

# SUMMARY NOTE DATED 10 MAY 2010

This document is a Summary Note issued in accordance with the provisions of Chapter 6 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements.

This Summary Note is issued pursuant to the requirements of Listing Rule 6.4.1 of the Listing Rules and contains information about Eden Finance p.l.c. for which application has been made for admission to trading of its securities on the Malta Stock Exchange. This Summary Note should be read in conjunction with the most updated registration document and securities note issued from time to time.

In respect of an Issue of  $\square 5,000,000$  6.6% Bonds 2017-2020  
issued at par by

## EDEN FINANCE P.L.C.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA  
WITH COMPANY REGISTRATION NUMBER C 26843

(Due 15 June 2020, subject to early redemption at the option of the Issuer on any Early Redemption Date)

Issue Period: from 31 May 2010 to 4 June 2010 (both days included)  
(subject to the right of the Issuer to close the Issue in advance in the event of over-subscription)

Guaranteed by

## EDEN LEISURE GROUP LIMITED

A PRIVATE LIMITED LIABILITY COMPANY REGISTERED IN MALTA  
WITH COMPANY REGISTRATION NUMBER C 4529



Ian De Cesare  
Chairman  
Eden Finance p.l.c.



Kevin De Cesare  
Deputy Chairman  
Eden Finance p.l.c.



Ian De Cesare  
for an on behalf of  
Walter Camilleri  
Non-Executive Director  
Eden Finance p.l.c.



Andrea Gera de Petri  
Non-Executive Director  
Eden Finance p.l.c.



David Vella  
Non-Executive Director  
Eden Finance p.l.c.

MANAGER & REGISTRAR

**HSBC**   
The world's local bank

LEGAL COUNSEL

**CAMILLERI PREZIOSI**  
ADVOCATES

SPONSOR

**CHARTS**  
WEALTH MANAGEMENT • CORPORATE BROKING

FINANCIAL ADVISORS

**Deloitte**

## IMPORTANT INFORMATION

THIS SUMMARY NOTE, FORMING PART OF THE PROSPECTUS, CONTAINS INFORMATION ON AN ISSUE BY EDEN FINANCE P.L.C. (THE “ISSUER”) GUARANTEED BY EDEN LESIURE GROUP LIMITED (THE “GUARANTOR”) OF €5,000,000 BONDS 2017-2020 OF A NOMINAL VALUE OF €100, ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 6.6% PER ANNUM PAYABLE ANNUALLY ON 15 JUNE OF EACH YEAR. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 15 JUNE 2020, UNLESS OTHERWISE PREVIOUSLY REDEEMED OR CANCELLED. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE, UNLESS IT EXERCISES THE OPTION TO REDEEM ALL OR PART OF THE BONDS ON ANY OF THE EARLY REDEMPTION DATES, BY GIVING NOT LESS THAN 30 DAYS WRITTEN NOTICE.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER OR 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 THE PROSPECTUS AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER OR GUARANTOR OR THEIR RESPECTIVE DIRECTORS OR ADVISORS.

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

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

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS DOCUMENT AND ANY PERSONS WISHING TO APPLY FOR ANY BONDS ISSUED BY THE

ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE APPLICANTS FOR ANY SECURITIES THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH BONDS AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE ISSUE IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE 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 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 OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF SAID DIRECTIVE, THE BONDS CAN ONLY BE OFFERED TO “QUALIFIED INVESTORS” (AS DEFINED IN SAID DIRECTIVE) AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF SAID 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 THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, THE MALTA STOCK EXCHANGE IN

SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES, IN ACCORDANCE WITH THE ACT. DEALINGS ARE EXPECTED TO COMMENCE ON THE MALTA STOCK EXCHANGE ON 23 JUNE 2010.

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

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

THIS DOCUMENT AND ALL AGREEMENTS, ACCEPTANCES AND CONTRACTS RESULTING THEREFROM SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF MALTA AND ANY PERSON ACQUIRING ANY SECURITIES PURSUANT TO THE PROSPECTUS SHALL SUBMIT TO THE JURISDICTION OF THE MALTESE COURTS, WITHOUT LIMITING IN ANY MANNER THE RIGHT OF THE ISSUER OR GUARANTOR OR ANY OFFEROR TO BRING ANY ACTION, SUIT OR

PROCEEDING ARISING OUT OF OR IN CONNECTION WITH ANY PURCHASE OF SECURITIES OR AGREEMENT RESULTING HEREFROM OR THE PROSPECTUS AS A WHOLE IN ANY OTHER COMPETENT JURISDICTION.

ALL THE ADVISORS TO THE ISSUER NAMED IN SECTION I.3 OF THE SUMMARY NOTE UNDER THE HEADING "ADVISORS & AUDITORS" HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS BOND ISSUE AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY OR ANY OF THE EARLY REDEMPTION DATES, AS APPLICABLE. 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.

## WARNING TO POTENTIAL INVESTORS

THIS SUMMARY NOTE FORMS PART OF THE PROSPECTUS CONTAINING INFORMATION CONCERNING THE ISSUER, THE GUARANTOR AND THE BONDS. THIS SUMMARY NOTE IS INTENDED TO BRIEFLY CONVEY THE ESSENTIAL CHARACTERISTICS OF, AND RISKS ASSOCIATED WITH, THE ISSUER, THE GUARANTOR AND THE BONDS.

YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING CRITERIA FOR EVALUATION OF THIS SUMMARY NOTE:

- THE SUMMARY NOTE SHOULD BE READ AS MERELY AN INTRODUCTION TO THE PROSPECTUS;

- ANY DECISION TO INVEST IN THE BONDS SHOULD BE BASED ON CONSIDERATION OF THE PROSPECTUS AS A WHOLE;

- CIVIL LIABILITY ATTACHES TO THE ISSUER WHICH HAS TABLED THIS SUMMARY NOTE AS PART OF THE PROSPECTUS AND APPLIED FOR ITS NOTIFICATION ONLY IF THE SUMMARY NOTE IS SHOWN TO BE MISLEADING, INACCURATE OR INCONSISTENT WHEN READ TOGETHER WITH THE OTHER PARTS OF THE PROSPECTUS.

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## DEFINITIONS

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

<b>Act</b>	the Companies Act, Cap. 386 of the Laws of Malta;
<b>Applicant/s</b>	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
<b>Application/s</b>	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form/s and delivering same to any of the Authorised Financial Intermediaries;
<b>Application Form</b>	the form of application of subscription for Bonds, specimen of which are contained in Annexes 2 and 3 of the Securities Note;
<b>Associated Companies</b>	each of: <ul style="list-style-type: none"> <li>a) Sunny Resorts Limited, a limited liability company incorporated under the Laws of Malta with company registration number C 194;</li> <li>b) Axis Limited, a limited liability company incorporated under the Laws of Malta with company registration number C 9959;</li> </ul>
<b>Authorised Financial Intermediaries</b>	the persons referred to in Annex 4 of the Securities Note;
<b>Bond(s)</b>	the €5,000,000 bonds of a face value of €100 per bond redeemable on the Redemption Date or, at the option of the Issuer, on any Early Redemption Date, bearing interest at the rate of 6.6% per annum and redeemable at their nominal value;
<b>Bondholder</b>	a holder of Bonds;
<b>Bond Issue</b>	the issue of the Bonds;
<b>Bond Issue Price</b>	the price of €100 per Bond;
<b>Business Day</b>	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
<b>CAPEX</b>	capital expenditure;
<b>CSD</b>	Central Securities Depository of the Malta Stock Exchange established pursuant to Chapter 4 of the Malta Stock Exchange Bye-Laws and situated at Garrison Chapel, Castille Place, Valletta VLT 1063;
<b>Cut-Off Date</b>	means close of business of 5 May 2010;
<b>Directors or Board</b>	the directors of the Issuer whose names are set out in Section 1.1 of the Summary Note;
<b>EBITDA</b>	earnings before interest, tax, depreciation and amortisation;
<b>Early Redemption Date/s</b>	any day falling between and including 16 June 2017 and 14 June 2020;
<b>Eden Group or Group</b>	means the Guarantor and the Subsidiaries and Associated Companies;
<b>Euro or €</b>	the currency of the European Monetary Union of which Malta forms part;
<b>Existing Bondholder or Preferred Applicant</b>	any person, whether natural or legal, who, as at the Cut-Off Date, appears on the register of debentures of the Issuer (maintained by the CSD) with respect to the Maturing Bonds and whose holding does not exceed €1,000,000 in value of Maturing Bonds;

<b>Guarantee</b>	the guarantee by the Guarantor, jointly and severally with the Issuer, whereby the Guarantor undertakes to effect payment of interest and capital repayments of any amounts due and payable by the Issuer to the Bondholders should the Issuer default in paying the Bondholders under the Bonds. A copy of the Guarantee and a description of the nature, scope and terms of the Guarantee are appended to the Securities Note in Annex I;
<b>Guarantor or ELG</b>	Eden Leisure Group Limited, a limited liability company incorporated under the Laws of Malta with company registration number C 4529;
<b>ICM</b>	The InterContinental Malta, a 5-star 451-room hotel in St Julians, operated by InterContinental Hotels Group;
<b>Interest Payment Date</b>	annually on 15 June of each year between and including each of the years 2011 and the year 2020, 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;
<b>Issue Date</b>	expected to be on 22 June 2010;
<b>Issue Period</b>	the period between 31 May 2010 to 4 June 2010 (or such earlier date as may be determined by the Issuer in the event of over-subscription) during which time the Bonds are in issue;
<b>Issuer</b>	Eden Finance p.l.c.;
<b>Listing Authority</b>	the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act, (Cap. 345, of the Laws of Malta) by virtue of L.N. I of 2003;
<b>Listing Rules</b>	the listing rules issued by the Listing Authority from time to time;
<b>Malta Stock Exchange or MSE</b>	the Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act, (Cap. 345 of the Laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta and company registration number C 42525;
<b>Maturing Bonds</b>	the €23,255,763 (originally Lm10,000,000 or €3,293,734) 6.7% bonds issued by the Issuer pursuant to an offering memorandum dated 18 September 2000, due to mature on 12 October 2010;
<b>MFSA</b>	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act, 1988 (Cap. 330 of the Laws of Malta);
<b>Official List</b>	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
<b>Operating Companies</b>	all of EEL, ESL and EHL, as hereunder defined;
<b>Prospectus</b>	collectively, the Registration Document, the Securities Note and the Summary Note, as the same may be supplemented and amended from time to time;
<b>Redemption Date</b>	15 June 2020, or at the Issuer's sole discretion, on any of the Early Redemption Dates;
<b>Redemption Value</b>	the nominal value of each Bond (€100 per Bond);
<b>Registration Document</b>	the registration document issued by the Issuer and dated 10 May 2010, as the same may be updated from time to time;
<b>Regulation</b>	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;

Securities Note	the securities note issued by the Issuer and dated 10 May 2010, as the same may be updated from time to time;
Sponsor	Charts Investment Management Service Limited, an authorised financial intermediary licensed by the MFSA and a Member of the MSE;
Subsidiaries	<p>each of:</p> <ul style="list-style-type: none"><li>a) Eden Entertainment Limited, a limited liability company incorporated under the Laws of Malta with company registration number C 26701, (“EEL”);</li><li>b) Eden Superbowl Limited, a limited liability company incorporated under the Laws of Malta with company registration number C 26700, (“ESL”);</li><li>c) Eden Hospitality Limited, a limited liability company incorporated under the Laws of Malta with company registration number C 35719, (“EHL”);</li><li>d) Baytel Limited, a limited liability company incorporated under the Laws of Malta with company registration number C 43770;</li><li>e) Eden Finance p.l.c., a limited liability company incorporated under the Laws of Malta with company registration number C 26843, (“the Issuer”);</li></ul>
Summary Note	this document in its entirety, as the same may be updated from time to time;
Terms and Conditions	the terms and conditions of the Bonds, in particular those contained in Section 6 of the Securities Note.

## I. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, ADVISORS AND AUDITORS

### I.1 Directors of the Issuer and the Guarantor

#### Issuer

Ian De Cesare	<i>Chairman</i>
Kevin De Cesare	<i>Deputy Chairman</i>
Walter Camilleri	<i>Non-Executive Director</i>
Andrea Gera de Petri	<i>Non-Executive Director</i>
David Vella	<i>Non-Executive Director</i>

#### Guarantor

Ian De Cesare	<i>Managing Director</i>
Kevin De Cesare	<i>Executive Director</i>

### I.2 Senior Management of the Group

Simon De Cesare	<i>General Manager</i>
Kate De Cesare	<i>Marketing Manager</i>
Edward Fenech	<i>Group Sales Manager</i>
David Vella	<i>Financial Controller</i>

### I.3 Advisors and Auditors

#### Legal Counsel:

Name:	Camilleri Preziosi
Address:	Level 3, Valletta Buildings, South Street, Valletta, VLT 1103, Malta

#### Sponsor:

Name:	Charts Investment Management Service Limited
Address:	Valletta Waterfront, Vault 17, Pinto Wharf, Floriana, FRN 1913, Malta

#### Manager & Registrar:

Name:	HSBC Bank Malta p.l.c.
Address:	233, Republic Street, Valletta, VLT 1116, Malta

#### Financial Advisors:

Name:	Deloitte
Address:	Deloitte Place, Mriehel By-Pass, Mriehel, BKR 3000, Malta

#### Auditors:

Name:	Vincent Curmi & Associates
Address:	Finance House, First Floor, Princess Elizabeth Street, Ta' Xbiex, XBX 1102, Malta

The annual statutory financial statements of the Issuer, and the consolidated financial statements of the Guarantor for the financial years ended 31 December 2009, 2008 and 2007 have been audited by Vincent Curmi & Associates. Vincent Curmi & Associates is a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act, 1979 (Cap. 281, Laws of Malta).



## 2. SELECTED FINANCIAL INFORMATION

The financial information about the Issuer and the Guarantor respectively is included in the audited financial statements for each of the financial years ended 31 December 2009, 2008 and 2007.

The said statements, together with the audited financial statements of each of the Group companies have been published and are available for inspection at the registered office of the Issuer.

### 2.1 The Issuer

Set out below are highlights taken from the audited financial statements of the Issuer for the years ended 31 December 2009, 2008 and 2007.

	2009	2008	2007
	□	□	□
Net interest earned	93,577	93,175	93,175
Profit for the year	26,469	27,327	25,857
Total capital and reserves	1,446,538	1,420,069	1,392,742

### 2.2 The Guarantor

The following financial information is extracted from the Guarantor's audited consolidated financial statements for the years ended 31 December 2009, 2008 and 2007.

	2009	2008	2007
	□000	□000	□000
Turnover	19,335	22,736	23,768
Earnings before interest, tax, depreciation & amortisation (EBITDA)	4,104	5,934	6,456
(Loss)/profit for the year	(1,501)	(133)	431
Total assets less current liabilities	53,812	82,093	64,751
Interest bearing borrowings	44,487	46,175	48,341
Total shareholders' funds	32,429	33,930	19,614

### 3. RISK FACTORS – ISSUER AND GUARANTOR

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, CANCELLED OR REDEEMED. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE FALLING IN 2020, SUBJECT TO THE RIGHT OF THE ISSUER TO REDEEM ALL OR PART OF THE BONDS ON ANY OF THE EARLY REDEMPTION DATES, BY GIVING NOT LESS THAN THIRTY (30) DAYS NOTICE.

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. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

NEITHER 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; OR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE GUARANTOR OR THE SPONSOR OR AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY BONDS.

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

#### 3.1 Forward-Looking Statements

The Prospectus and the documents incorporated herein by reference contain forward-looking statements that include, among others, statements concerning the Issuer's and Group's strategies and plans relating to the attainment of its 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 involve predictions of future circumstances. These forward-looking statements are inherently subject to a number of risks, uncertainties, and assumptions and important factors that could cause actual results to differ materially from the expectations of the Issuer's and Group's directors. No assurance is given that the future results or expectations will be achieved.

#### 3.2 Considerations Relating to the Business of the Issuer and the Group

##### 3.2.1 Risks Relating Specifically to the Issuer

##### *(i) Issuer's dependence on payments due by the Guarantor may be affected by factors beyond the Issuer's control*

The Issuer has no business operations or assets, and will be largely dependent on the receipt of loan repayments from the Guarantor (which in turn is dependent on the receipt of loan repayments from the Group companies it on-lends to). In this respect, therefore, the operating results of the other companies forming part of the Group have a direct effect on the Issuer's financial position and as such the risks intrinsic in the business and operations of such other Group companies shall have a direct effect on the ability of the Issuer to meet its obligations in respect of the repayment of principal and interest under the said securities when due.

##### 3.2.2 Risks Relating to the InterContinental Malta

##### *(i) The Group is subject to certain risks common to the hotel industry, certain of which are beyond its control*

The Group owns the InterContinental Malta which in turn is operated by InterContinental Hotels Group. As such, the Group's operations and the results of its operations are subject to a number of external factors that could adversely affect the Group's business, many of which are common to the hotel industry and beyond the Group's control, including changes in travel patterns, changes in taxes and laws and regulations, impact of terrorism, natural disasters and termination, change or non-renewal of material contracts.

The impact of any of these factors (or a combination of them) may adversely affect room rates and occupancy levels in the Group's hotel, or otherwise cause a reduction in the Group's income. Such factors (or a combination of them) may also adversely affect the value of the InterContinental Malta and in either such case would have a material adverse effect on the Group's business, financial condition and results of operations.

***(ii) Dependence on the operations agreement with the InterContinental Hotels Group***

The InterContinental Malta is operated by the InterContinental Hotels Group ("IHG") by virtue of a 10-year operations agreement which expires in 2013, renewable at IHG's option for a further five years to 2018 on the same terms and conditions. While IHG has expressed its willingness to exercise its option in 2013, there is no guarantee that the operations agreement will be extended in 2013 for a further five year term. Beyond 2018, there can be no assurance that IHG would be willing to renew the operations agreement with EHL and/or that the terms and conditions imposed by IHG would be deemed too prescriptive and/or uneconomical by EHL.

The discontinuation of the relationship between IHG and EHL could cause short-term disruption in EHL's operations which could adversely affect the Group's business and results of operations. Moreover, there can be no assurance that in the event of non-renewal of the agreement with IHG, EHL will be able, within a short period of time, to enter into an operations agreement with another global hotel management company of at least the same calibre as IHG.

**3.2.3 Risks Relating to Real Estate**

***(i) Risk relating to the Group's properties and operations***

Property investments are subject to varying degrees of risks. Values are affected by (among other things) 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, interest and inflation rate fluctuations and higher accounting and control expenses. The Group's operating performance could be adversely affected by a downturn in the property market in terms of capital values.

**3.2.4 Risks Relating to the Eden Cinemas and Eden SuperBowl**

***(i) A lack of motion picture availability and poor performance of motion pictures would have a negative effect on film attendance***

EEL's ability to operate successfully depends upon the availability, diversity and appeal of motion pictures, its ability to license motion pictures and the exhibition of these motion pictures in EEL's market. The company licenses first and second-run motion pictures, the success of which depends

upon their appeal, as well as on the marketing efforts of the major film studios and distributors. Poor performance of these films or disruption in the production of, or changes in, the licensing terms of the films, or a reduction in the marketing efforts of the major film studios and distributors, would have a negative effect on film attendance and adversely affect EEL's business, financial condition and results of operations.

***(ii) An increase in the use of alternative film distribution channels, such as home theatre video and the internet, and other competing forms of entertainment may drive down movie theatre attendance and limit ticket prices***

EEL faces competition for patrons from a number of alternative motion picture distribution channels, such as home theatre video, pay-per-view, cable television, DVD, syndicated and broadcast television as well as illegal downloading from the internet and counterfeit DVDs. The company also competes with other forms of entertainment for its patrons' leisure time and disposable income, such as concerts and sporting events. The expansion of such alternative entertainment could have a material adverse effect on movie theatre attendance in general and, therefore, upon EEL's business, financial condition and results of operations.

***(iii) The Eden Cinemas are subject to new technologies, including the potentially high costs of re-equipping theatres for digital projection***

Changes in film production may require the company to update its equipment. In particular, it is likely that the industry will gradually replace traditional 35mm film and adopt digital projection in the future. As a result of this gradual change, the company will need to invest funds into updating to digital projection which would require significant cumulative CAPEX to do so.

***(iv) Demand for cinema and bowling can be subject to changes in public tastes and preferences***

The popularity of entertainment such as cinema and tenpin bowling and its general social image among target consumers may have an impact in the level of consumer spending on it. Factors that may influence the popularity of these activities include trends in social behaviour and leisure pursuits. Although the SuperBowl and the Eden Cinemas have been operating successfully for a number of years, the Group is dependent on the public's continued interest in cinema and tenpin bowling for generation of revenues and cash flow. A reduction in the popular appeal of these entertainment options among the target consumers could negatively impact the financial condition and results of operations.

### 3.2.5 Other Risks

#### ***(i) The Group's key senior personnel and management have been and remain material to its growth***

The Group believes that its growth is partially attributable to the efforts and abilities of the members of its executive management team and other key personnel. Although the Group believes that if one or more of the members of this team were unable or unwilling to continue in their present position, they would be able to replace the individual within a reasonable period of time, the loss of key personnel could have a short-term adverse effect on the Group's business, financial condition and results of operations.

#### ***(ii) The Group's level of debt***

The Group's ability to implement its business strategies is dependent upon, among other things, its ability to generate sufficient funds internally and to access continued bank financing at acceptable costs. The Group's current debt to equity ratio may hinder the Group's ability to procure additional bank financing for any new investments.

#### ***(iii) Currency fluctuations may have a material adverse effect on the Group's business, financial condition and results of operations***

Fluctuations in international currencies may make Malta as a destination less attractive than others which can have an effect on the operating performance of the Group. A key tourist market for InterContinental Malta and Diamond Resorts is the UK which is adversely affected when the Sterling is weak.

#### ***(iv) A portion of the Group's operating expenses are fixed, which allow for limited reaction to changes in its revenue***

A portion of the Group's costs are fixed and the Group's operating results are vulnerable to short-term changes in its revenues. The Group's fixed operating expenses are not easily reduced to react to changes in its revenue by reducing its operating expenses, which could have a material adverse effect on its business, financial condition and results of operations.

#### ***(v) Environmental and/or health and safety compliance costs and liabilities may have a material adverse effect on the Group's financial condition and operations***

As owner and operator of a number of entertainment and leisure establishments and as the owner of the InterContinental Malta, the Group is subject to a variety of European Union, national and local laws and regulations concerning environmental and/or health and safety ("EHS") matters. While the Directors

believe that the Group is in compliance in all material respects with EHS laws and regulations currently applicable to it, there can be no assurance that the Group will not be found to be in breach of EHS laws and regulations. The failure to comply with present or future EHS laws and regulations could result in regulatory action, the imposition of fines or third party claims which could in turn have a material adverse effect on the Group's results of operation, its financial condition and/or its reputation. In addition, compliance with new EHS laws and regulations could require the Group to incur significant expenditure that could have a material adverse effect on the Group's results of operation, financial condition or operations.

#### ***(vi) The Group's insurance policies***

Historically, the Group has maintained insurance at levels determined by the Group to be appropriate in the light of the cost of cover and the risk profiles of the business 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.

#### ***(vii) The Group is exposed to the risk of litigation from its guests, customers, actual and potential partners, suppliers, employees, regulatory authorities, franchisers***

The Group is exposed to the risk of litigation from its guests, customers, actual and potential partners, suppliers, employees, regulatory authorities, and/or franchisers. Although the Group is not involved in any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of the Prospectus, a significant effect on the Group's financial position or profitability (vide the Section under the heading "Litigation" in the Registration Document). No assurance can however be given that disputes which could have such effect would not arise in the future. Exposure to litigation or fines imposed by regulatory authorities may affect the Group's reputation even though the monetary consequences may not be significant.

#### ***(viii) The global financial and economic crisis may materially affect the Group***

Extreme volatility and disruption in global capital and credit markets since mid-2008 has had an impact on the performance of the tourist and entertainment industries worldwide. Given

the sharp global reduction in business activity, the general uncertainty and consumer confidence, decreased disposable income and associated increased unemployment may have a material adverse effect on the Group's performance. If current levels of market disruption, volatility and economic downturn continue or worsen, there can be no assurance that the Group will not experience an adverse effect, which may be material, on its financial performance and results of operations.

**(ix) Increased competition**

The hospitality, entertainment and leisure industries are characterised by strong and increasing competition. Some 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. Significant competition and changes in economic and market conditions could adversely affect the Group's business and operating results. There can be no assurance that the Group will successfully maintain its market share in each of its businesses in the future.

**(x) Increased operating expenses**

The Group is susceptible to the effects of increases in operating expenses as a result of inflation, increased personnel costs and health-care related costs, higher utility costs (including energy costs), increased taxes and insurance costs, as well as unanticipated costs as a result of acts of nature and their consequences and other factors that may not be offset by increased revenues.

**(xi) Reduced advertising market**

Advertising revenue is cyclical. Characterised within times of economic turmoil, advertising revenues tend to be reduced, which in turn can affect the revenue streams of both Bay Radio and the Eden Cinemas until such time as increased competition drives advertising budgets higher.

### 3.3 Risks Inherent in the Bonds

(i) The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer that are guaranteed by the Guarantor and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt. Furthermore, subject to the negative pledge clause (Section 6.7 of the Securities Note forming part of the Prospectus), 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.

In essence, this means that Bondholders will rank *pari passu* (equally) with the other non-secured creditors of the Issuer. As the Issuer does not have any secured or privileged creditors, Bondholders shall rank equally between themselves and with other simple creditors (if any) of the Issuer.

In addition, the Bonds are being guaranteed by the Guarantor and therefore, Bondholders are entitled to request the Guarantor to pay the full amounts due under the Bonds if the Issuer fails to meet any amount. The guarantee also entitles the Bondholders to take action against the Guarantor without having to first take action against the Issuer. The level of recoverability by the Bondholders of any amounts due under the Bonds from the Guarantor is dependent upon the financial strength of the Guarantor and in the case of insolvency of the Guarantor, such level of recoverability is further dependent upon the existence or otherwise of any prior ranking claims in respect of the assets of the Guarantor.

(ii) Prior to the Bond Issue, there has been no public market nor trading record for the Bonds within or outside Malta. Due to the absence of any prior market for the Bonds, there can be no assurance that the Bond Issue Price will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue.

(iii) The liquidity of the market depends on, amongst others, factors beyond the Issuer's control such as the willingness or otherwise of potential buyers and sellers of the Bonds. The effect that the investors' decisions may have on the trading market would consequently affect the trading value of the Bonds. Other factors over which the Issuer has no control include the level, direction and volatility of market interest rates generally.

(iv) 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, also, that an investor will be able to re-sell his/her Bonds at or above the Bond Issue Price.

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

(vi) 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.

(vii) 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.

(viii) The Issuer has the option to redeem the Bonds in whole or in part on any of the Early Redemption Dates (in accordance with the provisions of Section 6.9.1 of the Securities Note), together with any accrued and unpaid interest until the time of redemption. This optional redemption feature may condition the market value of the Bonds and there can be no guarantee that the Bondholders may be able to re-invest the proceeds of such redemption at equivalent or higher rates of return.

(ix) In the event that the Issuer wishes to amend any of the Terms and Conditions it shall call a meeting of Bondholders in accordance with the provisions of Section 6.13 of the Securities Note. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

(x) The Bonds are based on the requirements of the Listing Rules of the Listing Authority, the Companies Act and the Commission Regulation EC No. 809/2004 of 29 April

2004 implementing Directive 2003/71/EC of the European Parliament and of the Council in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Prospectus.

(xi) The Terms and Conditions of this Bond Issue are based on Maltese law 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 Maltese law or administrative practice after the date of the Prospectus.

(xii) The funds or assets constituting the sinking fund (as described in Section 6.16 of the Securities Note) shall be held by a custodian for the benefit of the Issuer. In accordance with Section 302 of the Companies Act (Cap 386 of the laws of Malta), in the event of winding up of the Issuer, the assets of which are insufficient to meet the liabilities, the right of secured and unsecured creditors (which include the Bondholders) and the priority and ranking of their debts shall be regulated by the law for the time being in force. Accordingly, in view of the unsecured rights of Bondholders under the Bonds, any secured creditors of the Issuer shall have recourse to the funds or assets constituting the sinking fund to satisfy their secured claims with priority over Bondholders.

## 4. INFORMATION CONCERNING THE ISSUER AND THE GUARANTOR

### 4.1 Historical Development

	Issuer	Guarantor
Full Legal & Commercial Name of Company:	Eden Finance p.l.c.	Eden Leisure Group Limited
Registered Address:	Eden Place, St George's Bay, St Julians, STJ 3310	Eden Place, St George's Bay, St Julians, STJ 3310
Place of Registration and Domicile:	Malta	Malta
Registration Number:	C 26843	C 4529
Date of Registration:	22 August 2000	31 May 1979
Legal Form:	The company is lawfully existing and registered as a Public Limited Liability Company in terms of the Companies Act, Cap. 386 of the Laws of Malta	The company is lawfully existing and registered as a Private Limited Liability Company in terms of the Companies Act, Cap. 386 of the Laws of Malta
Telephone Number:	+356 2371 0100	+356 2371 0100
Fax Number:	+356 2371 0125	+356 2371 0125
Email:	elg@edenleisure.com	elg@edenleisure.com
Website:	www.edenleisure.com	www.edenleisure.com

The Guarantor is the parent company of the Group that is principally engaged in the ownership of a varied portfolio of business entities within the hospitality and entertainment industries. Apart from offering support, and/or management and consultancy services to companies within the Group, the Guarantor acts as a holding company for the various subsidiaries of the Group.

Established in 1966 with a 3-star hotel in Sliema, the Group developed over the years to become a leading player in the leisure industry in Malta, owning the 5-star InterContinental Malta in St Julians and operating a number of businesses including 2 multiplex cinemas, a bowling centre, a radio station, a car park and a health & fitness club amongst others. On an annual basis, the Eden Group generates *circa* €20 million in revenues.

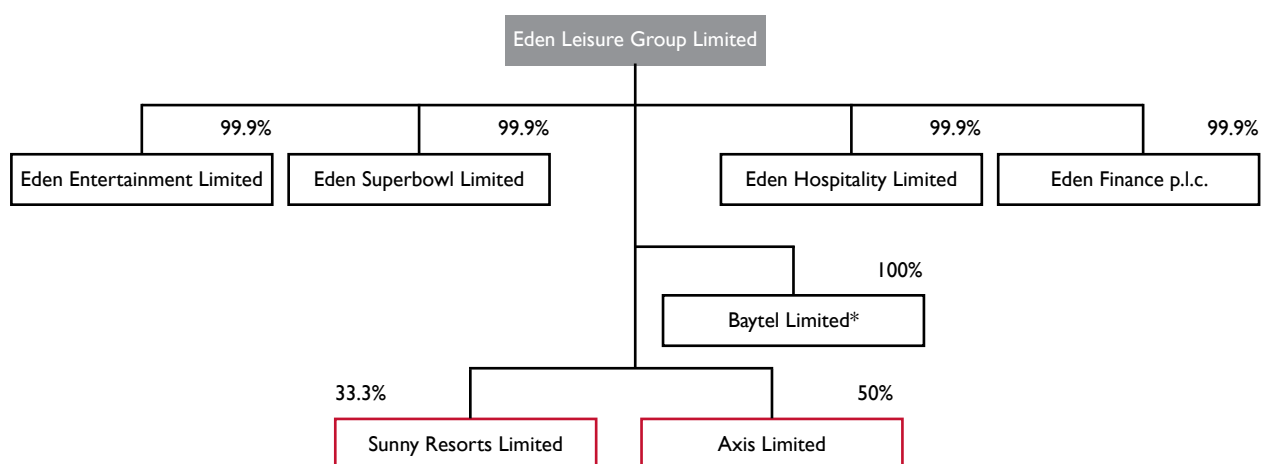
The following table sets out the highlights of the Eden Group's historical milestones:

Year	Event
1966	Commencement of operations of the Eden Rock Hotel, a 3-star property on the Sliema front which was sold in 1993.
1975	Development of the 27-room Eden Beach Aparthotel in St George's Bay, St Julians.
1980	Acquisition of further land adjacent to the Eden Beach Aparthotel and the development of a 250-bed hotel. The Eden Beach Aparthotel was re-named to Eden Beach Hotel.
1980-1988	Diversification into the entertainment industry with the launching of Styx discotheque, followed by Stownes discotheque, Styx II, the Palladium and Euphoria nightclub.
1988-1993	Expansion into new industries such as health & fitness, bowling, cinema and radio.
1997	Entered into an equal partnership with Simonds Farsons Cisk Ltd to develop and manage the Galleria Shopping and Entertainment Centre in Fgura which was sold in 2007.
1998	Acquisition of 50% shareholding in Axis Limited, operator of Axis discotheque in Paceville.
1999	The Group embarked on a €40 million project through the acquisition of several properties in St Julians for the development of the largest 5-star hotel in Malta, 46 timeshare apartments, a multi-storey car park and a number of other entertainment outlets.
2000	Signing of an operating and management agreement with InterContinental Hotels Group to operate the 5-star 451-room hotel.
2000	The issue of Lm10,000,000 (€3,293,734) 6.7% Eden Finance Bonds due in 2010. The outstanding bonds as at the date of the Prospectus amounts to €3,255,763.
2003	The InterContinental Malta commenced operations.
2005	Signed a long term lease agreement for the 46 self-catering apartments with Diamond Resorts International (formerly Sunterra Corp) and was awarded the management contract.
2005	Awarded a 50-year beach concession at St George's Bay to have own private sandy beach and develop the Paranga Restaurant.



## 4.2 The Eden Group Shareholding Structure

The following chart outlines the shareholding structure relative to the Eden Group:



\*Currently in the process of being merged with Eden Leisure Group Limited.

The Guarantor is the holding company in the Eden Group.

### Subsidiary Companies

The Group companies operating within the hospitality, leisure and entertainment sectors, and which are wholly owned subsidiaries of the Guarantor, are the following:

- Eden Entertainment Limited, responsible for the operation of the Eden Cinemas, Eden Car Park, Bay Radio, Bay Arena and Cynergi Health & Fitness Club;
- Eden Superbowl Limited, responsible for the operation of the Eden SuperBowl;
- Eden Hospitality Limited, responsible for the operation of InterContinental Malta and management of the timeshare apartments;
- Baytel Limited, a company incorporated with the principle object of providing telecommunications and network services. This company is currently in the process of being

merged with Eden Leisure Group Limited, of which the draft terms of merger were registered with the Registry of Companies on 16 April 2010.

The Issuer (a wholly-owned subsidiary of the Guarantor) is a special purpose vehicle set up explicitly for the raising of finance to be on-lent to its parent company.

### Associated Companies

Sunny Resorts Limited, a 33.33% owned associated company of the Guarantor is a non-trading company and holds one immovable property in St Julians.

Axis Limited, a 50% owned company of the Guarantor is set to commence development of 5 commercial outlets on the site formerly occupied by the Axis discotheque in Paceville.

## 5. BUSINESS OVERVIEW

### 5.1 Principal Activities and Markets of the Issuer

#### 5.1.1 Principal Activities

The principal objects of the Issuer's activities are set out in Article 3 of its Memorandum of Association and include, but are not limited to, the carrying on of the business of a finance and investment company and in particular but without prejudice to the generality of the foregoing the financing or re-financing of the funding requirements of the business of the Eden Group.

On 12 October 2000, the Issuer issued Lm10,000,000 (equivalent to €3,293,734) 6.7% bonds redeemable in 2010. The proceeds of that bond issue were advanced to the Guarantor, pursuant to and under the terms of a loan agreement dated 14 September 2000. The Issuer receives interest on the loan receivable at the rate of 7.1% per annum on 7 October of each year. The said loan is repayable by not later than 7 October 2010.

#### 5.1.2 Principal Markets

The Issuer operates exclusively in and from Malta.

### 5.2 Principal Activities and Markets of the Guarantor and of the Group

#### 5.2.1 Principal Activities

The Guarantor is a holding company having investments in a number of Subsidiaries and Associated Companies which operate the business of the Group. The Group's business largely relates to the operation of various entities in the entertainment and leisure industries, the ownership of the 5-star InterContinental Malta and the management of the timeshare apartments. The Guarantor holds a number of properties directly in its own name which are leased out to third parties.

Turnover by company, excluding intra group transactions, for the 3 financial years ended 31 December 2009 were as follows:

	2009	2008	2007
	€000	€000	€000
<b>Turnover</b>			
Eden Entertainment Limited	5,854	6,399	5,725
Eden Superbowl Limited	872	843	841
Eden Hospitality Limited	12,609	15,494	17,202
	19,335	22,736	23,768

The following is a description of the activities of each of the Operating Companies:

#### (a) Eden Hospitality Limited InterContinental Malta

The hotel is operated by the InterContinental Hotels Group through EHL by virtue of a 10-year operations agreement which commenced in 2003. The said agreement includes an option to extend the term for a further five years to 2018. The directors are confident that, following recent discussions with InterContinental Hotels Group, the management agreement in place will be extended.

EHL operates the 451-room 5-star InterContinental Malta situated in St Julians, the largest hotel on the Island.

Since opening in January 2003, ICM has been of service to approximately a million guests, and has hosted many high profile conference and incentive (C&I) events for international clients. The hotel's customer base is a mixture of C&I, leisure holiday makers and corporate customers. Although business customers tend to pay higher room rates than leisure customers, ICM uses a system of yielding of room rates to retain a balance of business and leisure customers so as to maximise return.

ICM offers a wide range of conference facilities which, accompanied by its large size, enhances the hotel's flexibility in being able to host large or small groups throughout the year. This segment is given significant importance by management and accordingly the Group has invested in increasing the space available to it for C&I most notably through the addition over the years, of the Bay Arena and the Eden Cinemas auditoria to supplement ICM's offering. Both these facilities have additional entry points directly from the hotel as well as from the street. The InterContinental Hotels Group offers significant assistance with overseas selling through its global sales department which passes on business to ICM. Typically this segment equates to approximately a quarter of hotel revenues.

The capture of the leisure traveller was boosted in 2005 when EHL acquired the 50 year lease of the St George's Bay Beach where it operates two restaurants, Paranga and Lido Terrace, and a beach front kiosk. The lease also provides for the retention of a portion of the beach exclusively for its guests and manages and offers service to visitors to the rest of the beach. While the hotel has numerous agreements with tour operators who provide a steady flow of business many of the hotel's customers are individuals who book directly with the hotel through InterContinental Hotels Group's vast loyal customer base, travel agents, corporate entities or internet booking engines. This

segment of the market equates to approximately 45%-50% of revenue.

The corporate segment is made up of business generated from loyal local customers who accommodate their international guests at the ICM. This loyalty has been growing over the years primarily due to the high standard of the hotel's Suites and the significant benefit and quality of the hotel's 15<sup>th</sup> floor Club Executive Lounge and Terrace which spans 450m<sup>2</sup>.

#### **Diamond Suites**

In 2005, Diamond Resorts International (formerly Sunterra Corp) acquired from the Eden Group a 49-year lease on an apartment block of 46 self catering units, known now as "Diamond Suites on Malta". Diamond Resorts International offers accommodation to its current members' database which numbers over 400,000 members, and works on a timeshare-points structure. The resort achieves high occupancies throughout the year supplementing the ICM's food and beverage outlets.

In addition to the long lease, EHL has negotiated a resort management contract which expires on 31 December 2013. The hospitality services include housekeeping, maintenance and security of the apartment block which was subsequently subcontracted to ICM and other management duties which are carried out by EHL. The Directors are confident that the management contract will be renewed for a further period since the apartment block is integrated with the ICM and services are shared between the properties.

EHL also performs general managerial functions as well as project manages all refurbishment programmes and inventory replacements at a fee.

#### **(b) Eden Entertainment Limited**

##### **Eden Cinemas**

EEL is the largest operator of multiplex cinemas in Malta based on number of screens, with 17 screens situated in St Julians. The Group first opened cinemas in 1993 with 6 cinemas and has expanded as demand has required. The flagship theatre, Cinema 16, is one of the largest in Europe with a capacity of 710 seats and is the only THX<sup>1</sup> certified theatre in Malta.

The cinemas typically exhibit all the major Hollywood blockbusters day in date with the UK, however has recently diversified its product towards local and other European products.

Eden Cinemas generate operating revenue principally from theatre operations, including box office receipts, food and beverages, and on-screen and off-screen advertising. Its segments are broad and vary according to the film product, however the majority of patrons range between 6-35 in age which is in accordance with the Group's overall target market.

#### **Bay Arena**

The Bay Arena was converted to a multifunctional centre in 2003. Annexed to ICM, this facility has been transformed into a multitude of different uses including conference hall, seated and standing concert area, and a trade show floor. The annual Bay Music Awards (BMAs) are held in this Arena every December and promote the Group's radio station as well as entertaining the public with a concert made up of local music talent. The Arena often hosts top international DJs who play to sell out crowds. In November 2005 the Arena was converted into the press centre for the Commonwealth Heads of Governments Meeting (CHOGM). The Arena itself comprises 3,230 square meters of useable space with a height of up to 9 meters and has access from the street and from ICM.

#### **Cynergi Health and Fitness Club**

The Club is the largest health and fitness venue in Malta and has approximately 1,000 members. The majority of these members use the Club during peak times and therefore preferential memberships are given to off-peak members to fully utilise the capacity of the facility. Cynergi offers over 100 cardio vascular machines, a comprehensive weights area, 2 squash courts, 2 aerobics rooms, a bar and lounge, a crèche facility as well as an indoor pool equipped with steam bath and sauna. The Club is accessed from ICM, the Eden Car Park and directly from the street.

The Club also offers full access to ICM and Diamond Suites guests who only pay for use of the squash courts and aerobics classes.

The Club generates revenues primarily through its monthly memberships however supplements this with additional revenue from studio and squash court rentals as well as a number of health and fitness initiatives such as weight loss management courses and educational nutritional seminars.

#### **Bay Radio**

89.7 Bay first went on air in 1991 and was one of the first private radio stations in Malta. It broadcasts 24 hours a day in Maltese and English and offers the latest selection of music and celebrity

<sup>1</sup> THX is an international certification which ensures that the cinema has reached and maintained the high standards set out in sound reproduction.

DJ's. Audience share is essential for a radio station as it is the key driver that attracts advertising revenues. Radio popularity is regularly surveyed by the independent Malta Broadcasting Authority. In the most recent survey, Bay retained the number one spot as the most popular overall radio station in Malta with 27% followed by the next 2 popular stations with 12% and 11% share respectively. The station has continually attracted the younger age demographic and been voted favourite station with:

- 47% of all listeners aged 12-14
- 61% of all listeners aged 15-24
- 44% of all listeners aged 25-29<sup>2</sup>

The station's affiliation with the most popular music events and activities on the island as well as maintaining close ties with local musicians coupled with professional, relevant content and on air competitions are the key success factors of the station. Revenue streams are generated primarily through advertising however also includes advert production work.

#### **Eden Car Park**

The Eden Car Park is a multi-storey car park that spans the footprint of the ICM and has a maximum capacity of 350 vehicles. The Eden Car Park has improved its overall contribution to the Group year on year over the three years detailed in this document as customers have increasingly grown to appreciate the value of an enclosed secure car park. The Car Park is an important contributor to EEL's revenues and earnings due to the continual increase in activity in the area, specifically from the commercial sector and tourism. Moreover, the Eden Car Park is of vital importance to the business entities of the Eden Group, as it provides paying parking facility to their respective customers.

#### **(c) Eden Superbowl Limited**

The Eden SuperBowl operates 20 lanes and is the only tenpin bowling centre in Malta. The bowling centre caters for family bowling and hosts a number of local bowling leagues throughout the year. The SuperBowl also organises internationally acclaimed bowling tournaments twice a year attracting hundreds of participants to Malta. This facility is also very popular with tourists.

On-going investment is made in the facility to maintain the lanes to the high standards required for international professional tournaments. The principal sources of operating revenue for ESL include: (i) the sale of tenpin bowling games to customers; (ii) food and beverages; and (iii) amusement and gaming machines.

#### **(d) Rental Property**

The Group owns and leases the following properties situated around the ICM:

##### **Property on St Augustine Street 1**

In 2003, the Group entered a 10 year fixed rental agreement with Michele Peresso Ltd ending in 2013. The contract allows the tenant to extend for a further 5-10 years. The site, situated on the street below the hotel entrance, measuring approximately 420m<sup>2</sup>, is currently operating as a clothing and perfume shop.

##### **Property on St Augustine Street 2**

In 2009, ELG rented a 66m<sup>2</sup> property next to Eurosport, to Vodafone Malta Ltd. The shop is on a three year contract however this is prime real estate and it is not envisioned to have any future rental problems.

##### **Property on Elia Zammit Street**

This space, on the back side of the hotel, is of particular value due to its location on a main road abutting the Pender Place development. The Group has not actively sought to rent this space in anticipation of the completion of the Pender Financial Centre. This commercial space is a double heighted property, easily divisible, made up of 320m<sup>2</sup> internal space and approximately 160m<sup>2</sup> terrace space on the outside. A mezzanine floor can be built on this property to increase the size. It is envisaged that the property will be interesting to a foreign financial company.

#### **Axis Limited**

The Group owns a 50% stake in Axis Limited. In 2009, the company ceased operations of the discotheque and renegotiated the lease on said property. The company has now embarked on a project to divide the property into a number of smaller outlets for rental.

#### **5.2.2 Principal Markets**

The Group operates exclusively in and from Malta however is fed by both tourist and local markets.

##### **(a) Tourism**

The hotel industry in Malta is impacted by the number of incoming tourists to Malta. Hotels compete for these tourists with other 5 star hotel brands on a number of factors, including location, level of service, quality of accommodation, room rates, and conference and restaurant facilities.

The attraction and entry of the low cost carriers, Ryanair and

<sup>2</sup> Broadcasting Authority Survey Oct-Dec 2009.

Easy Jet among others, contributed positively to the tourism levels seen in 2007 and the first half of 2008. 2007 and 2008 were record years, however the global economic crisis seen in the end of 2008 and in 2009, negatively impacted international tourism trends and resulted in a sharp decrease in arrivals in most countries. Malta's performance was in line with the general trends experienced in other Southern European countries. Inbound tourists to Malta in 2009 were estimated at 1,183,012 resulting in a drop of 8% over 2008. This decrease is mostly attributable to a reduction in holiday visits, mainly from the British, German and Scandinavian destinations. Moreover, total tourist expenditure decreased by 12% in 2009 when compared to 2008, as a result of a decrease in the number of nights spent by tourists.<sup>3</sup>

Average occupancy levels in Malta for the 5-star hotels decreased by 6% from 62.2% in 2008 to 58.4% in 2009, and a decrease in Average Achieved Room Rate (AARR) of 12% to €11.6. During the period under review, the 5-star hotels experienced a drop in business from the traditional operator and corporate sectors but gained in the on-line direct bookings and Maltese guest sectors.<sup>4</sup>

Although no assurance thereof can be given, the Directors are of the view that 2010 will be a much better year, in terms of occupancy levels, for tourism in Malta. The recent announcement that Ryanair will be creating a base in Malta from May 2010, will lead to a weekly increase of 17 flights as well as the introduction of 6 new routes. These developments will help to boost tourist numbers to Malta. Room rates will start to grow as tourist arrivals return to, and surpass, pre-2008 levels.

According to the latest data issued by the National Statistics Office, tourists visiting Malta in January 2010 increased by 10% when compared to the corresponding month in 2009. For the month of February and March, Malta International Airport p.l.c. registered a 6.3% and a 12.3% increase in passenger movements respectively when compared to the same period in 2009, resulting in an average increase of 9% for the first three months of 2010.<sup>5</sup>

Certain revenue streams within the entertainment sections of the Group's business are also affected by the spill over of tourism in Malta. Particularly Cinema, Bowling and the Car Park gain or lose from a positive or a negative tourism year. The language school market contributes a small percentage of revenue in tickets to the cinema and bowling while hotel guests can add to the car park usage.

#### **(b) Local Market**

The Maltese economy appears not to have been affected to the levels seen throughout the rest of Europe and the US which have negatively affected tourism towards Malta. Maltese shoppers have proven that they are more resilient to the crisis than those of other countries. Entertainment appears to have remained strong as people appear to be cutting back on other luxuries.

The cinema industry is dependent on successful product coming out of Hollywood and their successful reception by the general public. Over the last three years the product has appealed to the public generating improved admissions and revenue. Traditionally during recessions the cinema industry is one of the few industries that typically sees growth.

Advertising spend overall in Malta during 2009 declined due to the turbulent international market and the spill over onto Malta. However, with the improvement in international sentiment and the knock on effect of improved local markets, this spend is expected to increase with the competition of local retail markets.

Health and fitness awareness in Malta and around the world has been increasing over the years. Through governmental and other entities promotion this awareness will increase the need for gyms and specialised care to achieve these health and fitness goals. The need for exercise as well as a balanced diet is being recognised as a priority to the Maltese who have a very high obesity rate.

<sup>3</sup> Information Services Unit, National Statistics Office – Malta.

<sup>4</sup> MHRA quarterly survey report.

<sup>5</sup> Malta International Airport p.l.c. – traffic results March 2010.

### 5.3 Operating and Financial Review of the Group

The information set out below, covering Eden Group's operations for the three years ended 31 December 2009, 2008 and 2007,

has been extracted from the historical audited consolidated financial statements of the Guarantor.

#### *Consolidated Profit and Loss Account* For the financial years ended 31 December

	2009	2008	2007
	£000	£000	£000
Turnover	19,335	22,736	23,768
EBITDA	4,104	5,934	6,456
Depreciation	(2,784)	(2,719)	(2,687)
Interest payable	(2,555)	(2,848)	(2,816)
Other charges	(190)	(101)	(60)
Fair value of financial Instruments	(448)		
(Loss)/profit before tax	(1,873)	266	893
(Loss)/profit for the year	(1,501)	(133)	431

#### *Consolidated Balance Sheet* At 31 December

	2009	2008	2007
	£000	£000	£000
<b>ASSETS</b>			
Non current assets	86,851	89,042	71,092
Current assets	4,828	5,856	6,655
<b>Total assets</b>	<b>91,679</b>	<b>94,898</b>	<b>77,747</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity</b>	<b>32,429</b>	<b>33,930</b>	<b>19,614</b>
Non current liabilities	21,383	48,164	45,137
Current liabilities	37,867	12,804	12,996
<b>Total liabilities</b>	<b>59,250</b>	<b>60,968</b>	<b>58,133</b>
<b>Total equity and liabilities</b>	<b>91,679</b>	<b>94,898</b>	<b>77,747</b>

*Consolidated Cash Flow Statement*

For the financial years ended 31 December

	2009	2008	2007
	£000	£000	£000
Net cash from operating activities	2,439	3,437	2,053
Net cash used in investing activities	(919)	(1,258)	(879)
Net cash used in financing activities	(1,249)	(2,103)	(855)
<b>Movement in cash and cash equivalents</b>	<b>271</b>	<b>76</b>	<b>319</b>
Cash and cash equivalents at beginning of year	(767)	(843)	(1,162)
<b>Cash and cash equivalents at end of year</b>	<b>(496)</b>	<b>(767)</b>	<b>(843)</b>

Turnover and EBITDA analysed by sector as follows:

	2009	2008	2007
	£000	£000	£000
<b>Turnover</b>			
Entertainment	6,726	7,242	6,566
Hospitality	12,609	15,494	17,202
<b>Total turnover</b>	<b>19,335</b>	<b>22,736</b>	<b>23,768</b>
<b>EBITDA</b>			
Entertainment	2,098	2,386	1,902
Hospitality	2,006	3,548	4,554
<b>Total EBITDA</b>	<b>4,104</b>	<b>5,934</b>	<b>6,456</b>

	2009	2008	2007
<b>EBITDA Margin</b>			
Entertainment	31%	33%	29%
Hospitality	16%	23%	26%
<b>Total EBITDA/turnover</b>	<b>21%</b>	<b>26%</b>	<b>27%</b>

The table below sets out the highlights of the Hotel's operating performance for the financial years indicated therein:

	2009	2008	2007
Turnover (£000)	12,270	14,852	16,719
Average Achieved Room Rate – AARR (£)	73	96	88
Occupancy level (%)	60	58	69

While two thirds of total Group revenue is generated from ICM, approximately 50% of EBITDA comes from the Entertainment arm of the Group. The Group's diversified portfolio of businesses has been instrumental over the years in mitigating outside variables that negatively affect the various business units. In each year some units improve while others decline offering the Group stability in its commitments. The benefit of being a predominantly cash business has also helped during challenging periods. Particularly in 2009 the stable performance of EEL and ESL contributed to soften the decline experienced in the hotel operation.

While 2007 was a particularly positive year for tourism, due to the market share gained through low cost airlines and the general international sentiment, the end of 2008 signalled the decline of the world financial markets. In line with the slow-down in the tourism industry, 2008 and 2009 were challenging for ICM. Guest nights for 2008 fell by 12% over 2007 however recovered and improved by 10% in 2009 over the previous year and 2010 is seeing further improvement in guest nights. ICM experienced a decrease in Average Achieved Room Rate (AARR) of 18% in the 3-year period under review to €73 as a result of significant pricing pressures in the industry and in particular from the steep drop in conference business experienced in Malta.

In view of the market conditions, management continued to exercise tight control of operating costs and capital expenditure, whilst at the same time maintaining the high quality and standards of the InterContinental Group. ICM took the opportunity to embark on a planned refurbishment programme in 2008/2009 of over €1 million and a further €600,000 in 2009/2010 and is continuing with this programme in 2010. These are funded through a sinking fund put aside, as a percentage of revenue, specifically for these type of projects. ICM also sought to reduce effects on raising utility rates through the investment in energy saving equipment and the replacement of thousands of light bulbs to energy savers.

During the latter half of 2009, both the corporate and leisure tourism markets showed signs of stabilisation and the hotel registered noticeable improvement in operations. The hotel

also began to register significant improvements in market share and occupancy during this period.

The entertainment segment of the Group operated by EEL and ESL proved to be extremely resilient during the 3 financial years 2007 to 2009. Turnover improved marginally by €60,000 to €6,726,000 and EBITDA increased from €1,902,000 to €2,098,000.

In 2009 the Eden Cinemas, Eden SuperBowl and the Eden Car Park all registered growth over 2008 contributing approximately 72% in revenue and GOP to the Group's entertainment segment. The Eden Cinemas saw double digit growth over 2008 with box office revenue figures reaching record levels set in 2003 due to a strong product line up particularly in the last quarter of the year.

Bay Radio and Cynergi registered declines in both revenue and GOP while the largest drop was registered from the Bay Arena, primarily due to the reduction of medium sized music events and large conferences that typically book this venue as well as competition from other venues. The Group's entertainment business is expected to pick up lost ground with the general upturn of the local and international economic sentiment.

In October 2009 the Group adopted the 3-month EURIBOR as its interest base and hedged €8 million of its floating debt by taking out an interest rate swap covering the next 8 years. In accordance with International Auditing Standards this type of financial instrument needs to be fair valued at each balance sheet date through the profit and loss account. In 2009 the Group took a charge of €48,000 in its profit and loss account which will not crystallise if the instrument is held up to maturity.

On 31 December 2008, the directors of ELG approved revaluations amounting to €4.4 million of the Group's owned property. The property valuation was assessed by an independent architect and was determined on the basis of open market after considering the intrinsic value of the property and net potential returns. Shareholders' funds as at 31 December 2009 amounted to €2 million.



#### 5.4 Capitalisation and Indebtedness

The following financial information sets forth the capitalisation of the Group as at 30 April 2010 as extracted from the consolidated

management accounts of the Group for the four month period ended 30 April 2010, as adjusted to reflect the Bond Issue.

##### At 30 April 2010

	Actual	Adjusted
	£'000	£'000
<b>EQUITY</b>		
Capital and reserves attributable to shareholders	31,617	31,617
Minority interest	(93)	(93)
	31,524	31,524
<b>INDEBTEDNESS</b>		
Revolving credit facility	3,355	1,840
Bank loans	18,398	18,398
6.7% Bonds 2010	23,256	8,908
6.6% Bonds 2017-2020	-	15,000
	45,009	44,146
<b>Total capitalisation</b>	<b>76,533</b>	<b>75,670</b>
Gearing ratio (debt/total capital)	0.59	0.58

## 6. GROUP STRATEGY AND TREND INFORMATION

### 6.1 Group Strategy

The Group's objective is to retain its long-standing status as a pioneer in the leisure industry, offering quality entertainment, events and products focusing on the youth market and to pioneer innovative products with a focus on the customer experience, as well as partnering with a top international hotel brand to maximise the potential within the local tourism sector. Management intends to achieve this objective by building on the Group's core strengths through the implementation of the following strategies:

- continuing to cross market and cross promote each business unit;
- developing and consolidating the Bay and Eden brands;
- identifying, investing in and developing new opportunities in the leisure industry;
- driving top line growth;
- maintaining and improving operational efficiencies; and
- maintaining a zero tolerance towards any loss making business line.

In the implementation of the above strategies, the Group will continue to maintain an appropriate balance in relation to its exposure to the entertainment sector and the more capital intensive hospitality sector.

### 6.2 Trend Information

#### 6.2.1 Issuer

There has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements. The Issuer is mainly dependant on the business prospects of the Group, and therefore the trend information of the Guarantor detailed below has a material effect on its financial position and prospects.

#### 6.2.2 Guarantor

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

At the date of publication of the Prospectus, the directors consider that the Eden Group will be subjected to the normal risks associated with the hospitality and entertainment industries in Malta and 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 the Group and its business for at least the current financial year.

The following is a brief synopsis of the factors and trends expected in the key areas of operation of the Group in the foreseeable future:

#### (a) InterContinental Malta

Tourism in Malta in 2010 has started to improve. The management of ICM have budgeted an increase of approximately 50% in hotel GOP for 2010 and based on business already confirmed and deposits taken it is more than likely that this target will be reached. A significant part of the improvement is in the capture of large C&I Groups who have started to confirm their events at ICM. The budget for the first half of the year has been reached and summer trends are also confirming that the 3<sup>rd</sup> quarter will be positive. It will still be a few years before the hotel will reach 2007 levels. It is forecasted to return to those levels by latest 2013.

During the current year, the directors expect operators to resume regular activity in selling Malta as a preferred destination due to an increase in seating capacity on legacy and low cost carriers. The increase in the number of airline destinations normally has a direct correlation to increased tourist arrivals. Moreover, the local authorities are currently negotiating with operators on extending the tour operator subsidy beyond 2010.

ICM will also significantly benefit from the announcement that Ryanair will establish a hub in Malta as from May 2010 which will result in 6 new routes, increasing 17 weekly flights. This additional seat capacity is expected to result in an increase in occupancy at the ICM and a rate opportunity where the hotel can yield the price upwards due to higher occupancies. Confirmed booking for C&I also appears to be on the rise. ICM management is confident that current positive trends in C&I will result in more profitable returns on investment. At the time of writing this document, business on the books including firm bookings with deposits, shows an improvement of over 400% over 2009 and the positive trend looks to continue to improve throughout the year.

#### (b) Eden Cinemas

Over the last decade the Eden Cinemas have experienced increased competition in the entertainment industry which has required continual development of new concepts in order to maintain and grow revenue.

The Group aims to maintain its position as the leading operator of multiplex cinemas in Malta through the on-going investment in the latest technology and by being innovative in seeking alternative revenue streams. In particular, 3D screenings are growing in popularity around the world and therefore the Group is actively planning the conversion of a number of its screens to digital 3D.

The Cinemas have seen increased box office and bar revenues over the three years detailed and the forecast for the coming year is a further increase in revenues.

**(c) Bay Arena**

In 2009 the performance of the Bay Arena was negatively affected by the downturn in the conference business as well as new venues competing in the music event hosting business. The C&I business for the year however, has already seen a turnaround with several bookings already confirmed. The events that take place in Malta year round are many and varied. From tradeshows to sporting competitions and exhibitions, most can be hosted at the Bay Arena due to the capacity and the flexibility of the floor space.

**(d) Cynergi Health and Fitness Club**

There are a number of smaller facilities that compete with Cynergi but the volume of equipment and machines, the high quality squash courts and aerobics studios, as well as the constant investment in new equipment has ensured that Cynergi maintains its membership register of *circa* 1,000 members. A key advantage of Cynergi over competing facilities is that the Health and Fitness Club is actively advertised on 89.7 Bay and at the Eden Cinemas.

**(e) Bay Radio**

Broadcasting is very competitive in Malta with 13 national stations and a number of community stations. While Bay Radio broadcasts to all categories of audience, the focus is on the youth market, an area that the station has dominated for numerous years. The station has been consistently voted most popular station by reach year on year.

Management expects that this positive trend of audience share growth to continue as more of the younger generation grow up listening to Bay Radio and continue to listen as they get older. This is indicated in surveys which demonstrate that Bay Radio has been voted the most popular station in all age groups up to

the age of 49 which goes beyond the Group's designated target market.

Audience share is a very important issue for the broadcasting industry, since it is the key driver that attracts advertising revenue. Advertising in Malta has increased significantly over the last 5 years, prior to the international economic crisis and is expected to resume its growth as competition amongst retailers and service providers increases in the local market.

The Group has recognised the brand equity of the Bay name as well as the resources already employed in the station and has decided to leverage it with the launch of a further 2 radio stations in 2010. These specialised stations will be launched on the Digital DAB+ platform station in the coming months and will confirm the station as a pioneer in the broadcasting industry. This initiative will allow Bay to reach new niches while maintaining a low cost base through existing resources.

**(f) Eden Car Park**

The Eden Group expects that the Eden Car Park will continue to steadily grow its earnings in view of its strategic location within a busy commercial and tourism hub. Since opening the Car Park in 2001 the unit has seen steady increases as customers appreciate the value of an indoor, accessible and safe car park. Moreover, the Eden Car Park will continue to play an important role in supporting the various entities of the Group by providing parking facilities to their respective patrons.

**(g) Eden SuperBowl**

The SuperBowl is a steady business venture which consistently shows satisfactory results year on year. The optimal position of the premises in St Julians provides a constant flow of custom by tourists, language school students and locals. Further focus on enticing younger generations to take up the sport is required to ensure the positive sporting results being achieved locally and internationally by Maltese bowlers which in turn will maintain the positive contribution of the business unit.

## 7. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### 7.1 Board of Directors and Management Structure

A board of directors manages each of the Issuer and the Guarantor. The boards of directors are responsible for the overall management of the said companies, establishing policy guidelines for the management thereof, including the responsibility for the appointment of all executive officers and other key members of management.

The business address of each director of the Issuer and the Guarantor is the registered office of the respective company on which he/she acts as director. The details of the directors of the Issuer and the Guarantor are detailed in Section I.I above.

The Issuer is a special purpose vehicle incorporated under the Laws of Malta to act as the finance company for the Group and its associated companies. The business of the Issuer is managed by its Board of Directors and does not separately employ any senior management.

Furthermore, the overall management of the Guarantor is entrusted to its board of directors who are the persons responsible for establishing the strategy of each Guarantor and their Operating Companies, including the responsibility for the appointment of all executive officers and other key members of management.

The board of directors of the business lines of the Guarantor are supported by a number of executive staff, the most senior of which are: Simon De Cesare (General Manager), Edward Fenech (Group Sales Manager), Kate De Cesare (Marketing Manager) and David Vella (Financial Controller).

### 7.2 Employees

In aggregate, the Eden Group employs approximately 395 full time equivalent employees.

### 7.3 Audit Committee Practices

#### 7.3.1 Audit Committee

The Audit Committee's primary objective is to assist the Board in fulfilling its oversight responsibilities over the financial reporting processes, financial policies and internal control structure. The Audit Committee reports directly to the Board of Directors. The Committee is at all times accountable to the Board and through its Chairman, reports to the Board on a regular basis. The Committee makes recommendations to the Directors where in its view certain improvements or changes are required. The Committee is made up of Walter Camilleri, Andrea Gera de Petri and David Vella.

### 7.4 Major Shareholders

#### 7.4.1 The Issuer

The majority of the issued share capital of the Issuer is held by the Guarantor. The presence of an Audit Committee has the task to ensure that any potential abuse is managed, controlled and resolved in the best interests of the Issuer. The presence of independent non-executive Directors on the Board of the Issuer aims to minimise the possibility of any abuse of control by its major shareholder. Furthermore, in terms of the Memorandum and Articles of Association of the Issuer, in the event that a Director has a personal material interest, either directly or indirectly, in any contract or arrangement with the Issuer, such Director is not entitled to vote on any decisions taken in connection therewith. This ensures that any director sitting on the boards of the Guarantor and the Issuer is precluded of using his vote on any decisions involving a contract or arrangement between the Guarantor and the Issuer.

#### 7.4.2 The Guarantor

The majority of the voting shares issued by the Guarantor are held by Capitola Inv. Limited (a company wholly owned by Kevin De Cesare) and Lynwood Investments Limited (a company wholly owned by Ian De Cesare). Each of such companies holds approximately 49% of the voting shares).

The directors are, in terms of the Companies Act, Cap. 386 of the Laws of Malta, in addition to their general fiduciary obligations as directors, obliged, to ensure that their personal interests do not conflict with the interests of the company.

## 8. HISTORICAL INFORMATION

The historical financial information of the Issuer and the consolidated financial information of the Guarantor are included in the audited financial statements for the years ended 31 December 2009, 2008 and 2007 of each of the Issuer and Guarantor respectively, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The said historical financial information has been audited by

Vincent Curmi & Associates, an audit firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act, 1978 (Cap. 281, Laws of Malta) and can be viewed at the Issuer's registered office.

There has been no significant adverse change in the financial or trading position of the Issuer and Guarantor since 31 December 2009, being the date of the latest audited financial statements.

## 9. ADDITIONAL INFORMATION

### 9.1 Share Capital of the Issuer and Guarantor

#### 9.1.1 The Issuer

The authorised share capital of the Issuer is €1,164,686.50 divided into 500,000 ordinary shares of a nominal value of €2.329373 each. The issued share capital amounts to 500,000 ordinary shares of a nominal value of €2.329373 each for a total of €1,164,686.50 and is subscribed and fully paid up as follows:

Shareholder	Ordinary Shares
Eden Leisure Group Limited	499,999
Eden Entertainment Limited	1

#### 9.1.2 The Guarantor

The authorised share capital of the Guarantor is €6,000,000 divided into 5,224,994 voting 'A' ordinary shares of a nominal value of €1.50 each and 5,175,006 non-voting 'B' ordinary shares of a nominal value of €1.50 each. The issued share capital amounts to 5,224,994 voting 'A' ordinary shares of a nominal value of €1.50 each equal to €3,062,485 and 5,175,006 non-voting 'B' ordinary shares of a nominal value of €1.50 each equal to €2,937,515. The ordinary shares are subscribed and fully paid up as follows:

Shareholder	'A' Voting Ordinary Shares	B' Non-Voting Ordinary Shares
Princeton Investments Limited	-	2,509,355
Capitola Investments Limited	2,561,801	2,509,355
Lynwood Investments Limited	2,561,801	-
Ian De Cesare	50,696	78,148
Kevin De Cesare	50,696	78,148

### 9.2 Memorandum and Articles of Association

#### 9.2.1 Issuer's Objects

The principal objects of the Issuer are a) to carry on the business of a finance and investment company; b) to carry on the business of the financing or re-financing of the funding requirements of the business of the Group and its associated companies; c) to borrow and raise money for the purpose of its business and to secure the repayment of the money borrowed by hypothecation or other charge upon the whole or part of the movable and immovable assets or property of the Company, present or future; and d) to issue bonds, commercial paper or other instruments creating or acknowledging indebtedness and the sale or offer thereof to the public.

#### 9.2.2 Guarantor's Objects

The principal objects of the Guarantor are to carry on the business of hoteliers, victuallers, restaurateurs, suppliers, caterers, the business of entertainment including discotheques and cinemas.

The objects and powers of the Issuer and the Guarantor can be found under the section 'Objects' in the memorandum of association, copies of which are available for viewing for the lifetime of the Issuer at the Registry of Companies in Malta.

## 10. DETAILS OF THE BOND ISSUE

### 10.1 Bond Issue Statistics

Amount:	€5,000,000;
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;
Denomination:	Euro (€);
Guarantee:	The Guarantor is, jointly and severally with the Issuer, guaranteeing the payment of the nominal value of the Bonds on the Redemption Date and of the interest on the Bonds on each Interest Payment Date;
ISIN:	MT0000141219;
Minimum Amount per Subscription:	Minimum of €1,000 and multiples of €100 thereafter;
Redemption Date:	15 June 2020 unless otherwise redeemed on any of the Early Redemption Date;
Early Redemption Dates:	Any day falling between and including 16 June 2017 and 14 June 2020;
Bond Issue Price:	At par (€100 per Bond);
Status of the Bonds:	The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves and with other unsecured debt;
Allocation Preference:	Applications made by persons holding Maturing Bonds who each hold an amount not exceeding €3,000,000 in value as at the Cut-Off Date completing a pre-printed Application Form and stating that the consideration for the Bonds applied for shall be settled by way of transfer to the Issuer of Maturing Bonds, shall be for the par value of the Maturing Bonds being transferred to the Issuer rounded up to the nearest hundred or thousand subject to a minimum application of €1,000. Bonds applied for by way of transfer as described above shall be allocated prior to any further allocation of Bonds;
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;
Issue Period:	The period between 31 May 2010 to 4 June 2010 (or such earlier date as may be determined by the Issuer in the event of over-subscription) during which the Bonds are on offer;
Interest:	6.6% per annum;
Interest Payment Date(s):	Annually on 15 June of each year as from 2011;
First Interest Payment Date:	15 June 2011;
Redemption Value:	At par (€100 per Bond);
Underwriting:	The Bonds shall not be underwritten;
Preferred Applicants:	The Existing Bondholders;
Governing Law of Bonds:	The Bonds are governed by and shall be construed in accordance with Maltese law;
Jurisdiction:	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds.

## 11. EXPECTED TIME-TABLE OF BOND ISSUE

Application Forms mailed to Preferred Applicants	11 May 2010
Application Forms available to the general public	17 May 2010
Closing date for applications to be received from Preferred Applicants	27 May 2010
Opening of subscription lists	31 May 2010
Closing of subscription lists	4 June 2010
Issue Period	31 May 2010 – 4 June 2010
Commencement of interest on the Bonds	14 June 2010
Announcement of basis of acceptance	14 June 2010
Expected dispatch of allotment advices and refunds of unallocated monies	21 June 2010

The Issuer reserves the right to close the Bond Issue before 4 June 2010 in the event of over-subscription, in which case, the remaining events set out above shall be anticipated in the same chronological order in such a way as to retain the same number of Business Days between the said events.

## 12. REASONS FOR THE ISSUE AND USE OF PROCEEDS

The net proceeds of the Bond Issue amounting to €5,000,000 (or such lower amount in the event of under-subscription of the Bond Issue) will be firstly used by the Issuer to re-finance such part of the outstanding amount of the Maturing Bonds represented by Applications submitted by Preferred Applicants. The remaining net proceeds of the Bond Issue, if any, will be advanced by the Issuer to the Guarantor and used by the latter for its general corporate funding purposes.

The loan from the Issuer to the Guarantor shall bear interest at the rate of 7% per annum with interest payable annually in arrears on 31 May of each year. In terms of the loan, the Guarantor binds itself to repay the loan in accordance with a pre-agreed repayment schedule. The Guarantor is also bound to effect the final repayment by not later than 31 May 2020.

The balance of outstanding Maturing Bonds shall be redeemed by the Issuer on 12 October 2010 through bank financing. In the event that the Bond Issue is not fully subscribed, the Issuer shall utilise own funds and/or seek additional funding to finance the redemption of the Maturing Bonds, either in the form of an additional bank facility or through shareholder funding.

### 12.1 Interests of Natural and Legal Persons

Ian De Cesare and Kevin De Cesare hold the position as directors in both the Issuer and the Guarantor and are, *inter alia*, indirect beneficial owners of the Eden Group.



## 13. PLAN OF DISTRIBUTION AND ALLOTMENT

### 13.1 General

**13.1.1** During the Issue Period, Applications for subscription to the Bonds may be made through any of the Authorised Financial Intermediaries. The Bonds are open for subscription to all categories of investors.

**13.1.2** It is expected that an allotment advice to Applicants will be dispatched within five Business Days of the announcement of the allocation policy. Dealings in the Bonds may not commence prior to the said notification. 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 (and regulations made thereunder). Such monies will not bear interest while retained as aforesaid.

### 13.2 Preferred Applicants

Prior to the public offer, the Bonds shall be available for subscription by Preferred Applicants / Existing Bondholders through Authorised Financial Intermediaries. A Preferred Applicant / Existing Bondholder is defined as meaning such person, whether natural or legal, who, as at the Cut-Off Date, appears on the register of debentures of the Issuer (maintained by the CSD) with respect to the Maturing Bonds and whose holding does not exceed €3,000,000 in value of Maturing Bonds.

The Issuer has reserved 98% of the aggregate amount of Bonds being issued that is, €4,700,000, for subscription by Existing Bondholders, the “**Security Holders’ Portion**”. The Existing Bondholders shall receive a pre-printed Application Form by mail directly from the Issuer and shall be required to submit same to Authorised Financial Intermediaries between 20 May 2010 and 27 May 2010, both days inclusive (the “**Preferred Applicants’ Period**”), together with the payment of such additional amount in cash as may be required for the purpose of rounding up to the nearest hundred or nearest thousand (the “**Cash Top-Up**”), subject to a minimum application of €1,000.

The Issuer shall allocate the Bonds to those Existing Bondholders indicating their agreement, by virtue of the submission of the

duly completed Application Form, to settle the consideration for the Bonds by surrendering in the Issuer’s favour, the Maturing Bonds of an equivalent value in euro with a preferred allocation over all other Applicants up to the level of the Security Holders’ Portion.

Such transfer shall be without prejudice to the rights of the Existing Bondholders to receive interest on the Maturing Bonds up to and including 13 June 2010.

By submitting the signed pre-printed Application Form, Existing Bondholders, shall be deemed to confirm that:

- (a) their holding of the Maturing Bonds indicated in the said Application Form are being surrendered in favour of the Issuer; and
- (b) the pre-printed Application Form constitutes the Existing Bondholder’s irrevocable mandate to the Issuer to:
  - i. surrender the said Maturing Bonds in the Issuer’s favour and to pay the Cash Top-Up, if any, in consideration of the issue of Bonds; and
  - ii. engage, the services of such brokers or intermediaries as may be necessary to fully and effectively carry out all procedures necessary with the MSE for the surrender of the said Maturing Bonds and to fully and effectively vest title in the appropriate number of Bonds in the Existing Bondholder.

An Applicant, being a holder of Maturing Bonds on the Cut-Off date, may apply for Bonds in excess of the amount of Maturing Bonds held on the Cut-Off Date (as such value may be topped up to the nearest hundred or nearest thousand by way of payment of the Cash Top-Up), by completing the relevant section in the pre-printed Application Form, attaching payment for the said excess amount of Bonds and delivering same to any Authorised Financial Intermediary by not later than 27 June 2010. No preference shall be provided with respect to the said excess amount applied for and the allocation policy shall be determined with the public offer in terms of Section 13.3 below.

### 13.3 Public Offer

The balance of the Bonds not subscribed to during the Preferred Applicants’ Period shall be offered and issued to the general public in Malta during the Issue Period at the Bond Issue Price.

## 14. SINKING FUND

14.1.1 The Issuer hereby undertakes that as from the end of the financial year ending 31 December 2012, it shall build a sinking fund the value of which will by the Redemption Date be equivalent to 50% of the value of the issued Bonds. This is expected to create a cash reserve from the Guarantor's Annual Surpluses to meet part of the redemption proceeds on the Redemption Date. For the purposes of this Section, the term **"Annual Surpluses"** means net cash inflows from operating activities, that is operating profits adjusted for non-cash items, working capital changes and tax payments, and after deducting net cash used in investing activities and net cash used in financing activities but before the payment of any dividends.

14.1.2 The proceeds and/or assets constituting the sinking fund (the **"Sinking Fund"**) shall be held by and registered in the name of a custodian for the benefit of the Issuer. The custodian shall be independent of the Issuer and licensed by the Malta Financial Services Authority either to carry on the business of banking under the Banking Act, Cap. 371 of the Laws of Malta or to hold and control clients' money and assets under the Investment Services Act, Cap. 370 of the Laws of Malta, the **"Custodian"**.

14.1.3 The Sinking Fund shall be under the control of the Custodian and held in an account segregated from any other funds or assets held by the Issuer with the Custodian.

14.1.4 The Sinking Fund proceeds shall only be applied for the purpose of redeeming the equivalent amount of outstanding

Bonds on the Redemption Date. Prior to the Redemption Date, the Issuer may request the Custodian to use the proceeds of the Sinking Fund:-

- (a) for the purpose of buying back Bonds for cancellation in terms of section 6.9 of the Securities Note; or
- (b) for investing in debt securities issued or guaranteed by any sovereign state within the Eurozone or which is a member of the OECD or other debt securities which are rated as AAA by a recognised international rating agency, without incurring exchange risk, at the lower of cost and market value; or
- (c) for investing in as balanced and diversified a portfolio of assets as can reasonably be considered practicable by the Custodian in the then current market and overall economic conditions.

14.1.5 The Issuer may not create or permit to subsist security over the Sinking Fund (other than a Permissible Security (as defined below)) unless the same is given only where the Group severely requires further liquidity to ensure continued operation of its business and the prior consent of the Custodian is obtained.

For the purposes of this Section 14.1.5, the term **"Permissible Security"** shall mean a general hypothec or general privilege.

14.1.6 The Custodian shall be obliged to ensure that the proceeds of the Sinking Fund are invested and/or used in accordance with the terms of this Section 14.

## 15. DOCUMENTS AVAILABLE INCORPORATED BY REFERENCE AND AVAILABLE FOR INSPECTION

The following documents are incorporated by reference into this Summary Note and are available in the English language and, for the duration period of the Prospectus, shall be available for inspection at the registered address of the Issuer:

- (a) Memorandum and Articles of Association of the Issuer and the Guarantor;
- (b) Audited Financial Statements of the Issuer for the years ended 31 December 2009, 2008 and 2007;
- (c) Audited Consolidated Financial Statements of the Guarantor for the years ended 31 December 2009, 2008 and 2007;
- (d) Audited Financial Statements of each of the Subsidiaries and Associated Companies for the years ended 31 December 2009, 2008 and 2007;

- (e) Loan agreement entered into between the Issuer and the Guarantor in respect of the Bonds issued pursuant to the Prospectus;
- (f) Property valuation report dated 17 June 2009;
- (g) The Guarantee.

The documents listed in (b) and (c) above are also available for inspection in electronic form on the Group's website [www.edenleisure.com](http://www.edenleisure.com)

## 16. EXTRACTED INFORMATION

The information extracted from third party sources and used in this Summary Note has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from

information published thereby, no facts have been omitted which would render the reproduced information inaccurate or misleading.



# REGISTRATION DOCUMENT DATED 10 MAY 2010

This document is a Registration Document issued in accordance with the provisions of Chapter 6 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements.

This Registration Document is issued pursuant to the requirements of Listing Rule 6.4.2 of the Listing Rules and contains information about Eden Finance p.l.c. for which application has been made for admission to trading of its securities on the Malta Stock Exchange. This Registration Document should be read in conjunction with the most updated securities note issued from time to time.

Issued by

**EDEN FINANCE P.L.C.**

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA  
WITH COMPANY REGISTRATION NUMBER C 26843

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MANAGER & REGISTRAR

**HSBC**   
The world's local bank

LEGAL COUNSEL

**CAMILLERI PREZIOSI**  
ADVOCATES

SPONSOR

 **CHARTS**  
WEALTH MANAGEMENT • CORPORATE BROKING

FINANCIAL ADVISORS

**Deloitte**

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## IMPORTANT INFORMATION

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION ON EDEN FINANCE P.L.C. (THE ISSUER), EDEN LEISURE GROUP LIMITED (THE GUARANTOR) AND THE GROUP (AS HEREIN DEFINED) AND INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH THE LISTING RULES OF THE LISTING AUTHORITY FOR THE PURPOSE OF GIVING INFORMATION WITH REGARD TO THE ISSUER AND GUARANTOR.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER OR 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 OR GUARANTOR OR THEIR RESPECTIVE DIRECTORS OR ADVISORS.

**THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THIS 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 THIS PROSPECTUS.**

A COPY OF THIS DOCUMENT HAS BEEN REGISTERED WITH THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES, IN ACCORDANCE WITH THE ACT. APPLICATION HAS BEEN MADE TO THE LISTING AUTHORITY FOR ITS SECURITIES TO BE CONSIDERED AS ADMISSABLE TO LISTING ON A RECOGNISED INVESTMENT EXCHANGE. IN ADDITION, APPLICATION HAS ALSO BEEN MADE TO THE MALTA STOCK EXCHANGE, AS A RECOGNISED INVESTMENT EXCHANGE, FOR THE ISSUER'S SECURITIES TO BE ADMITTED TO THE OFFICIAL LIST.

THE CONTENTS OF THE WEBSITE OF THE EDEN GROUP OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE EDEN GROUP'S WEBSITE DO NOT FORM PART OF THIS DOCUMENT. ACCORDINGLY NO RELIANCE OUGHT

TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN ANY SECURITIES ISSUED BY THE ISSUER.

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

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

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

ALL THE ADVISORS TO THE ISSUER NAMED IN THE REGISTRATION DOCUMENT UNDER THE HEADING "ADVISORS" IN SECTION 2.3 OF THIS REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER 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, **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 DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE MOST UPDATED SECURITIES NOTE ISSUED FROM TIME TO TIME AND SUPPLEMENTS THERETO AND TO THIS REGISTRATION DOCUMENT.

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## DEFINITIONS

In this Prospectus the following words and expressions shall bear the following meanings except where the context otherwise requires:

<b>Act</b>	the Companies Act, Cap. 386 of the Laws of Malta;
<b>Associated Companies</b>	each of: <ul style="list-style-type: none"> <li>a) Sunny Resorts Limited, a limited liability company incorporated under the Laws of Malta with company registration number C 194;</li> <li>b) Axis Limited, a limited liability company incorporated under the Laws of Malta with company registration number C 9959;</li> </ul>
<b>CAPEX</b>	capital expenditure;
<b>Directors or Board</b>	the directors of the Issuer whose names are set out in Section 2.1 of the Registration Document;
<b>EBITDA</b>	earnings before interest, tax, depreciation and amortisation;
<b>Eden Group or Group</b>	means the Guarantor and the Subsidiaries and Associated Companies;
<b>Euro or €</b>	the currency of the European Monetary Union of which Malta forms part;
<b>Guarantor or ELG</b>	Eden Leisure Group Limited, a limited liability company incorporated under the Laws of Malta with company registration number C 4529;
<b>ICM</b>	the InterContinental Malta, a 5-star 451-room hotel in St Julians, operated by InterContinental Hotels Group;
<b>Issuer</b>	Eden Finance p.l.c.;
<b>Listing Authority</b>	the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act, (Cap. 345, of the Laws of Malta) by virtue of L.N. I of 2003;
<b>Listing Rules</b>	the listing rules issued by the Listing Authority from time to time;
<b>Malta Stock Exchange or MSE</b>	the Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act, (Cap. 345 of the Laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta and company registration number C 42525;
<b>MFSA</b>	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act, 1988 (Cap. 330 of the Laws of Malta);
<b>Official List</b>	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
<b>Operating Companies</b>	all of EEL, ESL and EHL, as hereunder defined;
<b>Prospectus</b>	collectively, this Registration Document, the Securities Note and the Summary Note, as the same may be supplemented and amended from time to time;
<b>Registration Document</b>	this document in its entirety, as the same may be updated from time to time;
<b>Securities Note</b>	the securities note issued by the Issuer and dated 10 May 2010, as the same may be updated from time to time;
<b>Subsidiaries</b>	each of: <ul style="list-style-type: none"> <li>c) Eden Entertainment Limited, a limited liability company incorporated under the Laws of Malta with company registration number C 26701, (“EEL”);</li> <li>d) Eden Superbowl Limited, a limited liability company incorporated under the Laws of Malta with company registration number C 26700, (“ESL”);</li> <li>e) Eden Hospitality Limited, a limited liability company incorporated under the Laws of Malta with company registration number C 35719, (“EHL”);</li> <li>f) Baytel Limited, a limited liability company incorporated under the Laws of Malta with company registration number C 43770;</li> <li>g) Eden Finance p.l.c., a limited liability company incorporated under the Laws of Malta with company registration number C 26843, (“the Issuer”);</li> </ul>
<b>Summary Note</b>	the summary note issued by the Issuer and dated 10 May 2010, as the same may be updated from time to time.

## I. RISK FACTORS – ISSUER AND GUARANTOR

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, CANCELLED OR REDEEMED. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE FALLING IN 2020, SUBJECT TO THE RIGHT OF THE ISSUER TO REDEEM ALL OR PART OF THE BONDS ON ANY OF THE EARLY REDEMPTION DATES, BY GIVING NOT LESS THAN THIRTY (30) DAYS NOTICE.

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 THIS PROSPECTUS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

NEITHER THIS PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BONDS: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION OR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE GUARANTOR OR THE SPONSOR OR AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY BONDS.

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

### I.1 Forward-Looking Statements

This Prospectus and the documents incorporated herein by reference or annexed hereto contain forward-looking statements that include, among others, statements concerning the Issuer's and Group's strategies and plans relating to the

attainment of its 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 involve predictions of future circumstances.

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. These forward-looking statements are inherently subject to a number of risks, uncertainties, and assumptions. Important factors that could cause actual results to differ materially from the expectations of the Issuer's and Group's directors include those risks identified under the 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 Group's financial results and the ability of the Issuer to fulfill its obligations under the securities to be issued. Accordingly, the Issuer cautions the reader that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ from those expressed or implied by the statements and no assurance is given that the future results or expectations will be achieved.

### I.2 Considerations Relating to the Business of the Issuer and the Group

#### I.2.1 Risks Relating Specifically to the Issuer

##### (i) *Issuer's dependence on payments due by the Guarantor may be affected by factors beyond the Issuer's control*

The Issuer has no business operations or assets, and will be largely dependent on the receipt of loan repayments from the Guarantor (which in turn is dependent on the receipt of loan repayments from the Group it on-lends to) in order to: service interest payments on the securities described in the Securities Note; provide for the sinking fund (as described in Section 6.16 of the Securities Note); and eventually repay the principal of the securities described in the Securities Note. In this respect, therefore, the operating results of the other companies forming part of the Group have a direct effect on the Issuer's financial position and as such the risks intrinsic in the business and operations of such other Group companies shall have a direct effect on the ability of the Issuer to meet its obligations in respect of the repayment of principal and interest under the said securities when due.

The loan repayments to be effected by the said Group in favour of the Guarantor, and in turn the repayments to be effected by

the Guarantor to the Issuer, are subject to certain risks. More specifically, the ability of the Guarantor to make payments to the Issuer, will depend on the cash flows and earnings of the Group, which may be restricted by changes in applicable laws and regulations, by the terms of agreements to which they are or may become party, including the indenture governing their existing indebtedness, or by other factors beyond the control of the Issuer. The occurrence of any such factor could in turn negatively affect the ability of the Issuer to meet its obligations in respect of the repayment of principal and interest under the securities described in the Securities Note when due.

#### *1.2.2 Risks Relating to the InterContinental Malta*

##### **(i) The Group is subject to certain risks common to the hotel industry, certain of which are beyond its control**

The Group owns the InterContinental Malta which in turn is operated by InterContinental Hotels Group. As such, the Group's operations and the results of its operations are subject to a number of external factors that could adversely affect the Group's business, many of which are common to the hotel industry and beyond the Group's control, including the following:

- changes in travel patterns, any increase in, or the imposition of new taxes on air travel and fuel, and cutbacks and stoppages on Malta-bound airline routes;
- changes in governmental laws and regulations, employment, the preparation and sale of food and beverages, smoking, health and alcohol licensing laws and environmental concerns, fiscal policies and zoning and development regulations and the related costs of compliance;
- the impact of increased threats of terrorism or actual terrorist events, impediments to means of transportation (including airline strikes and border closures), extreme weather conditions, natural disasters, travel-related accidents, outbreaks of diseases and health concerns, or other factors that may affect travel patterns and reduce the number of business and leisure travellers;
- the termination, non-renewal and/or the renewal on less favourable terms of material contracts, as well as agreements entered into with tour operators.

The impact of any of these factors (or a combination of them) may adversely affect room rates and occupancy levels in the Group's hotel, or otherwise cause a reduction in the Group's income. Such factors (or a combination of them) may also adversely affect the value of the InterContinental Malta and in either such case would have a material adverse effect on the Group's business, financial condition and results of operations.

##### **(ii) Dependence on the operations agreement with the InterContinental Hotels Group**

The InterContinental Malta is operated by the InterContinental Hotels Group ("IHG") by virtue of a 10-year operations agreement which expires in 2013, renewable at IHG's option for a further five years to 2018 on the same terms and conditions. While IHG has expressed its willingness to exercise its option in 2013, there is no guarantee that the operations agreement will be extended in 2013 for a further five year term. Beyond 2018, there can be no assurance that IHG would be willing to renew the operations agreement with EHL and/or that the terms and conditions imposed by IHG would be deemed too prescriptive and/or uneconomical by EHL.

The discontinuation of the relationship between IHG and EHL could cause short-term disruption in EHL's operations which could adversely affect the Group's business and results of operations. Moreover, there can be no assurance that in the event of non-renewal of the agreement with IHG, EHL will be able, within a short period of time, to enter into an operations agreement with another global hotel management company of at least the same calibre as IHG.

#### *1.2.3 Risks Relating to Real Estate*

##### **(i) Risk relating to the Group's properties and operations**

Property investments are subject to varying degrees of risks. Values are affected by (among other things) 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, interest and inflation rate fluctuations and higher accounting and control expenses. The Group's operating performance could be adversely affected by a downturn in the property market in terms of capital values.

#### *1.2.4 Risks Relating to the Eden Cinemas and Eden SuperBowl*

##### **(i) A lack of motion picture availability and poor performance of motion pictures would have a negative effect on film attendance**

EEL's ability to operate successfully depends upon the availability, diversity and appeal of motion pictures, its ability to license motion pictures and the exhibition of these motion pictures in EEL's market. The company licenses first and second-run motion pictures, the success of which depends

upon their appeal, as well as on the marketing efforts of the major film studios and distributors. Poor performance of these films or disruption in the production of, or changes in, the licensing terms of the films, or a reduction in the marketing efforts of the major film studios and distributors, would have a negative effect on film attendance and adversely affect EEL's business, financial condition and results of operations.

***(ii) An increase in the use of alternative film distribution channels, such as home theatre video and the internet, and other competing forms of entertainment may drive down movie theatre attendance and limit ticket prices***

EEL faces competition for patrons from a number of alternative motion picture distribution channels, such as home theatre video, pay-per-view, cable television, DVD, syndicated and broadcast television as well as illegal downloading from the internet and counterfeit DVDs. The company also competes with other forms of entertainment for its patrons' leisure time and disposable income, such as concerts and sporting events. The expansion of such alternative entertainment could have a material adverse effect on movie theatre attendance in general and, therefore, upon EEL's business, financial condition and results of operations.

***(iii) The Eden Cinemas are subject to new technologies, including the potentially high costs of re-equipping theatres for digital projection***

Changes in film production may require the company to update its equipment. In particular, it is likely that the industry will gradually replace traditional 35mm film and adopt digital projection in the future. As a result of this gradual change, the company will need to invest funds into updating to digital projection which would require significant cumulative CAPEX to do so.

***(iv) Demand for cinema and bowling can be subject to changes in public tastes and preferences***

The popularity of entertainment such as cinema and tenpin bowling and its general social image among target consumers may have an impact in the level of consumer spending on it. Factors that may influence the popularity of these activities include trends in social behaviour and leisure pursuits. Although the SuperBowl and the Eden Cinemas have been operating successfully for a number of years, the Group is dependent on the public's continued interest in cinema and tenpin bowling for generation of revenues and cash flow. A reduction in the popular appeal of these entertainment options among the target consumers could negatively impact the financial condition and results of operations.

**1.2.5 Other Risks**

***(i) The Group's key senior personnel and management have been and remain material to its growth***

The Group believes that its growth is partially attributable to the efforts and abilities of the members of its executive management team and other key personnel. Although the Group believes that if one or more of the members of this team were unable or unwilling to continue in their present position, they would be able to replace the individual within a reasonable period of time, the loss of key personnel could have a short-term adverse effect on the Group's business, financial condition and results of operations.

***(ii) The Group's level of debt***

The Group's ability to implement its business strategies is dependent upon, among other things, its ability to generate sufficient funds internally and to access continued bank financing at acceptable costs. The Group's current debt to equity ratio may hinder the Group's ability to procure additional bank financing for any new investments.

***(iii) Currency fluctuations may have a material adverse effect on the Group's business, financial condition and results of operations***

Fluctuations in international currencies may make Malta as a destination less attractive than others which can have an effect on the operating performance of the Group. A key tourist market for InterContinental Malta and Diamond Resorts is the UK which is adversely affected when the Sterling is weak.

***(iv) A portion of the Group's operating expenses are fixed, which allow for limited reaction to changes in its revenue***

A portion of the Group's costs are fixed and the Group's operating results are vulnerable to short-term changes in its revenues. The Group's fixed operating expenses are not easily reduced to react to changes in its revenue by reducing its operating expenses, which could have a material adverse effect on its business, financial condition and results of operations.

***(v) Environmental and/or health and safety compliance costs and liabilities may have a material adverse effect on the Group's financial condition and operations***

As owner and operator of a number of entertainment and leisure establishments and as the owner of the InterContinental Malta, the Group is subject to a variety of European Union, national and local laws and regulations concerning environmental and/or health and safety ("EHS") matters. While the Directors

believe that the Group is in compliance in all material respects with EHS laws and regulations currently applicable to it, there can be no assurance that the Group will not be found to be in breach of EHS laws and regulations. The failure to comply with present or future EHS laws and regulations could result in regulatory action, the imposition of fines or third party claims which could in turn have a material adverse effect on the Group's results of operation, its financial condition and/or its reputation. In addition, compliance with new EHS laws and regulations could require the Group to incur significant expenditure that could have a material adverse effect on the Group's results of operation, financial condition or operations.

**(vi) The Group's insurance policies**

Historically, the Group has maintained insurance at levels determined by the Group to be appropriate in the light of the cost of cover and the risk profiles of the business 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.

**(vii) The Group is exposed to the risk of litigation from its guests, customers, actual and potential partners, suppliers, employees, regulatory authorities, franchisers**

The Group is exposed to the risk of litigation from its guests, customers, actual and potential partners, suppliers, employees, regulatory authorities, and/or franchisers. Although as stated in Section 10 under the heading "Litigation", the Group is not involved in any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this Registration Document, a significant effect on the Group's financial position or profitability. So far as the Directors are aware no such proceedings are pending or threatened, however no assurance can be given that disputes which could have such effect would not arise in the future. Exposure to litigation or fines imposed by regulatory authorities may affect the Group's reputation even though the monetary consequences may not be significant.

**(viii) The global financial and economic crisis may materially affect the Group**

Extreme volatility and disruption in global capital and credit markets since mid-2008 has had an impact on the performance of the tourist and entertainment industries worldwide. Given the sharp global reduction in business activity, the general uncertainty and consumer confidence, decreased disposable income and associated increased unemployment may have a material adverse effect on the Group's performance. If current levels of market disruption, volatility and economic downturn continue or worsen, there can be no assurance that the Group will not experience an adverse effect, which may be material, on its financial performance and results of operations.

**(ix) Increased competition**

The hospitality, entertainment and leisure industries are characterised by strong and increasing competition. Some 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. Significant competition and changes in economic and market conditions could adversely affect the Group's business and operating results. There can be no assurance that the Group will successfully maintain its market share in each of its businesses in the future.

**(x) Increased operating expenses**

The Group is susceptible to the effects of increases in operating expenses as a result of inflation, increased personnel costs and health-care related costs, higher utility costs (including energy costs), increased taxes and insurance costs, as well as unanticipated costs as a result of acts of nature and their consequences and other factors that may not be offset by increased revenues.

**(xi) Reduced advertising market**

Advertising revenue is cyclical. Characterised within times of economic turmoil, advertising revenues tend to be reduced, which in turn can affect the revenue streams of both Bay Radio and the Eden Cinemas until such time as increased competition drives advertising budgets higher.

## 2. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, ADVISORS AND AUDITORS

### 2.1 Directors of the Issuer and the Guarantor

As at the date of this Prospectus, the Board of Directors of the Issuer and Guarantor are constituted by the following persons:

#### Issuer

Ian De Cesare	<i>Chairman</i>
Kevin De Cesare	<i>Deputy Chairman</i>
Walter Camilleri	<i>Non-Executive Director</i>
Andrea Gera de Petri	<i>Non-Executive Director</i>
David Vella	<i>Non-Executive Director</i>

#### Guarantor

Ian De Cesare	<i>Managing Director</i>
Kevin De Cesare	<i>Executive Director</i>

THE DIRECTORS OF THE ISSUER ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS. TO THE BEST OF THEIR KNOWLEDGE AND BELIEF (AFTER HAVING TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS PROSPECTUS IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE DIRECTORS ACCEPT RESPONSIBILITY ACCORDINGLY.

The persons listed under the sub-heading "Advisors" have advised and assisted the Directors in the drafting and compilation of the Prospectus.

### 2.2 Senior Management of the Group

Simon De Cesare	<i>General Manager</i>
Kate De Cesare	<i>Marketing Manager</i>
Edward Fenech	<i>Group Sales Manager</i>
David Vella	<i>Financial Controller</i>

### 2.3 Advisors

#### Legal Counsel to the Issuer:

Name:	Camilleri Preziosi
Address:	Level 3, Valletta Buildings, South Street, Valletta, VLT 1103, Malta

#### Sponsor:

Name:	Charts Investment Management Service Limited
Address:	Valletta Waterfront, Vault 17, Pinto Wharf, Floriana, FRN 1913, Malta

#### Manager & Registrar:

Name:	HSBC Bank Malta p.l.c.
Address:	233, Republic Street, Valletta, VLT 1116, Malta

#### Financial Advisors:

Name:	Deloitte
Address:	Deloitte Place, Mriehel By-Pass, Mriehel, BKR 3000, Malta

### 2.4 Auditors

Name:	Vincent Curmi & Associates
Address:	Finance House, First Floor, Princess Elizabeth Street, Ta' Xbiex, XBX 1102, Malta

The annual statutory financial statements of the Issuer, and the consolidated financial statements of the Guarantor for the financial years ended 31 December 2009, 2008 and 2007 have been audited by Vincent Curmi & Associates. Vincent Curmi & Associates is a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act, 1979 (Cap. 281, Laws of Malta).

### 3. SELECTED FINANCIAL INFORMATION

The financial information about the Issuer and the Guarantor respectively is included in the audited financial statements for each of the financial years ended 31 December 2009, 2008 and 2007.

The said statements, together with the audited financial statements of each of the Group companies have been published and are available for inspection at the registered office of the Issuer.

#### 3.1 The Issuer

Set out below are highlights taken from the audited financial statements of the Issuer for the years ended 31 December 2009, 2008 and 2007.

	2009	2008	2007
	€	€	€
Net interest earned	93,577	93,175	93,175
Profit for the year	26,469	27,327	25,857
Total capital and reserves	1,446,538	1,420,069	1,392,742

#### 3.2 The Guarantor

The following financial information is extracted from the Guarantor's audited consolidated financial statements for the years ended 31 December 2009, 2008 and 2007.

	2009	2008	2007
	€000	€000	€000
Turnover	19,335	22,736	23,768
Earnings before interest, tax, depreciation & amortisation (EBITDA)	4,104	5,934	6,456
(Loss)/profit for the year	(1,501)	(133)	431
Total assets less current liabilities	53,812	82,093	64,751
Interest bearing borrowings	44,487	46,175	48,341
Total shareholders' funds	32,429	33,930	19,614

## 4. INFORMATION ABOUT THE ISSUER AND THE GUARANTOR

### 4.1 Historical Development

#### 4.1.1 The Issuer

Full Legal and Commercial Name of Company:	Eden Finance p.l.c.
Registered Address:	Eden Place, St George's Bay, St Julians, STJ 3310
Place of Registration and Domicile:	Malta
Registration Number:	C 26843
Date of Registration:	22 August 2000
Legal Form:	The company is lawfully existing and registered as a Public Limited Liability Company in terms of the Companies Act, Cap. 386 of the Laws of Malta
Telephone Number:	+356 2371 0100
Fax Number:	+356 2371 0125
Email:	elg@edenleisure.com
Website:	www.edenleisure.com

#### 4.1.2 The Guarantor

Full Legal and Commercial Name of Company:	Eden Leisure Group Limited
Registered Address:	Eden Place, St George's Bay, St Julians, STJ 3310
Place of Registration and Domicile:	Malta
Registration Number:	C 4529
Date of Registration:	31 May 1979
Legal Form:	The company is lawfully existing and registered as a Private Limited Liability Company in terms of the Companies Act, Cap. 386 of the Laws of Malta
Telephone Number:	+356 2371 0100
Fax Number:	+356 2371 0125
Email:	elg@edenleisure.com
Website:	www.edenleisure.com

The Guarantor is the parent company of the Group that is principally engaged in the ownership of a varied portfolio of business entities within the hospitality and entertainment industries. Apart from offering support, and/or management and consultancy services to companies within the Group, the Guarantor acts as a holding company for the various subsidiaries of the Group. Established in 1966 with a 3-star hotel in Sliema,

the Group developed over the years to become a leading player in the leisure industry in Malta, owning the 5-star InterContinental Malta in St Julians and operating a number of businesses including a 17 screen cinema multiplex, a bowling centre, a radio station, a car park and a health & fitness club amongst others. On an annual basis, the Eden Group generates circa **€10** million in revenues.



The following table sets out the highlights of the Eden Group's historical milestones:

Year	Event
1966	Commencement of operations of the Eden Rock Hotel, a 3-star property on the Sliema front which was sold in 1993.
1975	Development of the 27-room Eden Beach Aparthotel in St George's Bay, St Julians.
1980	Acquisition of further land adjacent to the Eden Beach Aparthotel and the development of a 250-bed hotel. The Eden Beach Aparthotel was re-named to Eden Beach Hotel.
1980-1988	Diversification into the entertainment industry with the launching of Styx discotheque, followed by Stownes discotheque, Styx II, the Palladium and Euphoria nightclub.
1988-1993	Expansion into new industries such as health & fitness, bowling, cinema and radio.
1997	Entered into an equal partnership with Simonds Farsons Cisk Ltd to develop and manage the Galleria Shopping and Entertainment Centre in Fgura which was sold in 2007.
1998	Acquisition of 50% shareholding in Axis Limited, operator of Axis discotheque in Paceville.
1999	The Group embarked on a €40 million project through the acquisition of several properties in St Julians for the development of the largest 5-star hotel in Malta, 46 timeshare apartments, a multi-storey car park and a number of other entertainment outlets.
2000	Signing of an operating and management agreement with InterContinental Hotels Group to operate the 5-star 451-room hotel.
2000	The issue of Lm10,000,000 (€3,293,734) 6.7% Eden Finance Bonds due in 2010. The outstanding bonds as at the date of the Prospectus amounts to €3,255,763.
2003	The InterContinental, Malta commenced operations.
2005	Signed a long term lease agreement for the 46 self-catering apartments with Diamond Resorts International (formerly Sunterra Corp) and was awarded the management contract.
2005	Awarded a 50-year beach concession at St George's Bay to have own private sandy beach and develop the Paranga Restaurant.

## 4.2 Investments

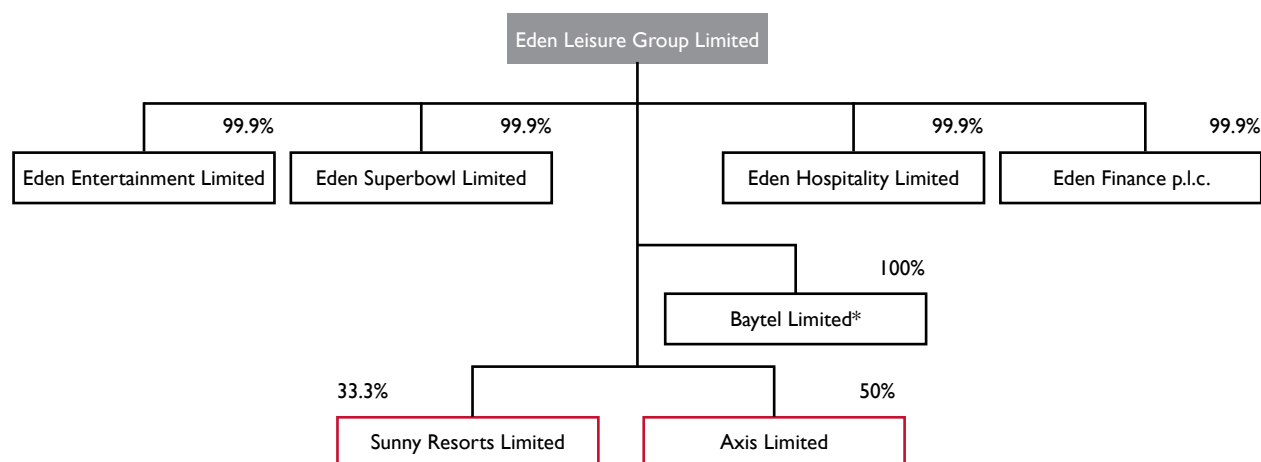
The Group is not party to any principal investments, and has not entered into or committed for any principal investments

subsequent to 31 December 2009, being the date of the latest audited financial statements of the Group.

## 5. GROUP STRUCTURE

### 5.1 The Eden Group Shareholding Structure

The following chart outlines the shareholding structure relative to the Eden Group:



\*Currently in the process of being merged with Edén Leisure Group Limited.

The Guarantor is the holding company in the Eden Group.

#### Subsidiary Companies

The Group companies operating within the hospitality, leisure and entertainment sectors, and which are wholly owned subsidiaries of the Guarantor, are the following:

- Edén Entertainment Limited, responsible for the operation of the Edén Cinemas, Edén Car Park, Bay Radio, Bay Arena and Cynergi Health & Fitness Club;
- Edén Superbowl Limited, responsible for the operation of the Edén SuperBowl;
- Edén Hospitality Limited, responsible for the operation of InterContinental Malta and management of the timeshare apartments;
- Baytel Limited, a company incorporated with the principle object of providing telecommunications and network services. As at the date of this Prospectus, such company has ceased operations and is in the process of being merged with Edén Leisure Group Limited, of which the draft terms of merger were registered with the Registry of Companies on 16 April 2010.

The Issuer is a wholly-owned subsidiary of the Guarantor and is a special purpose vehicle set up explicitly for the raising of finance to be on-lent to its parent company.

#### Associated Companies

Sunny Resorts Limited, a 33.33% owned associated company of the Guarantor is a non-trading company and holds one immovable property in St Julians.

Axis Limited, a 50% owned company of the Guarantor is set to commence development of 5 commercial outlets on the site formerly occupied by the Axis discotheque in Paceville.

### 5.2 Dependence on the Operating Companies

The Issuer is essentially a special purpose vehicle set up to act as a financing company taking cognisance of the financing and investment requirements of the Group. The Guarantor is a holding company having investments in a number of undertakings which operate the business of the Group. Both the Issuer and Guarantor are dependent on the business prospects, operating results and financial position of the Operating Companies (EEL, ESL and EHL) within the Group and the risks relating to the Issuer and Guarantor are predominantly those attributable to the Group's Operating Companies. Investors ought to carefully consider the risk factors contained in this Registration Document.

## 6. BUSINESS OVERVIEW

### 6.1 Principal Activities and Markets of the Issuer

#### 6.1.1 Principal Activities

The principal objects of the Issuer's activities are set out in Article 3 of its Memorandum of Association and include, but are not limited to, the carrying on of the business of a finance and investment company and in particular but without prejudice to the generality of the foregoing the financing or re-financing of the funding requirements of the business of the Eden Group.

On 12 October 2000, the Issuer issued Lm10,000,000 (equivalent to €3,293,734) 6.7% bonds redeemable in 2010. The proceeds of that bond issue were advanced to the Guarantor, pursuant to and under the terms of a loan agreement dated 14 September 2000. The Issuer receives interest on the loan receivable at the rate of 7.1% per annum on 7 October of each year. The said loan is repayable by not later than 7 October 2010.

#### 6.1.2 Principal Markets

The Issuer operates exclusively in and from Malta.

### 6.2 Principal Activities and Markets of the Guarantor and of the Group

#### 6.2.1 Principal Activities

The Guarantor is a holding company having investments in a number of Subsidiaries and Associated Companies which operate the business of the Group. The Group's business largely relates to the operation of various entities in the entertainment and leisure industries, the ownership of the 5-star InterContinental, Malta and the management of the timeshare apartments. The Guarantor holds a number of properties directly in its own name which are leased out to third parties.

The following is a description of the activities of each of the Operating Companies:

#### (a) Eden Hospitality Limited

##### InterContinental Malta

The Hotel is operated by the InterContinental Hotels Group through EHL by virtue of a 10-year operations agreement which commenced in 2003. The said agreement includes an option to extend the term for a further five years to 2018. The Directors are confident that, following recent discussions with InterContinental Hotels Group, the management agreement in place will be extended.

EHL operates the 451-room 5-star InterContinental Malta situated in St Julians, the largest hotel on the Island. The hotel offers a wide range of facilities to its guests, including four restaurants, three bars, a spa, fitness centre, extensive

conference facilities, and eight food and beverage outlets situated around the perimeter of the property.

Since opening in January 2003, ICM has been of service to approximately a million guests, and has hosted many high profile conference and incentive (C&I) events for international clients. The hotel's customer base is a mixture of C&I, leisure holiday makers and corporate customers. Although business customers tend to pay higher room rates than leisure customers, ICM uses a system of yielding of room rates to retain a balance of business and leisure customers so as to maximise return.

ICM offers a wide range of conference facilities which, accompanied by its large size, enhances the hotel's flexibility in being able to host large or small groups throughout the year. This segment is given significant importance by management and accordingly the Group has invested in increasing the space available to it for C&I most notably through the addition over the years, of the Bay Arena and the Eden Cinemas auditoria to supplement ICM's offering. Both these facilities have additional entry points directly from the hotel as well as from the street. The InterContinental Hotels Group offers significant assistance with overseas selling through its global sales department which passes on business to ICM. Typically this segment equates to approximately a quarter of hotel revenues.

Turnover by company, excluding intra group transactions, for the 3 financial years ended 31 December 2009 were as follows:

	2009	2008	2007
	€000	€000	€000
<b>Turnover</b>			
Eden Entertainment Limited	5,854	6,399	5,725
Eden Superbowl Limited	872	843	841
Eden Hospitality Limited	12,609	15,494	17,202
	19,335	22,736	23,768

The capture of the leisure traveller was boosted in 2005 when EHL acquired the 50 year lease of the St George's Bay Beach where it operates two restaurants, Paranga and Lido Terrace, and a beach front kiosk. The lease also provides for the retention of a portion of the beach exclusively for its guests and manages and offers service to visitors to the rest of the beach. While the hotel has numerous agreements with tour operators who provide a steady flow of business many of the hotel's customers

are individuals who book directly with the hotel through InterContinental Hotels Group's vast loyal customer base, travel agents, corporate entities or internet booking engines. This segment of the market equates to approximately 45%-50% of revenue.

The Corporate segment is made up of business generated from loyal local customers who accommodate their international guests at the ICM. This loyalty has been growing over the years primarily due to the high standard of the hotel's Suites and the significant benefit and quality of the hotel's 15<sup>th</sup> floor Club Executive Lounge and Terrace which spans 450m<sup>2</sup>.

#### **Diamond Suites**

In 2005, Diamond Resorts International (formerly Sunterra Corp) acquired from the Eden Group a 49-year lease on an apartment block of 46 self catering units, known now as "Diamond Suites on Malta". Diamond Resorts International offers accommodation to its current members' database which numbers over 400,000 members, and works on a timeshare-points structure. The resort achieves high occupancies throughout the year supplementing the ICM's food and beverage outlets.

In addition to the long lease, EHL has negotiated a resort management contract which expires on 31 December 2013. The hospitality services include housekeeping, maintenance and security of the apartment block which was subsequently subcontracted to ICM and other management duties which are carried out by EHL. The Directors are confident that the management contract will be renewed for a further period since the apartment block is integrated with the ICM and services are shared between the properties.

EHL also performs general managerial functions as well as project manages all refurbishment programmes and inventory replacements at a fee.

#### **(b) Eden Entertainment Limited**

##### **Eden Cinemas**

EEL is the largest operator of multiplex cinemas in Malta based on number of screens, with 17 screens, situated in St Julians. The Group first opened cinemas in 1993 with 6 cinemas and has expanded as demand has required. The flagship theatre, Cinema 16, is one of the largest in Europe with a capacity of 710 seats and is the only THX<sup>1</sup> certified theatre in Malta. The cinemas typically exhibit all the major Hollywood blockbusters day in date with the UK, however has recently diversified its product towards local and other European products.

Eden Cinemas generate operating revenue principally from theatre operations, including box office receipts, food and beverages, and on-screen and off-screen advertising. Its segments are broad and vary according to the film product, however the majority of patrons range between 6-35 in age which is in accordance with the Group's overall target market.

Difference segments include:

- School children
- Language schools
- Families
- Couples
- Tourists

##### **Bay Arena**

The Bay Arena was converted to a multifunctional centre in 2003. Annexed to ICM, this facility has been transformed into a multitude of different uses including conference hall, seated and standing concert area, and a trade show floor. The annual Bay Music Awards (BMAs) are held in this Arena every December and promote the Group's radio station as well as entertaining the public with a concert made up of local music talent. The Arena often hosts top international DJs who play to sell out crowds. In November 2005 the Arena was converted into the press centre for the Commonwealth Heads of Governments Meeting (CHOGM). The Arena itself comprises 3,230 square meters of useable space with a height of up to 9 meters and has access from the street and from ICM.

##### **Cynergi Health and Fitness Club**

The Club is the largest health and fitness venue in Malta and has approximately 1,000 members. The majority of these members use the Club during peak times and therefore preferential memberships are given to off-peak members to fully utilise the capacity of the facility. Cynergi offers over 100 cardio vascular machines, a comprehensive weights area, 2 squash courts, 2 aerobics rooms, a bar and lounge, a crèche facility as well as an indoor pool equipped with steam bath and sauna. The Club is accessed from ICM, the Eden Car Park and directly from the street. The Club also offers full access to ICM and Diamond Suites guests who only pay for use of the squash courts and aerobics classes. The Club generates revenues primarily through its monthly memberships however supplements this with additional revenue from studio and squash court rentals as well as a number of health and fitness initiatives such as weight loss management courses and educational nutritional seminars.

##### **Bay Radio**

89.7 Bay first went on air in 1991 and was one of the first private

<sup>1</sup> THX is an international certification which ensures that the cinema has reached and maintained the high standards set out in sound reproduction.

radio stations in Malta. It broadcasts 24 hours a day in Maltese and English and offers the latest selection of music and celebrity DJ's. Audience share is essential for a radio station as it is the key driver that attracts advertising revenues. Radio popularity is regularly surveyed by the independent Malta Broadcasting Authority. In the most recent survey, Bay retained the number one spot as the most popular overall radio station in Malta with 27% followed by the next 2 popular stations with 12% and 11% share respectively. The station has continually attracted the younger age demographic and been voted favourite station with:

- 47% of all listeners aged 12-14
- 61% of all listeners aged 15-24
- 44% of all listeners aged 25-29<sup>2</sup>

The station's affiliation with the most popular music events and activities on the island as well as maintaining close ties with local musicians coupled with professional, relevant content and on air competitions are the key success factors of the station. Revenue streams are generated primarily through advertising however also includes advert production work.

#### **Eden Car Park**

The Eden Car Park is a multi-storey car park that spans the footprint of the ICM and has a maximum capacity of 350 vehicles. The Eden Car Park has improved its overall contribution to the Group year on year over the three years detailed in this document as customers have increasingly grown to appreciate the value of an enclosed secure car park. The Car Park is an important contributor to EEL's revenues and earnings due to the continual increase in activity in the area, specifically from the commercial sector and tourism. Moreover, the Eden Car Park is of vital importance to the business entities of the Eden Group, as it provides paying parking facility to their respective customers.

#### **(c) Eden SuperBowl Limited**

The Eden SuperBowl operates 20 lanes and is the only tenpin bowling centre in Malta. The bowling centre caters for family bowling and hosts a number of local bowling leagues throughout the year. The SuperBowl also organises internationally acclaimed bowling tournaments twice a year attracting hundreds of participants to Malta. This facility is also very popular with tourists.

On-going investment is made in the facility to maintain the lanes to the high standards required for international professional tournaments. The principal sources of operating revenue for ESL include: (i) the sale of tenpin bowling games to customers; (ii) food and beverages; and (iii) amusement and gaming machines.

#### **(d) Rental Property**

The Group owns and leases the following properties situated around the ICM:

##### **Property on St Augustine Street 1**

In 2003 the Group entered a 10 year fixed rental agreement with Michele Peresso Ltd ending in 2013. The contract allows the tenant to extend for a further 5-10 years. The site, situated on the street below the hotel entrance, measuring approximately 420m<sup>2</sup>, is currently operating as a clothing and perfume shop.

##### **Property on St Augustine Street 2**

In 2009 ELG rented a 66m<sup>2</sup> property next to Eurosport, to Vodafone Malta Ltd. The shop is on a three year contract however this is prime real estate and it is not envisioned to have any future rental problems.

##### **Property on Elia Zammit Street**

This space, on the back side of the hotel, is of particular value due to its location on a main road abutting the Pender Place development. The Group has not actively sought to rent this space in anticipation of the completion of the Pender Financial Centre. This commercial space is a double height property, easily divisible, made up of 320m<sup>2</sup> internal space and approximately 160m<sup>2</sup> terrace space on the outside. A mezzanine floor can be built on this property to increase the size. It is envisaged that the property will be interesting to a foreign financial company.

#### **Axis Limited**

The Group owns a 50% stake in Axis Limited. In 2009, the company ceased operations of the discotheque and renegotiated the lease on said property. The company has now embarked on a project to divide the property into a number of smaller outlets for rental.

#### **6.2.2 Principal Markets**

The Group operates exclusively in and from Malta however is fed by both tourist and local markets.

##### **(a) Tourism**

The hotel industry in Malta is impacted by the number of incoming tourists to Malta. Hotels compete for these tourists with other 5 star hotel brands on a number of factors, including location, level of service, quality of accommodation, room rates, and conference and restaurant facilities.

The attraction and entry of the low cost carriers, Ryanair and Easy Jet among others, contributed positively to the tourism

<sup>2</sup> Broadcasting Authority Survey Oct-Dec 2009.

levels seen in 2007 and the first half of 2008. 2007 and 2008 were record years, however the global economic crisis seen in the end of 2008 and in 2009, negatively impacted international tourism trends and resulted in a sharp decrease in arrivals in most countries. Malta's performance was in line with the general trends experienced in other Southern European countries. Inbound tourists to Malta in 2009 were estimated at 1,183,012 resulting in a drop of 8% over 2008. This decrease is mostly attributable to a reduction in holiday visits, mainly from the British, German and Scandinavian destinations. Moreover, total tourist expenditure decreased by 12% in 2009 when compared to 2008, as a result of a decrease in the number of nights spent by tourists.<sup>3</sup>

Average occupancy levels in Malta for the 5-star hotels decreased by 6% from 62.2% in 2008 to 58.4% in 2009, and a decrease in Average Achieved Room Rate (AARR) of 12% to €116. During the period under review, the 5-star hotels experienced a drop in business from the traditional operator and corporate sectors but gained in the on-line direct bookings and Maltese guest sector.<sup>4</sup> Although no assurance thereof can be given, the Directors are of the view that 2010 will be a much better year, in terms of occupancy levels, for tourism in Malta. The recent announcement that Ryanair will be creating a base in Malta from May 2010, will lead to a weekly increase of 17 flights as well as the introduction of 6 new routes. These developments will help to boost tourist numbers to Malta. Room rates will start to grow as tourist arrivals return to, and surpass, pre-2008 levels.

According to the latest data issued by the National Statistics Office, tourists visiting Malta in January 2010 increased by 10% when compared to the corresponding month in 2009. For the month of February and March, Malta International Airport p.l.c. registered a 6.3% and a 12.3% increase in passenger movements respectively when compared to the same period in 2009, resulting in an average increase of 9% for the first three months of 2010.<sup>5</sup>

Certain revenue streams within the Entertainment sections of The Group business are also affected by the spill over of tourism in Malta. Particularly Cinema, Bowling and the Car Park gain or lose from a positive or a negative tourism year. The language school market contributes a small percentage of revenue in tickets to the cinema and bowling while hotel guests can add to the car park usage.

**(b) Local Market**

The Maltese economy appears not to have been affected to the levels seen throughout the rest of Europe and the US which have negatively affected tourism towards Malta. Maltese shoppers have proven that they are more resilient to the crisis than those of other countries. Entertainment appears to have remained strong as people appear to be cutting back on other luxuries.

The cinema industry is dependent on successful product coming out of Hollywood and their successful reception by the general public. Over the last three years the product has appealed to the public generating improved admissions and revenue. Traditionally during recessions the cinema industry is one of the few industries that typically sees growth.

Advertising spend overall in Malta during 2009 declined due to the turbulent international market and the spill over onto Malta. However, with the improvement in international sentiment and the knock on effect of improved local markets, this spend is expected to increase with the competition of local retail markets.

Health and fitness awareness in Malta and around the world has been increasing over the years. Through governmental and other entities promotion this awareness will increase the need for gyms and specialised care to achieve these health and fitness goals. The need for exercise as well as a balanced diet is being recognised as a priority to the Maltese who have a very high obesity rate.

<sup>3</sup> Information Services Unit, National Statistics Office – Malta.

<sup>4</sup> MHRA quarterly survey report.

<sup>5</sup> Malta International Airport p.l.c. – traffic results March 2010.

### 6.3 Operating and Financial Review of the Group

The information set out below, covering Eden Group's operations for the three years ended 31 December 2009, 2008 and 2007,

has been extracted from the historical audited consolidated financial statements of the Guarantor.

#### *Consolidated Profit and Loss Account* For the financial years ended 31 December

	2009	2008	2007
	€000	€000	€000
Turnover	19,335	22,736	23,768
EBITDA	4,104	5,934	6,456
Depreciation	(2,784)	(2,719)	(2,687)
Interest payable	(2,555)	(2,848)	(2,816)
Other charges	(190)	(101)	(60)
Fair value of financial Instruments	(448)		
(Loss)/profit before tax	(1,873)	266	893
(Loss)/profit for the year	(1,501)	(133)	431

#### *Consolidated Balance Sheet* At 31 December

	2009	2008	2007
	€000	€000	€000
<b>ASSETS</b>			
Non current assets	86,851	89,042	71,092
Current assets	4,828	5,856	6,655
<b>Total assets</b>	<b>91,679</b>	<b>94,898</b>	<b>77,747</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity</b>	<b>32,429</b>	<b>33,930</b>	<b>19,614</b>
Non current liabilities	21,383	48,164	45,137
Current liabilities	37,867	12,804	12,996
<b>Total liabilities</b>	<b>59,250</b>	<b>60,968</b>	<b>58,133</b>
<b>Total equity and liabilities</b>	<b>91,679</b>	<b>94,898</b>	<b>77,747</b>

*Consolidated Cash Flow Statement*

For the financial years ended 31 December

	2009	2008	2007
	€000	€000	€000
Net cash from operating activities	2,439	3,437	2,053
Net cash used in investing activities	(919)	(1,258)	(879)
Net cash used in financing activities	(1,249)	(2,103)	(855)
<b>Movement in cash and cash equivalents</b>	271	76	319
Cash and cash equivalents at beginning of year	(767)	(843)	(1,162)
<b>Cash and cash equivalents at end of year</b>	(496)	(767)	(843)

Turnover and EBITDA analysed by sector as follows:

	2009	2008	2007
	€000	€000	€000
<b>Turnover</b>			
Entertainment	6,726	7,242	6,566
Hospitality	12,609	15,494	17,202
<b>Total turnover</b>	19,335	22,736	23,768
<b>EBITDA</b>			
Entertainment	2,098	2,386	1,902
Hospitality	2,006	3,548	4,554
<b>Total EBITDA</b>	4,104	5,934	6,456

	2009	2008	2007
<b>EBITDA Margin</b>			
Entertainment	31%	33%	29%
Hospitality	16%	23%	26%
<b>Total EBITDA/turnover</b>	21%	26%	27%

The table below sets out the highlights of the Hotel's operating performance for the financial years indicated therein:

	2009	2008	2007
Turnover (€000)	12,270	14,852	16,719
Average Achieved Room Rate – AARR (€)	73	96	88
Occupancy level (%)	60	58	69



While two thirds of total Group revenue is generated from ICM, approximately 50% of EBITDA comes from the Entertainment arm of the Group. The Group's diversified portfolio of businesses has been instrumental over the years in mitigating outside variables that negatively affect the various business units. In each year some units improve while others decline offering the Group stability in its commitments. The benefit of being a predominantly cash business has also helped during challenging periods. Particularly in 2009 the stable performance of EEL and ESL contributed to soften the decline experienced in the hotel operation.

While 2007 was a particularly positive year for tourism, due to the market share gained through low cost airlines and the general international sentiment, the end of 2008 signalled the decline of the world financial markets. In line with the slow-down in the tourism industry, 2008 and 2009 were challenging for ICM. Guest nights for 2008 fell by 12% over 2007 however recovered and improved by 10% in 2009 over the previous year. ICM experienced a decrease in Average Achieved Room Rate (AARR) of 18% in the 3-year period under review to €73 as a result of significant pricing pressures in the industry and in particular from the steep drop in conference business experienced in Malta.

In view of the market conditions, management continued to exercise tight control of operating costs and capital expenditure, whilst at the same time maintaining the high quality and standards of the InterContinental Group. ICM took the opportunity to embark on a planned refurbishment programme in 2008/2009 of over €1 million and a further €300,000 in 2009/2010 and is continuing with this programme in 2010. These are funded through a sinking fund put aside specifically for these type of projects. ICM also sought to reduce effects on raising utility rates through the investment in energy saving equipment and the replacement of thousands of light bulbs to energy savers.

During the latter half of 2009, both the corporate and leisure tourism markets showed signs of stabilisation and the hotel

registered noticeable improvement in operations. The hotel also began to register significant improvements in market share and occupancy during this period.

The entertainment segment of the Group operated by EEL and ESL proved to be extremely resilient during the 3 financial years 2007 to 2009. Turnover improved marginally by €60,000 to €3,726,000 and EBITDA increased from €1,902,000 to €2,098,000.

In 2009 the Eden Cinemas, Eden SuperBowl and the Eden Car Park all registered growth over 2008 contributing approximately 72% in revenue and GOP to the Group's entertainment segment. The Eden Cinemas saw double digit growth over 2008 with box office revenue figures reaching record levels set in 2003 due to a strong product line up particularly in the last quarter of the year.

Bay Radio and Cynergi registered declines in both revenue and GOP while the largest drop was registered from the Bay Arena, primarily due to the reduction of medium sized music events and large conferences that typically book this venue as well as competition from other venues. The Group's entertainment business is expected to pick up lost ground with the general upturn of the local and international economic sentiment.

In October 2009 the Group adopted the 3-month EURIBOR as its interest base and hedged €8 million of its floating debt by taking out an interest rate swap covering the next 8 years. In accordance with International Auditing Standards this type of financial instrument needs to be fair valued at each balance sheet date through the profit and loss account. In 2009 the Group took a charge of €48,000 in its profit and loss account which will not crystallise if the instrument is held up to maturity.

On 31 December 2008, the directors of ELG approved revaluations amounting to €4.4 million of the Group's owned property. The property valuation was assessed by an independent architect and was determined on the basis of open market after considering the intrinsic value of the property and net potential returns. Shareholders' funds as at 31 December 2009 amounted to €32 million.

#### 6.4 Capitalisation and Indebtedness

The following financial information sets forth the capitalisation of the Group as at 30 April 2010 as extracted from the consolidated

management accounts of the Group for the four month period ended 30 April 2010, as adjusted to reflect the Bond Issue.

At 30 April 2010

	Actual	Adjusted
	€000	€000
<b>EQUITY</b>		
Capital and reserves attributable to shareholders	31,617	31,617
Minority interest	(93)	(93)
	31,524	31,524
<b>INDEBTEDNESS</b>		
Revolving credit facility	3,355	1,840
Bank loans	18,398	18,398
6.7% Bonds 2010	23,256	8,908
6.6% Bonds 2017-2020	-	15,000
	45,009	44,146
<b>Total capitalisation</b>	<b>76,533</b>	<b>75,670</b>
Gearing ratio (debt/total capital)	0.59	0.58

## 7. GROUP STRATEGY AND TREND INFORMATION

### 7.1 Group Strategy

The Group's objective is to retain its long-standing status as a pioneer in the leisure industry, offering quality entertainment, events and products focusing on the youth market and to pioneer innovative products with a focus on the customer experience, as well as partnering with a top international hotel brand to maximise the potential within the local tourism sector. Management intends to achieve this objective by building on the Group's core strengths through the implementation of the following strategies:

- continuing to cross market and cross promote each business unit;
- developing and consolidating the Bay and Eden brands;
- identifying, investing in and developing new opportunities in the leisure industry;
- driving top line growth;
- maintaining and improving operational efficiencies; and
- maintaining a zero tolerance towards any loss making business line.

In the implementation of the above strategies, the Group will continue to maintain an appropriate balance in relation to its exposure to the entertainment sector and the more capital intensive hospitality sector.

### 7.2 Trend Information

#### 7.2.1 Issuer

There has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements. The Issuer is mainly dependant on the business prospects of the Group, and therefore the trend information of the Guarantor detailed below has a material effect on its financial position and prospects.

#### 7.2.2 Guarantor

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

At the date of publication of this Prospectus, the directors consider that the Eden Group will be subjected to the normal risks associated with the hospitality and entertainment industries in Malta and 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 the Group and its business for at least the current financial year.

The following is a brief synopsis of the factors and trends

expected in the key areas of operation of the Group in the foreseeable future:

#### (a) InterContinental Malta

Tourism in Malta in 2010 has started to improve. The management of ICM have budgeted an increase of approximately 50% in hotel GOP for 2010 and based on business already confirmed and deposits taken it is more than likely that this target will be reached. A significant part of the improvement is in the capture of large C&I Groups who have started to confirm their events at ICM. The budget for the first half of the year has been reached and summer trends are also confirming that the 3<sup>rd</sup> quarter will be positive. It will still be a few years before the hotel will reach 2007 levels. It is forecasted to return to those levels by latest 2013.

During the current year, the directors expect operators to resume regular activity in selling Malta as a preferred destination due to an increase in seating capacity on legacy and low cost carriers. The increase in the number of airline destinations normally has a direct correlation to increased tourist arrivals. Moreover, the local authorities are currently negotiating with operators on extending the tour operator subsidy beyond 2010.

ICM will also significantly benefit from the announcement that Ryanair will establish a hub in Malta as from June 2010 which will result in 6 new routes, increasing 17 weekly flights. This additional seat capacity is expected to result in an increase in occupancy at the ICM and a rate opportunity where the hotel can yield the price upwards due to higher occupancies. Confirmed booking for C&I also appears to be on the rise. ICM management is confident that current positive trends in C&I will result in more profitable returns on investment. At the time of writing this document, business on the books including firm bookings with deposits, shows an improvement of over 400% over 2009 and the positive trend looks to continue to improve throughout the year.

In current market conditions, management is determined to improve its occupancy levels and room rates. In line with current trends of increased last minute bookings, the hotel is focusing more on internet bookings by being present on a number of popular websites dedicated to travel and tourism. Furthermore, management is actively targeting the business segment to increase market share in the provision of conference and incentive services. The Directors believe that the implementation of the above-mentioned strategies coupled with the increased accessibility of the country, will improve the hotel's performance.

ICM has applied for and been awarded funding for a number of energy initiatives aimed at improving efficiency to help mitigate the effects of the increased utility rates implemented by the local utility company. ICM will be implementing these initiatives throughout 2010 and is looking at other energy efficiency and generation opportunities which are also eligible for matching funding.

ICM is also continuing its investment in refurbishing. In early 2010 the main restaurant Harruba, the lobby and a number of rooms have been fully refurbished in line with planned replacements as well as a significant investment and improvement in its IT backbone structure and WiFi facilities which is expected to yield a positive return in the short term.

#### **(b) Eden Cinemas**

Over the last decade the Eden Cinemas have experienced increased competition in the entertainment industry which has required continual development of new concepts in order to maintain and grow revenue. A number of initiatives were introduced over the years and include the following:

- Digital Advertising: Investment in projecting equipment, in 2007, allowed the cinemas to sell advertising to a large number of potential customers who did not have adverts on 35mm film. It also allowed the cinemas to project movies that were shot digitally rather than on film opening up the local film market to cinema;
- Online ticket sales: Upgrading the proprietary ticketing system to provide an e-commerce facility allowed patrons to purchase cinema tickets remotely;
- E3 Cinemas: The introduction of the E3 cinemas in early 2008 opened the cinemas to a new market. Currently three cinemas are allocated to exhibit second run films in agreement with distribution partners. Tickets purchased by patrons to view said films are at lower prices;
- Refurbishment of Cinema 11: This theatre is the best acoustic theatre having a capacity of 296 seats and is adjacent to the ICM. The investment of a stage and a curtain track system has enabled management of the Hotel to utilise this theatre for conference purposes.

The Group aims to maintain its position as the leading operator of multiplex cinemas in Malta through the on-going investment in the latest technology and by being innovative in seeking alternative revenue streams. In particular, 3D screenings are growing in popularity around the world and therefore the Group is actively planning the conversion of a number of its screens to digital 3D. 3D films typically return 2-3 times more box office revenue than its 2D equivalent, partly through increased ticket

prices. Digitising the cinemas will also improve the viewing capability for local films which will be screened and viewed in the same high quality available for traditional film.

The Cinemas and SuperBowl have also applied for funding from the European Regional Development Fund and were awarded funds to implement energy saving projects to improve efficiencies relating to their operations which will be ongoing in 2010. Another application for EU funds is currently being filed for alternative energy sources. In 2010 the Cinemas are also investing in the improvement in its IT systems and e-commerce facilities.

In terms of additional revenue streams, the Group is considering using its theatres for multiple purposes, including theatrical productions, and for further utilisation by conference and incentive groups as well as press conferences and product launches. The Cinemas have seen increased box office and bar revenues over the three years detailed and the forecast for the coming year is a further increase in revenues.

#### **(c) Bay Arena**

In 2009 the performance of the Bay Arena was negatively affected by the downturn in the conference business as well as new venues competing in the music event hosting business. The C&I business for the year however, has already seen a turnaround with several bookings already confirmed. The events that take place in Malta year round are many and varied. From tradeshows to sporting competitions and exhibitions, most can be hosted at the Bay Arena due to the capacity and the flexibility of the floor space. The Eden Group is aiming to increase the marketing of Bay Arena to organisers of a wider array of activities, especially during the leaner periods, in order to maximise the facility's contribution to the Group's earnings.

#### **(d) Cynergi Health and Fitness Club**

There are a number of smaller facilities that compete with Cynergi but the volume of equipment and machines, the high quality squash courts and aerobics studios, as well as the constant investment in new equipment has ensured that Cynergi maintains its membership register of *circa* 1,000 members. Management is determined to increase revenue by further utilising off-peak periods through the provision of a number of services such as weight loss management seminars, special offers and various activity classes. A key advantage of Cynergi over competing facilities is that the Health and Fitness Club is actively advertised on 89.7 Bay and at the Eden Cinemas.

#### **(e) Bay Radio**

Broadcasting is very competitive in Malta with 13 national

stations and a number of community stations. While Bay Radio broadcasts to all categories of audience, the focus is on the youth market, an area that the station has dominated for numerous years. The station has been consistently voted most popular station by reach year on year.

**Radio Reach by Broadcasting Station by Quarter <sup>6</sup>**

October to December (Qtr 4)	2009	2008	2007
Bay Radio	26.6%	16.4%	15.5%
Second highest radio station	11.9%	16.0%	15.3%
Third highest radio station	11.1%	13.1%	10.0%

Management expects that this positive trend of audience share growth to continue as more of the younger generation grow up listening to Bay Radio and continue to listen as they get older. This is indicated in surveys which demonstrate that Bay Radio has been voted the most popular station in all age groups up to the age of 49 which goes beyond the Group's designated target market.

Audience share is a very important issue for the broadcasting industry, since it is the key driver that attracts advertising revenue. Advertising in Malta has increased significantly over the last 5 years, prior to the international economic crisis and is expected to resume its growth as competition amongst retailers and service providers increases in the local market. Management's strategy is to continue to broadcast relevant and up to date content using the latest available technology, to be innovative and to recruit quality presenters in order to continually increase its edge over competition, and in turn grow its listener base and its advertising revenue.

The Group has recognised the brand equity of the Bay name as

well as the resources already employed in the station and has decided to leverage it with the launch of a further two radio stations in 2010. These specialised stations will be launched on the Digital DAB+ platform in the coming months and will confirm the station as a pioneer in the broadcasting industry. This initiative will allow Bay to reach new niches while maintaining a low cost base through existing resources.

**(f) Eden Car Park**

The Eden Group expects that the Eden Car Park will continue to steadily grow its earnings in view of its strategic location within a busy commercial and tourism hub. The area of St Julians is becoming increasingly populated with large developments such as Pender Place and other commercial outlets around the areas which will increase overall footfall to the area, increasing the use of the car park and other Group businesses.

Since opening the Car Park in 2001 the unit has seen steady increases as customers appreciate the value of an indoor, accessible and safe car park. Moreover, the Eden Car Park will continue to play an important role in supporting the various entities of the Group by providing parking facilities to their respective patrons.

**(g) Eden SuperBowl**

The SuperBowl is a steady business venture which consistently shows satisfactory results year on year. The customer base of the SuperBowl is largely walk by traffic and league bowlers who bowl weekly in tournaments and leagues however inter-industry leagues are also being focused on including an accountant's league and a telecoms industry league. The optimal position of the premises in St Julians provides a constant flow of custom by tourists, language school students and locals. Further focus on enticing younger generations to take up the sport is required to ensure the positive sporting results being achieved locally and internationally by Maltese bowlers which in turn will maintain the positive contribution of the business unit.

<sup>6</sup>Broadcasting Authority Survey Oct-Dec 2009

## 8. BOARD OF DIRECTORS AND SENIOR MANAGEMENT

### 8.1 Board of Directors

A board of directors manages each of the Issuer and the Guarantor. The boards of directors are responsible for the overall management of the said companies, establishing policy guidelines for the management thereof, including the responsibility for the appointment of all executive officers and other key members of management.

The business address of each director of the Issuer and the Guarantor is the registered office of the respective company on which he/she acts as director. The following are the directors of the Issuer and the Guarantor:

Issuer	
Ian De Cesare	<i>Chairman</i>
Kevin De Cesare	<i>Deputy Chairman</i>
Walter Camilleri	<i>Non-Executive Director</i>
Andrea Gera de Petri	<i>Non-Executive Director</i>
David Vella	<i>Non-Executive Director</i>
Guarantor	
Ian De Cesare	<i>Managing Director</i>
Kevin De Cesare	<i>Executive Director</i>

### 8.2 Curriculum Vitae of Directors of the Issuer and the Guarantor

#### Ian De Cesare

Ian De Cesare is a Fellow of the Institute of Hospitality. In 1970, he was awarded a diploma in Catering and Hotel Management from The Malta College of Arts, Science and Technology. Following 2 years of working in hotel management in London, he started working in his father's hotel the Eden Rock working his way up to manager. In 1980, he and his brother Kevin branched off to open the business in St George's Bay one sees today and currently serves as Managing Director and Chairman of the Board of Eden Leisure Group and Eden Finance p.l.c. He was appointed a member of the MTA and the Institute for Tourism Studies boards for a number of years and held the position of President of the MHRA during the period 1986-1989. In 1990 he was elected President of the European and Mediterranean Round Table Clubs. For a number of years, he has sat on the Consultative Board for Tourism to the Maltese Government. He is the incoming President of Rotary Club Malta for 2010-2011.

#### Kevin De Cesare

Kevin De Cesare is joint founder and Executive Director of the Eden Leisure Group and since 1980 has contributed to expand the Group from a one hotel company to a diversified leisure group. He was a member of the board of the Malta Development Corporation during the period 1996-1998 and was on the MTA Product Development Board from 2000 to 2004. He held the post of President of the Malta Hotels and Restaurant Association in 2008 and 2009 and is currently its vice president and is also member of the Malta Council for Economic and Social Development (MCESD), member of the executive board of the Malta Tourism Authority and member of the Consultative Board for Tourism to the Maltese Government.

#### Walter Camilleri

Walter Camilleri started his career in insurance with Walter Camilleri Limited in 1960, was appointed Director of the company in the same year, and became Managing Director of that company in 1975. From 1981 to 1998 he held the post of managing director of Formosa & Camilleri Limited, Malta agents of Guardian Royal Exchange Assurance p.l.c. Following the merger of a number of insurance agencies with Formosa & Camilleri Limited to form the Atlas Group, he was appointed first Chairman and Managing Director of Atlas Holdings Limited and Atlas Insurance Agency Limited. On the conversion of Atlas Insurance Agency into a Domestic Insurance Company in 2004 he remained Chairman and Managing Director of Atlas Insurance PCC and various subsidiary group companies. He retired as Chairman of the group in 2008 but still held the post of Director of the group holding company. Over the last 45 years he has been an influential member within the insurance industry and has served on various insurance industry boards. He was a council member and vice president of the Chamber of Commerce.

#### Andrea Gera de Petri

Andrea Gera de Petri graduated in B.A. Legal & Humanistic Studies (Summa Cum Laude) in 1996, and Doctor of laws in 1999 from the University of Malta. In 2000 he obtained the degree of Masters of Law from the University of London (UCL). At Masters level, he specialised in international commercial and maritime law. He is a Member of the Sovereign Military Order of Malta, a Chevening Scholar, a member of the Chamber of Advocates, the Malta Chamber of Commerce, Enterprise and Industry; and of various other organisations. He has been in legal practice for the last eleven years practicing primarily in the field of corporate and commercial law. Andrea Gera de Petri is also a director on a number of companies operating in the healthcare, real estate and the entertainment & leisure industries.

**David Vella**

David Vella is a Fellow of the Chartered Association of Certified Accountants of the United Kingdom and a Fellow of the Malta Institute of Accountants. David Vella joined the Eden Leisure Group in 2009 after a career spanning twenty years working in the accountancy field in various positions held with local auditing firms and within the Financial Services, Manufacturing and Leisure industries.

**8.3 Management Structure**

The Issuer is a special purpose vehicle incorporated under the Laws of Malta to act as the finance company for the Group and its associated companies. The business of the Issuer is managed by its Board of Directors and does not separately employ any senior management.

Furthermore, the overall management of the Guarantor is entrusted to its board of directors who are the persons responsible for establishing the strategy of each Guarantor and their Operating Companies, including the responsibility for the appointment of all executive officers and other key members of management.

The board of directors of the business lines of the Guarantor are supported by a number of executive staff, the most senior of which are the following persons:

**Simon De Cesare (General Manager)**

Simon De Cesare joined the Eden Leisure Group in April 2000 where he assumed the role of Business Administration Manager. His responsibilities were in the operations of the current businesses and monitoring the works of the redevelopment project. Simon De Cesare was appointed Company Secretary on the Boards of each of the Group companies. In 2009 he was appointed Group General Manager with overall responsibility for the operations and the company. Simon De Cesare spent four years at Bentley College, in Boston, and graduated with a Bachelor of Science in Business Management. Following this, he spent two years at the Claremont Graduate University, Peter Drucker School of Management, in Los Angeles, where he earned an M.B.A. in strategy development and marketing. He moved back to Malta after spending a year in London where he worked as the Marketing Manager for the Direct Marketing Association (U.K.) Ltd. where he was responsible for the direct marketing interests of the financial service industry.

**Edward Fenech (Group Sales Manager)**

Edward Fenech joined the Eden Leisure Group in April 1999 as Director of Entertainment and Leisure. He retired from this post at the end of December 2009 but took up the position as Group Sales Manager for the same Group as from 1 January 2010. A hotelier by profession, Edward Fenech has held senior management positions in the hotel, catering and retail industries in Malta as well as overseas. During his time in Australia, he won recognition for the renovation of the Foodhalls at Coles Myer (the largest retailer in the Southern Hemisphere). He was also the founding member of the first foreign department store to open in Australia - Daimaru (one of the leading retail groups in Japan). Under his leadership, Daimaru's foodhall in Melbourne also received the award for the Best Foodhall in Melbourne. He also won international recognition for the Paul Bocuse Restaurant operated by Daimaru. Edward Fenech returned to Malta in 1993 to open Nicholsons supermarkets. He is a member and past President of Rotary Club La Valette Malta.

**Kate De Cesare (Marketing Manager)**

Kate De Cesare was schooled in Malta, after which, in 1995 she attained a Summa Cum Laude degree in Communications with a minor in Art at Richmond International University in London. Following this Kate De Cesare furthered her studies in a Masters degree in Marketing Communications at Westminster University in London. After her studies, Kate De Cesare was employed in the marketing team at the National Magazines Company in London, working on brands such as Cosmopolitan, Company and She. Kate De Cesare returned to Malta in 2000 where she was employed by Eden Leisure Group Limited within the marketing team and now heads the marketing department.

**David Vella (Financial Controller)**

Vide CV contained in Section 8.2 above.

**8.4 Conflict of Interest**

Ian De Cesare and Kevin De Cesare, all Directors of the Issuer, are also directors, *inter alia*, of the Guarantor. Such directorships are disclosed in Section 8.1 of this Registration Document. The audit committees 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 directors, are handled according to law. To the extent known or potentially known to the Issuer and the Guarantor as at the date of the Prospectus, there are no other potential conflicts of interest between any duties of the directors of the Issuer and of the Guarantor and their private interests and/or their other duties which require disclosure in terms of law.

## 8.5 Audit Committee Practices

### 8.5.1 Audit Committee

The Audit Committee's primary objective is to assist the Board in fulfilling its oversight responsibilities over the financial reporting processes, financial policies and internal control structure. The Audit Committee reports directly to the Board of Directors. The Committee is at all times accountable to the Board and through its Chairman, reports to the Board on a regular basis. The Committee makes recommendations to the Directors where in its view certain improvements or changes are required.

The Committee is made up of:

- a) Walter Camilleri
- b) Andrea Gera de Petri
- c) David Vella

### 8.5.2 Role

The role of the Committee is determined principally by the Listing Rules. In essence, it is entrusted to ensure that the Issuer has the appropriate measures in place to identify, manage, minimise and control its risks. Furthermore, it has the authority to make recommendations to the Board and to approve the remuneration terms of engagement of the external auditors. The Committee shall be required to advise the Board of Directors on the following matters:

- (a) its monitoring responsibility over the financial reporting processes, financial policies and internal control structures;
- (b) maintaining communications on such matters between the board, management and the independent auditors; and
- (c) preserving the Issuer's assets by understanding the Issuer's risk environment and determining how to deal with those risks.

In the discharge of this role, but without prejudice to the generality of the foregoing, the Committee shall *inter alia* have the responsibility:

- (a) to review the significant financial reporting issues and judgments made in connection with the formal statements. The audit committee should also review the clarity and completeness of disclosures in the financial statements;
- (b) to review the Issuer's internal financial controls and the Issuer's internal control and risk management systems;
- (c) to consider annually whether there is a need for an internal audit function and make a recommendation to the board;
- (d) to make recommendations to the board in relation to the appointment of the external auditors and to approve the remuneration and terms of engagement of the external auditors with the aim of requesting shareholder approval;

- (e) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process; and

- (f) proposals for the development and implementation of a policy on the engagement of the external auditors to provide non-audit services to the Issuer.

### 8.5.3 Meetings

In terms of the terms of reference of the Committee and in terms of the Listing Rules, the Committee shall meet at least four times a year. The chairman of the Committee may convene additional meetings as and when he/she considers it appropriate. The quorum for the dispatch of business of the Committee is two (2) members. Committee meetings should be attended by each of the finance director or equivalent officer within the Issuer (or his representative) and a representative of the external auditors.

### 8.5.4 Remuneration

The members of the Committee are entitled to such reasonable remuneration to recompense them for the responsibilities assumed in being a member of the Committee.

## 8.6 Compliance with Corporate Governance Regime

The Issuer fully supports the Code of Principles of Good Corporate Governance (the "Code") forming part of the Listing Rules. Whilst the Board deems that, the Issuer has been substantially in compliance with the requirements of the Code, a number of the recommendations proposed by the Code are not considered to be necessary within the context of the size, nature and operations of the Issuer. Such areas of divergence from the recommended practices of the Code refer to the recommended appointment of committees to evaluate the performance of the Board, the remuneration package of executive directors and the appointment of an audit committee. The Issuer has, with effect from 26 March 2010, appointed an audit committee in line with the provisions of the Listing Rules, the terms of reference of which are described in Section 8.5 above.

## 8.7 Major Shareholders

### 8.7.1 The Issuer

The majority of the issued share capital of the Issuer is held by the Guarantor. The presence of an audit committee has the task to ensure that any potential abuse is managed, controlled and resolved in the best interests of the Issuer. The presence of independent non-executive Directors on the Board of the Issuer



aims to minimise the possibility of any abuse of control by its major shareholder. Furthermore, in terms of the Memorandum and Articles of Association of the Issuer, in the event that a Director has a personal material interest, either directly or indirectly, in any contract or arrangement with the Issuer, such Director is not entitled to vote on any decisions taken in connection therewith. This ensures that any director sitting on the boards of the Guarantor and the Issuer is precluded of using his vote on any decisions involving a contract or arrangement between the Guarantor and the Issuer.

#### 8.7.2 *The Guarantor*

The majority of the voting shares issued by the Guarantor are held by Capitola Inv. Limited (a company wholly owned by Kevin De Cesare) and Lynwood Investments Limited (a company wholly owned by Ian De Cesare). Each of such companies holds approximately 49% of the voting shares. Directors, in terms of the Companies Act, Cap. 386 of the Laws of Malta, are, in addition to their general fiduciary obligations as directors, obliged, to ensure that their personal interests do not conflict with the interests of the company.

## 9. HISTORICAL INFORMATION

The historical financial information of the Issuer and the consolidated financial information of the Guarantor are included in the audited financial statements for the years ended 31 December 2009, 2008 and 2007 of each of the Issuer and Guarantor respectively, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The above mentioned historical information has been audited by Vincent Curmi & Associates, an audit firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act, 1978 (Cap. 281, Laws of Malta) and can be viewed at the Issuer's registered office.

## 10. LITIGATION

There is no governmental, legal or arbitration proceedings against the Issuer and/or the Guarantor, including any pending or threatened proceedings, of which the Issuer and Guarantor

are aware and considers could have significant effects on the Issuer's and/or the Guarantor's financial position or profitability.

## 11. SIGNIFICANT CHANGE IN THE FINANCIAL OR TRADING POSITION

There has been no significant adverse change in the financial or trading position of the Issuer and Guarantor since 31

December 2009, being the date of the latest audited financial statements.

## 12. ADDITIONAL INFORMATION

### 12.1 Share Capital of the Issuer and Guarantor

#### 12.1.1 The Issuer

The authorised share capital of the Issuer is €1,164,686.50 divided into 500,000 ordinary shares of a nominal value of €2.329373 each. The issued share capital amounts to 500,000 ordinary shares of a nominal value of €2.329373 each for a total of €1,164,686.50 and is subscribed and fully paid up as follows:

Shareholder	Ordinary Shares
Eden Leisure Group Limited	499,999
Eden Entertainment Limited	1

#### 12.1.2 The Guarantor

The authorised share capital of the Guarantor is €26,000,000 divided into 5,224,994 voting 'A' ordinary shares of a nominal value of €2.50 each and 5,175,006 non-voting 'B' ordinary shares of a nominal value of €2.50 each. The issued share capital amounts to 5,224,994 voting 'A' ordinary shares of a nominal value of €2.50 each equal to €13,062,485 and 5,175,006 non-voting 'B' ordinary shares of a nominal value of €2.50 each equal to €12,937,515. The ordinary shares are subscribed and fully paid up as follows:

Shareholder	'A' Voting Ordinary Shares	B' Non-Voting Ordinary Shares
Princeton Investments Limited	-	2,509,355
Capitola Investments Limited	2,561,801	2,509,355
Lynwood Investments Limited	2,561,801	-
Ian De Cesare	50,696	78,148
Kevin De Cesare	50,696	78,148

### 12.2 Memorandum and Articles of Association

#### 12.2.1 Issuer's Objects

The principal objects of the Issuer are a) to carry on the business of a finance and investment company; b) to carry on the business of the financing or re-financing of the funding requirements of the business of the Group and its associated companies; c) to borrow and raise money for the purpose of its business and to secure the repayment of the money borrowed by hypothecation or other charge upon the whole or part of the movable and immovable assets or property of the Company, present or future; and d) to issue bonds, commercial paper or other instruments creating or acknowledging indebtedness and the sale or offer thereof to the public.

#### 12.2.2 Guarantor's Objects

The principal objects of the Guarantor are to carry on the business of hoteliers, victuallers, restaurateurs, suppliers, caterers, the business of entertainment including discotheques and cinemas. The objects and powers of the Issuer and the Guarantor can be found under the section 'Objects' in the memorandum of association, copies of which are available for viewing for the lifetime of the Issuer at the Registry of Companies in Malta.

## 13. MATERIAL CONTRACTS

The Issuer and the Guarantor have not entered into any material contracts, that are not in the ordinary course of their business, which could result in any member thereof being under

an obligation or entitlement that is material to the Issuer's or the Guarantor's ability to meet their obligations in respect of securities issued by the Issuer and guaranteed by the Guarantor.

## 14. DOCUMENTS AVAILABLE INCORPORATED BY REFERENCE AND AVAILABLE FOR INSPECTION

The following documents are incorporated by reference into this Registration Document and are available in the English language and, for the duration period of this Prospectus, shall be available for inspection at the registered address of the Issuer:

- (a) Memorandum and Articles of Association of the Issuer and the Guarantor;
- (b) Audited Financial Statements of the Issuer for the years ended 31 December 2009, 2008 and 2007;
- (c) Audited Consolidated Financial Statements of the Guarantor for the years ended 31 December 2009, 2008 and 2007;

- (d) Audited Financial Statements of each of the Subsidiaries and Associated Companies for the years ended 31 December 2009, 2008 and 2007;

- (e) Loan agreement entered into between the Issuer and the Guarantor in respect of the Bonds issued pursuant to the Prospectus;

- (f) Property valuation report dated 17 June 2009;

- (g) The Guarantee.

The documents listed in (b) and (c) above are also available for inspection in electronic form on the Group's website [www.edenleisure.com](http://www.edenleisure.com)

## 15. EXTRACTED INFORMATION

The information extracted from third party sources and used in this Registration Document has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from

information published thereby, no facts have been omitted which would render the reproduced information inaccurate or misleading.



# SECURITIES NOTE DATED 10 MAY 2010

This document is a Securities Note issued in accordance with the provisions of Chapter 6 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements.

This Securities Note is issued pursuant to the requirements of Listing Rule 6.4.3 of the Listing Rules and contains information about Eden Finance p.l.c. for which application has been made for admission to trading of its securities on the Malta Stock Exchange. This Securities Note should be read in conjunction with the most updated registration document issued from time to time.

In respect of an Issue of ☐5,000,000 6.6% Bonds 2017-2020  
issued at par by

## EDEN FINANCE P.L.C.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA  
WITH COMPANY REGISTRATION NUMBER C 26843

(Due 15 June 2020, subject to early redemption at the option of the Issuer on any Early Redemption Date)

Issue Period: from 31 May 2010 to 4 June 2010 (both days included)  
(subject to the right of the Issuer to close the Issue in advance in the event of over-subscription)

Guaranteed by

## EDEN LEISURE GROUP LIMITED

A PRIVATE LIMITED LIABILITY COMPANY REGISTERED IN MALTA  
WITH COMPANY REGISTRATION NUMBER C 4529

MANAGER & REGISTRAR



LEGAL COUNSEL

CAMILLERI PREZIOSI  
ADVOCATES

SPONSOR



FINANCIAL ADVISORS



## IMPORTANT INFORMATION

THIS SECURITIES NOTE, FORMING PART OF THE PROSPECTUS, CONTAINS INFORMATION ON AN ISSUE BY EDEN FINANCE P.L.C. (THE “ISSUER”) GUARANTEED BY EDEN LESIURE GROUP LIMITED (THE “GUARANTOR”) OF €5,000,000 BONDS 2017-2020 OF A NOMINAL VALUE OF €100, ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 6.6% PER ANNUM PAYABLE ANNUALLY ON 15 JUNE OF EACH YEAR. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 15 JUNE 2020, UNLESS OTHERWISE PREVIOUSLY REDEEMED OR CANCELLED. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE, UNLESS IT EXERCISES THE OPTION TO REDEEM ALL OR PART OF THE BONDS ON ANY OF THE EARLY REDEMPTION DATES, BY GIVING NOT LESS THAN 30 DAYS WRITTEN NOTICE.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER OR 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 BONDS OF THE ISSUER OTHER THAN THOSE CONTAINED IN THE PROSPECTUS AND IN THE DOCUMENTS REFERRED TO HEREIN IN CONNECTION, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER OR THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS OR ADVISORS.

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

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

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS DOCUMENT AND ANY PERSONS

WISHING TO APPLY FOR ANY BONDS ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE APPLICANTS FOR ANY SECURITIES THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH BONDS AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE ISSUE IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE 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 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 OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF SAID DIRECTIVE, THE BONDS CAN ONLY BE OFFERED TO “QUALIFIED INVESTORS” (AS DEFINED IN SAID DIRECTIVE) AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF SAID 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 THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY IN SATISFACTION OF

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

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

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

THIS DOCUMENT AND ALL AGREEMENTS, ACCEPTANCES AND CONTRACTS RESULTING THEREFROM SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF MALTA AND ANY PERSON ACQUIRING ANY SECURITIES PURSUANT TO THE PROSPECTUS SHALL SUBMIT TO THE JURISDICTION OF THE MALTESE COURTS, WITHOUT LIMITING IN ANY MANNER THE RIGHT OF THE ISSUER OR GUARANTOR OR ANY OFFEROR TO BRING ANY ACTION, SUIT OR

PROCEEDING ARISING OUT OF OR IN CONNECTION WITH ANY PURCHASE OF SECURITIES OR AGREEMENT RESULTING HEREFROM OR THE PROSPECTUS AS A WHOLE IN ANY OTHER COMPETENT JURISDICTION.

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

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY OR ANY OF THE EARLY REDEMPTION DATES, AS APPLICABLE. 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.

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## DEFINITIONS

Other than as defined in this Securities Note, the capitalised terms used herein shall bear the same meaning as that attributed thereto in the Registration Document:

<b>Applicant/s</b>	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
<b>Application/s</b>	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form/s and delivering same to any of the Authorised Financial Intermediaries;
<b>Application Form</b>	the form of application of subscription for Bonds, specimen of which are contained in Annexes 2 and 3 of this Securities Note;
<b>Authorised Financial Intermediaries</b>	the persons referred to in Annex 4 of this Securities Note;
<b>Bond(s)</b>	the €5,000,000 bonds of a face value of €100 per bond redeemable on the Redemption Date or, at the option of the Issuer, on any Early Redemption Date, bearing interest at the rate of 6.6% per annum and redeemable at their nominal value;
<b>Bondholder</b>	a holder of Bonds;
<b>Bond Issue</b>	the issue of the Bonds;
<b>Bond Issue Price</b>	the price of €100 per Bond;
<b>Business Day</b>	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
<b>CSD</b>	Central Securities Depository of the Malta Stock Exchange established pursuant to Chapter 4 of the Malta Stock Exchange Bye-Laws and situated at Garrison Chapel, Castille Place, Valletta VLT 1063;
<b>Cut-Off Date</b>	means close of business of 5 May 2010;
<b>Early Redemption Date/s</b>	any day falling between and including 16 June 2017 and 14 June 2020;
<b>Existing Bondholder or Preferred Applicant</b>	any person, whether natural or legal, who, as at the Cut-Off Date, appear on the register of debentures of the Issuer (maintained by the CSD) with respect to the Maturing Bonds and whose holding does not exceed €1,000,000 in value of Maturing Bonds;
<b>Euro or €</b>	the currency of the European Monetary Union of which Malta forms part;
<b>Guarantee</b>	the guarantee by the Guarantor, jointly and severally with the Issuer, whereby the Guarantor undertakes to effect payment of interest and capital repayments of any amounts due and payable by the Issuer to the Bondholders should the Issuer default in paying the Bondholders under the Bonds. A copy of the Guarantee and a description of the nature, scope and terms of the Guarantee are appended to this Securities Note in Annex I hereof;
<b>Interest Payment Date</b>	annually on 15 June of each year between and including each of the years 2011 and the year 2020, 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;
<b>Issue Date</b>	expected to be on 22 June 2010;
<b>Issue Period</b>	the period between 31 May 2010 to 4 June 2010 (or such earlier date as may be determined by the Issuer in the event of over-subscription) during which time the Bonds are in issue;
<b>Issuer</b>	Eden Finance p.l.c.;
<b>Maturing Bonds</b>	the €3,255,763 (originally Lm10,000,000 or €3,293,734) 6.7% bonds issued by the Issuer pursuant to an offering memorandum dated 18 September 2000, due to mature on 12 October 2010;

<b>Official List</b>	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
<b>Redemption Date</b>	15 June 2020, or at the Issuer's sole discretion, on any of the Early Redemption Dates;
<b>Redemption Value</b>	the nominal value of each Bond (€100 per Bond);
<b>Regulation</b>	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;
<b>Sponsor</b>	Charts Investment Management Service Limited, an authorised financial intermediary licensed by the MFSA and a Member of the MSE;
<b>Terms and Conditions</b>	the terms and conditions of the Bonds, in particular those contained in Section 6 of this Securities Note.

# I. RISK FACTORS

## I.1 General

The value of investments can go up or down and past performance is not necessarily indicative of future performance. If in need of advice, you should consult a licensed stockbroker or an investment advisor licensed under the Investment Services Act, Cap. 370 of the Laws of Malta.

## I.2 Ranking

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 unsecured debt.

Furthermore, subject to the negative pledge clause (Section 6.7 of the Terms and Conditions), 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.

In addition, the Bonds are being guaranteed by the Guarantor and therefore, Bondholders are entitled to request the Guarantor to pay the full amounts due under the Bonds if the Issuer fails to meet any amount. The guarantee also entitles the Bondholders to take action against the Guarantor without having to first take action against the Issuer. The level of recoverability by the Bondholders of any amounts due under the Bonds from the Guarantor is dependent upon the financial strength of the Guarantor and in the case of insolvency of the Guarantor, such level of recoverability is further dependent upon the existence or otherwise of any prior ranking claims in respect of the assets of the Guarantor.

## I.3 Risks Inherent in the Bonds

**I.3.1** Prior to the Bond Issue, there has been no public market nor trading record for the Bonds within or outside Malta. Due to the absence of any prior market for the Bonds, there can be no assurance that the Bond Issue Price will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue.

**I.3.2** The liquidity of the market depends on, amongst others, factors beyond the Issuer's control such as the willingness or otherwise of potential buyers and sellers of the Bonds. The effect that the investors' decisions may have on the trading market would consequently affect the trading value of the Bonds. Other factors over which the Issuer has no control include the level, direction and volatility of market interest rates generally

**I.3.3** 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, also, that an investor will be able to re-sell his/her Bonds at or above the Bond Issue Price.

**I.3.4** Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

**I.3.5** 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.

**I.3.6** 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.

**I.3.7** The Issuer has the option to redeem the Bonds in whole or in part on any of the Early Redemption Dates (in accordance with the provisions of Section 6.9.1 of the Terms and Conditions), together with any accrued and unpaid interest until the time of redemption. This optional redemption feature may condition the market value of the Bonds and there can be no guarantee that the Bondholders may be able to re-invest the proceeds of such redemption at equivalent or higher rates of return.

**I.3.8** In the event that the Issuer wishes to amend any of the Terms and Conditions it shall call a meeting of Bondholders in accordance with the provisions of Section 6.13 of the Terms and Conditions. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

**I.3.9** The Bonds are based on the requirements of the Listing Rules of the Listing Authority, the Companies Act and the Commission Regulation EC No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of this Prospectus.

**I.3.10** The Terms and Conditions of this Bond Issue are based on Maltese law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of this Prospectus.

1.3.11 The funds or assets constituting the sinking fund (as described in Section 6.16 of this Securities Note) shall be held by a custodian for the benefit of the Issuer. In accordance with Section 302 of the Companies Act (Cap 386 of the laws of Malta), in the event of winding up of the Issuer, the assets of which are insufficient to meet the liabilities, the right of secured and unsecured creditors (which include the

Bondholders) and the priority and ranking of their debts shall be regulated by the law for the time being in force. Accordingly, in view of the unsecured rights of Bondholders under the Bonds, any secured creditors of the Issuer shall have recourse to the funds or assets constituting the sinking fund to satisfy their secured claims with priority over Bondholders.

## 2. PERSONS RESPONSIBLE

This Securities Note includes information prepared in compliance with the Listing Rules of the Listing Authority 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 and Guarantor” in Section 2.1 of the Registration Document forming part of the Prospectus accept responsibility for the information contained herein.

To the best of the knowledge and belief of the Directors of the Issuer, 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 hereby accept responsibility accordingly.

## 3. REASONS FOR THE ISSUE AND USE OF PROCEEDS

The net proceeds of the Bond Issue amounting to □5,000,000 (or such lower amount in the event of under-subscription of the Bond Issue) will be firstly used by the Issuer to re-finance such part of the outstanding amount of the Maturing Bonds represented by Applications submitted by Preferred Applicants which as at the Cut-Off Date amounts to □4,348,000. The remaining net proceeds of the Bond Issue, if any, will be advanced by the Issuer to the Guarantor and used by the latter for its general corporate funding purposes.

The loan from the Issuer to the Guarantor shall bear interest at the rate of 7% per annum with interest payable annually in arrears on 31 May of each year. In terms of the loan, the Guarantor binds itself to repay the loan in accordance with a pre-agreed repayment schedule. The Guarantor is also bound to effect the final repayment by not later than 31 May 2020.

The balance of outstanding Maturing Bonds shall be redeemed by the Issuer on 12 October 2010 through bank financing. In the event that the Bond Issue is not fully subscribed, the Issuer shall utilise own funds and/or seek additional funding to finance the redemption of the Maturing Bonds, either in the form of an additional bank facility or through shareholder funding.

### 3.1 Interests of Natural and Legal Persons

Ian De Cesare and Kevin De Cesare hold the position as directors in both the Issuer and the Guarantor and are, *inter alia*, indirect beneficial owners of the Eden Group.

## 4. EXPENSES

Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed □00,000. There is no particular order of priority with respect

to such expenses. Accordingly, the net amount of proceeds from the Bond Issue is estimated to be □4,700,000. All expenses incurred in the preparation and implementation of this Bond Issue shall be at the charge of the Guarantor.

## 5. ISSUE STATISTICS

Amount:	€5,000,000;
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;
Denomination:	Euro (€);
Guarantee	The Guarantor is, jointly and severally with the Issuer, guaranteeing the payment of the nominal value of the Bonds on the Redemption Date and of the interest on the Bonds on each Interest Payment Date;
ISIN:	MT0000141219;
Minimum amount per subscription:	Minimum of €1,000 and multiples of €100 thereafter;
Redemption Date:	15 June 2020 unless otherwise redeemed on any of the Early Redemption Date;
Early Redemption Dates:	Any day falling between and including 16 June 2017 and 14 June 2020;
Bond Issue Price:	At par (€100 per Bond);
Status of the Bonds:	The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves and with other unsecured debt;
Allocation Preference:	Applications made by persons holding Maturing Bonds who each hold an amount not exceeding €5,000,000 in value as at the Cut-Off Date completing a pre-printed Application Form and stating that the consideration for the Bonds applied for shall be settled by way of transfer to the Issuer of Maturing Bonds, shall be for the par value of the Maturing Bonds being transferred to the Issuer rounded up to the nearest hundred or thousand subject to a minimum application of €1,000. Bonds applied for by way of transfer as described above shall be allocated prior to any further allocation of Bonds;
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;
Issue Period:	The period between 31 May 2010 to 4 June 2010 (or such earlier date as may be determined by the Issuer in the event of over-subscription) during which the Bonds are on offer;
Interest:	6.6% per annum;
Interest Payment Date(s):	Annually on 15 June of each year as from 2011;
First Interest Payment Date:	15 June 2011;
Redemption Value:	At par (€100 per Bond);
Underwriting:	The Bonds shall not be underwritten;
Preferred Applicants:	The Existing Bondholders;
Governing Law of Bonds:	The Bonds are governed by and shall be construed in accordance with Maltese law;
Jurisdiction:	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds.

## 6. INFORMATION CONCERNING THE BONDS

### 6.1 General

**6.1.1** Each Bond forms part of a duly authorised issue of registered Bonds of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €5,000,000 (except as otherwise provided under clause 6.12 “Further Issues”).

**6.1.2** The currency of the Bonds is euro (€).

**6.1.3** The Bonds are assigned the following ISIN: MT0000141219.

**6.1.4** Unless redeemed on any of the Early Redemption Dates, all outstanding Bonds shall be redeemed by the Issuer on the Redemption Date at par.

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

**6.1.6** The Issue Date of the Bonds is expected to be 22 June 2010.

### 6.2 Ranking of the Bonds

The Bonds are unsecured. 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 unsecured debt.

Furthermore, the Bonds are being guaranteed by the Guarantor and therefore, Bondholders are entitled to request the Guarantor to pay the full amounts (more specifically the principal and interest) due under the Bonds if the Issuer fails to meet any amount. The guarantee also entitles the Bondholders to take action against the Guarantor without having to first take action against the Issuer. In any such event, the Bonds will constitute the general, direct, unconditional and unsecured obligations of the Guarantor, and accordingly rank after the securities listed hereunder. As detailed in Section 6.4 of the Registration Document under the heading “Capitalisation and Indebtedness”, total capitalisation of the Guarantor at 30 April 2010, as adjusted to reflect the Bond Issue, amounted to €75.7 million, of which secured borrowings of €20.2 million ranked before the Bonds.

The following sets out a summary of the privileges and hypothecs registered in the public registry in Malta by 30 April 2010 against the property of the Guarantor. The indebtedness being created by the Guarantee in respect of the Bonds ranks after all these

debts and, in addition, would also rank after any future debts which may be secured by a cause of preference such as a privilege and a hypothec.

Investors ought to note that the Issuer and the Guarantor have granted certain covenants in favour of Bondholders in respect of the registration of security interests over their property, as the same is described in Section 6.7 “Negative Pledge” hereunder

<b>Creditor</b>	HSBC Bank Malta p.l.c.
<b>Cause of preference</b>	First General Hypothec and First Special Hypothec over the property of Eden Leisure Group Limited.
<b>Obligation</b>	Facilities totalling €2,042,441

<b>Creditor</b>	Lombard Bank Malta p.l.c.
<b>Cause of preference</b>	Special Hypothec over the property of Eden Superbowl Limited and a Second General Hypothec over the property of Eden Leisure Group Limited.
<b>Obligation</b>	Facilities totalling €2,981,717

### 6.3 Rights Attached to the Bonds

There are no special rights attached to the Bonds other than the right of the Bondholders to payment of capital and interest and in accordance with the ranking specified at Section 6.2 hereof.

### 6.4 Interest

**6.4.1** The Bonds shall bear interest from and including 14 June 2010 at the rate of 6.6% per annum on the nominal value thereof, payable annually in arrears on each “Interest Payment Date”. The first interest payment will be paid on 15 June 2011. In the event that any Interest Payment Date falls on a day other than a Business Day, the interest payment date will be carried over to the next following day that is a Business Day.

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

## 6.5 Yield

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is six point six per cent (6.6%).

## 6.6 Registration, Form, Denomination and Title

**6.6.1** 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 by 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. 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 account.

**6.6.2** The CSD will issue, upon a request by the Bondholder, a statement of holdings to Bondholders evidencing their entitlement to Bonds held in the register kept by the CSD on behalf of the Issuer.

**6.6.3** The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiples of □00, provided that, on subscription, the Bonds will be issued for a minimum value of □,000.

**6.6.4** 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 Section 6.11 of this Securities Note.

## 6.7 Negative Pledge

**6.7.1** The Issuer and Guarantor undertake, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, not to create or permit to subsist any Security Interest (as defined below), other than a Permitted Security Interest (as defined below), upon the whole or any part of their present or future assets or revenues to secure any Financial Indebtedness (as defined below) of the Issuer and Guarantor; unless, at the same time or prior thereto the Issuer's indebtedness under the Bonds, 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 or the Guarantor;

**"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 or the Guarantor, in an aggregate outstanding amount not exceeding eighty per cent per cent (80%) of the difference between the i) value of the unencumbered assets of the Issuer and the Guarantor and ii) the principal amount of Bonds outstanding at the time less any amounts held in the sinking fund pursuant to Section 6.16 of this Securities Note.

Provided that the aggregate Security Interests referred to in (B) and (C) above do not result in the unencumbered assets of the Issuer and Guarantor being less than 106.6% of the aggregate principal amount of the Bonds still outstanding less any amounts held in the sinking fund pursuant to Section 6.16 of this Securities Note;

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

## 6.8 Payments

**6.8.1** Payment of the principal amount of a Bond will be made in euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, 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 loss or delay in transmission. Upon payment of the Redemption Value the Bonds shall be redeemed and the appropriate entry made in the electronic register of the Bonds at the CSD.

**6.8.2** In the case of Bonds held subject to usufruct, payment of the principal amount of the Bond will be made against the joint instructions of all bare owners and usufructuaries. Before effecting payment the Issuer 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.

**6.8.3** 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 loss or delay in transmission.

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

**6.8.5** No commissions or expenses shall be charged by the Issuer to Bondholders in respect of such payments.

## **6.9 Redemption and Purchase**

**6.9.1** 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 15 June 2020, provided that the Issuer reserves the right to redeem all or any part of the Bonds on any one or more of the Early Redemption Dates. The Issuer shall give at least thirty (30) days' notice in writing to all Bondholders of its intention to affect such earlier

redemption, stating the number of Bonds that will be redeemed on that Early Redemption Date and the manner in which it shall select the Bonds for such early redemption.

**6.9.2** Subject to the provisions of this Section 6.9, 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.

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

## **6.10 Events of Default**

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

- (a) The Issuer 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 by any Bondholder; or
- (b) The Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the Terms and Conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- (c) An order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer; or
- (d) The Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or
- (e) The Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- (f) There shall have been entered against the Issuer a final judgment by a court of competent jurisdiction from which no appeal may be or is taken for the payment of money in excess of €250,000 or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; or
- (g) Any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined above) of the Issuer in excess of €250,000 or its equivalent at any time.

## **6.11 Transferability of the Bonds**

**6.11.1** The Bonds are freely transferable and once admitted

to the Official List of the MSE, may be transferable in whole in accordance with the rules and regulations of the MSE applicable from time to time.

**6.11.2** 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.

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

**6.11.4** 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 Issuer.

**6.11.5** 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.

## **6.12 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.

## **6.13 Meetings of Bondholders**

**6.13.1** The Terms and Conditions contained herein may be amended with the approval of Bondholders at a meeting called for that purpose in accordance with the terms hereunder.

**6.13.2** In the event that the Issuer wishes to amend any of the Terms and Conditions of Issue of the Bond it shall call a meeting of Bondholders by giving such Bondholders not less than fourteen (14) days notice, in writing setting out in the notice the time, place and date set for the meeting and the matters to be discussed thereat.

**6.13.3** A meeting of Bondholders shall only validly and properly proceed to business if there is quorum present at the commencement of the meeting. For this purpose a quorum shall be considered present if there are Bondholders present, in person or by proxy, accounting for at least fifty per cent (50%) in nominal value of the Bonds then outstanding.

**6.13.4** Once a quorum is declared present by the Chairman of the meeting (who shall be the person who in accordance with the memorandum and articles of association of the Issuer would chair a general meeting of members of the Issuer), the meeting may then proceed to business and the directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that the Terms and Conditions of Issue of the Bonds ought to be amended as proposed by the Issuer. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present.

**6.13.5** The voting process shall be managed by the Company Secretary under the supervision and scrutiny of the Auditors of the Issuer.

**6.13.6** The proposal placed before a meeting of Bondholders shall only be considered approved if at least seventy-five per cent (75%) in nominal value of the Bondholders present at the meeting shall have voted in favour of the proposal.

**6.13.7** Save for the above, the rules generally applicable to the Issuer during general meetings of shareholders shall apply.

## **6.14 Authorisations and approvals**

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a board of directors' resolution passed on 26 March 2010.

## **6.15 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 registered address and posted.

#### 6.16 Sinking Fund

6.16.1 The Issuer hereby undertakes that as from the end of the financial year ending 31 December 2012, it shall build a sinking fund the value of which will by the Redemption Date be equivalent to 50% of the value of the issued Bonds. This is expected to create a cash reserve from the Guarantor's Annual Surpluses to meet part of the redemption proceeds on the Redemption Date. For the purposes of this Section, the term **"Annual Surpluses"** means net cash inflows from operating activities, that is operating profits adjusted for non-cash items, working capital changes and tax payments, and after deducting net cash used in investing activities and net cash used in financing activities but before the payment of any dividends.

6.16.2 The proceeds and/or assets constituting the sinking fund (the **"Sinking Fund"**) shall be held by and registered in the name of a custodian for the benefit of the Issuer. The custodian shall be independent of the Issuer and licensed by the Malta Financial Services Authority either to carry on the business of banking under the Banking Act, Cap. 371 of the Laws of Malta or to hold and control clients' money and assets under the Investment Services Act, Cap. 370 of the Laws of Malta, the **"Custodian"**.

6.16.3 The Sinking Fund shall be under the control of the Custodian and held in an account segregated from any other funds or assets held by the Issuer with the Custodian.

6.16.4 The Sinking Fund proceeds shall only be applied for the purpose of redeeming the equivalent amount of outstanding Bonds on the Redemption Date. Prior to the Redemption Date, the Issuer may request the Custodian to use the proceeds of the Sinking Fund:-

- (a) for the purpose of buying back Bonds for cancellation in terms of section 6.9 of this Securities Note; or
- (b) for investing in debt securities issued or guaranteed by any sovereign state within the Eurozone or which is a member of the OECD or other debt securities which are rated as AAA by a recognised international rating agency, without incurring exchange risk, at the lower of cost and market value; or
- (c) for investing in as balanced and diversified a portfolio of assets as can reasonably be considered practicable by the Custodian in the then current market and overall economic conditions.

6.16.5 The Issuer may not create or permit to subsist security over the Sinking Fund (other than a Permissible Security (as defined below)) unless the same is given only where the Group severely requires further liquidity to ensure continued operation of its business and the prior consent of the Custodian is obtained.

For the purposes of this Section 6.16.5, the term **"Permissible Security"** shall mean a general hypothec or general privilege.

6.16.6 The Custodian shall be obliged to ensure that the proceeds of the Sinking Fund are invested and/or used in accordance with the terms of Section 6.16.

## 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 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 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, (Cap. 123, Laws of Malta), interest shall be paid to such 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 Income Tax Act (Cap. 123, Laws of Malta). 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. No person shall be charged to further tax in respect of such income. However tax withheld shall in no case be available to any person for a credit against that person's tax liability or for a refund as the case may be. In the case of a valid election made by an eligible Bondholder 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 Inland 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 European Union Savings Directive

Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Malta Commissioner of Inland Revenue who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the EU Savings Directive 2003/48/EC.

### 7.4 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 (Cap. 345, Laws of Malta) as 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.

**INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF BONDS AS WELL AS INTEREST PAYMENTS MADE BY THE ISSUER. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE BONDS AND TO BONDHOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.**

## 8. EXPECTED TIME-TABLE OF BOND ISSUE

Application Forms mailed to Preferred Applicants	11 May 2010
Application Forms available to the general public	17 May 2010
Closing date for applications to be received from Preferred Applicants	27 May 2010
Opening of subscription lists	31 May 2010
Closing of subscription lists	4 June 2010
Issue Period	31 May 2010 – 4 June 2010
Commencement of interest on the Bonds	14 June 2010
Announcement of basis of acceptance	14 June 2010
Expected dispatch of allotment advices and refunds of unallocated monies	21 June 2010

## 9. DETAILS OF THE BOND ISSUE

The Issuer reserves the right to close the Bond Issue before 4 June 2010 in the event of over-subscription, in which case, the remaining events set out above shall be anticipated in the same chronological order in such a way as to retain the same number of Business Days between the said events.

### 9.1 Admission to Trading

**9.1.1** The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 10 May 2010.

**9.1.2** Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to this Prospectus to be listed and traded on the Official List of the Malta Stock Exchange.

**9.1.3** The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 22 June 2010 and trading is expected to commence on 23 June 2010.

### 9.2 Plan of Distribution and Allotment

**9.2.1** During the Issue Period, Applications for subscription to the Bonds may be made through any of the Authorised Financial Intermediaries. The Bonds are open for subscription to all categories of investors.

**9.2.2** It is expected that an allotment advice to Applicants will be dispatched within five Business Days of the announcement of the allocation policy. Dealings in the Bonds may not commence prior to the said notification. 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 (and regulations made thereunder). Such monies will not bear interest while retained as aforesaid.

### 9.3 Preferred Applicants

Prior to the public offer, the Bonds shall be available for subscription by Preferred Applicants / Existing Bondholders through Authorised Financial Intermediaries. A Preferred Applicant / Existing Bondholder is defined as meaning such person, whether natural or legal, who, as at the Cut-Off Date, appear on the register of debentures of the Issuer (maintained by the CSD) with respect to the Maturing Bonds and whose holding does not exceed €1,000,000 in value of Maturing Bonds.

The Issuer has reserved 98% of the aggregate amount of Bonds being issued that is, €4,700,000, for subscription by Existing Bondholders, the **"Security Holders' Portion"**. The Existing Bondholders shall receive a pre-printed Application Form by mail directly from the Issuer and shall be required to submit same

to Authorised Financial Intermediaries between 20 May 2010 and 27 May 2010, both days inclusive (the **"Preferred Applicants' Period"**), together with the payment of such additional amount in cash as may be required for the purpose of rounding up to the nearest hundred or nearest thousand (the **"Cash Top-Up"**), subject to a minimum application of €1,000.

The Issuer shall allocate the Bonds to those Existing Bondholders indicating their agreement, by virtue of the submission of the duly completed Application Form, to settle the consideration for the Bonds by surrendering in the Issuer's favour, the Maturing Bonds of an equivalent value in euro with a preferred allocation over all other Applicants up to the level of the Security Holders' Portion.

Such transfer shall be without prejudice to the rights of the Existing Bondholders to receive interest on the Maturing Bonds up to and including 13 June 2010.

By submitting the signed pre-printed Application Form, Existing Bondholders, shall be deemed to confirm that:

- (a) their holding of the Maturing Bonds indicated in the said Application Form are being surrendered in favour of the Issuer; and
- (b) the pre-printed Application Form constitutes the Existing Bondholder's irrevocable mandate to the Issuer to:
  - i. surrender the said Maturing Bonds in the Issuer's favour and to pay the Cash Top-Up, if any, in consideration of the issue of Bonds; and
  - ii. engage, the services of such brokers or intermediaries as may be necessary to fully and effectively carry out all procedures necessary with the MSE for the surrender of the said Maturing Bonds and to fully and effectively vest title in the appropriate number of Bonds in the Existing Bondholder.

An Applicant, being a holder of Maturing Bonds on the Cut-Off date, may apply for Bonds in excess of the amount of Maturing Bonds held on the Cut-Off Date (as such value may be topped up to the nearest hundred or nearest thousand by way of payment of the Cash Top-Up), by completing the relevant section in the pre-printed Application Form, attaching payment for the said excess amount of Bonds and delivering same to any Authorised Financial Intermediary by not later than 27 May 2010. No preference shall be provided with respect to the said excess amount applied for and the allocation policy shall be determined with the public offer in terms of Section 9.4 below.

### 9.4 Public Offer

The balance of the Bonds not subscribed to during the Preferred Applicants' Period shall be offered and issued to the general public in Malta during the Issue Period at the Bond Issue Price.

## 10. TERMS AND CONDITIONS OF THE BOND ISSUE

### 10.1 General

**10.1.1** The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List of the MSE. In the event that the Bonds are not admitted to the Official List of the MSE, the Application monies will be returned by the Issuer without interest by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form. Furthermore, in the case of Applications submitted by Existing Bondholders, the instructions to surrender their respective holding of the Maturing Bonds shall be automatically revoked, without further formalities.

**10.1.2** The Issuer has not established an aggregate minimum subscription level for the Bond Issue. Accordingly, in the event that the Bond Issue is not fully subscribed, but provided that the Bonds are listed on the Official List of the Malta Stock Exchange, the subscribed portion of the Bonds shall be allocated to the respective Applicants in accordance with the terms of this Prospectus.

**10.1.3** The contract created by the acceptance of an Application shall be subject to the terms and conditions set out in this Prospectus and the Memorandum and Articles of the Issuer.

**10.1.4** 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.

**10.1.5** The amount of the Bond Issue is €5,000,000 issued at par.

**10.1.6** If the 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 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 intermediary 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 Registrar.

**10.1.7** In the case of joint Applications, reference to the Applicant in these terms and conditions is a reference to each Applicant, and liability therefor is joint and several. 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-à-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.

**10.1.8** 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.

**10.1.9** 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.

**10.1.10** It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

**10.1.11** Notices will be mailed to Bondholders at their registered addresses and shall be deemed to have been served at the expiration of twenty-four (24) hours after the letter containing the notice is posted, and in proving such service it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such Bondholders at his registered address and posted. Save where the context requires otherwise, terms defined in the Prospectus bear the same meaning when used in the Application Form and in any other document issued pursuant to the Prospectus.

**10.1.12** The subscription lists during the Issue Period will open at 08.30 hours on 31 May 2010 and will close as soon thereafter as may be determined by the Issuer but not later than 12.00 hours on 4 June 2010. Any person, whether natural or legal, shall be eligible to submit an Application, and any one person, whether directly or indirectly, should not submit more than one Application Form. In the case of corporate Applicants or Applicants having separate legal personality, the Application Form must be signed by a person authorised to sign and bind

such Applicant. It shall not be incumbent on the Issuer or Registrar to verify whether the person or persons purporting to bind such an Applicant is or are in fact authorised.

**10.1.13** 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.

**10.1.14** In the case of joint Applications, the joint holders shall nominate one 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 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 whose names appear in the field entitled "Additional Applicants" in the Application Form or joint holders in the register as the case may be. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.

**10.1.15** 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.

**10.1.16** If any Application is not accepted, or if any Application is accepted for fewer Bonds than those applied for, the Application monies or the balance of the amount paid on Application will be returned by the Issuer without interest by direct credit into the Bondholder's bank account as indicated by the Bondholder on the Application Form, within five (5) Business Days from the date of final allocation. The Issuer shall not be responsible for any loss or delay in transmission.

**10.1.17** The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for during the Issue Period is €1,000.

**10.1.18** Application Forms and the pre-printed applications for Preferred Applicants must be lodged with any of the Authorised Financial Intermediaries.

**10.1.19** All Application Forms must be accompanied by the full price of the Bonds applied for in euro and in cleared funds at the Bond Issue Price. Payment may be made either in cash or by cheque payable to "The Registrar – Eden Bond Issue" and/or by instructions to surrender the Maturing Bonds, as the case may be. In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.

**10.1.20** Within five (5) Business Days from the closing of the subscription lists, the Issuer shall determine and announce the basis of acceptance of applications and allocation policy to be adopted through a press release in at least one local newspaper or by way of the issuance of a company announcement on the Malta Stock Exchange.

**10.1.21** For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations 2003 as amended from time to time, all appointed Authorised Financial 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 Financial 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.

**10.1.22** By completing and delivering an Application Form, you, as the Applicant shall:

- (a) agree 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 issue of the Bonds contained therein;
- (b) warrant 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 person completing the Application Form; 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;

- (c) the Issuer and the MSE may 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, Cap. 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 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.
- (d) confirm that in making such Application no reliance was placed on any information or representation in relation to the Issuer or the issue of the Bonds other than those contained in this 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;
- (e) agree that the registration advice and other documents and any monies returnable to you may be retained pending clearance of your remittance or surrender of the Maturing Bonds, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act 1994 (and regulations made thereunder) and that such monies will not bear interest;
- (f) agree to provide the Registrar and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application(s);
- (g) warrant, 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 your Application in any territory and that you have not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bond or your Application;
- (h) warrant that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- (i) warrant that your remittance will be honoured on first presentation and agree that, if such remittance is not so honoured, you will not be entitled to receive a registration advice, or to be registered in the register of Bondholders or to enjoy or receive any rights in respect of such Bonds unless you make payment in cleared funds, or the Maturing Bonds have been surrendered in favour of the Issuer, as the case may be, for the Bonds and such payment is accepted by the Registrar (which acceptance shall be made in its absolute discretion and may be on the basis that you indemnify it against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation, or effectively surrender the Maturing Bonds, as the case may be) and that, at any time prior to unconditional acceptance by the Registrar of such late payment in respect of such Bonds, the Issuer may (without prejudice to other rights) treat the agreement to allocate such Bonds as void and may allocate such Bonds to any other person, in which case you will not be entitled to any refund or payment in respect of such Bonds (other than return of such late payment);
- (j) represent 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) as well as not to be 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;
- (k) agree that Charts Investment Management Service Limited will not, in their capacity of Sponsor treat you as their customer by virtue of your making an Application for the Bonds and that Charts Investment Management Service Limited will owe you no duties or responsibilities concerning the price of the Bonds or their suitability for you;
- (l) agree that all documents in connection with the issue of the Bonds will be sent at the Applicant's own risk and may be sent 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;
- (m) renounce to any rights applicant(s) may have to set off any amounts applicant(s) may at any time owe the Issuer against any amount due under the terms of these Bonds.

## ANNEX I – THE GUARANTEE

**Eden Leisure Group Limited**

Eden Place, St. George's Bay, STJ 3310, Malta

Tel: (+356) 237 10 100 • Fax: (+356) 237 10 125

E-mail: [elg@edenleisure.com](mailto:elg@edenleisure.com) • [www.edenleisure.com](http://www.edenleisure.com)

VAT Reg Number 1092-5401

Co Reg Number C4529

To All Bondholders,

We make reference to the issue of  $\square$ 5,000,000 6.6% Bonds 2017-2020 (the "Bonds") by Eden Finance p.l.c. (the "Issuer") pursuant to, and subject to, all the terms and conditions contained in the Prospectus dated 10 May 2010.

Now therefore, by virtue hereof, Eden Leisure Group Limited, hereby stands surety, jointly and severally with the Issuer and unconditionally and irrevocably guarantees the due and punctual performance of all the obligations undertaken by the Issuer under the Bonds and, without prejudice to the generality of the foregoing, undertakes to pay all amounts of principal and interest which may become due and payable by the Issuer to the Bondholders should the Issuer default in paying such amounts of principal and interest to Bondholders.

All capitalised terms used in this guarantee, shall unless the context otherwise requires, have the same meaning assigned to them in the Prospectus.

This guarantee shall be construed in accordance with the Laws of Malta.

Signed and executed on this 10 May 2010, after due approval of the Board of Directors of Eden Leisure Group Limited.


A handwritten signature in black ink, appearing to read 'Ian De Cesare', written over a horizontal line.

**Ian De Cesare**  
for and on behalf of  
Eden Leisure Group Limited

A handwritten signature in black ink, appearing to read 'Kevin De Cesare', written over a horizontal line.

**Kevin De Cesare**  
for and on behalf of  
Eden Leisure Group Limited

## ANNEX 2 – SPECIMEN APPLICATION FORM

 <b>Eden</b> FINANCE P.L.C.		<b>APPLICATION FORM</b> €15,000,000 6.6% BONDS 2017-2020		Application Number: <div style="border: 1px solid black; height: 30px; width: 100%; margin-top: 5px;"></div>	
PLEASE READ THE NOTES OVERLEAF BEFORE COMPLETING THIS APPLICATION FORM					
A	<b>APPLICANT</b> (see notes 2 to 6) <span style="float: right;">(Mark 'X' if applicable)</span>				
<div style="display: flex; justify-content: space-between; padding: 5px;"> <span><input type="checkbox"/> Non-Resident</span> <span><input type="checkbox"/> CIS-Prescribed Fund</span> <span><input type="checkbox"/> Minor (under 18)</span> <span><input type="checkbox"/> Body Corporate/Body of persons</span> </div>					
B	<div style="display: flex;"> <div style="flex: 1;">           Title (Mr/Mrs/Ms/...)         </div> <div style="flex: 3;">           Full Name &amp; Surname / Registered Name         </div> </div>				
<div style="display: flex;"> <div style="flex: 4;">           Address         </div> <div style="flex: 1; border-left: 1px solid black; padding-left: 5px;">           Post Code         </div> </div>					
MSE A/C No. (if applicable)		ID Card/Passport/Company Reg. No.	Tel. No.	Mobile No.	
C	<b>ADDITIONAL (JOINT) APPLICANTS</b> (see note 2) <span style="float: right;">(please use additional Application Forms if space is not sufficient)</span>				
Title (Mr/Mrs/Ms/...)		Full Name & Surname		ID Card / Passport No.	
Title (Mr/Mrs/Ms/...)		Full Name & Surname		ID Card / Passport No.	
D	<b>MINOR'S PARENTS/LEGAL GUARDIANS</b> (see note 4) <span style="float: right;">(to be completed ONLY if the Applicant is a minor)</span>				
i.	Title (Mr/Mrs/Ms/...)		Full Name & Surname		ID Card / Passport No.
ii.	Title (Mr/Mrs/Ms/...)		Full Name & Surname		ID Card / Passport No.
E	<b>I / WE APPLY TO PURCHASE AND ACQUIRE</b>				
<div style="display: flex; justify-content: space-between; padding: 5px;"> <div style="width: 45%;">           Amount in figures            €         </div> <div style="width: 50%;">           Amount in words         </div> </div>					
Eden Finance p.l.c. 6.6% Bonds 2017-2020 (minimum €1,000 and in multiples of €100 thereafter) or any smaller amount of Bonds for which this Application may be accepted at the Bond Issue Price as defined in the Prospectus regulating the Bond Issue (the "Prospectus") payable in full upon application under the Terms and Conditions contained therein.					
F	<b>RESIDENT - WITHHOLDING TAX DECLARATION</b> (see note 9) <span style="float: right;">(to be completed ONLY if the Applicant is a Resident of Malta)</span>				
<div style="display: flex; justify-content: space-between; padding: 5px;"> <span><input type="checkbox"/> I/We elect to have Final Withholding Tax deducted from my/our interest.</span> <span><input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without deduction of Withholding Tax).</span> </div> <p style="font-size: x-small; margin-top: 5px;">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, interest shall be paid to such 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 Income Tax Act.</p>					
G	<b>NON-RESIDENT – DECLARATION FOR TAX PURPOSES</b> (see note 10) <span style="float: right;">(to be completed ONLY if the Applicant is a Non-Resident)</span>				
Tax Country		Town of birth	Country of Birth	TIN (Tax identification Number)	
ID card / Passport No.			Country of Issue	Issue Date	
<input type="checkbox"/> I/We am/are NOT resident in Malta but I/we am/are Resident in the European Union.					
<input type="checkbox"/> I/We am/are NOT resident in Malta and I/we am/are NOT Resident in the European Union.					
H	<b>INTEREST MANDATE</b> (see note 9) <span style="float: right;">(Completion of this panel is MANDATORY)</span>				
Bank		Branch	Account Number		
I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus and subject to its terms and conditions which I/we fully accept. Furthermore, I/we confirm that this is the only Application Form I/we am/are submitting on my/our behalf or on behalf of the company or other entity I/we represent.					
Signature/s of Applicant/s (Both parents or legal guardian are/is to sign if Applicant is a minor) (all parties are to sign in the case of a joint Application)					Date

## NOTES ON HOW TO COMPLETE THIS APPLICATION FORM AND OTHER INFORMATION

The following notes are to be read in conjunction with the Prospectus regulating the Bond Issue.

1. The Application Form is to be completed in BLOCK LETTERS.

2. 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 registered holder of the Bond. Interest and redemption proceeds will be issued in the name of such Bondholder (See note 6 below).

3. Applicants who are Non-Residents in Malta for tax purposes must indicate their passport number in Panel B, complete Panel G and the relative box in Panel A must also be marked appropriately.

4. In the case of an Applicant who is a minor, the word 'MINOR' must be indicated in Panel B next to the Applicant's name and the relative box in Panel A must also be marked. A Public Registry birth certificate must be attached to the Application Form. (The birth certificate is not required if the minor already holds securities which are listed on the Malta Stock Exchange (MSE)). The Application Form must be signed by both parents or by the legal guardian/s. In the latter case documentary evidence of the legal guardian's appointment should be provided. (Interest and redemption proceeds will be made payable to the parent / legal guardian named in Panel D1 until such time as the Issuer is notified that the minor named in Panel B has attained the age of 18). The address to be inserted in Panel B is to be that of the parents / legal guardian/s.

5. 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.

6. APPLICANTS WHO HOLD SECURITIES ON THE MALTA STOCK EXCHANGE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL B. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM EVEN IF DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.

7. Application must be for a minimum of €1,000 and thereafter in multiples of €100.

8. Payment may be made in cash or by cheque payable to "The Registrar - Eden Bond Issue". In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Issuer reserves the right to invalidate the relative Application.

9. Only Applicants who hold a valid official Maltese Identity Card or Companies registered in Malta will be treated as residents in Malta. In such cases, 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 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. Applicants will receive their interest directly in a bank account held locally, which has to be indicated in Panel H. If any Application is not accepted, 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 the direct credit into the Applicant's bank account as indicated in Panel H.

10. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. 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 that pay interest to an individual resident in another EU Member State, to report the interest payment to the tax authorities of the Member State in which the payor is established. If the Applicant's permanent residential address is in an EU Member State or in another country to which the Directive applies (called a "specified territory") then the interest paid will be reported.

11. Subscription lists will open at 08:30am on 31 May 2010 and will close at 12:00pm on 4 June 2010. The Issuer reserves the right, however, to close the Bond Issue before 4 June 2010 in the event of over-subscription. Any Applications received by the Registrar after the subscription lists close will be rejected.

12. Completed Application Forms are to be delivered to any Authorised Financial Intermediary listed in Annex 4 of the Prospectus, during normal office hours. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not received by the closing of the subscription lists.


13. The Issuer reserves the right to refuse any Application which appears to be in breach of the terms and conditions of the Bond as contained in the Prospectus.

14. This Application is governed by the Terms and Conditions contained in the Prospectus. Capitalised terms not defined herein, shall unless the context otherwise requires, have the same meaning as that assigned to them in the Prospectus.

15. The Issuer may process the personal data that the Applicant provides in the Application Form, for all purposes necessary for and related to the issue of the Bonds applied for, in accordance with the Data Protection Act, Cap. 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, as processed by the Issuer. 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.

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

## ANNEX 3 – EXISTING BONDHOLDERS' APPLICATION FORM

 <b>Eden</b> FINANCE P.L.C.		<b>APPLICATION FORM</b> €15,000,000 6.6% BONDS 2017-2020		Application Number: <div style="border: 1px solid black; height: 40px; width: 100%;"></div>	
PLEASE READ THE NOTES OVERLEAF BEFORE COMPLETING THIS APPLICATION FORM					
<b>A</b>	<b>APPLICANT</b>				
				TEL. NO.	MOBILE NO.
<b>B</b>	Nominal value of Eden Finance p.l.c. 6.7% Bonds 2010:				AMOUNT IN FIGURES <span style="float: right;">Box 1</span>
				€	
I/we apply to purchase and acquire the amount set out below in Eden Finance p.l.c. 6.6% Bonds 2017-2020 at the Bond Issue Price (at par) pursuant to the Prospectus (minimum €1,000 and in multiples of €100 thereafter).					
AMOUNT IN WORDS				AMOUNT IN FIGURES <span style="float: right;">Box 2</span>	
				€	
Amount of 6.6% Bonds 2017-2020 applied for, less the nominal value of 6.7% Bonds 2010, payable in full upon application under the Terms and Conditions as defined in the said Prospectus.				AMOUNT IN FIGURES <span style="float: right;">Box 3</span>	
				Difference payable on application Box 2 - Box 1	
				€	
<b>C</b>	<b>RESIDENT - WITHHOLDING TAX DECLARATION</b> <span style="float: right; font-size: x-small;">(to be completed ONLY if the Applicant is a Resident of Malta)</span>				
<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). 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, interest shall be paid to such 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 Income Tax Act.					
<b>D</b>	<b>NON-RESIDENT – DECLARATION FOR TAX PURPOSES</b> <span style="float: right; font-size: x-small;">(to be completed ONLY if the Applicant is a Non-Resident)</span>				
TAX COUNTRY			TOWN OF BIRTH		
COUNTRY OF BIRTH			TIN (TAX IDENTIFICATION NUMBER)		
ID CARD / PASSPORT NO.			COUNTRY OF ISSUE	ISSUE DATE	
<input type="checkbox"/> I/we am/are NOT resident in Malta but I/we am/are Resident in the European Union.					
<input type="checkbox"/> I/we am/are NOT resident in Malta and I/we am/are NOT Resident in the European Union.					
<b>E</b>	<b>INTEREST MANDATE</b> <span style="float: right; font-size: x-small;">(Completion of this panel is MANDATORY)</span>				
BANK		BRANCH		ACCOUNT NUMBER	
This Application Form is to be submitted in the case where the Applicant selects, as a method of payment, for the Eden Finance p.l.c. 6.6% Bonds 2017-2020 being applied for, to transfer to the Issuer all or part of the Bonds issued by Eden Finance p.l.c. (6.7% Bonds 2010) held by the Applicant as at the Cut-Off Date for the nominal value of which is set out in Box 1 of Panel B above. By submitting this signed Application Form, the Applicant is thereby confirming that: (a) all or part of the Maturing Bonds held by the Applicant at the Cut-Off Date are being surrendered in favour of the Issuer at their nominal value; and (b) this Application Form constitutes the Applicant's irrevocable mandate to the Issuer to: i. surrender the said Maturing Bonds in the Issuer's favour and to pay the Cash Top-Up, if any, in consideration of the issue of Eden Finance p.l.c. 6.6% Bonds 2017-2020; and ii. engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively carry out all procedures necessary with the MSE for the surrender of the said Maturing Bonds and to fully and effectively vest title in the appropriate number of Bonds in the Applicant.					
I/we have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus and subject to its terms and conditions which I/we fully accept.					
Signature/s of Applicant/s (Both parents or legal guardian are/is to sign if Applicant is a minor); (all parties are to sign in the case of a joint Application); (Bare owner/s and usufructuary/ies to sign in case of Bondholdings that are subject to usufruct)					Date
Authorised Intermediary's Stamp <div style="border: 1px solid black; height: 30px; width: 100%;"></div>					Authorised Intermediary's Code <div style="border: 1px solid black; display: inline-block; width: 40px; height: 20px; margin: 2px;"></div> <div style="border: 1px solid black; display: inline-block; width: 40px; height: 20px; margin: 2px;"></div> <div style="border: 1px solid black; display: inline-block; width: 40px; height: 20px; margin: 2px;"></div> <div style="border: 1px solid black; display: inline-block; width: 40px; height: 20px; margin: 2px;"></div>

## NOTES ON HOW TO COMPLETE THIS APPLICATION FORM AND OTHER INFORMATION

The following notes are to be read in conjunction with the Prospectus regulating the Bond issue.

1. The terms used in this Application Form have the same meaning as that assigned to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS.
3. This Application Form is not transferable and entitles you to a preferential treatment as a bondholder of Eden Finance p.l.c. 6.7% Bonds 2010 (See note 6 below).
4. Interest and redemption proceeds will be issued in the name of the person as shown in Panel A overleaf.
5. This Application Form is to be submitted in the case where the Applicant selects, as a method of payment for the Eden Finance p.l.c. 6.6% Bonds 2017-2020 being applied for, to transfer to the Issuer all or part of the Bonds issued by Eden Finance p.l.c. ("Maturing Bonds") held by the Applicant as at the Cut-off Date for the nominal value of which is set out in Box 1 of Panel B overleaf. By submitting this signed Application Form, the Applicant is thereby confirming that:
  - (a) all or part of the Maturing Bonds held by the Applicant at the Cut-Off Date are being surrendered in favour of the Issuer at their nominal value; and
  - (b) this Application Form constitutes the Applicant's irrevocable mandate to the Issuer to:
    - (i) surrender the said Maturing Bonds in the Issuer's favour and to pay the Cash Top-Up, if any, in consideration of the issue of Eden Finance p.l.c. 6.6% Bonds 2017-2020; and
    - (ii) engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively carry out all procedures necessary with the MSE for the surrender of the said Maturing Bonds and to fully and effectively vest title in the appropriate number of Bonds in the Applicant.
6. The amount set out in Box 2 of Panel B overleaf must be in multiples of €100. The Issuer will be giving preference to Applications made by holders of Maturing Bonds, who each hold an amount not exceeding €5,000,000 in value, up to their full amount held at the Cut-off Date rounded to the nearest hundred or thousand subject to a minimum application of €1,000.
- Where the Applicant wishes to acquire a number of Eden Finance p.l.c. 6.6% Bonds 2017-2020 having an aggregate value which exceeds the amount in respect of which preference is being given as indicated above, the Applicant may do so by including such amount in Box 2 of Panel B.
- An Applicant must ensure that the relative Application Form is accompanied by payment of the difference between the full price of the amount of Bonds applied for and the nominal value of the Maturing Bonds being transferred. The amount representing such difference, which is to be inserted in Box 3 of Panel B overleaf, may be made by cheque payable to "The Registrar - Eden Bond Issue" which is to be attached to the Application Form being submitted to any Authorised Financial Intermediary listed in Annex 4 of the Securities Note. In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.
7. Applicants who are Non-Resident in Malta for tax purposes must complete Panel D overleaf.
8. In the case where a holder of Maturing Bonds is a body corporate, Application Forms must be signed by duly authorised representative/s indicating the capacity in which they are signing.
9. Only Applicants who hold a valid 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 return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a Prescribed Fund will have Final Withholding Tax, currently 10% deducted from interest payments. Applicants will receive their interest directly in a bank account held locally in euro and such choice is to be indicated in Panel E overleaf.
10. 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 another EU Member State or in another country to which the Directive applies (called a "specified territory") then the interest paid will be reported.
11. The MSE account number has been pre-printed in Panel A and reflects the MSE account number on the Issuer's Register at the CSD as at 5 May 2010. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.
12. Completed Application Forms are to be delivered at any of the Authorised Financial Intermediaries listed in the Prospectus, during normal office hours by not later than 14:00 on 27 May 2010. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not received by the closing date indicated above. The Issuer reserves the right to refuse any Application which appears to be in breach of the terms and conditions of the Bond as contained in the Prospectus. Any Applications received by the Registrar after 14:00 on 27 May 2010, will not be accepted.
13. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge/s that:
  - (a) 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) 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 request must be made in writing and addressed to the Issuer. The request must further be signed by yourself, as the Applicant to whom the personal data relates.

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

## ANNEX 4 – AUTHORISED FINANCIAL INTERMEDIARIES

Name	Address	Telephone	Fax
APS Bank Ltd*	APS Centre Level 2, Investment Services Unit, Tower Street, Birkirkara BKR 4012	25603362	25603001
Atlas Investment Services Ltd*	Abate Rigord Street, Ta' Xbiex XBX 1121	23265690	23265691
Bank of Valletta p.l.c.*	Financial Markets & Investments, BOV Centre , Canon Road, St Venera SVR 9030	22755967	22751733
Calamatta Cuschieri & Co Ltd*	Level 5, Valletta Buildings, South Street, Valletta VLT 1103	25688688	25688256
Charts Investment Management Service Ltd*	Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913	21224106	21241101
Crystal Finance Investments Ltd	University Roundabout, Msida MSD 1751	21226190	21226188
Curmi & Partners Ltd*	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	21347331	21347333
Financial Planning Services Ltd*	4 Marina Court, G Cali Street, Ta' Xbiex XBX 1421	21344244	21341202
FINCO Treasury Management Ltd*	Level 5, The Mall Complex, The Mall, Floriana FRN 1470	21220002	21243280
GloBalCapital Financial Management Ltd*	GlobalCapital, Balzan Valley, Balzan	22796302	21492291
Growth Investments Ltd	Middle Sea House, Floriana VLT 1442	25694709	21249811
Hogg Capital Investments Ltd*	33 Regent House, Bizazza Street, Sliema SLM 1641	21322872	21342760
HSBC Bank Malta p.l.c.	Shareshop, High Street, Sliema	23802381	23246046
HSBC Stockbrokers (Malta) Ltd*	233 Republic Street, Valletta VLT 1116	25972211	25972494

<b>Island Financial Services Ltd</b>	Insurance House, Psaila Street, Birkirkara BKR 9078	23855701	23855238
<b>Jesmond Mizzi Financial Services Ltd</b>	48 Abate Rigord Street, Ta' Xbiex	21224410	21223810
<b>Joseph Scicluna Investment Services Ltd</b>	Bella Vista Court, Level 3, Gorg Borg Olivier Street, Victoria VCT 2517, Gozo	21565707	21565706
<b>Lombard Bank Malta p.l.c.*</b>	59 Republic Street, Valletta VLT 1117	25581806	25581815
<b>Mercieca Financial Investment Services Ltd</b>	Mercieca, JF Kennedy Square, Victoria VCT 2580, Gozo	21553892	21553892
<b>MFSP Financial Management Ltd</b>	220 Immaculate Conception Street, Msida MSD 1838	21332200	21322190
<b>Michael Grech Financial Investment Services Ltd</b>	I Mican Court, JF Kennedy Square, Victoria	21554492	21559199
<b>MZ Investment Services Ltd</b>	55 MZ House, St Rita Street, Rabat RBT 1523	21453739	21453407
<b>Quest Investment Services Limited</b>	101, Townsquare, Ix-Xatt ta' Qui-Si-Sana, Sliema SLM 3112	21343500	21313733
<b>Rizzo, Farrugia &amp; Co (Stockbrokers) Ltd*</b>	Airways House, Third Floor, High Street, Sliema SLM 1549	22583000	22583001

\* Members of the Malta Stock Exchange