star hotel and two 3-star hotels in Germany, as well as three hotels in Spain: one 5-star hotel, one 4-star hotel and one 3-star hotel.

Hotel operations in Germany

Both **IBB Hotel Passau City Centre** and **IBB Hotel Passau Süd** are operated by the Group through its subsidiary company Donaupassage Hotel Passau Betriebs GmbH, of which the Guarantor is the sole shareholder.

IBB Hotel Passau City Centre is a 4-star 129 room hotel located in the heart of a picturesque city at the convergence of the three rivers Donau, Ilz and Inn.

IBB Hotel Passau Süd is a 3-star hotel located only 3km away from the historical city centre of Passau. The hotel offers 63 elegant rooms and 2 apartments, as well as a conference area that may host up to 85 guests.

The Group also operates IBB Blue Hotel Berlin-Airport in Germany, through its subsidiary company, IBB Blue Hotel Betriebs GmbH, of which the Guarantor is sole shareholder. IBB Blue Hotel Berlin-Airport is a 3-star hotel which offers a comfortable stay in a convenient location – ten minutes away from Brandenburg Berlin Airport. This hotel forms part of the IBB Hotel Collection “Blue” brand, reserved for 3-star hotels providing high quality services in most attractive locations at affordable prices. The hotel comprises 84 double rooms, the ‘Blue Lobby’ bar, one bistro and two meeting rooms.

Hotel operations in Spain

IBB Recoletos Coco Salamanca, a 4-star hotel, is located close to Plaza de Toros in Salamanca - a UNESCO World Heritage city. The hotel was re-opened in 2014 under the operation of the Group’s IBB Hotel Collection through its subsidiary company IBB España 2004 S.L., of which the Guarantor is sole shareholder. The property offers 74 elegant, fully equipped double rooms, 6 single rooms and 2 superior rooms with en-suite hydro-massage shower rooms. The hotel comprises a terrace bar on the ground floor, an external swimming pool and a private car park.

IBB Hotel Paradis Blau is a 3-star hotel located in Calan Porter, a very famous village in the island of Menorca known for its picturesque beaches and caves. After the termination of a lease agreement with an external operator, the Group refurbished the hotel in summer 2014 and added this hotel to its management portfolio. The hotel offers 59 renovated rooms, a bar and a swimming pool located on the terrace and is under the operation of the Group’s IBB Hotel Collection through its subsidiary company Sol del Este S.L., of which the Guarantor is the sole shareholder. Apart from operating this hotel, the Group currently also wholly-owns the hotel through its subsidiary company IBB Hotel Collection Holding S.L.; however, given that this hotel does not fit the criteria of IBB Hotel Collection’s expansion plans, the Group is contemplating the sale of this property.

IBB Hotel Cugó Gran is said to be the gem in the Group’s portfolio. It is a meticulously restored old Menorcan farmhouse which provides guests with the services of a 5-star hotel having the privacy of a luxury villa. Situated in a 250-acre estate, the villa features spacious interiors and terraces, a 25-metre outdoor pool in exquisitely landscaped gardens, its own vineyard, as well as a gym and massage treatment room. Cugó Gran is for exclusive use and can be booked for a minimum three or seven night stay. IBB Hotel Cugó Gran is wholly owned and operated by the Group through its subsidiary company, Timan Investments España S.L. For more information visit: www.cugogranmenorca.com.

1.4.1.7 Hotel operations in the pipeline

IBB Cugo Grand Harbour

IBB Cugo Grand Harbour is a recent project of IBB Hotel Collection, signed and announced in January 2017. It will be based in the former headquarters of the Malta Labour Party, the wedge-shaped Sheer Bastion also known under the name “il-Macina” located in Senglea, Malta. The historic building, consisting of 21 spacious double rooms and suites once fully refurbished, will offer stunning views on the capital Valletta, as well as Fort St. Angelo. Additional facilities will include a café bar on ground floor, a terrace with exclusive use and outside pool on the second floor, as well as an area which is designated for use as a spa. Furthermore, there will be a roof-top terrace and restaurant. The Group will operate this hotel under a management and operating agreement which was entered into on 13 January 2017 through its subsidiary company IBB Hotel Management Europe Ltd, which, in turn, is wholly-owned by the Guarantor. The Group aims to have this hotel operating in August 2017, subject to a punctual delivery of the building.

IBB Hotel Valletta Merkanti

IBB Hotel Valletta Merkanti is a recent project of IBB Hotel Collection, signed and announced in November 2016. It will offer 18 double rooms in a stunning fully refurbished Valletta palazzo in Old Theatre Street, facing the Piazza Merkanti in the downtown city centre of Malta’s historic capital Valletta. Additional facilities will include a restaurant, a bar and coffee shop. The Group aims to have this hotel operating in December 2017, subject to a punctual delivery of the building.

IBB Hotel Ingelheim

IBB Hotel Ingelheim is a recent project of IBB Hotel Collection, announced in October 2015. It will offer 103 double rooms and 6 studios with a 3-star superior standard. Additional facilities will include a boardroom hosting up to 12 guests, a breakfast restaurant, a bar and coffee shop. The hotel is located in the downtown city centre of Ingelheim called Neue Mitte, 300m from the train station and 3km from a motorway exit (A60). The Group aims to have this hotel operating in summer 2017.

IBB Hotel Kempten

IBB Hotel Kempten Allgäutower is a recent project of the IBB Hotel Collection with expected opening in the spring of 2017. Once fully operational, it will offer 100 rooms. The hotel is located in a modern building in the city centre of Kempten, in the south of Germany, close to the shopping area and train station of the old town.

IBB Hotel Paderborn

IBB Hotel Paderborn is another recent project of the IBB Hotel Collection with expected opening in the spring of 2017 which, once fully operational, will offer 50 rooms. The hotel is located in a modern building in the city centre of Paderborn, in the west of Germany, close to the shopping area, university and train station.

All prospective developments will be financed by the Group through equity, shareholder loans or bank financing.

2. Review of the business

The European Commission forecasts that economic growth in Europe is expected to continue at a moderate pace, as recent labour market gains and rising private consumption are being counterbalanced by a number of hindrances to growth and the weakening of supportive factors. The predicted growth levels are still well below the peak years of 2007-2008 which is also expected by the Group's senior management to have an impact on the pace at which the Group's hotel revenues and rental income may grow in the coming year(s).

Furthermore, inflation in the Euro area was very low in the first half of the year 2016 due to falling oil prices, but started to pick up in the third and fourth quarter of 2016 as the impact of past price decreases began to wear off. Inflation is envisaged to climb moderately above 1% in 2017, as oil prices are assumed to rise. In addition to that, it is expected that the European Central Bank will limit its stimulus package in the medium to long run and will gradually phase it out once inflation approaches its 2 percent goal. The directors of the Issuer and Guarantor anticipate that this will have an impact on interest rates throughout Europe, which are expected to gradually rise resulting in a higher cost of (construction and investment) debt financing for the Group's new development and investment projects.

The Group recently secured its first hotel lease in Malta, with another 2 or 3 local projects in its pipeline. Depending on the number of hotels that can be opened in Malta in 2017 and onwards, the creation of economies of scale and, therefore, lower average operating costs per hotel, will likely have an impact on the overall profitability of the Group. In addition to that, the planned openings of several boutique hotels in Valletta by other hotel operators provides for a competitive hotel market with subsequent downward pressure on occupancy and revenue levels.

Save for the matters disclosed in this Financial Analysis Summary, there has been no material adverse change in the prospects of the Guarantor since the date of its last published audited consolidated financial statements dated 31 December 2015.

At the time of publication of this Financial Analysis Summary, the Issuer and the Guarantor consider that their respective future performance is intimately related to the performance of the Group. The Issuer and Guarantor consider that generally they shall be subject to the normal business risks associated with the industries in which the Group and subsidiary companies are involved and operate as disclosed in this Financial Analysis Summary, and, barring unforeseen circumstances, do not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of their respective businesses and that of the Group, at least up to the end of the next financial year.

3. The Bond Issue and Projects Concerned

The issuer is proposing the issuance of debt securities with a total notional value of Euro 25 million unsecured bonds repayable in 2024 with a fixed coupon and a nominal value of Euro 1,000 per debt security to be issued at par. The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €24,625,000, will be used by the Issuer for the following purposes:

3.1 Use of Proceeds

1. Real estate development and investments

-) An amount of Euro 1,750,000 of the net Bond Issue proceeds shall be advanced, pursuant to a loan agreement, by the Issuer to Bogenhausener Tor Immobilien GmbH in connection with the Bavaria Towers development project to finance cash deposit for bank financing and investment expenses (said entity is owned as to 38.5% by the group).
-) an amount of Euro 4,000,000 of the net Bond Issue proceeds shall be advanced, pursuant to loan agreements, by the Issuer to APS and ARS in connection with the Andersia Silver development project for investment purposes and to fulfil expected equity requirements, in such proportion between each of said entities as shall be determined at the time of funding for the project being confirmed; for its real estate development projects the Group has as a general investment rule that it anticipates to double its equity in a period of 3 to 4 years (Andersia Retail Sp. z o.o., which is the entity which owns the said Andersia Silver property, is owned as to 42.5% by the Group)
-) an amount of Euro 936k of the net Bond Issue proceeds shall be advanced, pursuant to a loan agreement, by the issuer to LGHS to fund the refurbishment of the third floor of the IBB Grand Hotel Lublinianka and to purchase the remaining 25% of the shares currently held in LGHS, the owner of the IBB Grand Hotel Lublinianka, pursuant to which said entity would become wholly-owned by the Group (note that said entity is owned as to 75% by the Group)
-) an amount of Euro 250k of the net Bond Issue proceeds shall be advanced, pursuant to a loan agreement, by the issuer to DTS to be applied to the Długi Targ development project (said entity is owned 50% by the group)
-) an amount of Euro 1 million of the net Bond Issue proceeds shall be advanced, pursuant to a loan agreement, by the issuer to VDGHG which will, in turn, invest said funds in a 50-50 joint venture Maltese company to be incorporated for the purpose of developing of an office building in Valletta, Malta, with a total expected investment volume of Euro 5 million (of which Euro 2 million will be contributed by way of equity, with the Group contributing 50% of said amount, and Euro 3 million being raised through bank financing);
-) an amount of Euro 3.2 million of the net Bond Issue proceeds shall be advanced, pursuant to loan agreements, by the issuer to Group companies for the purpose of part-funding other prospective development projects in Malta and Europe. For the purpose of identifying such development projects, the Group shall fully adhere to the parameters established in terms of its business development strategy described in further detail in sub-section [6.5] of the Registration Document. With respect to the afore-mentioned Euro 3.2 million the Group's executive management team shall aim to acquire /develop / invest in attractively priced

commercial properties located in European countries. Furthermore, in accordance with the principle of generating sustainable income for the issuer, the Group's executive management team shall select commercial properties that have an anticipated high level of tenancy, in the case of office developments, and/or room rate occupancy, in the case of hotel management operations, as the case may be, in keeping with the Group's current occupancy rates.

2. Investment in hotel expansion

-) An amount of Euro 1,383,000 of the net Bond Issue proceeds shall be advanced, pursuant to loan agreements, by the issuer to Group hotel operating companies to be applied to working capital facilities for the period 2017 to 2019, specifically and principally in respect of the proposed expansion of the IBB Hotel Collection in Europe (including Malta) concerning, in the immediate, the IBB Hotel Ingelheim (Euro 350k), the IBB Hotel Kempten (Euro 150k) and the IBB Hotel Paderborn (Euro 200k)
-) an amount of Euro 1,895,000 of the net Bond Issue proceeds shall be advanced, pursuant to loan agreements, by the issuer to Group hotel operating companies to be applied to rental deposits for the period 2017 – 2019, specifically and principally in respect of the proposed expansion of the IBB Hotel Collection in Europe (including Malta) concerning, in the immediate, the IBB Hotel Ingelheim (Euro 350k), the IBB Hotel Kempten (Euro 200k) and the IBB Hotel Paderborn (Euro 120k)

3. Refinancing

-) an amount of Euro 10 million of the net Bond Issue proceeds shall be used to carry into effect a refinancing of intra Group receivables and in return also a complete repayment of any direct debt of the guarantor, thereby freeing the guarantor of its receivables towards Group companies and further reinforcing its position as a pure holding company.

4. Other purposes

-) The remaining balance of the net Bond Issue proceeds in an amount of Euro 211,000 shall be used for the Group's general corporate funding requirements in Malta, including operational costs.

4. Performance Review

The Issuer was incorporated on 15th September 2016 and, accordingly, has no trading record or history of operations. Furthermore, 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 Group, and, as such, its assets are intended to consist primarily of loans issued to Group companies. For the purpose of this document we shall review the performance of the guarantor which constitutes the entire group of companies. The Guarantor's historical financial information for the three financial years ended 31 December 2013, 2014 and 2015, as audited by RSM Malta, is set out in the audited consolidated financial statements of the Guarantor.

4.1 Significant Transactions

Disposal of ABC- ABC was the entity through which the Group held its interest in Phase 3 of the Andersia development, the Andersia Business Centre.

The Andersia development was undertaken as a joint venture with the City of Poznan as a 15% passive shareholder that made the freehold land available for development and involved the development of this land over four phases:

Phase 1 – Poznan Financial Centre
Phase 3 – Andersia Business Centre

Phase 2 – Andersia Towers
Phase 4 – Andersia Silver (in progress)

4.2 Income Statement

| Income statements for the years ended 31 December | 2013 | 2014 | 2015 | 1H2015 | 1H2016 |
|---|----------------|----------------|--------------|--------------|--------------|
| | €000 | €000 | €000 | €000 | €000 |
| Revenue | 11,950 | 13,377 | 13,373 | 8,158 | 6,908 |
| Cost of sales | (13,812) | (12,527) | (13,934) | (9,082) | (6,344) |
| Gross (loss) / profit | (1,862) | 849 | (562) | (924) | 564 |
| Other operating income | 410 | 580 | 406 | 100 | 12 |
| Operating (loss) / profit | (1,452) | 1,429 | (156) | (824) | 576 |
| Investment income | 4,714 | 1,018 | 574 | 668 | 135 |
| Fair value movements | 13 | (908) | 2,347 | 2,396 | 496 |
| EBITDA | 3,275 | 1,539 | 2,765 | 2,240 | 1,207 |
| Impairment of goodwill | - | - | (1,240) | (1,240) | - |
| Finance costs | (3,128) | (3,206) | (914) | (946) | (604) |
| Depreciation | (1,778) | (907) | (435) | (424) | 138 |
| (Loss) / Profit before tax | (1,630) | (2,574) | 175 | (370) | 466 |
| Income tax | 408 | 133 | 68 | 199 | 23 |
| (Loss) / Profit for the year | (1,222) | (2,441) | 243 | (172) | 442 |
| <i>Source: Audited accounts</i> | | | | | |
| Gross Profit Margin | -15.58% | 6.35% | -4.20% | -11.33% | 8.16% |
| Operating Profit Margin | -12.15% | 10.68% | -1.16% | -10.10% | 6.34% |
| Net Margin | -10.23% | -18.25% | 1.82% | -2.11% | 6.40% |
| Return on Capital Employed | -1.54% | 1.51% | -0.27% | -0.89% | 0.99% |
| Return on Assets | -1.16% | -2.33% | 0.35% | -0.17% | 1.31% |
| Interest Coverage Ratio | N/A | 0.45 | N/A | N/A | 0.73 |

The principal revenue stream of the Group is income generated from accommodation fees from its managed hotels and food and beverage revenue from these hotels. Accommodation revenue increased during FY2015 by approximately €1.0 million driven by the opening of the second hotel in Passau, IBB Hotel Passau Süd, and the IBB Hotel Cugó Gran in Menorca. Leasing revenue streams in FY2015 decreased due to the disposal of the Andersia Business Centre. The most significant hotel management revenue streams are derived from the two managed hotels in Poland, primarily the IBB Andersia Hotel and the IBB Grand Hotel Lublinianka. Revenues from the hotel management operations in Germany, where the Group managed two hotels in Passau as at FY2015, increased to approximately 29% of total revenue during FY2015 following the opening of the IBB Hotel Passau Süd.

Cost of sales primarily comprises operating expenses and staff costs, primarily incurred by the hotel management business line. Cost of sales increased by 11% during FY2015 to approximately €13.9

million due to an increase of 27% in wages and salaries, which increase was mainly driven by the opening of the two new managed hotels during FY2015. FY2015 cost of sales were also impacted by exchange translation losses of approximately €200,000 and professional fees amounting to approximately €400,000 in relation to key projects that should not be recurring.

Investment income primarily comprises interest income and gains on sale of assets. FY2013 includes a gain of approximately €2.7 million relating to the sale of the previously Group-owned IBB Erfurt Hotel.

Fair value movements comprise fair value adjustments to significant associated entities. The FY2015 fair value movement of approximately €2.4 million was due to the revaluation of Bogenhausener Tor Immobilien GmbH, which entity holds the Group's interest in the Bavaria Towers development.

Goodwill of approximately €1.2 million was impaired during FY2015 relating to goodwill recognised on the acquisition of IBB Hotel Erfurt GmbH & Co. KG. The goodwill arose in the past from the acquisition by the Group of IBB Hotel Erfurt, resulting from the fact that the purchase price was higher than the fair value of the assets and liabilities. The hotel asset though was divested by the entity and the goodwill in its books depreciated.

Depreciation and amortisation constantly decreased during the period following the sale of buildings during FY2013 and FY2014 and the deconsolidation of Andersia Business Centre Sp. z o.o. during FY2015. Andersia Business Centre Sp. z o.o. was the entity through which the Group held its 85% interest in phase 3 of the Andersia Place development, a joint venture with the City of Poznan, consisting of the development and construction of Andersia Business Centre. As mentioned previously, after successful completion and leasing of the building, the shares in Andersia Business Centre Sp. z o.o. were sold to a third party in June 2015.

The Group generated €3.3 million in earnings before interest, tax, depreciation and amortisation in FY2013, €1.5 million in FY2014 and €2.8 million in FY2015 representing an EBITDA margin of 26% in FY2013, 11% in FY2014 and 20% in FY2015.

Operating losses amounted to €1.5 million in FY2013, whilst operating profits of €1.5 million were disclosed in FY2014. FY2015 performance was impacted by the significant operational losses incurred in the first year of opening of the IBB Hotel Cugó Gran and the IBB Hotel Passau Süd.

4.3 Financial Position

| Statements of financial position as at 31 December | 2013 | 2014 | 2015 | 1H2015 | 1H2016 |
|--|----------------|----------------|---------------|----------------|---------------|
| | €000 | €000 | €000 | €000 | €000 |
| Assets | | | | | |
| Non-current assets | | | | | |
| Intangible assets | 1,301 | 1,292 | 46 | 55 | 43 |
| Property plant and equipment | 76,585 | 72,760 | 45,097 | 73,430 | 45,193 |
| Investment properties | 421 | - | - | - | - |
| Loans and receivables | 14,021 | 15,300 | 8,185 | 16,652 | 11,421 |
| Financial assets | 2,586 | 1,688 | 3,984 | 4,027 | 4,491 |
| Deferred tax | 244 | 1,399 | 766 | 1,769 | 750 |
| Total non-current assets | 95,158 | 92,438 | 58,078 | 95,933 | 61,899 |
| Current assets | | | | | |
| Inventories | 709 | 78 | 100 | 83 | 142 |
| Trade and other receivables | 4,045 | 4,358 | 7,641 | 3,662 | 2,478 |
| Current income tax assets | 103 | 174 | 86 | | 4 |
| Available for sale financial assets | 253 | 59 | 4 | 4 | 0 |
| Cash and cash equivalents | 5,364 | 7,609 | 3,171 | 3,364 | 3,128 |
| Total current assets | 10,475 | 12,279 | 11,003 | 7,113 | 5,752 |
| Total assets | 105,633 | 104,717 | 69,081 | 103,046 | 67,651 |
| Equity and liabilities | | | | | |
| Equity | | | | | |
| Share capital | 3,250 | 3,805 | 3,805 | 3,805 | 3,805 |
| Share premium account | - | 4,445 | 4,445 | 4,445 | 4,445 |
| Other reserves | 13,919 | 14,308 | 12,123 | 11,780 | 12,119 |
| Currency translation reserve | 298 | 1,202 | 1,115 | 1,043 | 807 |
| Retained earnings | 9,338 | 3,282 | 3,255 | 7,191 | 3,670 |
| Non-controlling interest | 14,407 | 12,390 | 10,839 | 14,990 | 10,867 |
| Total equity | 41,212 | 39,432 | 35,582 | 43,253 | 35,712 |
| Non-current liabilities | | | | | |
| Borrowings | 48,107 | 50,511 | 18,472 | 44,295 | 18,959 |
| Deferred tax liabilities | 4,424 | 4,852 | 3,503 | 4,850 | 3,460 |
| Provisions for other liabilities and charges | 317 | 118 | 199 | 59 | 78 |
| Total non-current liabilities | 52,848 | 55,480 | 22,174 | 49,204 | 22,497 |
| Current liabilities | | | | | |
| Trade and other payables | 4,758 | 4,277 | 2,400 | 4,544 | 2,203 |
| Current income tax liability | - | 159 | 94 | 294 | 94 |
| Borrowings | 6,815 | 5,369 | 8,831 | 5,752 | 7,144 |
| Total current liabilities | 11,573 | 9,805 | 11,325 | 10,589 | 9,442 |
| Total liabilities | 64,421 | 65,285 | 33,499 | 59,793 | 31,939 |
| Total equity and liabilities | 105,633 | 104,717 | 69,081 | 103,046 | 67,651 |
| <i>Source: Audited Accounts</i> | | | | | |
| Current Ratio | 0.91 | 1.25 | 1.01 | 0.67 | 0.61 |
| Net Debt/Total Assets Ratio | 51.99% | 53.36% | 39.52% | 44.48% | 28.63% |
| Net Debt/Equity Ratio | 120.25% | 122.42% | 76.73% | 105.98% | 54.24% |

The consolidated Group includes 25 subsidiaries and 6 associates in various countries. Associates are carried at fair value in the Group balance sheet. The FY2013 and FY2014 Group accounts include the consolidation of a significant subsidiary, Andersia Business Centre Sp. z o.o.. As stated above, the Group divested its shares in Andersia Business Centre Sp. z o.o. during FY2015 and the entity was deconsolidated. The deconsolidation of Andersia Business Centre Sp. z o.o. (assets of approximately €30.5 million and borrowings of approximately €26.1 million) impacts the comparability of the Group's consolidated financial position for FY2015.

Group assets primarily consist of land and buildings comprising hotels that are owned by the Group (64% of property, plant and equipment) and land held for redevelopment. Both items are consolidated, primarily comprising the Andersia Silver project (34% of property, plant and equipment in FY2015). Land and buildings are carried at the revalued amounts and approximately €12 million of revaluation reserves are carried in equity representing revaluation amounts to FY2015. The Group's participation in its most significant development is held in Bogenhausener Tor Immobilien GmbH, an associated entity that is not consolidated but carried at fair value as a financial asset. The FY2015 valuation of Bogenhausener Tor Immobilien GmbH amounted to €3.1 million which represents a very conservative value for the project taking into account the potential of the real estate market in the city of Munich. The Group's other principal assets are loans to unconsolidated related parties amounting to approximately €12.8 million and cash and equivalents. The most significant loan in an amount of €4.5 million is to Bogenhausener Tor Immobilien GmbH.

Group borrowings of €27 million in FY2015 are primarily due to banks (51%), other third parties (37%) and related parties (12%). The Group organises its borrowings on a non-recourse basis within the principal asset owning subsidiaries, meaning that the Guarantor is free from guarantees in relation to borrowings of its subsidiaries.

4.4 Cash Flow Statement Review

| Cash flow statements for the years ended 31 December | 2013 | 2014 | 2015 |
|---|----------------|----------------|-----------------|
| Cash flows from operating activities | | | |
| Net cash used in operations | (1,107) | (1,915) | (3,606) |
| Cash flows from investing activities | | | |
| Movement in loans | 982 | (497) | 4,599 |
| Interest received | - | 1,137 | 567 |
| Movement in intangible assets | (1,243) | (11) | (13) |
| Movement in tangible assets | (1,434) | 2,856 | 27,423 |
| Movement in investment properties | (142) | 46 | - |
| Movement in financial assets | 6,756 | (11) | 51 |
| Movement in available for sale financial assets | - | 175 | 36 |
| Exchange rate movements | (3,181) | 1,312 | (504) |
| Net cash from investing activities | 1,739 | 5,008 | 32,160 |
| Cash flows from financing activities | | | |
| Issue of shares | - | 5,000 | - |
| Movement in borrowings | 1,861 | 3,213 | (28,752) |
| Dividends paid | (304) | (3,600) | (3,500) |
| Interest paid | (3,128) | (3,206) | (914) |
| Net cash (used in) / from financing activities | (1,571) | 1,407 | (33,166) |
| Net movement in cash and cash equivalents | (940) | 4,500 | (4,613) |
| Cash and equivalents at beginning of year | 2,585 | 1,645 | 6,145 |
| Cash and cash equivalents at end of year | 1,645 | 6,145 | 1,532 |
| Source: Audited accounts | | | |

Notes:

Normalisation adjustment

Note: the audited cash flow statement as at FY15 was adjusted to reclassify the loan to BTI of Euro 4.6 million from short term to long term, impacting cash flows from operations and net movement in loans to related parties.

Operating activities

-) Cash used in operating activities (which includes net taxation paid), decreased significantly from Euro 1.9 million during FY14 to Euro 1 million cash from operations during FY15 due to a significant improvement in profit before tax. We note that the profit before tax includes the fair value movements from the revaluation of financial assets amounting to Euro 2.5 million and are a non cash movement the reversal of which impacts cash used in operations.

Investing activities

-) The increase in cash from investing activities during FY15 includes the impact of the sale of ABC, specifically in proceeds from sale in tangible assets
-) Cash flows from investing activities reflect the foreign exchange differences for translation of tangible, intangible and other assets denominated in foreign currency and translated at the balance sheet date. PLN decreased in value by 0.2% during FY15 resulting a negative exchange difference
-) Cash outflows for the purchase of tangible assets averaged Euro 1.9 million per annum for the period reviewed

Financing activities

-) Cash flows used in financing activities increased significantly during FY15 due to the impact of the sale of ABC
-) The Group paid dividends of Euro 3.5 million (note includes Euro 500k still due to TH Limited at FY15) during FY15 and Euro 3.6 million during FY14
-) Cash inflows from financing activities during FY14 were impacted by the issue of new shares the proceeds of which generated Euro 5 million
-) TIH disclosed cash inflow of Euro 4.3 million in FY14 on the sale of the Roemerbad Hotel and Euro 3 million from the sale of properties held by KIG.

5. Projected Financials

The Guarantor's financial projections were prepared to reflect a base scenario where the Group successfully obtained alternative funding, which funding was used to:

-) Repay certain of its current external borrowings;
-) Refinance intra Group funding;
-) Provide further equity financing for its two current main property development projects (Bavaria Towers and Andersia Silver which development is scheduled to commence during FY18);
-) Finance a significant expansion of the hotel management business; and
-) Undertake further smaller scale development projects

The main assumptions underpinning the financial projections are the completion and the contemplated exit multiples of Bavaria Towers and Andersia Silver.

Management remain confident that completion risk can be effectively managed and that their experience demonstrates a proven track record of undertaking and exiting property development projects.

The hotel management expansion plan is directed towards concluding lease agreements to manage hotels with a phased growth strategy that is conservative in the first three years of operations. Management remain confident that they will identify the required number of suitable premises and locations to lease and operate in order to achieve the expansion plan.

5.1 Projected Income Statement

The projected Income Statement and Statement of financial position of the Guarantor presented in this section and section 5.2 represent management's financial projections pertaining to the Group for the current year and FY2018.

| €000 | FY17 | FY18 |
|-----------------------------------|---------------|---------------|
| Revenue | 18,644 | 28,712 |
| Cost of sales | (18,156) | (27,257) |
| Gross Profit | 488 | 1,455 |
| Other operating income | 50 | 51 |
| Operating Profit | 538 | 1,506 |
| Investment Income | 643 | 847 |
| Profit on sale of associate | - | 2,951 |
| Profit on sale of subsidiary | - | - |
| Fair value movements | 600 | - |
| EBITDA | 1,781 | 5,304 |
| Finance Costs | (1,799) | (2,095) |
| Depreciation | (513) | (462) |
| Profit before tax | (531) | 2,748 |
| Income tax Expense | - | (163) |
| Loss/Profit for the year | (531) | 2,584 |
| | | |
| Gross Profit Margin | 2.62% | 5.07% |
| Operating Profit Margin | 2.89% | 5.25% |
| Net Margin | -2.85% | 9.0% |
| Return on Capital Employed | -1.47% | 7.04% |
| Return on assets | -0.62% | 2.33% |
| Interest Coverage Ratio | 0.30 | 0.72 |
| Source: Management Information | | |

The financial statements of FY17 and FY18 would not yet fully reflect the returns from the investments of the capital employed until the key projects are finalised. FY17 is expected to be a transition year, which will then improve drastically from 2018 onwards.

5.2 Projected Balance Sheet

| Statements of financial position as at 31 December | FY17 | FY18 |
|--|---------------|----------------|
| | €000 | €000 |
| Assets | | |
| Non-current assets | | |
| Intangible assets | 43 | 43 |
| Property plant and equipment | 47,779 | 74,075 |
| Investment properties | - | - |
| Loans and receivables | 19,066 | 14,709 |
| Financial assets | 5,291 | 893 |
| Deferred tax | 750 | 750 |
| Total non-current assets | 72,930 | 90,471 |
| Current assets | | |
| Inventories | 128 | 122 |
| Trade and other receivables | 2,380 | 2,332 |
| Current income tax assets | 4 | 4 |
| Available for sale financial assets | - | - |
| Cash and cash equivalents | 9,768 | 17,804 |
| Total current assets | 12,280 | 20,262 |
| Total assets | 85,210 | 110,733 |
| Equity and liabilities | | |
| Equity | | |
| Share capital | 3,805 | 3,805 |
| Share premium account | 4,445 | 4,445 |
| Other reserves | 12,919 | 12,919 |
| Currency translation reserve | 807 | 807 |
| Retained earnings | 3,260 | 5,845 |
| Non-controlling interest | 10,867 | 10,867 |
| Total equity | 36,103 | 38,687 |
| Non-current liabilities | | |
| Borrowings | 42,823 | 65,803 |
| Deferred tax liabilities | 3,460 | 3,460 |
| Provisions for other liabilities and charges | 78 | 78 |
| Total non-current liabilities | 46,362 | 69,342 |
| Current liabilities | | |
| Trade and other payables | 2,116 | 2,074 |
| Current income tax liability | 94 | 94 |
| Borrowings | 536 | 536 |
| Total current liabilities | 2,746 | 2,704 |
| Total liabilities | 49,108 | 72,045 |
| Total equity and liabilities | 85,210 | 110,733 |
| Current Ratio | 4.47 | 7.49 |
| Net Debt/Total Assets Ratio | 39.42% | 43.83% |
| Net Debt/Equity Ratio | 93.04% | 125.46% |
| Source: Management Information | | |

5.3 Projected Capital Position

The following table sets out the capitalisation and indebtedness of the Group as at 30 June 2016 and the estimate after reflecting the issue of the Bonds:

Capitalisation and indebtedness of the Group as at 30th June 2016

| | | |
|--|----------|---------------|
| Bank and other borrowings | | 26,103 |
| Cash and cash equivalents | | (3,128) |
| Net third party debt as at 30th June 2016 | | 22,975 |
| Funding: | | |
| Bond issue | 25,000 | |
| Refinancing of Group receivables | (10,000) | |
| | | 15,000 |
| | | 37,975 |
| Equity as at 30th June 2016 | | 35,712 |

Gearing ratio (Debt/Total Assets) after bond issue **52%**

Gearing ratio (Debt/Equity) after bond issue **106%**

Gearing (Debt/Total Assets) was calculated as net debt after bond issue divided by the aggregate equity and net third party debt.

Gearing (Debt/Equity) was calculated as net debt after bond issue divided by the aggregate equity.

5.4 Projected Cashflow Statement

| Cash flow statements for the years ended 31 December | 2017 | 2018 |
|---|-----------------|-----------------|
| Cash flows from operating activities | | |
| Net cash used in operations | 1,150 | 1,518 |
| Cash flows from investing activities | | |
| Movement in loans | (7,645) | 4,357 |
| Interest received | 643 | 847 |
| Movement in intangible assets | - | 7,350 |
| Movement in tangible assets | (3,099) | (26,758) |
| Movement in investment properties | - | - |
| Movement in financial assets | - | - |
| Movement in available for sale financial assets | - | - |
| Exchange rate movements | - | - |
| Net cash from investing activities | (10,100) | (14,368) |
| Cash flows from financing activities | | |
| Issue of shares | - | - |
| Movement in borrowings | 16,756 | 22,980 |
| Dividends paid | - | - |
| Interest paid | (1,799) | (2,095) |
| Net cash (used in) / from financing activities | 14,957 | 20,885 |
| Net movement in cash and cash equivalents | 6,006 | 8,035 |
| Cash and equivalents at beginning of year | 3,762 | 9,768 |
| Cash and cash equivalents at end of year | 9,768 | 17,804 |
| Source: Management Information | | |

5.5 Key Assumptions Used in forecasts

IBB Hotel expansion

| | Germany | Poland | Spain | Malta |
|------------------------------|---------|--------|-------|-------|
| Rooms | 100 | 140 | 100 | 20 |
| Occupancy | 67% | 65% | 65% | 65% |
| Annual increase in occupancy | 2.50% | 2.50% | 2.50% | 2.50% |
| Average room rate (ARR) | 65 | 60 | 60 | 180 |
| Annual increase in ARR | 2.50% | 2.50% | 2.50% | 2.50% |
| Days Open | 365 | 365 | 365 | 365 |
| Revenue Rooms (EUR) | 1,590 | 1,993 | 1,424 | 854 |

Real estate Developments and Investments

| | Bavaria Towers | Andersia Silver | Other |
|----------------------|----------------|-----------------|----------------------------|
| Annual Rental Income | €6.5 million | €7.5 million | n/a |
| Exit Multiple | 22 | 16 | 2 |
| Year of Sale | FY18 | FY20 | 3-4 years after investment |
| Expected Sale Price | €144 million | €120 million | |

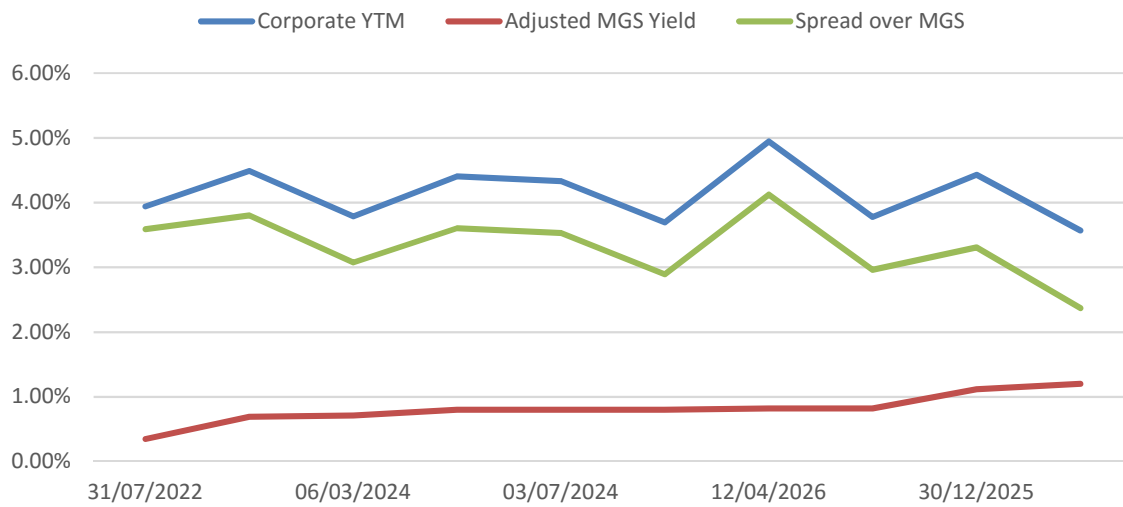
6. Comparables

The purpose of the table below compares the proposed debt issuance of the group to other debt instruments with similar duration. One must note that given the material differences in profiles and industries, the risks associated with the Group's business and that of other issuers is therefore also different.

| Security | Yield to Maturity (%) | Interest Cover | Total Assets | Net Asset Value | Gearing Ratio |
|--|-----------------------|----------------|--------------|-----------------|---------------|
| 6% Pendergardens Developments plc Secured € 2022 Series II | 3.94% | 3.63 | 58.0 | 11,734.0 | 61.9% |
| 5.8% International Hotel Investments plc 2023 | 4.49% | 1.45 | 1,159.6 | 608.3 | 36.5% |
| 6% AX Investments Plc € 2024 | 3.79% | 2.88 | 206.0 | 111.5 | 36.7% |
| 5.3% Mariner Finance plc Unsecured € 2024 | 4.33% | 2.82 | 67.7 | 25.8 | 61.8% |
| 5% Tumas Investments plc Unsecured € 2024 | 3.69% | 4.62 | 175.6 | 80.4 | 42.9% |
| 4.4% Von der Heyden Group Finance 2024 | 4.40% | N/A | 69.0 | 36.0 | 39.5% |
| 5.75% International Hotel Investments plc Unsecured € 2025 | 4.95% | 1.45 | 1,159.6 | 608.3 | 36.5% |
| 4.5% Hili Properties plc Unsecured € 2025 | 3.78% | 1.50 | 90.9 | 26.3 | 71.3% |
| 5.25% Central Business Centres plc Unsecured € 2025 S2T1 | 4.43% | 1.63 | 30.0 | 18.3 | 38.5% |
| 4.25% Corinthia Finance plc Unsecured € 2026 | 3.57% | 1.13 | 1,357.9 | 641.0 | 41.8% |
| 4% MIDI plc Secured € 2026 | 4.35% | 2.64 | 187.5 | 71.3 | 37.6% |
| 4% International Hotel Investments plc Secured € 2026 | 3.74% | 1.45 | 1,159.6 | 608.3 | 36.5% |
| Average of Comparables | 4.10% | | | | |

The debt to equity ratio or gearing ratio demonstrates the degree to which the capital employed in a business is funded by external borrowings as compared to shareholders' funds.

Yield Curve Analysis



As at 23rd January 2017, the average spread over the Malta Government Stock (MGS) for corporates with maturity range of 5-8 years was 308 basis points. The new VDH bond is being priced with a 4.4% coupon issued at par, meaning a spread of 365 basis points over the equivalent MGS, and therefore at a significant premium to the average on the market.

7. Glossary and Definitions

| Income Statement | |
|-------------------------------------|---|
| Revenue | Total revenue generated by the Group from its business activities during the financial year, that is, from its real estate development and hotel operations |
| Operating Expenses | Operating expenses include the cost of real estate developments and hotel operations |
| EBITDA | EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions. |
| Profit after tax | Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities. |
| Profitability Ratios | |
| Operating profit margin | Operating profit margin is operating income or EBITDA as a percentage of total revenue. |
| Net profit margin | Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue. |
| Profit before Tax (PBT) | Profit before Tax is the profit is achieved during the financial year after deducting all relevant expenses including interest expenses. This however does not include tax expense. |
| Efficiency | |
| Return on Equity | Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity. |
| Return on capital employed | Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed. |
| Return on Assets | Return on assets (ROA) is computed by dividing profit after tax by total assets. |
| Equity Ratios | |
| Earnings per share | Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date |
| Cash Flow Statement | |
| Cash flow from operating activities | Cash generated from the principal revenue-producing activities of the Company. |
| Cash flow from investing activities | Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Company. |
| Cash flow from financing activities | Cash generated from the activities that result in change in share capital and borrowings of the Company. |
| Balance Sheet | |
| Non-current assets | Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group allocates the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was purchased. Such |

| | |
|----------------------------------|---|
| | assets include intangible assets (goodwill on acquisition), investment properties, and property, plant & equipment. |
| Current assets | Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group allocates the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was purchased. Such assets include intangible assets (goodwill on acquisition), investment properties, and property, plant & equipment. |
| Current assets | Current assets are all assets of the Company, which are realisable within one year from the balance sheet date. Such amounts include inventory, accounts receivable, cash and bank balances. |
| Current liabilities | All liabilities payable by the Company within a period of one year from the balance sheet date, and include accounts payable and short-term debt. |
| Net debt | Borrowings before unamortised issue costs less cash and cash equivalents. |
| Non-current liabilities | The Company's long-term financial obligations that are not due within the present accounting year. The Company's non-current liabilities include bank borrowings and bonds. |
| Total equity | Total equity includes share capital, reserves & other equity components, and retained earnings. |
| Financial Strength Ratios | |
| Liquidity ratio | The liquidity ratio (also known as current ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities. |
| Interest cover | The interest coverage ratio is calculated by dividing a company's operating profit of one period by the company's interest expense of the same period. |
| Gearing ratio | The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity. |