REGISTRATION DOCUMENT

Dated 25 September 2017

This Registration Document is issued in accordance with the provisions of Chapter 4 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 as amended by Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015. This Registration Document is issued pursuant to the requirements of Listing Rule 4.13 of the Listing Rules and contains information about Stivala Group Finance p.l.c.

Issue of €45,000,000 4% Secured Bonds 2027

by

Stivala Group Finance p.l.c.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA WITH COMPANY REGISTRATION NUMBER C 82218

with the joint and several Guarantee* of Carmelo Stivala Group Limited
A private limited company registered in Malta with company registration number C 62625

*Prospective investors are to refer to the Guarantee contained in Annex III of the Securities Note and sections 4.7 and 4.8 of this Registration Document for a description of the Guarantee and the Colleteral. Reference should also be made to the sections entitled "Risk Factors" contained in this Registration Document and the Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Secured Bonds and the Guarantee provided by the Guarantor.

Sponsor & Manager	Security Trustee	Legal Counsel	Registrar
CHARTS WEALTH MANAGEMENT • CORPORATE BROKING	CSB GROUP	CAMILLERI PREZIOSI ADVOCATES	MALTA STOCK EXCHANGE plc

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

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

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

APPROVED BY THE DIRECTORS

Michael Stivala   Carlo Stivala   Ivan Stivala   Martin John Stivala   Ann Marie Agius   Francis Gouder   Joseph Brincat

IMPORTANT INFORMATION

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

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER OR ITS 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 ITS 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 DIRECTORS OF THE ISSUER, AS IDENTIFIED UNDER THE HEADING "DIRECTORS" IN SECTION 3.1 OF THIS REGISTRATION DOCUMENT, ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE ISSUER (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE DIRECTORS ACCEPT RESPONSIBILITY ACCORDINGLY.

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

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

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

SAVE FOR THE OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE SECURITIES DESCRIBED IN THE SECURITIES NOTE 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 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.

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

ALL THE ADVISORS TO THE ISSUER AND THE GUARANTOR NAMED IN THE REGISTRATION DOCUMENT UNDER THE HEADING "ADVISORS TO THE ISSUER AND GUARANTOR" IN SECTION 3.3 OF THIS REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR, AS THE CASE MAY BE, IN RELATION TO THIS PUBLIC OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

THE CONTENTS OF THE GROUP'S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE 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.

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

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1. DEFINITIONS

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

Act	the Companies Act (Cap. 386 of the Laws of Malta);
Bond Issue	the issue of the Secured Bonds;
Bondholders	a holder of Secured Bonds to be issued by the Issuer in terms of the Prospectus;
Collateral	the following security granted by the Guarantor in favour of the Security Trustee for the benefit of Bondholders: (a) a first ranking special hypothec over the Security Property; (b) a pledge over the proceeds from any insurance policy required under clause 5(1)(h) of the Security Trust Deed; and (c) the Guarantee;
Company or **Issuer**	Stivala Group Finance p.l.c., a company registered under the laws of Malta with company registration number C 82218 and having its registered office at 143, The Strand, Gzira, Malta;
Directors or **Board**	the directors of the Issuer whose names are set out under the heading "**Identity of Directors, Senior Management, Advisors and Auditors of the Issuer and Guarantor**";
Euro or **€**	the lawful currency of the Republic of Malta;
Group	the Issuer (as parent company), the Guarantor and the Subsidiaries;
Group Company	any one of the companies forming part of the Group. The term "**Group Companies**" shall be construed accordingly;
Guarantee	the joint and several guarantee dated 25 September 2017 granted by the Guarantor as security for the punctual performance of the Issuer's payment obligations under the Bond Issue, subject to the terms and conditions contained in the Security Trust Deed and as the same is held on trust for the benefit of the Bondholders by the Security Trustee. A copy of the Guarantee and a description of the nature, scope and terms of the Guarantee are appended to the Securities Note as Annex III thereto;
Guarantor	Carmelo Stivala Group Limited, a company registered under the laws of Malta with company registration number C 62625 and having its registered office at 143, The Strand, Gzira, Malta;
Listing Authority	the Board of Governors of the Malta Financial Services Authority, appointed as the Listing Authority for the purposes of the Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta);
Malta Stock Exchange or **MSE**	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the Laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Prospectus	collectively, the Registration Document, the Securities Note and the Summary Note;
Registration Document	this document in its entirety;
Regulation	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of the prospectus and dissemination of advertisements;
Secured Bond(**s**) or **Bond**(s)	the €45,000,000 4% Secured Bonds of a nominal value of €100 payable in full upon subscription and redeemable at the nominal value on the Redemption Date, bearing interest at the rate of 4% per annum, as detailed in the Securities Note;
Securities Note	the securities note issued by the Issuer dated 25 September 2017, forming part of the Prospectus;

Security Property	the following immovable property: (i) 120, The Strand, Gzira, Malta; (ii) nine apartments, 19 garages and the remaining one half undivided share of an office, all situated at Qui Si Sana Boutique Apartments, Qui Si Sana Road, Sliema, Malta (subject to completion of acquisition); (iii) Property situated at Marguerite Mangion Street, St Julian's, Malta (subject to completion of acquisition); (iv) 153/154, The Strand, Gzira, Malta; (v) Bring Apartments, Reid Street, Gzira, Malta; and (vi) 196, Main Street, St Julian's, Malta (subject to completion of acquisition);
Security Trustee or **Trustee**	CSB Trustees and Fiduciaries Limited, a private limited liability company duly registered and validly existing under the laws of Malta, with company registration number C 40390 and having its registered office at Vincenti Buildings, 28/19, Strait Street, Valletta, Malta, duly authorised to act as a trustee or co-trustee in terms of Article 43(3) of the Trusts and Trustees Act (Cap. 331 of the Laws of Malta);
Security Trust Deed or **Trust Deed**	means the security trust deed entered into between the Security Trustee, the Issuer and the Guarantor on 25 September 2017;
Subsidiaries	means all entities (including structured entities) over which the Issuer has control. In terms of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), a group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity;
Summary Note	the summary note issued by the Issuer dated 25 September 2017, forming part of the Prospectus.

2. RISK FACTORS

PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER.

SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND NEITHER THE ISSUER NOR THE GUARANTOR IS IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

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

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

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

2.1 Forward-looking Statements

The Prospectus and the documents incorporated therein by reference or annexed thereto contain forward-looking statements that include, among others, statements concerning the Issuer's and Guarantor's strategies and plans relating to the attainment of 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 Guarantor's directors include those risks identified under the heading "Risk Factors" and elsewhere in the Prospectus.

Important factors that could cause actual results to differ materially from the expectations of the Issuer's and Guarantor's directors include those risks identified under this section 2 and elsewhere in the Prospectus. As mentioned above, if any of the risks described were to materialise, they could have a material effect on the Issuer's and Guarantor's financial results and trading prospects and the ability of the Issuer to fulfil its obligations under the securities to be issued in terms of the Prospectus and of the Guarantor to honour its obligations under the Guarantee.

Accordingly, the Issuer and Guarantor caution prospective investors that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied by such statements, that such statements do not bind the Issuer and Guarantor with respect to future results and no assurance is given that the projected future results or expectations covered by such forward-looking statements will be achieved. All forward-looking statements contained in the Prospectus are made only as at the date hereof. The Issuer, Guarantor and their respective directors expressly disclaim any obligations to update or revise any forward-looking statements contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

Prospective investors are advised to read the Prospectus in its entirety and, in particular, the sections entitled "Risk Factors", for an assessment of the factors that could affect the Issuer's and Guarantor's future performance.

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

2.2 General

An investment in the Issuer and the Secured Bonds may not be suitable for all recipients of the Prospectus and prospective investors are urged to consult an independent investment advisor licensed under the Investment Services Act (Cap. 370 of the Laws of Malta) as to the suitability or otherwise of an investment in the Secured Bonds before making an investment decision. In particular, such advice should be sought with a view to ascertaining that each prospective investor:

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

2.3 Risks relating to the Issuer and its Business

The Issuer has a limited trading record and history of operations. It was set up in August 2017 primarily to raise finance for the Group to acquire and develop properties in accordance with the Group's business strategy. The Issuer is substantially a start-up operation with all the attendant risks that start-ups normally entail. These risks include, but are not limited to, a lack of financial stability. Furthermore, the Issuer's operations and the results of its operations are subject to a number of factors that could adversely affect the Group's business, many of which are common to the hotel and real estate industry and beyond the Group's control. In the event that these risks were to materialise they could have a significant impact on the financial position of the Issuer.

2.4 Risks relating to the Group and its Business

General
The Issuer is the ultimate parent company of the Group and given its recent incorporation, does not itself have any trading history. The Group, through the Guarantor and the operational subsidiaries, has a long trading history in the acquisition, development and management of real estate developments that consist principally of hotels, hostels, residential, office and retail property. The Group is exposed to the real estate market as well as to the array of competitive pressures in the operation and management of the hospitality, residential and retail markets.

The Group's business model remains primarily reliant on the acquisition of real estate for development or re-development and the subsequent operation of that real estate as either (a) 3 star hotel assets, hostels; or (b) residential and commercial property for lease to third parties. In addition, the Group's assets and their operation are concentrated in Malta and are accordingly intimately dependent on the tourism industry and property rental market in Malta. Accordingly, the Group's prospects should be considered in the light of the risks and difficulties generally encountered by companies operating in similar markets and industry sectors in Malta.

Risks relating to the political, economic and social environment in which the Group operates
The Group's assets and operations are all situated in Malta. Accordingly, the Group is generally exposed to the economic and political conditions which are prevalent in Malta from time to time, thereby rendering the Group's operations overly exposed to the social, political and economic stability in Malta, which, in the event of downward trend could have a material adverse impact on the operations of the Group and the value of its assets. Such over-exposure to the Maltese market could render investment in the Group riskier than investments in more geographically diversified operations.

The Group's reliance on non-proprietary software systems and third-party information technology providers

To varying degrees, the Group is reliant upon technologies and operating systems (including IT systems) developed by third parties for the running of its business, and is exposed to the risk of failure in such systems. Whilst the Group has service agreements and disaster recovery plans with third party providers of these systems to ensure their continuity and stability, there can be no assurance that the service or systems will not be disrupted. Disruption to those technologies or systems and/or lack of resilience in operational availability could adversely affect the efficiency of the Group's business, financial condition and/or operating results.

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

The Group believes that its growth is largely attributable to the efforts and abilities of the directors and members of its executive management team and other key personnel. If one or more of the members of this team were unable or unwilling to continue in their present position, the Group might not be able to replace them within the short term, which could have a material adverse effect on the Group's business, financial condition and results of operations.

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

Litigation risk

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

The Group's insurance policies

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

Risks relative to changes in laws

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

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

The Group's business consists of the acquisition, development and operation of real estate projects, comprising hotels, hostels, residences, offices and retail spaces. Property acquisition and development projects are subject to a number of specific risks, including the inability to source adequate opportunities, cost overruns, insufficiency of resources to complete the projects, sales transactions not materialising at the prices and the tempo envisaged resulting in a liquidity strain, rental of commercial areas not being effected at the prices and within the timeframes envisaged, higher interest costs, and the erosion of revenue generation. If these risks were to materialise, they would have an adverse impact on the Issuer's revenue generation, cash flows and financial performance.

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

Furthermore, the Group is subject to various counter-party risks, including the risk of counter-party default, such as prospective lessees defaulting on their obligations with the Group. Such parties (which may include both third parties as well as related parties) may default or fail to perform on their obligations to the Group due to insolvency, lack of liquidity, market or economic downturns, operational failure or other reasons which are beyond the Group's control. If such risks, many of which are common to the real estate industry, were to materialise, they could have an adverse impact on the Group's revenue generation, cash flows and financial performance.

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

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

The Group may not be able to secure sufficient financing for its current and future investments. No assurance can be given that sufficient financing will be available on commercially reasonable terms or within the timeframes required by the Group, also taking into account the need from time to time for the Group's hotel properties to undergo renovation, refurbishment or other improvements in the future. Any weakness in the capital markets may limit the Group's ability to raise capital for completion of projects that have commenced or for development of future properties. Failure to obtain, or delays in obtaining, the capital required to complete current or future developments and refurbishment projects on commercially reasonable terms, including increases in borrowing costs or decreases in loan availability, may limit the Group's growth and materially and adversely affect its business, financial condition, results of operations and prospects.

The Group's indebtedness could adversely affect its financial position

The Group has a material amount of debt and may incur additional debt in connection with its future growth in terms of acquisitions and developments. Consequently, a portion of the Group's generated cash flows will be required to make principal and interest payments on the Group's debt. Furthermore, any borrowings under bank credit facilities will likely be at variable interest rates, which could cause the Group to be vulnerable to increases in interest rates.

The agreements regulating the Group's bank debt may impose significant financial covenants on the Group, the covenants of which could limit the Group's ability to obtain future financing, make capital expenditure, withstand a future downturn in business or economic conditions generally or otherwise inhibit the ability to conduct necessary corporate activities.

The Group may be exposed to certain financial risks, including interest rate risk, which the Group may be unable to effectively hedge against

The Group's activities potentially expose it to a variety of financial risks, including market risk (principally interest rate risk and fair value risk), credit risk and risks associated with the unpredictability of financial markets, all of which could have adverse effects on the financial performance of the Group.

Interest rate risk refers to the potential changes in the value of financial assets and liabilities in response to changes in the level of interest rates and their impact on cash flows. The Group may be exposed to the risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows if any future borrowings are made under bank credit facilities set at variable interest rates. Although in such a case the Group seeks to hedge against interest rate fluctuations, this may not always be economically practicable.

Furthermore, the possibility of hedging may become more difficult in the future due to the unavailability or limited availability of hedging counter-parties. An increase in interest rates which is not hedged may have a material adverse effect on the Group's business, financial condition and results of operations.

2.5 Risks relating to the Operations of the Issuer and Guarantor

Risks relating to the hospitality industry

The Group's hospitality operations and the results thereof are subject to a number of external factors that could adversely affect its 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 laws and regulations on employment, the preparation and sale of foods and beverages, health and safety, alcohol licensing, environmental concerns, fiscal policies, zoning and development, 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;**
- **increases in operating costs due to inflation, employment costs, workers' compensation and healthcare related costs, utility costs, increased taxes and insurance costs; and**
- **the termination, non-renewal and/or the renewal on less favourable terms of agreements entered into with tour operators.**

The impact of any of these factors (or a combination of them) may adversely impact room rates and occupancy levels at the Group's hotels, or otherwise cause a reduction in its revenue, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, as the hospitality industry is subject to rapidly evolving consumer trends, the success of the Group's hospitality operations is dependent upon the priorities and preferences of customers, whether local or foreign, and its ability to swiftly anticipate, identify and capitalise upon emerging consumer trends. If the Group is unable to do so, it could experience reduced rates and occupancy levels, which could have a material adverse effect on the Group's operational results.

The Group's hospitality operations are also susceptible to strong and increasing local and global competition, influenced by a variety of determining factors including accommodation rates, packages variety, quality, availability, reliability, after-sales service and logistics, and the fluctuations in demand for private and shared accommodation alternatives. The level of competition is subject to increase, and such increase or even saturation in the supply of accommodation may negatively impact the Group's sales revenue and profitability in the hospitality sector.

In addition, many of the Group's current and potential competitors may have greater name recognition, a larger customer base and greater financial and other resources than the Group. A decline in the relative competitive strength of the Group and its brands could adversely affect the Group's results of operations. In particular, the Group may be compelled, by the strength of its competitors that are able to supply accommodation and services at lower prices, to reduce its own prices. The ability of the Group to maintain or increase its profitability will be dependent on its ability to offset such decreases in the prices and margins of its accommodation and services.

Material risks relating to real estate development may affect the economic performance and value of any of the Group's projects
There are a number of factors that commonly affect the real estate development industry, many of which are beyond the Group's control, and which could adversely affect the economic performance and value of the Group's projects. Such factors include:

- changes in global economic conditions particularly in the European Union;
- changes in the general economic conditions in Malta;
- general industry trends, including the cyclical nature of the real estate market;
- changes in local market conditions, such as an oversupply of similar properties, a reduction in demand for real estate or change of local preferences and tastes;
- possible structural and environmental problems;
- acts of nature, such as earthquakes and floods, that may damage any of the properties or delay development thereof; and
- increased competition in the market segment in which the Group operates may lead to an oversupply of residential or commercial properties in such markets, which could lead to a lowering of rental rates and a corresponding reduction in revenue of the Group.

Any of the factors described above could have a material adverse effect on the Group's business, its financial condition and prospects and accordingly on the repayment of the Secured Bond and interest thereon.

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

Currency fluctuations and other regional economic developments may have a material adverse effect on the Group's business, financial condition and results of operations
The Group's operations are exposed, in the case of transactions not denominated in Euro, to foreign currency risk on transactions, receivables and borrowings that are denominated in a currency other than the Euro. As a result, exchange gains or losses may arise on the realisation of amounts receivable and the settlement of amounts payable in foreign currencies.

The Group's financial statements, which are presented in Euro, can be affected by foreign exchange fluctuations through both: translation risk, which is the risk that the financial statements for a particular period or as of a certain date depend on the prevailing exchange rates of the various currencies against the Euro; and transaction risk, which is the risk that the currency of the costs and liabilities fluctuates in relation to the currency of its revenue and assets, which fluctuation may adversely affect its operating performance.

A significant portion of the Group's operating expenses are fixed, which may impede them from reacting quickly to changes in its revenue
A significant portion of the Group's costs are fixed and the Group's operating results are vulnerable to short-term changes in revenues. The Group's inability to react quickly to changes in revenue by reducing operating expenses could have a material adverse effect on its respective business, financial condition and results of operations.

Liquidity risk
The lack of liquidity and alternative uses of real estate investments could significantly limit the Group's ability to respond to adverse changes in the performance of its properties thereby potentially harming their respective financial condition. Furthermore, the Group's strategy to retain properties for rental income rather than to sell one or more of its properties, in a timely fashion, may be a limiting factor in its ability to respond to changing economic, financial and investment conditions.

The real estate market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond the Issuer's and Guarantor's control.

Development risk

The Group may be subject to risks associated with the development of the real estate acquired by it, including the risk relating to project financing, planning permits, delays, cost over-run, risk of insufficiency of resources, risk of licensing transactions not being effected at the prices and timeframes envisaged, higher interest costs, erosion of revenue generation and the possibility of legal disputes. If these risks were to materialise, they could have an adverse and material effect on the Group's financial condition and the results of its operations.

In addition, for the timely completion of development projects, the Group may place certain reliance on counterparties such as architects, engineers, contractors and sub-contractors, engaged in the demolition, excavation, and construction and finishing of developments. Such counterparties may fail to perform or default on their obligations due to the Group, whether due to insolvency, lack of liquidity, economic or market downturn, operational failure or other reasons, all of which are beyond the Group's control. Failure of such counterparties to perform their obligations owed to the Group could, in turn, materially adversely affect the financial condition of the Group and its future prospects. In addition, the inability of the Group to develop and maintain relationships with highly skilled, competent and reliable counterparties could have a material adverse effect on the Group's development projects.

2.6 Risks inherent in Property Valuations

The valuation of property is inherently subjective, due to, among other things, the individual nature of each property and the assumptions upon which the valuation is carried out. Accordingly, there can be no assurance that the valuation referred to in this Prospectus reflects actual values that could be achieved on a sale, even where any such sale were to occur shortly after the valuation date. Actual values may be materially different from any future values that may be expressed or implied by forward-looking statements set out in the valuation or anticipated on the basis of historical trends, as reality may not match the assumptions made. There can be no assurance that such valuation of property will reflect actual market values.

2.7 Risks relating to the Security

The Secured Bonds, as and when issued and allotted, shall constitute the general, direct, and unconditional obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Secured Bonds by the Guarantor. The Secured Bonds shall at all times rank *pari passu* without any priority or preference among themselves but, in respect of the Guarantor, they shall rank with priority or preference over all unsecured indebtedness, if any. In view of the fact that the Secured Bonds are being guaranteed by the Guarantor on a joint and several basis, the Security Trustee, for the benefit of itself and the Bondholders, shall be entitled to request the Guarantor to pay both the interest due and the principal amount under said Secured Bonds if the Issuer fails to meet any amount, when due in terms of the Prospectus.

The joint and several Guarantee also entitles the Security Trustee to take action against the Guarantor without having to first take action against the Issuer. The strength of this undertaking on the part of the Guarantor and therefore, the level of recoverability by the Security Trustee from the Guarantor of any amounts due under any of the Secured Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor.

The Guarantee is further supported by the Collateral that is to be granted over the Security Property. In terms of the Security Trust Deed, the Security Trustee retains the discretion to substitute any one of the immovable properties placed as Security Property with another immovable property owned by the Group, subject to an independent architect's property valuation report, confirming that the value of the property being substituted and added to the immovable properties constituting the Security Property is at least equal to the value of the immovable property which has been removed as a Security Property. Whilst this grants the Security Trustee a right of preference and priority for repayment over the Security Property, there can be no guarantee that the value of the Security Property over the term of the Secured Bond will be sufficient to cover the full amount of interest and principal outstanding under the Bonds. This may be caused by a number of factors not least of which general economic factors that could have an adverse impact on the value of the Security Property. If such circumstances where to arise or subsist at the time that the Collateral is to be enforced by the Trustee, it could have a material adverse effect on the recoverability of all the amounts that may be outstanding under the Secured Bonds.

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

3.1 Directors

3.1.1 Directors of the Issuer

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

Michael Stivala (499374M)	7, St Anthony, Triq San Tofimu, Sliema, Malta	Executive Chairman
Carlo Stivala (23589M)	Tal-Qroqq Mansions, Flat 4, Triq Tal-Qroqq, Msida, Malta	Executive Director
Ivan Stivala (352278M)	4, Buogainvillea, Triq l-Ornitologija, Kappara, San Gwann, Malta	Executive Director
Martin John Stivala (35672M)	2, Orchidea, Flat 10, Triq Tal-Hriereb, Msida, Malta	Executive Director
Ann Marie Agius (118784M)	42, Triq it-Torri, Qrendi, Malta	Independent Non-Executive Director
Francis Gouder (866550M)	Lotus, Flat 3, Triq it-Tamal, St Julians, Malta	Independent Non-Executive Director
Joseph Brincat (311147M)	1, Gilda Court, Flat 4, Trejqa Albert M. Cassola, Swieqi, Malta	Independent Non-Executive Director

Rudi Xuereb (124679M) of 109, Triq il-Ghajn, Swieqi, Malta, is the company secretary of the Issuer.

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

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

3.1.2 Directors of the Guarantor

Martin John Stivala (35672M)	2, Orchidea, Flat 10, Triq Tal-Hriereb, Msida, Malta	Executive Director
Michael Stivala (499374M)	7, St. Anthony, Triq San Tofimu, Sliema, Malta	Executive Director
Carlo Stivala (23589M)	Tal-Qroqq Mansions, Flat 4, Triq Tal-Qroqq, Msida, Malta	Executive Director
Ivan Stivala (352278M)	4, Buogainvillea, Triq l-Ornitologija, Kappara, San Gwann, Malta	Executive Director

Rudi Xuereb (124679M) of 109, Triq il-Ghajn, Swieqi, Malta, is the company secretary of the Guarantor.

3.2 Senior Management

The four executive Directors are collectively responsible for the executive management of the Company and the Subsidiaries, and together with other senior members of the executive team are responsible for the Issuer's day to day management. Each of the four executive Directors is responsible for the following executive tasks:

Martin John Stivala	Demolition and constructions works in property development
Michael Stivala	General executive management and hotel operations within the Group
Carlo Stivala	Administration and operations of long-term rentals of residential and commercial properties
Ivan Stivala	Finishing and furnishing works of real estate assets of the Group

3.3 Advisors to the Issuer and the Guarantor

Legal Counsel

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

Sponsor & Manager

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

Registrar

Name:	Malta Stock Exchange p.l.c.
Address:	Garrison Chapel, Castille Place, Valletta VLT 1063 - MALTA

Financial Advisors

Name:	Nexia BT Advisory Services Limited
Address:	The Penthouse, Suite 2, Capital Business Centre, Entrance C, Triq taz-Zwejt, San Gwann SGN 3000 - MALTA

3.4 Auditors of the Issuer and of the Guarantor

Name:	Nexia BT
Address:	The Penthouse, Suite 2, Capital Business Centre, Entrance C, Triq taz-Zwejt, San Gwann SGN 3000 - MALTA

No audited financial statements of the Issuer have been prepared since its incorporation to the date of this Registration Document.

The annual statutory consolidated financial statements of the Guarantor for the financial years ended 31 December 2014, 2015 and 2016 were audited by Nexia BT. Nexia BT is a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act (Cap. 281 of the laws of Malta).

3.5 Security Trustee

Registered office:

Name:	CSB Trustees & Fiduciaries Limited
Address:	Vincenti Buildings, 28/19 Strait Street, Valletta VLT 1432 - MALTA

Correspondence address:

Name:	CSB Trustees & Fiduciaries Limited
Address:	The Penthouse, Tower Business Centre, Tower Street, Swatar Birkirkara BKR 4013 - MALTA

4. INFORMATION ABOUT THE ISSUER AND THE GROUP

4.1 Introduction

4.1.1 The Issuer

Full Legal and Commercial Name of the Issuer:	Stivala Group Finance p.l.c.
Registered Address:	143, The Strand, Gzira, Malta
Place of Registration and Domicile:	Malta
Registration Number:	C 82218
Date of Registration:	21 August 2017
Legal Form:	The Issuer is lawfully existing and registered as a public limited liability company in terms of the Act.
Telephone Number:	+356 2264 1516
Email:	info@stivalagroup.com
Website:	www.stivalagroup.com

The Issuer was set up as the ultimate parent company of the Group and as the principal vehicle for further expansion of the Group's hospitality business and mixed use developments. The Group has undergone a rationalisation exercise over the past few months in preparation of the Bond Issue, specifically through the establishment of the Issuer as a public limited company organised under the Act and the establishment of a number of subsidiaries that have taken over the operations from a number of other Group companies.

The Issuer has an authorised share capital of €500,000 and an issued share capital of €300,000, which is 100 per cent paid up. The Issuer is fully owned by Carmelo Stivala Trustee Limited which is in turn wholly held by Bastille Malta Trustees Limited. The latter holds the shares in Carmelo Stivala Trustee Limited in its capacity as trustee of two separate groups of trusts, referred to as Group A trusts and Group B trusts. The trusts falling within the ambit of Group A trusts have been set up for the beneficial interest of each of the respective four Stivala brothers Martin John, Ivan, Michael and Carlo. The Group B trusts are composed of a further four trusts which have been set up for the benefit of each of the Stivala brothers as beneficiaries together with their direct descendants and families.

On 5 September 2017, eight share transfer agreements were entered into between the Issuer and Carmelo Stivala Trustee Limited, in its capacity as trustee representing eight ultimate beneficial interests, whereby Carmelo Stivala Trustee Limited in its aforesaid capacity, transferred the shares it held in the Guarantor to the Issuer, in exchange for the issue and allotment of ordinary shares in the Issuer, which shares were issued and allotted to Carmelo Stivala Trustee Limited representing the interests of the ultimate shareholders in the same proportion as the latter's interests in the Guarantor.

The following is a list of the share transfers made by Carmelo Stivala Trustee Limited in the Guarantor to the Issuer in exchange for the issue of the shares by the Issuer to Carmelo Stivala Trustee Limited:

Transferor	Number of ordinary shares transferred in the Guarantor	Nominal value of ordinary shares transferred in the Guarantor	Number of ordinary shares allotted in the Issuer	Nominal value of ordinary shares allotted in the Issuer	Date of share exchange
Carmelo StivalaTrustee Limited (C 78323)	**674**	**€ 1.00**	**6,882**	**€ 1.00**	**5 September 2017**
Carmelo Stivala Trustee Limited (C 78323)	**674**	**€ 1.00**	**6,882**	**€ 1.00**	**5 September 2017**
Carmelo Stivala Trustee Limited (C 78323)	**674**	**€ 1.00**	**6,882**	**€ 1.00**	**5 September 2017**
Carmelo Stivala Trustee Limited (C 78323)	**674**	**€ 1.00**	**6,882**	**€ 1.00**	**5 September 2017**
Carmelo Stivala Trustee Limited (C 78323)	**526**	**€ 1.00**	**5,618**	**€ 1.00**	**5 September 2017**
Carmelo Stivala Trustee Limited (C 78323)	**526**	**€ 1.00**	**5,618**	**€ 1.00**	**5 September 2017**
Carmelo Stivala Trustee Limited (C 78323)	**526**	**€ 1.00**	**5,618**	**€ 1.00**	**5 September 2017**
Carmelo Stivala Trustee Limited (C 78323)	**526**	**€ 1.00**	**5,618**	**€ 1.00**	**5 September 2017**

Following this share exchange, the Issuer now holds 98 per cent of the shares in the Guarantor, which in turn holds the shares in the underlying operating Subsidiaries. The remaining two per cent of the shares in the Guarantor are held by the Group's founder, Mr Carmelo Stivala (847533M).

The Group's main operations through its Subsidiaries and associated companies are described in section 4.4 of this Registration Document.

4.1.2 The Guarantor

Full Legal and Commercial Name of the Guarantor:	Carmelo Stivala Group Limited
Registered Address:	143, The Strand, Gzira, Malta
Place of Registration and Domicile:	Malta
Registration Number:	C 62625
Date of Registration:	14 November 2013
Legal Form:	The Guarantor is lawfully existing and registered as a private exempt imited liability company in terms of the Act.
Telephone Number:	+356 2264 1516
Email:	info@stivalagroup.com
Website:	www.stivalagroup.com

The Guarantor was established in November 2013 as the holding company of the Group and retained such status until the establishment of the Issuer as part of the rationalisation exercise of the Group referred to in section 4.1.1. The majority of the shares in the Guarantor are owned by the Issuer.

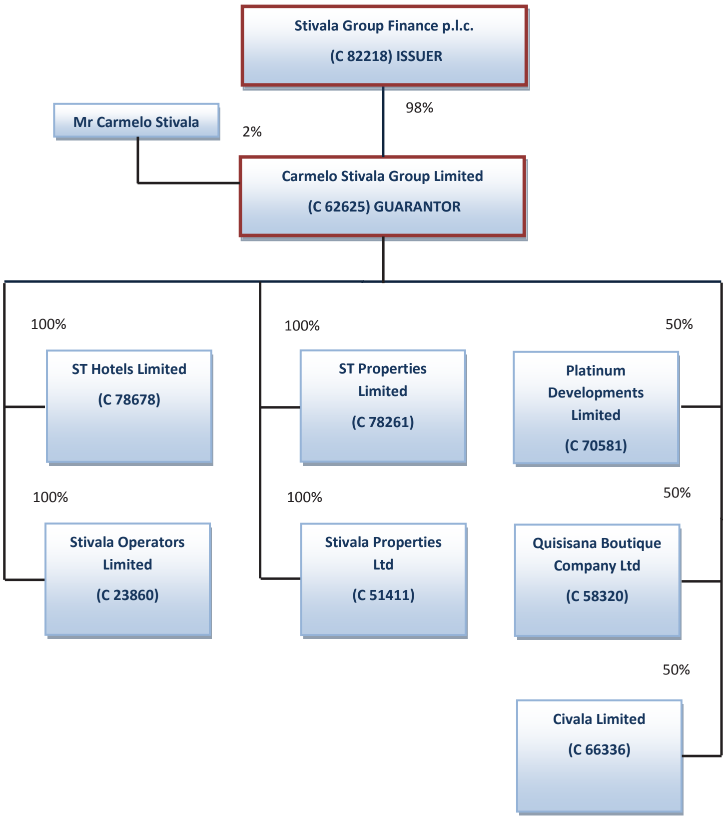
The Guarantor now acts as the Group's property holding company and owns almost all of the Group's immovable property, which property is subsequently leased to and operated by the Subsidiaries, as better explained in section 4.4.

4.2 Organisational Structure of the Group

The diagram hereunder illustrates the principal subsidiaries and associates within the organisational structure of the Group.

The Issuer was established as the ultimate parent company and finance arm of the Group on 21 August 2017. It is registered with the Registrar of Companies as a public limited liability company in terms of the Act and bears registration number C 82218.

The Issuer is the 98 per cent shareholder of the Guarantor, which was established as a private exempt limited liability company in Malta under the Act on 14 November 2013 and bears registration number C 62625. The remaining two per cent of the shares of the Guarantor are held by the Group's founder, Mr Carmelo Stivala.



**The remaining 50% of Platinum Developments Limited is held by Bastille Malta Trustees Limited as trustee.*
**The remaining 50% of Quisisana Boutique Company Limited is held by Edward Calleja (432870M).*
**The remaining 50% of Civala Limited is held by John Cilia (262857M).*
**Stivala Operators Limited and Stivala Properties Ltd are intended to be liquidated in the near future.*

The Group conducted a re-organisation over the course of 2016 and 2017 in preparation of the Bond Issue. ST Hotels Ltd (C 78678) and ST Properties Ltd (C 78261) were established as private limited liability companies on 16 December 2016 and 23 November 2016 respectively as subsidiaries within the Group and which have the majority of their shares indirectly owned by the Issuer.

The initial step in the restructuring process entailed the transfer of operations from Stivala Operators Limited (C 23860) and Stivala Properties Ltd (C 51411), these being subsidiary companies of C. Stivala & Sons Limited (C 4510) (a company which is not reflected in the above chart), to the Group. As such, ST Hotels Ltd acquired from Stivala Operators Limited the business, operations, assets and the benefit of all contracts previously pertaining to Stivala Operators Limited, with effect from 1 January 2017. Furthermore, ST Properties Ltd acquired from Stivala Properties Ltd the latter's business, operations and assets with effect from 1 January 2017. Accordingly, as from 1 January 2017, Stivala Operators Limited and Stivala Properties Ltd ceased all trading and operating activities and it is intended that both companies will be liquidated in the near future.

Pursuant to the above, C. Stivala & Sons Limited (which is the parent company of two non-operating subsidiary companies – Stivala Operators Limited and Stivala Properties Ltd - as explained hereinabove), was amalgamated into the Guarantor in terms of a merger process that was finalised during the third quarter of 2017. C. Stivala and Sons Limited previously served as one of the main property holding companies of the Group and therefore following the said merger, the Guarantor now acts as the principal property-holding company of the Group. The operation of the properties is subsequently undertaken by other Group Companies, namely:

(a) ST Properties Ltd, in connection with the commercial and residential properties, which ST Properties Ltd then sub-leases and operates by entering into agreements with third parties; and

(b) ST Hotels Ltd, in connection with hotels and hostels or guesthouses, which ST Hotels Ltd then operates in its own name and for its own risk and benefit.

The Group also has two operating associate companies, both of which are involved in the Group's main activities of leasing commercial and residential properties. Platinum Developments Ltd (C 70581) owns and operates leases of three residential units and one office on the Sliema sea front, whilst Quisisana Boutique Company Ltd (C 58320) is engaged in leasing residential and commercial properties to third parties. It operates a block of 18 apartments, 37 garages and one office situated on the Qui-Si-Sana Seafront in Sliema. A third associate company of the Group, Civala Limited (C 66336), has yet to commence operational activities.

The Group's organisational structure has expanded over the years in line with the Group's development phases and growth. The Group's organisational structure allows the Issuer to keep the strategic direction and development of the Group as its primary focus. Given the current size of the Group, the Issuer's board and management team principally through its executive Directors is focused on achieving the Group's operational objectives.

As the holding company of the Group, the Issuer is ultimately dependent upon the operations and performance of its Subsidiaries and their respective operations. As for the Guarantor, the company is dependent for its cash flows upon the profitability of the operations and performance of its Subsidiaries.

4.3 Historical Development of the Group

The Group's business has evolved over a number of years, dating back to its origins in 1979 when Carmelo Stivala founded C. Stivala & Sons Limited with the object of providing construction and development of real estate to personal and corporate customers. Over the years the Group shifted its focus from an exclusively construction company to a developer of real estate, through the acquisition of real estate, development of those sites and their operation through leases of commercial and residential properties and hotel accommodation. Since 1979, the Group continued to grow and acquired a significant portfolio of real estate. Initially, the strategy was to acquire real estate and apply the Group's experience and expertise in the construction industry, from where it started, to develop and finish those properties with a view to generating revenues from long-term leases of commercial and residential properties whilst retaining the real estate on balance sheet and benefiting from the residual values of the real estate. The Group's strategy was further diversified in 1998 when Stivala Operators Limited was set up with its principal activity to move into the operation of hotels, hostels and short-let accommodation.

Currently, the Group owns and operates two hotels in the 3 star segment (namely, Sliema Hotel and Bayview Hotel), 10 properties comprising hostels and residential apartments for short-let accommodation, and *circa* 54 properties consisting of residential units, commercial space and retail outlets for long-term letting. Further information about the property portfolio is provided in section 4.4.2 below. Through ST Hotels Ltd, the Group also provides taxi services to all clients who use its accommodation.

4.4 Business Overview of the Group

4.4.1 Business Overview

The Issuer does not have any trading record, and was established as the holding company and finance arm of the Group.

The Group's main business is the acquisition of real estate for long term investment purposes, principally in the Gzira, Sliema and St Julian's areas. Once acquired, the Group is engaged in the development or re-development of those properties and their conversion into residential and commercial properties. All real estate is retained by the Group to generate rental revenues, both from short letting and tourist accommodation as well as from long-term residential, office and retail lets. The Group has the following main areas of activity:

- Ownership of real estate – this consists of the identification of sites or real estate that can be developed for subsequent operation either as part of its hospitality operations or for residential or commercial letting;
- Construction and development – the Group undertakes the development and finishing of the real estate identified and acquired, thus allowing greater control by the Group over the costs and timelines of the developments undertaken;
- Hospitality operations – the Group operates properties intended for hospitality purposes consisting of hotels, hostels or apartments for short term accommodation;
- Long-term letting operations – this consists in the letting over the longer term of commercial properties and residential properties owned by the Group.

Group revenue and earnings are derived primarily from the operation of owned hotels, hostels and short let apartments, which business was operated up to 31 December 2016 by Stivala Operators Limited. This business activity accounted for *circa* 80% of the Group's total revenue in 2016. Rentals generated from commercial and long let residential properties were, prior to 1 January 2017, operated by Stivala Properties Ltd.

With effect from 1 January 2017, as part of a Group re-organisation, each of ST Hotels Ltd and ST Properties Ltd acquired the business, operations and assets and liabilities of Stivala Operators Limited and Stivala Properties Ltd, which had undertaken the business of hospitality and property rental since their inception in 1998 and 2010 respectively.

An overview of the financial performance of each of Stivala Operators Limited and Stivala Properties Ltd for the years ended 31 December 2014, 2015 and 2016 is provided in sections 4.4.3 and 4.4.4 below.

4.4.2 Ownership of Real Estate

Until 31 December 2013, C. Stivala & Sons Limited served as one of the main property holding companies of the Group. Following the incorporation of the Guarantor on 14 November 2013, ownership of the Group's immovable property was split between C. Stivala & Sons Limited and the Guarantor. The Guarantor's ownership of the entire Group's real estate portfolio has now been consolidated following the merger of C. Stivala & Sons Limited into the Guarantor, which came into effect in September 2017. The Group now owns its real estate and properties primarily through the Guarantor, which is engaged principally in acquiring and developing the real estate of the Group.

All real estate owned by the Group is operated by the two principal operating subsidiaries – ST Hotels Ltd and ST Properties Ltd - that are responsible for the development and operation of the said real estate.

The Group has a total value of real estate, based on the latest valuation undertaken by Arch. Michael Falzon, in the region of €141,022,000. Further details on the real estate portfolio and the list of properties are included in the condensed valuation report set out in Annex I of this Registration Document.

4.4.3 Hospitality Operations

Hospitality operations during FY2014 to FY2016 were performed by Stivala Operators Limited. The financial information about Stivala Operators Limited is included in the audited financial statements of Stivala Operators Limited for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016. The said statements have been published and are available for inspection at the registered office of the Issuer.

Set out below are highlights taken from the audited financial statements of Stivala Operators Limited for the financial years indicated hereunder.

STIVALA OPERATORS LIMITED
Income Statement

for the year ended 31 December	**2014**	**2015**	**2016**
	€'000	**€'000**	**€'000**
Revenue	5,479	6,000	7,842
Hotels	2,031	2,107	3,155
Hostels and short let apartments	3,295	3,560	4,350
Commercial	153	333	337
Cost of sales	(2,959)	(4,260)	(3,813)
Gross profit	**2,520**	**1,740**	**4,029**
Other net operating costs	(481)	(605)	(1,267)
EBITDA[1]	**2,039**	**1,135**	**2,762**
Depreciation & amortisation	(1,113)	(946)	(948)
Operating profit	**926**	**189**	**1,814**
Gain on disposals/write offs of assets	4	11	1,586
Waiver of related company balance	-	-	(10,190)
Net finance costs	(29)	(13)	(33)
Profit/(loss) before tax	**901**	**187**	**(6,823)**
Taxation	127	155	(553)
Profit/(loss) for the year	**1,028**	**342**	**(7,376)**
Total comprehensive income/(expense)	**1,028**	**342**	**(7,376)**

[1]*EBITDA - Earnings before Interest, Tax, Depreciation and Amortisation.*

STIVALA OPERATORS LIMITED
Statement of Financial Position
as at 31 December

	2014 €'000	2015 €'000	2016 €'000
ASSETS			
Non-current assets			
Intangible assets	-	8	-
Investment property	20	-	-
Property, plant and equipment	8,620	8,399	-
Deferred taxation	387	554	-
	9,027	8,961	-
Current assets			
Inventories	10	13	15
Trade and other receivables	6,046	1,109	855
Current tax assets	252	-	-
Cash and cash equivalents	257	4	40
	6,565	1,126	910
Total assets	**15,592**	**10,087**	**910**
EQUITY			
Capital and reserves			
Share capital	2	2	2
Reserves	4,825	4,825	4,825
Retained earnings	4,683	-	(7,376)
	9,510	**4,827**	**(2,549)**
LIABILITIES			
Non-current liabilities			
Borrowings	384	238	85
Other non-current liabilities	44	29	15
	428	267	100
Current liabilities			
Bank overdraft	173	505	303
Borrowings	138	146	152
Other current liabilities	5,343	4,342	2,904
	5,654	4,993	3,359
	6,082	**5,260**	**3,459**
Total equity and liabilities	**15,592**	**10,087**	**910**

STIVALA OPERATORS LIMITED
Cash Flow Statement
for the year ended 31 December

	2014 €'000	2015 €'000	2016 €'000
Net cash from operating activities	1,538	5,301	(8,647)
Net cash from investing activities	3,057	(723)	9,031
Net cash from financing activities	(3,958)	(5,163)	(146)
Net movement in cash and cash equivalents	**637**	**(585)**	**238**
Cash and cash equivalents at beginning of year	(553)	84	(501)
Cash and cash equivalents at end of year	**84**	**(501)**	**(263)**

Revenue in **FY2014** amounted to €5.5 million, primarily generated from the operation of the Bayview Hotel, Blubay Hotel and Blubay Fleet Hostel.

The Bayview Hotel is a 3 star 136-room hotel situated on the seafront promenade at The Strand, Gzira. The rooms are equipped with en-suite bathrooms, wi-fi, and other amenities. The property includes a wellness centre, indoor and outdoor pools, a gym and catering outlets.

The Blubay Hotel comprises 54 self catering apartments and is located in Ponsonby Street, Gzira, whilst the Blubay Fleet Hostel consists of 53 self catering apartments situated in Fleet Street, Gzira. Both properties are in close proximity to the Bayview Hotel and as such, guests can make use of the hotel's facilities.

In FY2014, Stivala Operators Limited registered an EBITDA of €2.0 million. After taking into account depreciation and amortisation, net finance costs and taxation, the company reported a profit after tax amounting to €1.0 million.

Revenue in **FY2015** amounted to €6.0 million, an increase of €0.5 million (+9.5%) from a year earlier. The year-on-year growth in revenue was mainly attributable to higher achieved room rates for the hotel; an increase in income from short let apartments and the inclusion of the Waterline Residence situated at The Strand, Gzira, and which comprises five residential units.

EBITDA for the aforesaid financial year amounted to €1.1 million, a decrease of €0.9 million when compared to FY2014. EBITDA for FY2015 was adversely affected by a one off expense amounting to €1.0 million, being arrears relating to water & electricity. Profit for the year amounted to €0.3 million (FY2014: €1.0 million).

Revenue in **FY2016** increased by €1.8 million (+30.7%), from €6.0 million in FY2015 to €7.8 million. In May of the reviewed financial year, Stivala Operators Limited commenced operating the Sliema Hotel, a 70-room 3 star seafront hotel located at The Strand, Sliema. All rooms at the Sliema Hotel are spacious and comprise various amenities such as free wi-fi, satellite TV and en-suite bathroom. Revenue generated from hotels amounted to €3.2 million from €2.1 million in FY2016. The increase of €1.1 million was primarily due to the inclusion of the Sliema Hotel in FY2016. Performance from hostels and short let apartments continued to improve and in FY2016, this sector registered a year-on-year increase of €0.8 million to €4.4 million.

Although FY2016 EBITDA increased from €1.1 million in FY2015 to €2.8 million, Stivala Operators Limited was adversely impacted by a one off item (consisting of a waiver of related company balance of €10.2 million) which resulted in a loss for the year of €7.4 million (FY2015: profit of €0.3 million). As described in section 4.2 above, in 2016, the business of Stivala Operators Limited was transferred to ST Hotels Limited as part of an intra-group exercise. The transaction comprised the transfer of net assets amounting to €10.2 million from Stivala Operators Limited to ST Hotels Limited. The resultant intra-group balances were written-off, wherein Stivala Operators Limited registered a charge in its income statement of €10.2 million, whilst ST Hotels Limited recorded a gain of the same amount.

4.4.4 Property Rentals

Long lets of residential and commercial Group properties to third parties were administered during FY2014 to FY2016 by Stivala Properties Ltd. Such leases typically involve rental periods exceeding six months up to a maximum of eight years. Commercial properties principally comprise restaurants, retail outlets and office space.

The financial information about Stivala Properties Ltd is included in the audited financial statements of Stivala Properties Ltd for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016. The said statements have been published and are available for inspection at the registered office of the Issuer.

Set out below are highlights taken from the audited financial statements of Stivala Properties Ltd for the financial years indicated hereunder:

STIVALA PROPERTIES LTD **Income Statement** **for the year ended 31 December**	**2014** **€'000**	**2015** **€'000**	**2016** **€'000**
Revenue	1,078	1,377	1,748
Commercial	595	656	821
Residential	483	721	927
Cost of sales	(580)	(567)	(393)
Gross profit	**498**	**810**	**1,355**
Other net operating costs	(10)	(31)	(18)
EBITDA[1]	**488**	**779**	**1,337**
Depreciation & amortisation	-	-	-
Operating profit	**488**	**779**	**1,337**
Net finance costs	-	-	-
Profit before tax	**488**	**779**	**1,337**
Taxation	(106)	(179)	(300)
Profit for the year	**382**	**600**	**1,037**
Total comprehensive income	**382**	**600**	**1,037**

[1]*EBITDA - Earnings before Interest, Tax, Depreciation and Amortisation.*

STIVALA PROPERTIES LTD
Statement of Financial Position
as at 31 December

	2014	2015	2016
	€'000	€'000	€'000
ASSETS			
Current assets			
Trade and other receivables	401	1,101	1,609
Cash and cash equivalents	1	6	40
	402	1,107	1,649
Total assets	**402**	**1,107**	**1,649**
EQUITY			
Capital and reserves			
Share capital	1	1	1
Retained earnings	-	-	-
	1	1	1
LIABILITIES			
Current liabilities			
Trade and other payables	351	955	1,380
Other current liabilities	50	151	268
	401	1,106	1,648
	401	**1,106**	**1,648**
Total equity and liabilities	**402**	**1,107**	**1,649**

STIVALA PROPERTIES LTD
Cash Flow Statement
for the year ended 31 December

	2014	2015	2016
	€'000	€'000	€'000
Net cash from operating activities	287	605	1,071
Net cash from investing activities	95	-	-
Net cash from financing activities	(382)	(600)	(1,037)
Net movement in cash and cash equivalents	**-**	**5**	**34**
Cash and cash equivalents at beginning of year	1	1	6
Cash and cash equivalents at end of year	**1**	**6**	**40**

Rents receivable in **FY2014** amounted to €1.1 million, 55% thereof generated from commercial leases whilst the remaining 45% was derived from residential long lets. Cost of sales amounted to €580,000 and represented rents payable to related parties. EBITDA for the reviewed year amounted to €488,000 and profit for the year totalled €382,000.

In **FY2015**, Stivala Properties Ltd increased revenue by 28% from €1.1 million in FY2014 to €1.4 million, principally due to an increase in the number of properties under management. As a result, EBITDA improved from €488,000 in FY2014 to €779,000 in FY2015. Profit for FY2015 amounted to €600,000 (FY2014: €382,000).

Further growth in revenue was registered in **FY2016** as Stivala Properties Ltd reported a year-on-year increase of 27% or €371,000 to €1.7 million. The aforesaid increase was due to an increase in the number of properties subject to long term lease agreements. Such improvement was also reflected in EBITDA, which increased from €779,000 in FY2015 to €1.3 million in FY2016. Stivala Properties Ltd registered a profit for the year of €1.0 million (FY2015: €600,000).

4.5 Development Strategy

The Group's business strategy focuses on achieving positive and sustainable financial and operational results together with long-term appreciation in the value of the Group's real estate portfolio.

In implementing the Group's development strategy, the directors aim to identify and acquire real estate in Malta, particularly in the Sliema, Gzira and St Julian's area, which they believe has the potential to be re-developed and subsequently operated at sustainable operational yields in the hospitality sector or longer term commercial or residential leases.

The Group has been successful in leveraging its experience and expertise in identifying appropriate sites for development and particularly in applying its knowhow of the construction industry to develop those sites. The directors believe that the deployment of the Group's own experience and resources, through its construction and project management arm that undertakes all necessary construction and finishing works of the Group's own developments allow it significant advantages to complete the development and re-development of projects within controlled budgets and tight delivery dates. This reduces the risk of counter-party default, cost overruns and time delays and enables the Group to retain the development phase of its projects within its own control and strategic priorities.

The Group's operations focus principally on the hospitality segment and the letting of commercial and residential units of the Group's own properties. In the hospitality sector, the Group aims to continue to provide services at the Group's hotels in line with the expectations of customers typically seeking accommodation in 3 star hotels as well as in hostels and similar accommodation. The Group aims at adopting and implementing strategies that allow it the flexibility to adapt to changing market conditions particularly in the hospitality sector by rendering its operations in the 3 star hotel segment and its operations in the short-term letting of tourist accommodation as inter-changeable as possible to be able to meet the demands of customers seeking tourist accommodation in this market segment, thus aiming to enhance overall occupancy levels and average room rates.

The directors believe that the commercial and residential letting segment of the Group's business can deliver further growth and generate additional bottom-line results to the Group at marginal increased costs, through further investment in new projects. In this context, the Group believes that current market conditions should support further investment in this segment by continuing to target investments in under-performing properties for re-development in real-estate projects aimed for leases or retail outlets or longer-term accommodation.

From a cost perspective, improved results are being achieved through the implementation of cost-control and energy-efficient measures in Group properties, particularly with increased operational efficiency. These are predominantly evident in the procurement of goods through the increased purchasing power of the Group in Malta and the consolidation and rationalisation of decision making within the Group that on the one hand obviates the need for overly complex and costly management and governance structures and on the other allow greater operational efficiency within the Group.

The Group's strategic plans involve owning and holding real estate for investment purposes; the primary objective being the generation of income from the rental of properties or to generate income from their operations, in particular, in the case of property used for short-letting and tourist accommodation, more specifically, the hotels, hostels and guest houses owned by the Group. Other property is rented out on a long-term basis either for residential purposes, as offices or for retail activities. The Group is continuously seeking to acquire more properties including hotels or guest houses.

4.6 Investments

The principal investments of the Group since 31 December 2016, being the date of the latest audited financial statements, are described hereunder:

(a) Proposed Azur Hotel

One of the Group Companies, ST Hotels Limited is currently developing a 101 room hotel in Belvedere Street, Gzira, as per Planning Authority Permit PA 01467/15. Development commenced in April 2017 and as at the date of this Registration Document, the original buildings have been demolished and excavation works are near completion. An application has been submitted to the Planning Authority (TRK 190134) for the development of the additional two floors comprising a further 80 rooms, hence bringing the total to 181 rooms. Completion is targeted for May 2018.

The proposed property is expected to cost *circa* €4.5 million and will be financed from the net proceeds of the Bond Issue.

(b) 120, The Strand, Gzira

In 2016, the Group acquired a commercial property situated in 120, The Strand, Gzira, comprising *circa* 3,305m^2 of net leasable area. In May 2017, the Group initiated works on the property, including alterations to the façade, re-construction of the seventh floor and development of the eighth and ninth floors (Planning Authority Permit PA 2591/16). Development is expected to be concluded by October 2017 at an estimated cost of €2.5 million, and will be funded from the Group's cash resources.

(c) **196, Main Street, St Julian's**

In December 2015, the Group entered into a promise of sale agreement for the acquisition of a residential property, having a footprint measuring 430m² and located at 196, Main Street, St Julian's. The Group plans to demolish the existing property and develop on same site a block consisting of nine luxury residential units, commercial space and garages for a total built up area of *circa* 2,735m². The proposed development is approved as per Planning Authority permits PA 2617/16 and PA 6442/17 6442/17.

The acquisition of the property and development thereafter is estimated to amount to €9.0 million in aggregate, which will be financed from net proceeds of the Bond Issue. Development is expected to start in late 2017 and be completed in late 2018.

(d) **Other Investments**

The Group intends on making the following investments and will therefore apply part of the Bond proceeds to acquire such investments in the manner outlined below:

- **Acquisition of remaining portion of Qui Si Sana Boutique Apartments:** As mentioned above, the Group already owns one half of the residential units and garages and office situated at Qui Si Sana Boutique Apartments, Sliema. The Group has agreed terms to acquire from a third party the remaining nine residential units, 19 garages and the one half undivided share of the office space at the said Qui Si Sana Boutique Apartments for an amount of €11,448,000, which acquisition will be funded by the Bond Issue proceeds. It is anticipated that the promise of sale agreement will be executed shortly after the issuance of the Secured Bonds.

  Although it is strongly anticipated that a promise of sale will be concluded as stated above, in the event that such promise of sale is not signed, the Security Trustee undertakes to utilise the funds earmarked for the acquisition of the aforementioned remaining half of Qui Si Sana Boutique Apartments, Sliema, for the purpose of refinancing an existing loan with APS Bank Limited, which as at 31 August 2017 amounted to €9,569,000. In such case and with respect to the immovable property given as Security Property for the purposes of this Secured Bond, the Security Trustee shall, at its discretion, substitute the un-acquired portion of Qui Si Sana Boutique Apartments with another immovable property owned by the Group, subject to an independent architect's property valuation report confirming that the value of the property being substituted and added to the immovable properties constituting the Security Property is at least equal to the value of the intended purchase of the remaining residential apartments and garages at Qui Si Sana Boutique Apartments.

- **Property at Marguerite Mangion Street, St Julian's:** On 8 September 2017, the Group entered into a promise of sale agreement to acquire a property situated at Marguerite Mangion Street, St Julian's, which currently houses the EC Language School for an aggregate consideration of €7,706,200.

- **General capital expenditure:** The remaining balance of *circa* €2,596,800 of net Bond Issue proceeds shall be utilised to acquire other properties in accordance with the Group's business development strategy and/or to fund part of the Group's ongoing capital expenditure on own properties.

4.7 Security Property

Security for the fulfilment of the Issuer's obligations in terms of the Bond Issue is to be granted in favour of the Security Trustee for the benefit of Bondholders, by way, *inter alia*, of Collateral over the Security Property described hereunder.

Address	**Valuation as at date of Registration Document (€)**
120, The Strand, Gzira, Malta	12,286,000
Nine apartments, 19 garages and one half undivided share of an office, all situated at Qui Si Sana Boutique Apartments, Qui Si Sana Road, Sliema, Malta (subject to completion of acquisition)	11,448,000
Property situated at Marguerite Mangion Street, St Julian's, Malta (subject to completion of acquisition)	7,706,200
153/154, The Strand, Gzira, Malta	3,390,000
Bring Apartments, Reid Street, Gzira, Malta	3,197,000
196, Main Street, St Julian's, Malta (subject to completion of acquisition)	6,972,800
	45,000,000

In addition to the above, an amount of up to €2,027,200 from net Bond Issue proceeds is to be utilised for the purposes of developing 196, Main Street, St Julian's, Malta, into a block consisting of nine luxury residential units, commercial space and garages. As such, on completion of the afore-mentioned development, the aggregate value of the Security Property will increase from €45,000,000 to €47,027,200.

In terms of the Trust Deed, the Security Trustee shall reserve the right to demand further immovable property owned by the Group to be given as Security Property for the purposes of the Secured Bonds, should at any given time the value of Security Property, pursuant to an independent architect's valuation report, be lower than the nominal value of outstanding Secured Bonds in issue.

The Issuer intends to utilise part of the Secured Bond proceeds to re-finance existing bank loans with FIMBank p.l.c. and Bank of Valletta p.l.c., the outstanding aggregate amount being €9,129,000 as at 31 August 2017. The table below provides a breakdown of the outstanding bank facilities that will be refinanced by means of the Bond Issue proceeds as well as the corresponding charges that will be released once these are settled (to be replaced, where applicable to Security Property (underlined), by the Collateral being created in favour of the Security Trustee for the benefit of Bondholders).

Lending Bank	Borrower	Borrowed Amount	Outstanding Balance as at 31 Aug 2017	Charged Property	Relevant Notes
FIMBank p.l.c.	Carmelo Stivala Group Limited as principal debtor; C. Stivala & Sons Limited as surety	€6,160,000	€5,221,000	GH/SH/SP on: (i) <u>120, The Strand, Gzira;</u> GH/SH on: (i) Valley Towers, Valley Road, Birkirkara	**H/267/2017**
Bank of Valletta p.l.c.	C. Stivala & Sons Limited	€4,183,701	€3,908,000	GH/SH on: (i) Unnamed and unnumbered block of apartments and garages in Moroni Street, Gzira (ii) Bayview Hotel, The Strand, Gzira	**H /14685/2011;** **H/4214/2017;** **H/4217/2014;** **H/4218/2014;** **H/4219/2014** ***(Note that GH was waived by R/3430/2015 and R/2221/2016, all SHs remained unaffected)***
			€9,129,000		

(SH: Special Hypothec; GH: General Hypothec; SP: Special Privilege)

Subject to the release of the existing security in place over the Security Property (underlined in the table above) and pursuant to the Security Trust Deed, the Guarantor and the Company agree to jointly and severally between them guarantee the punctual performance by the Company of the Secured Bond obligations by entering into the Guarantee, which shall become effective upon the full subscription of the Secured Bonds. In support of the Guarantee and as part of the Collateral the Guarantor has agreed to grant a first ranking special hypothec over the Security Property for the full amount of €45,000,000 and interests thereon.

In relation to the Security Property which is already owned by the Group and encumbered by security in terms of the above banking facilities, the Security Trustee shall appear on each notarial deed to effect payment and to obtain, if possible and where relevant, subrogation into the rights of the bank which provided the original finance. Pursuant to these deeds, the Security Trustee shall obtain the Collateral over the relevant immovable property forming part of the Security Property and that had secured the bank funding.

The Collateral will secure the claim of the Security Trustee, for the benefit and in the interest of Bondholders, for the repayment of the principal and interest under the Secured Bonds by a preferred claim over the Security Property.

Accordingly, following the issue of the Secured Bonds and application of the Bond Issue proceeds in accordance with the terms of the Securities Note, the Security Trustee will have the benefit of a first ranking special hypothec over the Security Property for the full amount of €45,000,000 and interests thereon.

4.8 Dynamics for Closing

Following the Bond Issue, all proceeds shall be held by the Security Trustee who shall, save for the payment of the expenses related to the Bond Issue, retain all remaining Bond Issue proceeds until all security for the benefit of Bondholders has been duly perfected and registered and the Secured Bonds are admitted to the Official List of the Malta Stock Exchange, as outlined in the Security Trust Deed.

Indeed, the Secured Bonds shall not be admitted to the Official List of the Malta Stock Exchange unless all security has been duly perfected, in accordance with the provisions of the Security Trust Deed. It is expected that within 15 Business Days from the close of the Bond Issue and following allocation of the Secured Bonds:

(I) The Issuer shall appear on notarial deeds to repay the outstanding loans due to FIMBank p.l.c. and Bank of Valletta p.l.c., which as at 31 August 2017 amounted to €9,129,000, as indicated in section 4.7 above. The Security Trustee shall appear on each notarial deed to effect payment and to obtain, if possible, subrogation into the rights of the bank which provided the original finance. Pursuant to these deeds the Security Trustee would obtain the Collateral over the immovable properties already owned by the Group and which had secured the bank funding.

(II) The Issuer and the Guarantor and the Security Trustee will then enter into another notarial deed pursuant to which the Issuer and/or the Guarantor shall constitute first ranking special hypothecs over the other Security Property already owned by the Group and which is not encumbered by any charges or security interests in terms of the banking facilities outlined in section 4.7 above.

Following registration of the notarial deeds described in (I) and (II) above and the presentation to the Security Trustee of the appropriate notes of hypothec, the Security Trustee shall release the remaining net proceeds of the Bond Issue to the Issuer for the purposes and in the manner outlined below, as indicated in the Security Trust Deed:

(i) **Acquisition of 196, Main Street, St Julian's:** The Security Trustee shall appear on the deed of sale and purchase and shall release out of the Bond Issue proceeds the amount of €6,972,800 required to discharge the cash portion of the purchase consideration of the said immovable property and any related costs of acquisition.

(ii) **Development of 196, Main Street, St Julians:** An amount of up to €2,027,200 is to be utilised for the purposes of developing the said existing property into a block consisting of nine luxury residential units, commercial space and garages.

(iii) **Acquisition of nine apartments, 19 garages and the remaining undivided portion of the office situated at Qui Si Sana Boutique Apartments, Sliema:** The Security Trustee shall appear on the deed of sale and purchase and shall release out of the Bond Issue proceeds the amount of €11,448,000 required to discharge the cash portion of the purchase consideration of the said immovable property and any related costs of acquisition.

(iv) **Acquisition of the property situated at Marguerite Mangion Street, St Julian's:** The Security Trustee shall appear on the deed of sale and purchase and shall release out of the Bond Issue proceeds the amount of €7,706,200 required to discharge the cash portion of the purchase consideration of the said immovable property and any related costs of acquisition.

(v) **Development of Azur Hotel:** An amount of €4,500,000 is to be utilised for the development of a 181 room hotel in Belvedere Street, Gzira, completion of which is targeted for May 2018.

(vi) **Other property developments:** An amount of *circa* €2,600,000 will be utilised to acquire other immovable properties in accordance with the Group's business development strategy and/or to fund part of the Group's ongoing capital expenditure on own properties.

With respect to the acquisition of immovable property set out in (i), (iii) and (iv) above, the Security Trustee shall be empowered to take all such measures as it may consider appropriate or necessary to ensure that any portion of the purchase consideration due to the respective seller is paid directly to creditors of the said seller who may have registered security interests over the lands being purchased by the Issuer, so as to ensure that the purchase is made as free and unencumbered of any such security interests and to enable the Security Trustee to take the security interests over the said immovable property in question.

The Guarantor shall also acknowledge itself as the true and lawful debtor of the Issuer for an amount equivalent to the payment effected by the Issuer to repay all bank financing of the Guarantor.

The Bond Issue proceeds are to be made available to the Guarantor by way of an issue of preference shares to the Issuer, whereby the Guarantor shall be issuing and allotting to the Issuer the amount of 45,000,000 cumulative redeemable preference shares having a nominal value of €1.00 each share, having a term of not more than nine and a half years, and which carry a fixed dividend payout of 4.5%.

5. TREND INFORMATION AND FINANCIAL PERFORMANCE

5.1 Trend Information

The Issuer was registered and incorporated on 21 August 2017 as the parent company and finance arm of the Group. As indicated in section 5.2 of this Registration Document, the Issuer has no financial information to report. Accordingly, it is not in a position to assert whether there has been a material adverse change since the date of publication of its latest audited financial statements.

The Issuer is dependent on the business prospects of the Group and, therefore, the trend information of the members of the Group (detailed below) has a material effect on its financial position and prospects.

As at the time of publication of this Prospectus, the Group considers that generally it shall be subject to the normal business risks associated with the business in which the Group operates, and, barring unforeseen circumstances, does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be considered likely to have a material effect on the upcoming prospects of the Group and its business, at least with respect to the current financial year. However, investors are strongly advised to carefully read the risk factors in the Prospectus.

5.1.1 Hospitality[1]

Tourism in Malta has in recent years been performing at a strong level and this trend continued in 2016 and in the initial half of 2017. Inbound tourist trips from January to December 2016 amounted to 1.99 million, an increase of 10.2% when compared a year earlier. Total nights spent by inbound tourists went up by 5.7%, reaching almost 15.0 million nights. During 2016, total guests in collective accommodation establishments surpassed 1.6 million, an increase of 2.1% over the same period in 2015. Within the collective accommodation establishments, the 5 star and 4 star hotels gained 10,878 guests (+2.8%) and 30,779 guests (+4.5%) respectively in 2016 when compared to a year earlier, while there was a decrease of 24,042 guests (-5.7%) in the 3 star category. Other establishments (comprising guesthouses, hostels and tourist villages) registered a year-on-year increase of 20.0% from 57,028 guests in 2015 to 68,461 guests in 2016. Tourism expenditure was estimated at €1.71 billion in 2016, an increase of 4.3% over 2015.

Notwithstanding the decline in tourists seeking accommodation in the 3 star category, the Group's performance for 2016 was positive and above the reported industry averages. The industry average of occupancy in 3 star accommodation reached 78% for the year 2016 – sustaining the same level achieved in the previous year, with Group occupancy registering 81% in each of 2015 and 2016. In addition, whilst the industry average of gross operating profit margin in the 3 star category declined to 34% in 2016 from 43% in 2015, the Group managed to increase its gross operating profit margin to 39% in 2016 from 33% in 2015.

Inbound tourist trips from January to June 2017 reached 990,182, an increase of 19.3% over the same period in 2016. Total nights spent by inbound tourists went up by 11.6%, surpassing 6.5 million nights. Total guests residing in collective accommodation establishments, in the first six months of 2017, amounted to 848,806, an increase of 14.4% over the prior comparable period. Guests in 3 star hotels between January to June 2017 increased by 27.0%, when compared to the same period in 2016, to 223,176 guests. Other establishments (comprising guesthouses, hostels and tourist villages) registered an increase of 21.5% to 36,121 guests in the first six months of 2017 (January to June 2016: 29,733 guests).

Focus will continue to be maintained on increasing arrivals during the winter months and attracting more visitors from new markets to Malta. Moreover, the promotion of Valletta as the European City of Culture in 2018, should further stimulate growth in the local hospitality industry. Meanwhile, the somewhat uncertain future of the national carrier Air Malta poses a concern to further growth in tourist arrivals whilst competition from other Mediterranean countries will likely remain strong.

5.1.2 Leases of Commercial and Residential Units

National statistics relating to leases of commercial property and residential units in Malta are currently not captured and therefore it is more difficult to gauge the health of this sector. Notwithstanding the lack of such data, general business sentiment and the continued drive to promote Malta as a regional hub for the provision of business related services, notably in the financial, i-gaming, back-office services, information technology, aircraft registration and maritime has continued to generate a positive trend in the commercial property sector, in particular office space. In addition, Malta's highly skilled and competitive labour costs have also been vital in sustaining this success. This view is substantiated when assessing the lack of availability of large office and commercial space, as well as, the number of projects earmarked for development and set to commence in the near future.

The recent growth in a number of sectors in Malta - particularly in the financial, gaming and hospitality sectors - has resulted in an influx of foreign workers to the country, which in turn has increased the demand for residential accommodation. As a consequence, rents for residential units in Malta have gradually increased in the past few years and this trend is expected to continue at least in the near to medium term.

The above-mentioned positive trend in the rental market for residential units was also experienced by the Group and is well positioned to continue to benefit from such demand given that most of its residential properties are situated in the Gzira/Sliema area, which is a highly desirable location in Malta. Income from leases of retail units has also increased on an annual basis and is set to maintain a trend of moderate but consistent year-on-year growth. The Group intends to further expand its portfolio of residential units for rental purposes through acquisition and/or further development of own properties.

[1] *www.nso.gov.mt; Malta Tourism Authority Report 2016*

5.2 Selected Financial Information

The Issuer

The Issuer was registered and incorporated on 21 August 2017 as a special purpose vehicle to act as the parent company and financing arm of the Group. The Issuer has, to date, not conducted any business, and has no trading record.

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

The Guarantor

Since Carmelo Stivala Group Limited shall act as Guarantor to the Bond Issue, the selected financial information of Carmelo Stivala Group Limited is contained in this section of the Registration Document. The historical financial information of Carmelo Stivala Group Limited is set out in the audited financial statements for each of the financial years ended 31 December 2014 to 2016.

Save for the restructuring process described in section 4.2 above and elsewhere in the Registration Document, there has not been any significant change in the prospects or in the financial or trading position of the Guarantor, which has occurred since the date up to which the aforesaid audited financial statements were prepared.

Set out below are summarised extracts from the financial statements of the Guarantor for the years ended 31 December 2014 to 2016.

CARMELO STIVALA GROUP LIMITED
Income Statement

for the year ended 31 December	**2014 (14 mths) €'000**	**2015 (12 mths) €'000**	**2016 (12 mths) €'000**
Revenue	200	185	185
Net operating costs	(20)	(18)	(63)
EBITDA[1]	**180**	**167**	**122**
Depreciation & amortisation	-	(42)	(605)
Operating profit/(loss)	**180**	**125**	**(483)**
Profit on disposal of investments	2	736	556
Dividends receivable	147	254	266
Net finance costs	(8)	(1)	-
Profit before tax	**321**	**1,114**	**339**
Taxation	(56)	(120)	(155)
Profit for the year	**265**	**994**	**184**
Total comprehensive income	**265**	**994**	**184**

[1]*EBITDA - Earnings before Interest, Tax, Depreciation and Amortisation.*

CARMELO STIVALA GROUP LIMITED
Statement of Financial Position
as at 31 December

	2014	2015	2016
	€'000	€'000	€'000
ASSETS			
Non-current assets			
Investment property	1,929	4,180	20,983
Property, plant & equipment	-	-	3,800
Investments in subsidiaries	-	-	2
Investments in associates	1	1	1
	1,930	4,181	24,786
Current assets			
Trade and other receivables	3,674	7,563	2,365
Cash and cash equivalents	-	83	808
	3,674	7,646	3,173
Total assets	**5,604**	**11,827**	**27,959**
EQUITY			
Capital and reserves			
Share capital	1	1	1
Retained earnings	265	1,259	1,444
	266	**1,260**	**1,445**
LIABILITIES			
Non-current liabilities			
Borrowings	3,495	6,895	11,763
Current liabilities			
Bank overdraft	-	891	-
Borrowings	-	26	3,421
Trade and other payables	1,802	2,704	11,316
Other current liabilities	41	51	14
	1,843	3,672	14,751
	5,338	**10,567**	**26,514**
Total equity and liabilities	**5,604**	**11,827**	**27,959**

CARMELO STIVALA GROUP LIMITED
Cash Flow Statement
for the year ended 31 December

	2014	2015	2016
	(14 mths)	(12 mths)	(12 mths)
	€'000	€'000	€'000
Net cash from operating activities	(1,568)	(2,671)	13,982
Net cash from investing activities	(1,928)	(1,537)	(20,654)
Net cash from financing activities	3,496	3,400	8,288
Net movement in cash and cash equivalents	-	**(808)**	**1,616**
Cash and cash equivalents at beginning of year	-	-	(808)
Cash and cash equivalents at end of year	-	**(808)**	**808**

Carmelo Stivala Group Limited was incorporated in November 2013 to acquire and dispose of property (mainly, commercial and residential units and hotels). Prior to November 2013, all Group properties were acquired by C. Stivala & Sons Limited. During the reviewed years, the operation of owned properties was managed by Stivala Operators Limited and Stivala Properties Ltd. In the third quarter of 2017, C. Stivala & Sons Limited was merged into Carmelo Stivala Group Limited, such that all properties of the Stivala Group are now owned by the Guarantor.

In FY2015, the Guarantor generated revenue of €0.2 million (FY2014: €0.2 million) and registered an operating profit of €0.1 million (FY2014: €0.2 million). In the same financial year, profit on disposal of investments amounted to €0.7 million (FY2014: €2,000), while dividends receivable amounted to €0.3 million (FY2014: €0.1 million). Profit for FY2015 amounted to €1.0 million (FY2014: €0.3 million).

In FY2016, revenue generated by the Guarantor amounted to €0.2 million (FY2015: €0.2 million). Due to the impact of depreciation and amortisation of €0.6 million, the Guarantor reported an operating loss of €0.5 million (FY2015: operating profit of €0.1 million). Profit on disposal of investments in FY2016 amounted to €0.6 million (FY2015: €0.7 million) and dividends receivable in the same year amounted to €0.3 million (FY2015: €0.3 million). The Guarantor reported a profit for FY2016 of €0.2 million (FY2015: €1.0 million).

As at 31 December 2016, non-current assets of the Guarantor amounted to €24.8 million, consisting primarily of the Sliema Hotel situated at The Strand, Sliema, which was acquired in May 2016. Equity as at 31 December 2016 amounted to €1.4 million, whilst bank borrowings and related party balances totalled €25.6 million.

The Group

Combined Financial Information of the Guarantor for the Years Ended 31 December 2014 to 2016

Until recently, the operating Subsidiaries, Stivala Operators Limited and Stivala Properties Ltd, were wholly owned by C. Stivala & Sons Limited, a holding property company in which the Group's ultimate beneficial owners held an equity shareholding of 96.4%. The latter company was subsequently merged with the Guarantor on 22 September 2017.

The historical financial information set out below for the years ended 31 December 2014, 31 December 2015 and 31 December 2016 represents combined (rather than consolidated) financial statements of the Guarantor, as not all companies within the Group were subsidiaries of a unitary holding company. Combined financial statements serve a similar purpose to consolidated financial statements, to present financial data appertaining to a group of companies as if the companies concerned constitute a single enterprise.

The combined financial information hereunder has been extracted from the audited financial statements for the years ended 31 December 2014 to 2016 of Carmelo Stivala Group Limited, C. Stivala & Sons Limited, Stivala Operators Limited and Stivala Properties Ltd. The financial information relating ST Hotels Limited and ST Properties Limited has been extracted from management accounts for the period 16 December 2016 to 31 December 2016 and 23 November 2016 to 31 December 2016 respectively. The combined financial statements are available for inspection as set out in section 16 below.

No adjustments to the statement of comprehensive income, financial position and cash flow of the Group were necessary for the purposes of arriving at the combined financial information except solely to reflect the entries necessary in any process of accounting consolidation.

CARMELO STIVALA GROUP LIMITED
Combined Income Statement

for the year ended 31 December	**2014**	**2015**	**2016**
	€'000	**€'000**	**€'000**
Revenue	6,557	7,377	9,590
Cost of sales	(1,943)	(3,330)	(1,518)
Gross profit	**4,614**	**4,047**	**8,072**
Net operating costs	(1,046)	(1,113)	(1,358)
EBITDA[1]	**3,568**	**2,934**	**6,714**
Depreciation & amortisation	(1,231)	(1,105)	(1,669)
Operating profit/(loss)	**2,337**	**1,829**	**5,045**
Profit on disposal of investments	2	736	556
Dividends receivable	147	254	266
Net finance costs	(177)	(334)	(379)
Profit before tax	**2,309**	**2,485**	**5,488**
Taxation	(226)	(279)	(1,135)
Profit for the year	**2,083**	**2,206**	**4,353**
Total comprehensive income	**2,083**	**2,206**	**4,353**

[1]*EBITDA - Earnings before Interest, Tax, Depreciation and Amortisation.*

CARMELO STIVALA GROUP LIMITED
Combined Statement of Financial Position
as at 31 December

	2014	2015	2016
	€'000	€'000	€'000
ASSETS			
Non-current assets			
Intangible assets	-	8	-
Investment property	12,905	14,956	31,593
Property, plant & equipment	8,558	8,337	13,990
Loans	-	3,400	3,400
Other non-current assets	388	554	1
	21,851	**27,255**	**48,984**
Current assets			
Trade and other receivables	4,020	7,370	3,379
Cash and cash equivalents	260	170	914
	4,280	7,540	4,293
Total assets	**26,131**	**34,795**	**53,277**
EQUITY			
Capital and reserves			
Share capital	1	1	1
Incentives and benefits reserve	4,927	4,927	4,925
Retained earnings	8,364	10,570	14,924
	13,292	**15,498**	**19,850**
LIABILITIES			
Non-current liabilities			
Borrowings and other financial liabilities	7,612	11,342	24,940
Current liabilities			
Bank overdraft	173	1,396	323
Borrowings	591	4,130	4,427
Trade and other payables	4,372	2,219	3,454
Other current liabilities	91	210	283
	5,227	7,955	8,487
	12,839	**19,297**	**33,427**
Total equity and liabilities	**26,131**	**34,795**	**53,277**

CARMELO STIVALA GROUP LIMITED
Combined Cash Flow Statement
for the year ended 31 December

	2014	2015	2016
	€'000	€'000	€'000
Net cash from operating activities	3,689	(2,999)	9,592
Net cash from investing activities	(5,177)	(2,171)	(21,731)
Net cash from financing activities	2,884	3,857	13,956
Net movement in cash and cash equivalents	**1,396**	**(1,313)**	**1,817**
Cash and cash equivalents at beginning of year	(1,309)	87	(1,226)
Cash and cash equivalents at end of year	**87**	**(1,226)**	**591**

The revenue and profitability as reported in the combined income statement primarily reflects the performance of the operating Subsidiaries, Stivala Operators Limited and Stivala Properties Ltd, which are described in further detail in sections 4.4.3 and 4.4.4 of this Registration Document. Revenue has increased over the reviewed period from €6.6 million in FY2014 to €9.6 million in FY2016, principally due to the initiation of operations of the Sliema Hotel in FY2016. Profit for the year improved from €2.1 million in FY2014 to €2.2 million in FY2015 and €4.4 million in FY2016.

The combined statement of financial position as at 31 December 2016 comprises total assets of €53.3 million, primarily made up of immovable property and improvements amounting to €45.6 million. Such assets were recorded on a historical cost basis. As at 31 December 2016, total borrowings amounted to €29.7 million and capital & reserves amounted to €19.9 million.

Forecast Consolidated Financial Information of the Issuer for the Year Ending 31 December 2017

The Group in its current state has only been in existence since 5 September 2017, following the rationalisation exercise described in section 4.1.1 of this Registration Document. The financial information set out in this review represents pro forma forecast consolidated financial statements. This pro forma information presents what Stivala Group Finance p.l.c.'s consolidated financial statements would have looked like had the Group existed in its current form, comprising all its current constituent components, for the forecast period 1 January 2017 to 31 December 2017.

No adjustments to the results, financial position and cash flow statements of the constituent sub-groups were necessary for the purposes of arriving at the pro forma forecast consolidated financial statements except solely to reflect the entries necessary in any process of accounting consolidation.

The report on the pro forma forecast consolidated financial statements, prepared independently by the financial advisors is appended to the Registration Document as Annex II.

STIVALA GROUP FINANCE P.L.C.
Pro Forma Forecast Consolidated Income Statement
for the year ending 31 December 2017

	€'000
Revenue	9,452
ST Hotels Limited	6,978
ST Properties Limited	2,474
Cost of sales	(3,393)
Gross profit	**6,059**
Other net operating costs	(1,080)
EBITDA[1]	**4,979**
Depreciation & amortisation	(1,123)
Operating profit	**3,856**
Share of results of associated undertakings	250
Net finance costs	(801)
Profit before tax	**3,305**
Taxation	490
Profit for the year	**3,795**
Other comprehensive income	
Gains on property revaluation, net of tax	97,365
Total comprehensive income	**101,160**

[1]*EBITDA - Earnings before Interest, Tax, Depreciation and Amortisation.*

STIVALA GROUP FINANCE P.L.C.
Pro Forma Forecast Consolidated Statement of Financial Position
as at 31 December 2017

	€'000
ASSETS	
Non-current assets	
Intangible assets	558
Investment property	174,741
Property, plant and equipment	15,048
Investments in associates	26
	190,373
Current Assets	
Trade and other receivables	3,935
Current tax assets	861
Cash and cash equivalents	4,391
	9,187
Total assets	**199,560**
EQUITY	
Capital and reserves	
Share capital	300
Retained earnings	18,482
Incentives and benefits	4,893
Revaluation reserve	97,365
	121,040
Equity attributable to equity holders of the parent	117,730
Non-controlling interest	3,310
	121,040
LIABILITIES	
Non-current liabilities	
Borrowings	60,145
Other non-current liabilities	10,818
	70,963
Current liabilities	
Trade and other payables	6,917
Other current liabilities	640
	7,557
	78,520
Total equity and liabilities	**199,560**

STIVALA GROUP FINANCE P.L.C.
Pro Forma Forecast Consolidated Cash Flow Statement
for the year ending 31 December 2017

	€'000
Net cash from operating activities	6,379
Net cash from investing activities	(36,464)
Net cash from financing activities	35,188
Net movement in cash and cash equivalents	**5,103**
Cash and cash equivalents at beginning of year	(712)
Cash and cash equivalents at end of year	**4,391**

Revenue for the financial year ending 31 December 2017 is expected to amount to €9.5 million, €7.0 million of which is forecasted to be generated by ST Hotels Limited (being the company that took over the operations of Stivala Operators Limited), and the remaining €2.5 million is projected from ST Properties Limited (being the recipient company of the business activities previously conducted by Stivala Properties Ltd).

ST Hotels Limited is projected to derive *circa* half of revenue from its two hotels – Bayview Hotel and Sliema Hotel – whilst the balance is expected to be generated from hostels, short let apartments and commercial activities. ST Properties Limited is forecasting to generate 58% of aggregate revenue from long lets of residential units and the balance from long term commercial leases.

EBITDA for FY2017 is projected to amount to €5.0 million. After taking into account depreciation & amortisation of €1.1 million, operating profit is anticipated to amount to €3.9 million.

During FY2017, the Group changed its policy on accounting for properties from book value to fair market value. As a consequence, a net property revaluation gain of €97.4 million is being recognised in other comprehensive income. The Group's pro forma total comprehensive income for the year ending 31 December 2017 is forecasted at €101.1 million.

The Group's statement of financial position as at 31 December 2017 is projected to comprise total assets of €199.6 million, primarily made up of immovable property as to €189.8 million, other assets of €4.8 million and cash balances amounting to €4.4 million.

Equity is expected to amount to €121.0 million, of which €97.4 million consists of the revaluation reserve. Total liabilities are set to amount to €78.5 million and should mainly comprise the issuance of Secured Bonds of €45 million, other loans amounting to €15.1 million, deferred tax liabilities totalling €10.8 million and trade & other payables of €6.9 million. The gearing ratio (being net debt/net debt and shareholders' equity) as at 31 December 2017 is projected at 31.5%.

6. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

6.1 Board of Directors and Management of the Issuer

The Issuer is currently managed by a Board consisting of seven Directors entrusted with its overall direction and management, including the establishment of strategies for future development. Its responsibilities include the oversight of the Issuer's internal control procedures and financial performance, and the review of the Issuer's business risks, thus ensuring such risks are adequately identified, evaluated, managed, and minimised. All the Directors have access to independent professional advice at the expense of the Issuer, should they so require.

The executive Directors, together with the Group's executive team, are responsible for acquisitions and development and are entrusted with the Group's day-to-day management. The business address of each Director is the registered office of the Issuer.

6.1.1 Executive Directors

The growth and financial success of the Group can be directly attributed to the individual and collective efforts of the executive Directors of the Issuer who have been instrumental to growing the business of the Group from its inception. Indeed, the diversification of the Group's strategy in 1998 and the subsequent commencement of operation of hotels, hostels and short-let accommodation was driven and led by the executive Directors.

The executive Directors have occupied positions at all levels and in all areas of the Group's business. Nowadays, the executive Directors are entrusted with the Company's day-to-day management of the various sectors of the real estate industry in which the Group operates and are also directors or officers of other companies within the Group.

The executive Directors are supported in this role by several consultants and benefit from the know-how gained by members and officers of the Group.

The executive Directors of the Issuer are Martin John Stivala, Ivan Stivala, Michael Stivala and Carlo Stivala. Michael Stivala acts as the Executive Chairman of the Board.

The following are the curriculum vitae of the executive Directors:

Michael Stivala

Michael Stivala has been actively involved in the Group's business for over 25 years and is a director of a number of Group companies, and is the Group's Executive Chairman. Apart from overseeing the day-to-day operations of the Group, his main responsibilities today are the management of the Group's hotels, guest holders and hostels. Mr Stivala is also the Secretary General of the Malta Developers Association and acted as the vice president of the Malta Hotels and Restaurants Association until 2015.

Carlo Stivala

Carlo Stivala is one of the executive directors on a number of Group companies, and is a manager at ST Properties Ltd. His involvement in the Group's business commenced over 20 years ago and his main responsibilities now include the management of the Group's long leases of residential accommodation and commercial outlets and offices.

Ivan Stivala

Ivan Stivala began working with the Group approximately 23 years ago and is one of the executive directors on a number of Group companies. Ivan Stivala is responsible for the management of the Group's major property finishing works relating to the Group's various projects involving office blocks, hotels and apartments.

Martin John Stivala

Martin John Stivala's experience in the Group extends over 30 years and is also an executive director of a number of Group companies. His main responsibilities are the management of the Group's construction works relating to the Group's various projects involving office blocks, hotels and apartments.

6.1.2 Non-executive Directors

The non-executive Directors' have been appointed to provide specialist support to the executive Directors and their main functions are to monitor the operations of the executive Directors and their performance, as well as to review any proposals tabled by the executive Directors, including proposals for new acquisitions.

The independent non-executive Directors are Ann Marie Agius, Francis Gouder and Joseph Brincat.

The following are the curriculum vitae of the non-executive Directors:

Ann Marie Agius

Dr Ann Marie Agius is a Notary Public by profession. Her main practice areas apart from her notarial practice are trusts, fiduciaries, estate planning, corporate and contract law. Dr Agius worked for a number of years in the Wealth Management/Trust Department of one of Malta's major banks having been entrusted with legal and compliance duties. She has also worked with the Malta Financial Services Authority (the Maltese regulator for financial services) for a number of years before returning to her private practice.

Francis Gouder

Francis Gouder has extensive banking experience, having worked for 45 years in the banking sector, both at branch and head office level, namely Barclays Bank, Mid-Med Bank and HSBC Bank Malta p.l.c. More recently he also worked at Banif Bank Malta p.l.c as an advisor to the executive committee and later head of private banking. He presently holds a number of non-executive directorships, where he also acts as a member of the respective audit committees.

Joseph Brincat

Joseph Brincat has extensive banking experience, having worked for 43 years at Bank of Valletta p.l.c. During his long career at the bank, he was responsible for Bank of Valletta p.l.c.'s administration at Head Office, most of the senior branches (including the bank's flagship branch in Valletta) and two Business Centres, which were independent units focused on providing facilities to established business customers.

6.2 Boards of the Guarantor and Subsidiary Companies

In terms of the Guarantor's memorandum and articles of association, in order to be eligible to sit on the board of directors of the Guarantor, a prospective director must also be a member of the Board of Directors of the Issuer, so as to ensure complete alignment of strategic direction and management decisions. The board of directors of the Guarantor has also adopted the same internal governance rules, disciplines and structures adopted by the Issuer.

Each operational Subsidiary has its own board of directors that is entrusted with the responsibility of the direction and management of each Subsidiary within the strategic parameters established by the Board. The board of each Subsidiary is composed of Directors of the Issuer. Within those strategic parameters the board of each Subsidiary is autonomous in the determination of the appropriate policies for the respective companies and their business and is entrusted with handling the relations with third parties dealing with those companies.

6.2.1 Curriculum Vitae of Directors of the Guarantor

The curriculum vitae of the directors of the Guarantor are mentioned in section 6.1.1 above.

6.3 Directors' Service Contracts

The respective functions of each of the Issuer's executive Directors are regulated by service contracts. A copy of each of these service contracts is available for inspection at the registered office of the Issuer in accordance with the requirements of the Listing Rules.

6.4 Aggregate Emoluments of Directors

In terms of the Memorandum and Articles of Association of the Issuer, the maximum aggregate emoluments of all Directors in any one financial year, and any increases thereto, shall be such amount as may from time to time be determined by the Issuer in general meeting, and any notice convening the general meeting during which an increase in the maximum limit of such aggregate emoluments shall be proposed, shall contain a reference to such fact. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of Directors or other committee of the Directors or general meetings of the Issuer or in connection with the business of the Issuer. The maximum aggregate annual emoluments currently approved by the shareholders in respect of the Board of Directors amount to €24,500.

6.5 Loans to Directors

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

6.6 Removal of Directors

A Director may unless he resigns, be removed by ordinary resolution of the shareholders as provided in sections 139 and 140 of the Act.

6.7 Powers of Directors

By virtue of the Articles of Association of the Issuer, the Directors are empowered to transact all business which is not by the Articles expressly reserved for the shareholders in general meeting.

7. MANAGEMENT STRUCTURE

7.1 General

The Issuer is the finance arm and parent company of the Group and as such does not require an elaborate management structure. The Directors believe that the current organisational structures are adequate for the current activities of the Company and the Group. The Directors will maintain these structures under continuous review to ensure that they meet the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

7.2 Management Team

The key members of the Group's management team, apart from the executive Directors, are the following:

Rudi Xuereb – is the Group Financial Controller of the Stivala Group. Prior to joining the Group in 2016, Mr Xuereb held the post of senior accountant at Nexia BT.

Rebecca Stivala –has been employed with the Group since 2011 and presently occupies the post of Group Accounts Manager.

7.3 Conflict of Interest

As at the date of this Prospectus, each of the four executive Directors of the Issuer are directors and officers of a number of Group Companies, and as such are susceptible to conflicts between the potentially diverging interests of the different members of the Group, particularly in connection with advances to be made by the Issuer to the Subsidiaries in undertaking new projects. The four executive Directors are also the ultimate beneficial shareholders of the Issuer.

No private interests or duties unrelated to the Issuer, Guarantor or the Group, as the case may be, have been disclosed by the general management team and management teams of the Subsidiaries which may or are likely to place any of them in conflict with any interests in, or duties towards, the Issuer or the Guarantor, as the case may be.

In addition, in view of the lender-borrower relationship which is to arise between the Issuer and the Guarantor or the Subsidiaries, there may be situations that could give rise to conflicts between the potentially diverging interests of members of the Group.

In these situations the Directors of the Issuer shall act in accordance with the majority decision of those Directors who would not have a conflict in the situation and in line with the advice of outside legal counsel.

To the extent known or potentially known to the Issuer as at the date of this Prospectus, there are no other potential conflicts of interest between any duties of the Directors and of executive officers of the Issuer, and/or the directors of the Guarantor or Subsidiaries, as the case may be, and their respective private interests and/or their other duties, which require disclosure in terms of the Regulation.

7.4 Employees

The Issuer does not have any employees of its own. As at 31 August 2017, the Group employed 95 full-time members of staff, and 10 part-time members of staff.

8. BOARD PRACTICES OF THE ISSUER AND THE GUARANTOR

8.1 Audit Committee

The Audit Committee's primary objective is to assist the Board of the Issuer and the Guarantor in fulfilling its oversight responsibilities over the financial reporting processes, financial policies and internal control structure. The Audit Committee oversees the conduct of the internal and external audit and acts to facilitate communication between the Board, management, the external auditors and the internal audit team. The internal and external auditors are invited to attend the Audit Committee meetings. The Audit Committee reports directly to the Board of Directors.

The terms of reference of the Audit Committee include support to the Board of Directors of the Issuer in its responsibilities in dealing with issues of: risk, control and governance, and associated assurance. The Board has set formal terms of establishment and the terms of reference of the Audit Committee which set out its composition, role and function, the parameters of its remit as well as the basis for the processes that it is required to comply with.

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

(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 external auditors; and

(c) preserving the Company's assets by assessing the Company's risk environment and determining how to deal with those risks.

In addition, the Audit Committee also has the role and function of evaluating any proposed transaction to be entered into by the Company and a related party, to ensure that the execution of any such transaction is at arm's length, on a commercial basis and ultimately in the best interests of the Company.

The Committee is made up entirely of non-executive Directors, all of whom are independent, and who are appointed for a period of three years. Francis Gouder, an independent Director of the Issuer, acts as Chairman, whilst Ann Marie Agius and Joseph Brincat act as members of the Audit Committee. The Issuer's company secretary, Rudi Xuereb, acts as secretary to the Audit Committee. In compliance with the Listing Rules, Francis Gouder is considered to be the member competent in accounting and/or auditing matters.

9. COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

Prior to the present Bond Issue, the Issuer was not regulated by the Listing Rules and accordingly was not required to comply with the Code of Principles of Good Corporate Governance forming part of the Listing Rules (the "Code"). As a consequence of the present Bond Issue in accordance with the terms of the Listing Rules, the Issuer is required to comply with the provisions of the Code. The Issuer declares its full support of the Code and undertakes to fully comply with the Code to the extent that this is considered complementary to the size, nature and operations of the Issuer.

The Issuer supports the Code and is confident that the application thereof shall result in positive effects accruing to the Issuer.

Going forward, in view of the reporting structure adopted by the Code, the Issuer shall, on an annual basis in its annual report, explain the level of the Issuer's compliance with the principles of the Code, in line with the comply or explain philosophy of the Code, explaining the reasons for non-compliance, if any.

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

(i) Principle 7 "Evaluation of the Board's Performance"

Under the present circumstances, the Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board's performance is evaluated on an ongoing basis by, and is subject to the constant scrutiny of, the Board itself, the Company's shareholders, the market and the rules by which the Issuer is regulated as a listed company.

(ii) Principle 8 "Committees"

- the Issuer does not have a Remuneration Committee as recommended in Principle 8; and
- the Issuer does not have a Nomination Committee as recommended in Principle 8.

Appointments to the Board of Directors are determined by the shareholders of the Company in accordance with the Memorandum and Articles of Association of the Issuer. The Issuer considers that the current members of the Board provide the required level of skill, knowledge and experience expected in terms of the Code. The Issuer is subject to, and supports, the Code forming part of the Listing Rules. The Issuer is confident that the adoption of the Code has resulted in positive effects accruing to the Issuer.

10. HISTORICAL INFORMATION

The historical financial information relating to the Guarantor for the three financial years ended 31 December 2014 to 2016 as audited by Nexia BT are set out in the financial statements of the Guarantor, which are available for inspection as set out in section 16 below.

Section 5.2 above includes combined historical financial information of the Guarantor for the years ended 31 December 2014, 31 December 2015 and 31 December 2016. The said financial information has been extracted from the audited financial statements for the years ended 31 December 2014 to 2016 of Carmelo Stivala Group Limited, C. Stivala & Sons Limited, Stivala Operators Limited and Stivala Properties Ltd. The financial information relating ST Hotels Limited and ST Properties Limited has been extracted from management accounts for the period 16 December 2016 to 31 December 2016 and 23 November 2016 to 31 December 2016 respectively. The combined financial statements are available for inspection as set out in section 16 below.

As indicated in section 5.2 of this Registration Document, there is no historical financial information pertaining to the Issuer.

Save for the restructuring process described in section 4.2 above and elsewhere in the Registration Document, there have been no significant changes to the financial or trading position of the Guarantor since the end of the financial period to which the last audited financial statements relate.

11. LITIGATION

As at the date of this Prospectus, there is a limited number of legal proceedings involving the Guarantor and other members of the Group, in their capacity as either plaintiffs or defendants, in connection with claims arising in the ordinary course of business of the Group. Save as disclosed below, these legal proceedings are not expected to have significant effects on the financial position or profitability of the Issuer, the Guarantor or the Group.

The Guarantor, Stivala Operators Limited and Mr Michael Stivala are party to civil proceedings before the First Hall of the Civil Court and the Court of Magistrates (Malta) brought by a French national claiming damages for personal injuries sustained at a construction site owned by the Group. The proceedings are ongoing and a Court-appointed expert has yet to determine and quantify the damages suffered by the plaintiff as a result of the incident in question. Plaintiff has submitted that total damages due amount to around €130,000. The Issuer is not as at the date hereof in a position to express a view as to the potential outcome of the proceedings or, should the claim be upheld, the final quantum of damages which the defendants may be liable to pay the injured party. In relation to the same incident, proceedings have also been brought by the local Police against the same defendants before the Court of Magistrates (Malta) as a court of criminal inquiry. Such proceedings are also on-going.

12. ADDITIONAL INFORMATION

12.1 Share Capital of the Issuer

The authorised share capital of the Issuer is €500,000 divided into 500,000 Ordinary Shares of a nominal value of €1.00 each. The issued share capital of the Issuer is €300,000 divided in 300,000 Ordinary Shares of a nominal value of €1.00 each, each share being 100 per cent paid up and subscribed for, allotted and taken up by Carmelo Stivala Trustee Limited which in turn is held by Bastille Malta Trustees Limited for the benefit of the Stivala brothers and their respective direct descendants and families.

The authorised share capital of the Issuer may be increased by an ordinary resolution of the shareholders in general meeting. Shares can be issued when and under those conditions decided by extraordinary resolution of the shareholders in general meeting.

Each ordinary share confers the right to one vote at general meetings of the Issuer. All ordinary shares rank *pari passu* in all respects.

The shares of the Issuer are not listed on the Malta Stock Exchange and no application for such listing has been made to date.

It is not expected that the Issuer will issue, during the next financial year, any shares, whether fully or partly paid up, in consideration for cash or otherwise.

There is no capital of the Issuer which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Issuer is to be put under option. There are no arrangements, known to the Issuer, which may at a subsequent date result in a change in control of the Issuer.

The Issuer adopts measures in line with the Code to ensure that the relationship of the Issuer the rest of the Group and/or with the shareholder, are retained at arm's length, including, in respect of both the Issuer and the Group, adherence to rules on related party transactions set out in Chapter 5 of the Listing Rules requiring the vetting and approval of any related party transaction by the Audit Committee, in which the majority is constituted by independent non-executive Directors of the Issuer.

12.2 Memorandum and Articles of Association of the Issuer

12.2.1 Objects

The principal objects of the Issuer are set out in clause 3 of the Issuer's Memorandum of Association. These include, but are not limited to, the carrying on the business of a finance and investment company in connection with the ownership, development, operation and financing of the business activities of the Group whether in Malta or overseas, and for such purpose: (i) to lend or advance money or otherwise give credit to any company now or hereinafter forming part of the Group, with or without security and otherwise on such terms as the directors may deem expedient; and (ii) to invest and deal with the moneys of the companies and any company now or hereinafter forming part of the Group in or upon such investments and in such manner as the directors may, from time to time, deem expedient.

12.2.2 Appointment of Directors

At present, in terms of clause 8 of the Issuer's Memorandum and Articles, the management and administration of the Issuer shall be managed by a Board of Directors which shall be composed of not less than two and not more than 10 directors.

In terms of Article 55.1 of the Issuer's Articles of Association, a shareholder holding not less than 25% of the Issuer's issued share capital having voting rights, or a number of shareholders who between them hold not less than 25% of the Issuer's share capital having voting rights (the "Qualifying Shareholding"), shall be entitled to appoint one Director for every such Qualifying Shareholder, by letter to the Issuer. Any shareholder who does not qualify to appoint Directors in terms of the above, and who has not aggregated his holdings with those of other shareholders for the purposes of appointing a Director(s), shall be entitled to participate and vote in an election of Directors to take place once in every year at the Issuer's annual general meeting.

12.2.3 Powers of Directors

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

Directors may not vote on any proposal, issue, arrangement or contract in which they have a personal material interest.

The maximum limit of aggregate emoluments of the Directors is, in terms of the Memorandum and Articles of Association, to be established by the shareholders in general meeting. Within that limit the Directors shall have the power to vote on remuneration to themselves or any number of their body. Any increases in the maximum limit of Directors' aggregate emoluments have to be approved by the Company in the general meeting.

In terms of the Memorandum and Articles of Association, the Board of Directors may exercise all the powers of the Issuer to borrow money and give security therefor, subject to the limit established in the Memorandum and Articles of Association. That limit is currently three times the Issuer's capital and reserves. The shareholders in general meeting have the overriding authority to change, amend, restrict and/or otherwise modify such limit and the Directors' borrowing powers.

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

12.3 Share Capital of the Guarantor

The authorised and issued share capital of the Guarantor is €4,895 divided into 4,895 Ordinary Shares of a nominal value of €1.00 each. 98 per cent of the paid up Ordinary shares have been subscribed for, allotted and fully taken up by the Issuer. The remaining two per cent of the Guarantor's share capital is held by the founder of the Group, Mr Carmelo Stivala.

Following the Bond Issue, the Guarantor shall be increasing its authorised share capital and shall be issuing and allotting to the Issuer the amount of 45,000,000 cumulative redeemable preference shares having a nominal value of € 1.00 each share, having a term of not more than nine and a half years, and which carry a fixed dividend payout of 4.5%.

The authorised share capital of the Guarantor may be increased by an ordinary resolution of the shareholders in general meeting. Shares can be issued when and under those conditions decided by extraordinary resolution of the shareholders in general meeting.

Each ordinary share confers the right to one vote at general meetings of the Guarantor. All ordinary shares rank *pari passu* in all respects.

There is no capital of the Guarantor which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Guarantor is to be put under option. There are no arrangements, known to the Guarantor, which may at a subsequent date result in a change in control of the Guarantor

12.4 Memorandum and Articles of Association of the Guarantor

12.4.1 Objects

The Guarantor has been incorporated and registered as a private exempt limited liability exempt company in terms of the Act. The memorandum and articles of association of the Guarantor are registered with the Registrar of Companies. The principal objects of the Guarantor are set out in clause 3 of the memorandum of association of the Guarantor, and these include to acquire and dispose of, by any title valid at law, movable or immovable property, and any rights thereon, whether for commercial or other purposes and to hold the property so acquired, and the consideration for any acquisition or disposal can be by credit or in cash or in kind, including the allotment of shares or debentures of the company, creditor as paid up in full or in part as need be; to invest, lease, hire, grant by way of emphyteutical concession or in any other manner employ, improve, manage or develop any of its assets as may from time to time be determined, and to subscribe for, purchase or otherwise acquire, take hold, dispose of or otherwise deal in all kinds of securities including shares, stocks, debentures, debenture stock, bonds, notes, options, and interests in all kinds of companies, corporations, entities, partnerships or other body of persons as the board of directors may determine, and to manage and administer any of the aforementioned property or any other property permitted by law.

A copy of the memorandum and articles of association of the Guarantor may be inspected during the lifetime of this Registration Document at the registered office of the Issuer and the Registry of Companies.

12.4.2 Appointment of Directors

At present, in terms of the memorandum and articles of association of the Guarantor, the board of directors of the Guarantor shall consist of not less than one and not more than five directors. Directors shall be appointed by means of an ordinary resolution of the shareholders of the Guarantor in general meeting.

In terms of the memorandum and articles of association of the Guarantor, in order to qualify as a director of the Guarantor, the prospective director must also be a member of the Board of Directors of the Issuer.

12.4.3 Powers of Directors

The directors are vested with the management of the Guarantor, and their powers of management and administration emanate directly from the memorandum and articles of association and the law. The directors are empowered to act on behalf of the Guarantor and in this respect have the authority to enter into contracts, sue and be sued in representation of the Guarantor. In terms of the memorandum and articles of association they may do all such things that are not by the memorandum and articles of association or the law reserved for the shareholders in general meeting.

In terms of the Guarantor's memorandum and articles of association, the board of directors may exercise all the powers of the Guarantor to borrow money, and to hypothecate or charge its undertaking property and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligations of the company or any third party.

There are no provisions in the Guarantor's memorandum and articles of association regulating the retirement or non-retirement of directors over an age limit.

13. MATERIAL CONTRACTS

Each of the Issuer and the Guarantor has not entered into any material contracts which are not in the ordinary course of their respective business which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's or the Guarantor's ability to meet its obligations to security holders in respect of the securities being issued pursuant to, and described in, the Securities Note.

14. PROPERTY VALUATION REPORT

The Issuer commissioned Arch. Michael Falzon to issue a property valuation report in relation to the properties owned by the Guarantor. The business address of Arch. Michael Falzon is at Falzon & Cutajar Architects and Civil Engineers, 45, Triq il-Wied, Birkirkara BKR 9015, Malta.

Listing Rule 7.4.3 provides that property valuations to be included in a prospectus must not be dated (or be effective from) more than 60 days prior to the date of publication of the prospectus. The valuation report is dated 28 August 2017.

A condensed version of the report compiled by Arch. Michael Falzon of Falzon & Cutajar Architects and Civil Engineers, is annexed to this Registration Document as Annex I. The full report is available for inspection as set out in section 16.

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

Save for the valuation report prepared in relation to the Group properties and contained in Annex I to the Registration Document, the accountants' report on the pro forma forecast consolidated financial statements included in Annex II of the Registration Document, and the financial analysis report set out as Annex IV to the Securities Note, the Prospectus does not contain any statement or report attributed to any person as an expert. The valuation report, accountants' report and financial analysis summary have been included in the form and context in which they appear with the authorisation of Arch. Michael Falzon of Falzon & Cutajar Architects and Civil Engineers, 45, Triq il-Wied, Birkirkara BKR 9015, Malta, Nexia BT Advisory Services Limited of The Penthouse, Suite 2, Capital Business Centre, entrance C, Triq taz-Zwejt, San Gwann SGN 3000, Malta and Charts Investment Management Service Limited of Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913, Malta respectively, that have given and have not withdrawn their consent to the inclusion of their respective reports herein. Arch. Michael Falzon, Nexia BT Advisory Services Limited and Charts Investment Management Service Limited do not have any interest in the Issuer. The Issuer confirms that the valuation report, accountants' report and the financial analysis report have been accurately reproduced in the Prospectus and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

The sourced information contained in section 5.1 has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain, no facts have been omitted which would render the reproduced information inaccurate or misleading.

16. DOCUMENTS AVAILABLE FOR INSPECTION

For the duration period of this Registration Document the following documents (or copies thereof) 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 Guarantor for the financial years ended 31 December 2014 to 2016;
(c) Audited financial statements of each of the Group Subsidiaries for the financial years ended 31 December 2014 to 2016, where applicable;
(d) Combined financial statements of the Guarantor for the financial years ended 31 December 2014 to 2016;
(e) Pro forma forecast consolidated financial statements of the Issuer for the financial year ending 31 December 2017, together with the Accountants' Report thereon;
(f) Independent Expert's property valuation report dated 28 August 2017 and prepared at the Issuer's request in respect of the Group's properties;
(g) Financial analysis summary dated 25 September 2017 and prepared by Charts Investment Management Service Limited;
(h) The Guarantee;
(i) The Security Trust Deed;
(j) Directors' service contracts; and
(k) The letter of confirmation drawn up by Nexia BT and dated 25 September 2017.

Documents (a), (b), and (g) are also available for inspection in electronic form on the Issuer's website www.stivalagroup.com.

ANNEX I – CONDENSED ARCHITECT'S VALUATION REPORT

FALZON & CUTAJAR
ARCHITECTS & CIVIL ENGINEERS

Michael F. Falzon B. Arch, A.&C.E.,
Ian Cutajar B.E.&A.(Hons), A.&C.E.,

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MFF/829B-361

28 August 2017

The Board of Directors
Stivala Group Finance p.l.c.
143, The Strand
Gzira GZR 1026

Condensed valuation report
– immovable properties owned by Carmelo Stivala Group Limited

1.0 INTRODUCTION

In accordance with your instructions, the undersigned in the capacity of warranted architect and civil engineer has carried out a valuation of the immovable properties indicated herein, all located in Malta. The detailed valuation report which includes the undersigned's opinion of the values of the properties, is submitted herewith. The effective date of the valuation is 28 August 2017.

2.0 PURPOSE OF VALUATION

2.1 It is understood that the purpose of the valuation is for inclusion with the Prospectus, to be published in connection with a proposed Public Bond issue by Stivala Group Finance p.l.c., in accordance with the Listing Rules published by the Malta Financial Services Authority. The valuation has been prepared in accordance with Chapter 7 of the said Listing Rules, and with the disclosure requirements related to property companies seeking listing on the Malta Stock Exchange.

2.2 I understand that our express consent will be needed in writing for this report, or parts thereof, to be included in the Prospectus of the Stivala Group Finance p.l.c. public offer. Prior to our consent I will require sight of the final draft of the Prospectus.

2.3 The valuation has been carried out by the undersigned, as an external and independent valuer in terms of, and with regard given to, the RICS Valuation and Professional Standards Manual. As a non-RICS regulated member of a firm over which RICS cannot exert control, the undersigned declares that in preparing this valuation the undersigned has made his best effort to comply with the RICS valuation standards.

2.4 The undersigned declares that he has visited all the sites and the properties to better understand the characteristics and qualities of the various properties in Malta, and to identify any obvious defects that could influence the values of the properties, and to confirm their current uses. It is noted that these inspections were not intended to be building surveys and do not constitute such. All properties in Malta were inspected by the undersigned between 6 May 2017 and 26 June 2017.

2.5 This valuation has been prepared solely for the above mentioned purpose and is not suitable for any other use. In accordance with standard practice, neither the whole, nor any part of this valuation, nor any reference thereto, may be included in any document

Michael Falzon - Mob: 7947 6296 • Ian Cutajar - Mob: 7920 7159
Office also at: 8, Market Street, Qrendi QRD 1170, Malta

published without the prior written approval of the undersigned for the context in which it may appear.

2.6 The undersigned has performed his work in accordance with applicable professional standards and accepted practice for this type of engagement. His duties in relation to this work are owed solely to Stivala Group Finance p.l.c. and accordingly he does not accept any responsibility for loss occasioned to any third party acting or refraining from action as a result of the present report.

3.0 DECLARATION OF INDEPENDENCE

The undersigned confirms his status as an external independent valuer, without any financial interest in Stivala Group Finance p.l.c. and/or the Stivala Group.

4.0 BASIS OF VALUATION

4.1 The valuation is based on the Open Market Value which provides the same result as Market Value as defined in the RICS Valuation Standards, namely *"the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion"*.

4.2 This basis of value describes an exchange between parties that are unconnected and operating fully in the market place and ignores any price distortion by special value or synergistic value. The valuation of the properties is based on open market value for existing use in terms of section 7.4.4 of the Listing Rules issued by the Listing Authority (which is equivalent to the present capital value in existing state).

4.3 The properties included in section 10.0 below principally comprise hotels, hostels and short term rental units. Each of the said properties is utilised and operated for a specific purpose, resulting in its value being intrinsically linked to the returns that an owner of the property can generate through its use. For this reason the Market Value has been arrived at having regard to each property's trading potential. We have thus considered the free cash flows arising from the projected income streams that the owner could be expected to derive from the operation of the property. These projected free cash flows were discounted to present value using the Group's weighted average cost of capital. Charlie's Guest House; properties comprising 28/30/32/34/36, Reid Street, Gzira & 121 – 125, Cameron Street, Gzira; and Tal-Balal Works Yard are all included in section 10.0 and have been valued using the comparability methodology described hereunder.

The income approach was primarily used for the purpose of valuing the properties included in section 11.0 below and 120, The Strand, Gzira described in section 8.0 below, which are generally let on long lease agreements. We have therefore considered the gross rental income of each property and divided it by the average market capitalisation rate. 14 – 19, Ponsonby Street, Gzira and Qui Si Sana Boutique

Apartments, Qui Si Sana Seafront, Sliema are both included in section 11.0 and have been valued using the comparability methodology described hereunder.

The valuation of properties described in section 8.0 (with the exception of 120, The Strand, Gzira) and section 9.0, as well as Charlie's Guest House, properties comprising 28/30/32/34/36, Reid Street, Gzira & 121 – 125, Cameron Street, Gzira and Tal-Balal Works Yard (included in section 10.0), and 14 – 19, Ponsonby Street, Gzira and Qui Si Sana Boutique Apartments, Qui Si Sana Seafront, Sliema (included in section 11.0), are based on comparisons of recent sales transactions involving comparable properties in Malta, together with the experience of the undersigned in such valuations, and analysis of data available on the property market.

5.0 SUBJECT OF VALUATION

The properties included in this Report are divided into four sections, namely:

- Properties in course of development;
- Properities held for future development;
- Properties used for business purposes; and
- Properties rented to third parties.

6.0 ASSUMPTIONS

An assumption can be defined as a supposition taken to be true. Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our valuation, certain assumptions were made and reliance was made on certain sources of information. The undersigned believes that the assumptions made are reasonable taking into account the personal knowledge of the properties and the contents of reports and other information made available. However, in the event that any of the information or assumptions on which the valuations are based are subsequently found to be incorrect, then our valuation conclusion may also be incorrect or invalid.
With reference to our valuation of each property under the headings 'properties used for business purposes' and 'properties rented to third parties', we have made the following assumptions in the preparation of our Report:

- The building is in a good state of repair;

- All building services and any associated controls or software are in working order and free from defect;

- The property is not contaminated and no contaminative or potentially contaminative uses has ever been carried out on it;

- There are no abnormal ground conditions, nor archaeological remains present which might adversely affect the present or future occupation, development or value of the property;

- All buildings have been erected either prior to planning control or in accordance with planning permissions and have the benefit of permanent planning consents or existing use rights for their current use;

- This valuation is based solely on visual observations made during our inspections and does not consider hidden defects in the structure, finishes and equipments and services in the premises;

- The property complies with all applicable laws and regulations, including those relating to health and safety;

- Only relatively minor costs will be incurred if any modification or alteration is necessary in order for the property to comply with the provisions of relevant disability and access laws;

- In so far as the property is rented to third parties, there are no tenants' improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

- In so far as the property is rented to third parties, the current trade-related use of the property will continue throughout the period of the lease;

- The property is, in all respects, insured against all usual risks at normal, commercially acceptable premiums;

- The property constitutes a fully equipped operational entity which has in place, and will continue to have over the period of the lease (if applicable), all the necessary licenses and other enablers required to continue trading.

With reference to our valuation of each property under the headings 'properties in course of development' and 'properties held for future development', we have made the following assumptions in the preparation of our Report:

- The property is not contaminated and no contaminative or potentially contaminative uses has ever been carried out on it;

- There are no abnormal ground conditions, nor archaeological remains present which might adversely affect the present or future occupation, development or value of the property;

- This valuation is based solely on visual observations made during our inspections and does not consider hidden defects in the ground.

The valuation is based on the assumption that the property will only be encumbered by privileges and hypothecs necessary for its financing and operation. Any other mortgages, and/or other bank loans & facilities are not considered in this valuation. The details of effective mortgages and privileges are referred to in Annex I of this report.

The valuation does not reflect any liability to tax, stamp duty and any other transaction costs arising on the disposal or acquisition of the property.

All measurements, areas and ages quoted in our report are approximate.

No special assumptions have been relied upon in the preparation of the Report.

7.0 SOURCES OF INFORMATION

We have relied on the following information provided to us by Carmelo Stivala Group Limited or their advisors or which was otherwise in the public domain:

- The purchase agreement entered into with respect to each of the properties;
- Drawings of technical plans for each property;
- Audited financial information dated 31 December 2016, including financial projections;
- The existing lease agreements in-place with respect to each of the properties, except for vacant properties;
- Planning Authority permits and permit drawings with respect to the developed properties;
- A written declaration by Carmelo Stivala Group Limited that none of the Directors nor promoters have had an interest in any acquisitions or disposals of any of the properties during the two (2) years preceding this valuation, as described in Article 7.4.8 of the Listing Rules;
- A written declaration by Carmelo Stivala Group Limited confirming that they have provided us with copies of all relevant agreements for the properties;
- Other relevant details in relation to the properties.

8.0 PROPERTIES IN COURSE OF DEVELOPMENT

Site at 47/48/49/50/51/52/53/54 Belvedere Street, Gzira (proposed "Azur Hotel")

This property currently has a permit for a 101 room hotel that is under construction (PA 1467/15). An application for an additional two floors comprising another 80 rooms has been submitted to the Planning Authority (TRK 190134). Development commenced in April 2017 and is expected to be completed by May 2018 at an estimated cost of €4,500,000.

The property in caption is freehold and has been valued at a total amount of **€3,400,000**. The capital value of the property (at current prices) after development has been completed is estimated at €8,000,000.

120, The Strand, Gzira

The property currently comprises a commercial block having *circa* 3,305m² of office space. In terms of Planning Authority permit PA 2591/16, alterations to the facade are currently underway, including the re-construction of the seventh floor and the development of the eighth and ninth floors into office space. Construction works commenced in May 2017 and should be concluded by October 2017 at an estimated cost of €2,500,000.

The property in caption is freehold and has been valued at a total amount of **€12,286,000**. The capital value of the property (at current prices) after development has been completed is estimated at €14,800,000.

9.0 PROPERTIES HELD FOR FUTURE DEVELOPMENT

Site at 26/28/30/32 and 50/52/56/58/60/62 Coleridge Street, Gzira and 116/117/118/119 Ponsonby Street, Gzira ("Proposed Montana Hostel")

This property currently has a permit for a 225 room hostel on part of the site (PA 0398/14). An application for its extension to include the whole site has been submitted to the Planning Authority (PA 5370/17).

The development is expected to commence in 2020 and should be completed within a 12 to 15 month period, at an estimated cost of €3,500,000.

The property in caption is freehold and has been valued at a total amount of **€5,200,000**. The capital value of the property (at current prices) after development has been completed is estimated at €8,700,000.

Site for proposed 'ST Tower', Testaferrata Street, Ta' Xbiex

This property consists of a dilapidated block of flats on a site of 865m² and is to be redeveloped as a commercial property with *circa* 7,300m² of office space. As at the date of this Report, no Planning Authority application has been submitted.

The Stivala Group expects to initiate development in 2019 and completion is set for 18 to 24 months thereafter. The estimated cost of development is *circa* €6,500,000.

The property in caption is freehold and has been valued at a total amount of **€8,000,000**. The capital value of the property (at current prices) after development has been completed is estimated at €14,500,000.

10.0 PROPERTIES USED FOR BUSINESS PURPOSES

Address	Current Use	Approx. Age of Property (years)	Tenure	Valuation (€)
Blubay Fleet Hostel, Fleet Street, Gzira	46 room hostel	10	Freehold	2,409,000
Moroni Residence, Moroni Street, Gzira	43 apartments (in addition, 6 garages, 4 parking spaces and 1 store are rented to third parties)	14	Freehold	2,987,000
Blubay Hotel, Ponsonby Street, Gzira	53 studio apartments (in addition, 1 restaurant and 1 shop are rented to third parties)	3	Freehold	4,480,000
Bring Apartments, Reid Street, Gzira	14 residential units (in addition, 11 garages and 1 shop are rented to third parties)	4	Freehold	3,197,000
Bayview Hotel, The Strand, Gzira	136 room 3-star hotel	12	Freehold	19,128,000
Charlie's Guest House, Valley Road, Msida	a guest house, 1 apartment and 3 garages	30	Freehold	1,500,000
Sliema Hotel, The Strand, Sliema	70 room 3-star hotel	40	Freehold	11,500,000
28/30/32/34/36, Reid Street, Gzira and 121 – 125, Cameron Street, Gzira	11 residential units (in addition, various small residential houses are rented to third parties)	18	Freehold	3,767,000
8, Reid Street, Gzira	3 residential units	6	Freehold	540,000
20, Coleridge Street, Gzira	2 residential units	15	Freehold	511,000
134/135, The Strand, Gzira	8 residential units (in addition, 4 shops are rented to third parties)	9	Freehold	2,720,000

153/154, The Strand, Gzira	11 residential units (in addition, 3 shops and 2 offices are rented to third parties)	9	Freehold	3,390,000
Tal-Balal Works Yard, Tal-Balal	plot of land situated outside development zone	2	Freehold	250,000
TOTAL				**56,379,000**

11.0 PROPERTIES RENTED TO THIRD PARTIES

Address	Current Use	Approx. Age of Property (years)	Tenure	Valuation (€)
Moroni Residence, Moroni Street, Gzira *	6 garages, 4 parking spaces and 1 store	14	Freehold	-
51/55 Moroni Street, Gzira	10 residential units	10	Freehold	1,106,000
Blubay Hotel, Ponsonby Street, Gzira *	1 restaurant and 1 shop	10	Freehold	-
Bring Apartments, Reid Street, Gzira *	11 garages and 1 shop	4	Freehold	-
123, Ponsonby Street, Gzira	1 ground floor maisonette and garage	40	Freehold	158,000
28/30/32/34/36, Reid Street, Gzira and 121 – 125, Cameron Street, Gzira *	various small residential houses	40	Freehold	-
134/135, The Strand, Gzira *	4 shops	9	Freehold	-
153/154, The Strand, Gzira *	2 shops and 2 offices	9	Freehold	-
Valley Towers, Valley Road, Birkirkara	3 shops, 14 offices and 2 large garages	13	Freehold	1,948,000
91, Cameron Street, Gzira	1 maisonette	40	Freehold	19,000
110/112/114 Carlo Manche Street, Gzira	12 residential units and 1 large garage	2	Freehold	2,299,000
120 Carlo Manche Street, Gzira	1 maisonette	30	Freehold	105,000
14, Coleridge Street, Gzira	1 maisonette	30	Freehold	126,000
Petit Paradis, G. Bencini Street, Gzira	3 residential units and 1 garage	10	Freehold	1,650,000
14 – 19, Ponsonby Street, Gzira	7 residential units and 3 shops	5	Freehold	1,000,000

41 Ponsonby Street, Gzira	1 shop	7	Freehold	149,000
112, Ponsonby Street, Gzira	1 shop and basement	5	Freehold	174,000
306, Rue D'Argens, Gzira	1 shop	30	Freehold	134,000
Taj Mahal, 122, The Strand, Gzira	1 catering outlet with airspace	30	Freehold	597,000
136A, The Strand, Gzira	1 shop with kitchen and outdoor seating	10	Freehold	263,000
Waterline Residence, 176/177, The Strand, Gzira	2 shops and 6 residential units	12	Freehold	1,457,000
26/28/30/32, Coleridge Street, Gzira ^	2 residential units and 1 garage	30	Freehold	-
14, Reid Street, Gzira	1 shop	10	Freehold	193,000
44, Coleridge Street, Gzira	1 maisonette	40	Freehold	132,000
7, Reid Street, Gzira	1 shop	20	Freehold	193,000
101, Moroni Street, Gzira	8 residential units and 1 large garage	8	Freehold	1,604,000
165/166, The Strand, Gzira	1 shop and 6 residential units	7	Freehold	2,299,000
108/109, Ponsonby Street, Gzira	3 domestic stores, 3 residential units and 1 shop with basement	3	Freehold	562,000
2, Sir Patrick Stuart Street, Gzira	1 shop with basement	5	Freehold	140,000
Bishop Caruana Mansions, 15, Bishop Caruana Street, Msida	5 garages, 11 residential units and 2 shops with basement	10	Freehold	1,158,000
Alavits Showroom, Bishop Caruana Street, Msida	showroom	10	Freehold	221,000
199, Conception Street, Msida	1 garage with trading licence	20	Freehold	61,000
43, New Street, Msida	a maisonette and a shop	2	Freehold	319,000
St Louis Mansions, St Louis Street, Msida	7 residential units and 1 garage	5	Freehold	1,966,000
Orchidea Apartments, Tal-Hriereb Street, Msida	10 residential units and 6 parking spaces	12	Freehold	2,545,000
Tal-Qroqq Mansions, Tal-Qroqq Street, Msida	4 residential units and 1 public service garage	14	Freehold	579,000
Tower Mansions, Tower Gate Street, Msida	12 residential units and 1 large garage	11	Freehold	1,983,000

	with 16 car spaces			
Vista Point Residence Hostel, University Street, Msida	31 residential units, 1 shop, 1 garage, and an office	3	Freehold	4,967,000
Centre Point, Valley Road, Msida	1 shop and 4 offices	9	Freehold	579,000
122/122A, Home Space, Misrah il-Barrieri Street, Sta Venera	1 showroom, 1 large garage and 3 offices	13	Freehold	1,439,000
4/5, Pace Street, Sliema	13 residential units, 2 basement stores and 1 garage	1	Freehold	1,299,000
Margaret Island, 71, The Strand, Sliema	1 shop including kitchen and storage area	10	Freehold	1,106,000
Qui Si Sana Boutique Apartments, Qui Si Sana Seafront, Sliema	18 car spaces, 9 residential units and one half undivided share of office space	3	Freehold	10,800,000
14, Ta' Xbiex Sea Front, Msida	2 residential units and 1 shop	1	Freehold	316,000
Tigne Mansions, 44, Qui Si Sana Sea Front, Sliema	15 residential units and 4 garages	3	Freehold	1,580,000
41/42/43, The Strand, Sliema	3 residential units and 3 shops	3	Freehold	6,266,000
Waterline Front Place, 67, The Strand, Sliema	1 shop	15	Freehold	878,000
125, Fleet Street, Gzira	1 maisonette	40	Freehold	88,000
5, Ponsonby Street, Gzira	1 shop	30	Freehold	263,000
81/83/85/87, Carlo Manche Street, Gzira	9 residential units, 1 domestic store	3	Freehold	351,000
120, The Strand, Gzira *	10 levels of office space	15	Freehold	-
5, Coleridge Street, Gzira	1 terraced house	30	Freehold	53,000
169, The Strand, Gzira	1 maisonette	30	Freehold	123,000
162, The Strand, Gzira	1 shop	20	Freehold	509,000
TOTAL				**55,757,000**

* The property is partly used for business purposes and partly rented to third parties. As such, the full value of the said property is included in section 10.0 under the heading "Properties used for business purposes".

^ The property forms part of the proposed Montana Hostel described in further detail in section 9.0 under the heading "Properties held for future development". As such, the full value of this property is included in the afore-stated section 9.0.

The property valuation is included in section 8.0 "Properties in course of development".

The commercial and residential units are leased to third parties for durations of between 6 months and 8 years. The aggregate rent receivable for the financial year ending 31 December 2017 is projected at €2,474,000.

12.0 VALUATION SUMMARY

On the basis of information set out in this document, the estimated market value of all the above-mentioned properties in their existing state at the date of valuation is being valued at a total of **€141,022,000**.

13.0 GENERAL

13.1 In carrying out the work, the undersigned has relied on information from third parties not employed by him and this information has been assumed to be true and correct. His work was also based on information relating to the operations of Carmelo Stivala Group Limited and other related entities and other information provided to him by management of the Stivala Group. The undersigned has not sought to establish the reliability of this information. His reliance on, and the use of this information, should not be construed as an expression of his opinion on it except as, and to the extent that, he may otherwise indicate in his Report. The undersigned does not accept responsibility or liability for the impact on his analysis and conclusions of any inaccuracies in such information.

13.2 This document contains certain statements, estimates and projections. The assumptions on which these estimates and projections have been based may or may not prove to be correct. Actual results are likely to be different from the projections since anticipated events frequently do not occur as expected and the variation may be material. No representation is made as to the accuracy of such statements, estimates and projections.

13.3 A significant degree of judgement is involved when selecting methods and basis for valuation and a significant number of items which may be subsequently considered when arriving at such valuations, including growth in future earnings and related free cash flows. It follows that valuations are not a prediction of price or a guarantee of value, and whilst the undersigned's valuation is one which is considered to be both reasonable and defensible, others may arrive at a different conclusion. The variation between projected and actual results may be material and such variation may materially affect the value of the properties. The analysis set out in this document takes into account information known and made available to us up to the time of its preparation and is therefore current as to the report date.

13.4 This Report may not be quoted, or referred to, or distributed, in whole or in part, without the prior written consent of the undersigned. Such consent for part of or the whole Report to be copied or disclosed to any third party, or otherwise quoted or referred to in whole or in part, is on the basis that the undersigned does not owe such third parties any duty of care as a result of giving such consent.

This valuation was carried out by the undersigned, a partner in the firm 'Falzon & Cutajar of 45, Valley Road, Birkirkara. The undersigned is a qualified architect (perit) with 48 years experience in valuations of property. The undersigned is in possession of the diploma of A&CE, and a warrant (No. 64) issued by the Government of Malta granting him the right to practice as a 'Perit', which practice includes the preparation of valuations.

Michael F. Falzon B.Arch., A&CE

ANNEX I : LIST OF EFFECTIVE HYPOTHECS AND PRIVILEGES

Lending Bank	Borrower	Borrowed Amount	Charged Property	Relevant Notes
APS Bank Limited	C. Stivala and Sons Ltd as principal debtor; Carmelo Stivala Group Limited and Stivala Operators Limited as surety	€ 10,000,000	GH/SH for €10,000,000 on: (i) 48-53, Ponsomby Street, Gzira; (ii) Unnumbered block of 5 studio flats in Martin Court, University Street, Msida; (iii) divided part of complex to be built on Casa Qui Si Sana, Triq Xatt ta' Qui-Si-Sana, Sliema; (iv) 60, The Strand Sliema, (v) 59, Sliema Hotel, The Strand, Sliema	**H/5431/2016**
FIMBank p.l.c.	Carmelo Stivala Group Limited as principal debtor; C. Stivala & Sons Limited as surety	€ 6,160,000	GH/SH/SP on: (i) 120, The Strand, Gzira; GH/SH on: (i) Valley Towers, Valley Road, Birkirkara	**H/267/2017**
Bank of Valletta p.l.c.	C. Stivala & Sons Limited	€ 4,183,701	GH/SH on: (i) Unnamed and unnumbered block of apartments and garages in Moroni Street, Gzira (ii) Bayview Hotel, The Strand, Gzira	**H/14685/2011; H/4214/2017; H/4217/2014; H/4218/2014 H/4219/2014 (Note that GH was waived by R/3430/2015 and R/2221/2016, all SHs remained unaffected)**

(GH: General Hypothec; SH: Special Hypothec; SP: Special Privilege)

Nexia BT

The Directors
Stivala Group Finance p.l.c.
143, The Strand
Gzira
Malta

25th September 2017

Dear Sirs,

Accountant's report on the pro forma consolidated financial information of Stivala Group Finance p.l.c.

We report on the pro forma consolidated financial position forecast, consolidated cash flow position forecast, and consolidated profit forecast hereinafter, collectively being referred to as pro forma consolidated financial information, of Stivala Group Finance p.l.c. for the year ending 31st December 2017, set out in annex II of Stivala Group Finance p.l.c.'s Registration Document dated 25th September 2017.

Directors' responsibility

It is the responsibility of the Directors of Stivala Group Finance p.l.c. "the Directors" to the pro forma consolidated financial information, together with the material assumptions upon which they are based, in accordance with the requirements of the Listing Rules issued by the Listing Authority of the Malta Financial Services Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004.

Accountant's responsibility

It is our responsibility to form an opinion as required by Listing Rule 5.40 and 5.52 as issued by the Listing Authority of the Malta Financial Services Authority and Annex I item 13.2 of EU Regulation EC 809/2004 as to the proper compilation of the pro forma consolidated financial information, in so far as the application of the underlying accounting policies and accuracy of calculations are concerned, and to report that opinion to you.

Since the pro forma consolidated financial information and the assumptions on which they are based relate to the future and may therefore be affected by unforeseen events, we do not express an opinion on the possibility of achievement of the results as set out in the profit forecast or the achievement of the pro forma financial position or on the underlying assumptions.

Work performed

Our work included an evaluation of the procedures undertaken by the Directors as to the proper compilation of the pro forma consolidated financial information, in so far as they have been properly compiled on the basis stated and that the basis of accounting used for their compilation is consistent with the accounting policies to be adopted by Stivala Group Finance p.l.c.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the pro forma consolidated financial information has been properly compiled on the basis stated, in so far as the application of the underlying accounting policies and accuracy of calculations are concerned.

During the course of the engagement, we have not performed an audit or a review of the financial information for the period 1st January 2017 to 18th May 2017, which information was used by the Directors to compile the pro forma forecasts for the year ending 31st December 2017.

Opinion

In our opinion, the pro forma consolidated financial information have been properly compiled on the basis of the underlying stated assumptions stated and the basis of accounting used is consistent with the accounting policies to be adopted by Stivala Group Finance p.l.c.

Save for any responsibility which we may have to those persons to whom this opinion is expressly addressed, to the fullest extent permitted by law, we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our opinion, required by and given solely for the purposes of complying with the Listing Rules, consenting to its inclusion in the Prospectus. Readers are cautioned that the pro forma consolidated financial information forecast may not be appropriate for any other purpose other then as mentioned herein.

Yours faithfully,

Mr Luke Cann, Director
For and on behalf of NEXIA BT Advisory Services Limited

Contents

1. Summary of significant assumptions and accounting policies

1.1 Introduction

The pro forma consolidated profit forecast for the year ending 31st December 2017 and pro forma consolidated financial and cash flow position forecast as at 31st December 2017, of Stivala Group Finance p.l.c. are set out in Annex II, hereinafter, collectively being referred to as pro forma consolidated financial information.

This pro forma consolidated financial information has been prepared, for illustrative purposes only, to provide information about the profit forecast for the year ending 31st December 2017 and pro forma consolidated financial and cash flow position forecast of Stivala Group Finance p.l.c., hereinafter referred to as "the Group". Stivala Group Finance p.l.c. was incorporated on 21st August 2017 under the terms of the Companies, Act Chapter 386 of the laws of Malta.

Because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results. The pro forma consolidated financial information has been prepared for inclusion in the Prospectus of Stivala Group Finance p.l.c. dated 25th September 2017 (the "Prospectus").

The pro forma consolidated financial information has been based on the following unaudited financial information:

i) the aggregated financial position of Carmelo Stivala Group Limited for the period 1st Janaury 2017 to 18th May 2017; and

ii) Forecast financial information for the ST Properties Limited, ST Hotels Limited, Stivala Operators Limited, Stivala Properties Limited, Civala Limited, Platinum Developments Limited, and Quisisana Boutique Company Limited covering the period 1st January to 31st December 2017.

The pro forma consolidated financial information, are based on stated assumptions which the Directors believe to be reasonable. These assumptions have been based on the nature and size of the intended level of operations and reflect current economic conditions. The Directors exercised due care and diligence in adopting these assumptions.

No adjustments to the results, financial position and cash flow statements of the constituent sub-groups were necessary for the purposes of arriving at the pro forma forecast consolidated financial statements except solely to reflect the entries necessary in any process of accounting consolidation.

The pro forma consolidated financial information was formally approved on the 14th September 2017 and the stated assumptions are judgements made at that date. The assumptions that the Directors believe are significant to the pro forma financial information are disclosed herein.

Actual results are likely to be different from those indicated in the pro forma consolidated profit forecast and pro forma consolidated financial and cashflow position forecasted because events and circumstances frequently do not occur as expected and those differences may be material.

1.2 The Group

On 18th May 2017, C.Stivala & Sons Limited was merged into Carmelo Stivala Group Limited. As part of this merger, Carmelo Stivala Group Limited acquired all the properties previously owned by C.Stivala & Sons Limited.

On 5th September 2017, Stivala Group Finance p.l.c. acquired a 98% shareholding in Carmelo Stivala Group Limited from Carmelo Stivala Trustee Limited

Therefore, with the acquisition of 98% shareholding in Carmelo Stivala Group Limited, Stivala Group Finance p.l.c. acquired 98% ownership of ST Properties Limited, ST Hotels Limited, Stivala Operators

Limited, Stivala Properties Limited, and 49% shareholding in Civala Limited, Platinum Developments Limited, and Quisisana Boutique Company Limited.

The consolidated activities resulting from the above described transactions have been captured in the pro forma consolidated financial information for a year 1st January 2017 and ending 31st December 2017. Accordingly, the pro forma consolidated profit forecast has been compiled as if the Group was in existence prior to the date that the Stivala Group Finance p.l.c. was incorporated and the date of acquisition of acquired entities, reflecting a full year of operation in order to provide more meaningful information to potential investors.

Similarly, the forecasted financial and cashflow position as at 31st December 2017 incorporates the consolidated operating activities forecasted for the 12 month period ending 31st December 2017.

1.1 Basis of preparation

The bases of preparation relating to the environment in which the Group operates which are outside the Directors' control and which underlie the pro forma consolidated financial information are the following:

A) The Group will continue to enjoy the confidence of its customers, and bankers throughout the period under consideration;
B) The pro forma consolidated financial information is based on the continuation of the Group's existing activities in the provision of hospitality services and renting of commercial and residential units;
C) There will be no material adverse events which will have an impact on the activities of the Group either directly or indirectly;
D) The basis and rates of taxation, both direct and indirect, will not change materially during 2017;
E) The Group will enjoy good relations with its employees through the period under consideration;
F) The Group will retain its current employees and will manage to recruit additional employees necessary to meet its forecast demand under similar terms and conditions; and
G) The rate of inflation throughout the period under consideration will not exceed that experienced in the last few years.

1.2 Significant accounting policies

The significant accounting policies of the Guarantor are set out in its audited financial statements for the financial year ended 31st December 2016. Where applicable, these accounting policies, in so far as they relate to recognition and measurement criteria, have been consistently applied in the preparation of the pro forma consolidated financial information.

1.3 Revenue

The Group's pro forma revenue for the year ending 31st December 2017, is forecasted on the basis of achieved income from the operations of the existing hotels and hostels, and rental income from both commercial and residential properties. Revenue mainly arises from:

- The hotel operations carried out principally through the Sliema Hotel and the Bayview Hotel & Apartments.
- The operations of Blubay Hostel and Fleet apartments; and
- The renting of residential and commercial properties.

All the above-mentioned activities are carried out in Malta. The key underlying assumptions applied in projecting the above revenues are the following:

- The revenue from the hotel operations was based on the level of occupancy and average achieved room rate (AARR), that the Group achieved in 2016.
- Similarly, the revenue from the hostels, were primarily based on both the same level of occupancy and rates that the Group achieved in 2016.
- The revenues from the rental of commercial and residential properties were based on the actual contracts which the Group has with the current tenants including the yearly increase rates which are catered for in the contracts.

1.4 Cost of sales

The cost of sales has been estimated at 64% of revenue. The cost of sales primarily consist of the purchases of consumables which are used in the hotel operations, payroll costs of personnel employed with the hotels operations and other direct costs. These expenses have been projected at the levels experienced in the recent years, an increase in line with inflations which is projected at 1.8% per annum.

1.5 Administrative expenses

Administrative expenses consist primarily of payroll costs, directors' fees, advertising costs, professional fees, listing fees, depreciation and other general expenses.

All expenses have been projected on the basis of the expenses that the Group incurred in 2016 except for an allowance for additional costs that have been committed to strengthen the Group's management and corporate governance. These include, inter alia, the recruitment of non-executive directors which will enhance governance at Board level, and the cost of implementing an internal audit function.

1.6 Finance costs

Finance costs relate primarily consist of the projected interest cost which the Group will pay to bond holders.

1.7 Depreciation

Depreciation is calculated on the straight-line method to allocate the cost of the assets to their residual values over their estimated useful lives. The depreciation charge is based on the Guarantor's fixed asset base adjusted for forecast additions and disposals during the year and on the following depreciation rates:

- Improvements 1%
- Buildings 1%
- Furniture and fittings 10%
- Motor vehicles 20%
- Kitchen equipment 20%
- Computer equipment 20%
- Plant and machinery 20%
- Office equipment 20%

1.8 Taxation

Current taxation is provided at 35% of the Group's chargeable income for the period. Where appropriate, the Group is assumed to opt for the final tax of 15% on gross income derived from rentals. Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

1.9 Gain on property revaluation

Before 1st January 2017, investment property was initially recognised as cost, including transaction cost, lest impairment cost. After initial recognition, investment property was stated at cost less accumulated depreciation and less accumulated impairment losses.

As from 1st January 2017, the Group changed its accounting policy in respect of investment property to fair value. Therefore, after initial recognition, investment property is stated at fair value.

An architect's valuation was carried out on 28th August 2017 to establish a fair value of the properties of the Group.

1.10 Working capital

The Group's working capital mainly comprises trade and other receivables together with trade and other payables. Current trade and other payables include amounts relating to rental income received in advance and payables in respect of capital expenditures and development costs. Those payables that are expected to be settled within the period covered by the projections have been included in the pro forma consolidated financial information.

Other than as mentioned above, in the pro forma consolidated financial information, settlement of trade receivables and trade payables has been projected to occur within the credit periods in place as at 18th May 2017. The Directors, having made due and careful enquiry, are of the opinion that in the absence of unforeseen circumstances outside their control, the working capital available to the Group will be sufficient for the carrying out of its business.

1.11 Conclusion

The Directors believe that the assumptions on which the pro forma consolidated profit forecast and the pro forma consolidated financial and cashflow position forecasted are based are reasonable.

Approved by the board of directors on 14th September 2017 and signed on their behalf by:

Mr Michael Stivala
Chairman

Mr Carlo Stivala
Director

Mr Martin John Stivala
Director

Mr Ivan Stivala
Director

2. Pro forma consolidated profit forecast

Stivala Group Finance p.l.c

for the year ending 31st December 2017

	Proforma € 000s
Revenue	9,452
Cost of sales	(3,394)
Gross profit	6,059
Administrative expenses	(1,080)
EBITDA	4,979
Depreciation	(1,122)
EBIT	3,856
Share of results of associated undertakings	250
Finance costs	(801)
Profit before tax	3,305
Income tax	490
Profit for the year	**3,795**
Attributable to:	
Equity holders of the parent	3,707
Non-controlling interest	88
	3,795
Other comprehensive income	
Gains on property revaluation	108,184
Taxation	(10,818)
Other comprehensive income net of taxation	97,365
Total comprehensive income	**101,160**
Attributable to:	
Equity Holders of the parent	99,137
Non-controlling interest	2,023
	101,160

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3. Pro forma consolidated statement of financial position forecast

Stivala Group Finance p.l.c

As at 31st December 2017

	Proforma € 000s
Assets	
Non-current assets	
Intangible asset	558
Investment property	174,741
Property, plant and equipment	15,048
Investments in associates	26
	190,373
Current assets	
Trade and other receivables	3,936
Tax recoverable	861
Cash and cash equivalents	4,391
Total current assets	9,187
Total assets	**199,560**
Equity and liabilities	
Capital and reserves	
Share capital	300
Retained earnings	18,482
Incentives and benefits	4,893
Revaluation reserve	97,365
Total equity	121,041
Equity attributable to equity holders of the parent	117,731
Non-controlling interest	3,310
	121,041
Non-current liabilities	
Long term borrowings	9,454
Debt securities in issue	45,000
Loans from UBOs	3,691
Third party loan	2,000
Deferred tax liability	10,818
Total-non current liabilities	70,963
Current liabilities	
Trade and other payables	6,916
Tax payable	640
Debt securities in issue	-
Total current liabilities	7,556
Total liabilities	78,519
Total equity and liabilities	**199,560**

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4. Pro forma consolidated cash flow position forecast

Stivala Group Finance p.l.c

As at 31st December 2017

	Proforma € 000s
Cash flows from operating activities:	
EBITDA	4,979
Adjustments for:	
Share of profit from associates	250
Adjusted EBITDA	5,229
Working capital changes:	
Trade and other receivables	(693)
Trade and other payables	2,658
Cash flow from operations	7,194
Taxation payable	(14)
Interest payable	(801)
Net cash flows from operations	**6,379**
Cash flows from investing activities:	
Acquisition of investment property	(33,726)
Acquisition of property, plant and equipment	(2,119)
Bond issue cost	(620)
Net cash flows from investing activities	**(36,464)**
Cash flows from financing activities:	
Movement in bank borrowings	(10,062)
Bond proceeds / repayment	45,000
Proceeds from the issue of shares	250
Net cash flows from financing activities	**35,188**
Movement in cash at hand and in bank	5,103
Cash at hand and in bank at start of the year	(712)
Cash at hand and in bank at end of the year	**4,391**