REGISTRATION DOCUMENT

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

Dated 7th July 2014

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

TUMAS INVESTMENTS plc

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

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

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

ISIN: MT0000231242

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

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

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

George Fenech	Raymond Fenech	Lino Spiteri	Raymond Sladden	Michael Grech

Legal Counsel	Sponsor	Registrar & Joint Manager	Joint Manager
GVTH ADVOCATES	RIZZO FARRUGIA YOUR INVESTMENT CONSULTANTS	BOV Bank of Valletta	HSBC

TABLE OF CONTENTS

IMPORTANT INFORMATION

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

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

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

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

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

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

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

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

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

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

1. DEFINITIONS

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

"Act" or "Companies Act"	the Companies Act, 1995, Chapter 386 of the Laws of Malta;
"Authorised Intermediaries"	all the licensed stockbrokers and financial intermediaries listed in Annex D of the Securities Note forming part of the Prospectus;
"Bond/s"	the €25,000,000 unsecured bonds 2024 of a nominal value of €100 per bond issued at par and redeemable on the Maturity Date at their nominal value, bearing interest at the rate of 5% per annum;
"Bondholder"	a holder of Bonds;
"Bond Issue"	the issue of the Bonds;
"Bond Issue Price"	at par (€100 per Bond);
"Company" or "Issuer"	Tumas Investments p.l.c., a company registered under the laws of Malta having its registered office at Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian's and bearing company registration number C-27296;
"Euro" or "€"	the lawful currency of the Republic of Malta;
"Exchange" or "Malta Stock Exchange" or "MSE"	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act, 1990 (Chapter 345 of the Laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063 and bearing company registration number C-42525;
"Financial Analysis Summary"	the financial analysis summary dated 7th July 2014 compiled by the Sponsor in line with the applicable requirements of the Listing Authority Policies and which is intended to summarise the key financial data set out in the Prospectus appertaining to the Issuer, a copy of which is set out in Annex A of this Registration Document forming part of the Prospectus;
"Guarantee"	the joint and several suretyship of the Guarantor in terms of the guarantee contained in Annex B of the Securities Note forming part of the Prospectus and as described in Element B.18 of the Summary forming part of the Prospectus;
"Guarantor" or "SDC"	Spinola Development Company Limited, a company registered under the Laws of Malta having its registered office at Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian's and bearing company registration number C-331;
"Listing Authority"	the Malta Financial Services Authority, appointed as Listing Authority for the purposes of the Financial Markets Act (Chapter 345 of the Laws of Malta) by virtue of Legal Notice 1 of 2003;
"Listing Rules"	the listing rules issued by the Listing Authority, as may be amended from time to time;
"Maturing Bonds"	the €25,000,000 6.25% bonds 2014 – 2016 with ISIN code MT0000231226 due to mature on 31st July 2016 at the latest, issued by the Issuer pursuant to a prospectus dated 10th June 2009 and guaranteed by the Guarantor;
"Maturity Date"	31st July 2024;
"MFSA"	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act, 1988 (Chapter 330 of the Laws of Malta);
"Official List"	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
"Prospectus"	collectively the Summary, this Registration Document and the Securities Note, all dated 7th July 2014, as such documents may be amended, updated, replaced and supplemented from time to time;

"Prospectus Directive"	Directive 2003/71/EC of the European Parliament and of the Council of the 4th November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as may be amended from time to time;
"Registration Document"	this registration document issued by the Issuer dated 7th July 2014, forming part of the Prospectus;
"Regulation"	Commission Regulation (EC) No. 809/2004 of 29th 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 30th 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 4th 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 30th April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; and Commission Delegated Regulation (EU) No. 382/2014 of 7th March 2014 supplementing Directive 2003/71/EC of the European Parliament and of the Council with regard to regulatory technical standards for publication of supplements to the prospectus (Text with EEA relevance);
"SDC Group"	SDC and its subsidiary companies, namely Portomaso Leasing Company Limited (C-33110), Halland Developments Company Limited (C-46810) and Premium Real Estates Investments Limited (C-52247);
"Securities Note"	the securities note issued by the Issuer dated 7th July 2014, forming part of the Prospectus;
"Sponsor"	Rizzo, Farrugia & Co. (Stockbrokers) Ltd., an authorised financial intermediary licensed by the MFSA and a member of the MSE;
"Summary"	the summary note issued by the Issuer dated 7th July 2014, forming part of the Prospectus;
"Tumas Group"	Tumas Group Company Limited (C-7820) and its subsidiary and associated companies, including the Issuer and the Guarantor, together with various other companies principally involved in hospitality, leisure and tourism, property trading, leasing and development, the importation and retailing of motor vehicles and port operations;
"2017 – 2020 Issuer Bonds"	the €25,000,000 6.2% bonds 2017 – 2020 with ISIN code MT0000231234 due to mature on 9th July 2020 at the latest, issued by the Issuer pursuant to a prospectus dated 9th June 2010 and guaranteed by the Guarantor.

All references in the Prospectus to "Malta" are to the "Republic of Malta".

Unless it appears otherwise from the context:
(a) words importing the singular shall include the plural and vice-versa;
(b) words importing the masculine gender shall include the feminine gender and vice-versa;
(c) the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative.

2. RISK FACTORS

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

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

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

2.1 Forward-looking statements

This document contains forward-looking statements. Such forecasts and projections do not bind the Issuer or the Guarantor with respect to future results and no assurance can be given that future results or expectations covered by such forward-looking statements will be achieved. These statements by their nature involve substantial risks and uncertainties, a few of which are beyond the Issuer's and Guarantor's control.

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

2.2 General

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

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

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

The Company itself does not have any substantial assets and is, essentially, a special purpose vehicle set up to act as a financing company solely for the needs of the SDC Group. The Issuer is mainly dependant on the business prospects of the SDC Group and, therefore, the operating results of the SDC Group have a direct effect on the Issuer's financial position. Accordingly, the risks of the Issuer are indirectly those of the SDC Group.

2.4 Risks related to the business of the SDC Group

The Portomaso project is a mature property development, targeted in part at the commercial and residential market, and in part at the hospitality and tourism sector. The material part of the income currently earned by the project is derived from the operations of the Hilton Malta hotel, from the rental of office and other commercial space, and from the operation of ancillary facilities such as the car park and the marina. The Hilton Malta hotel derives substantial income from business travellers and from tourists. Portomaso is affected across the span of its components by business liquidity and economic conditions both locally and overseas.

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

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

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

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

Rental operations may also be impacted by other existing or planned property developments and by the state of the property market generally. SDC expects to continue to face competition from a number of property developments which are currently underway or projected in the vicinity and other areas.

The quality of development and finishing standards, location and vehicular accessibility and the amenities and facilities on offer also impact on competition in the residential real estate market.

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

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

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

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

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

3. PERSONS RESPONSIBLE

This Registration Document includes information prepared in compliance with the Listing Rules of the Listing Authority for the purpose of providing Bondholders with information with regard to the Issuer and the Guarantor. Each and all of the directors of the Issuer whose names appear under the heading *"Identity of Directors, Senior Management, Auditors and Advisors of the Issuer and Guarantor"* in sub-Section 4.1 of this Registration Document accept responsibility for the information contained herein, save for the information specifically relating to the Guarantor, for which the directors of the Guarantor whose names appear in sub-Section 4.2 of this Registration Document are responsible. Mr George Fenech and Mr Raymond Fenech, being directors of both the Issuer and the Guarantor, accept responsibility for all of the information contained in the Prospectus. To the best of the knowledge and belief of the directors of the Issuer and the Guarantor, who have taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is in accordance with the facts and does not omit anything likely to affect the import of such information. The directors of the Issuer and the Guarantor hereby accept responsibility accordingly.

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

4.1 Directors of the Issuer

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

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

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

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

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

4.2 Directors and key executives of the Guarantor

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

George Fenech	Executive Chairman and Managing Director
Raymond Fenech	Executive director

The two (2) directors occupy senior positions within the Tumas Group of companies and are remunerated by subsidiaries within the Tumas Group rather than by the Guarantor for carrying out functions on behalf of Tumas Group.

Mr. Raymond Sladden occupies the position of company secretary.

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

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

4.3 Statutory auditors

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

4.4 Advisors to the Issuer and Guarantor

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

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

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

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

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

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

5. SELECTED FINANCIAL INFORMATION

5.1 Selected financial information of the Issuer

The historical information of the Issuer is available for inspection as set out under the heading *"Documents on display"* in Section 18 of this Registration Document, as well as on the Tumas Group's website (www.tumas.com).

Extracts from the historical financial information of the Issuer:

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

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

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

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

5.2 Capitalisation and indebtedness of the Issuer

The Issuer's Bonds are guaranteed by the Guarantor and its bank loan is secured by specific property owned by the Guarantor. Related finance costs are also guaranteed by the Guarantor. The capital management of the Company therefore consists of a process of regularly monitoring the financial position of the Guarantor.

The Guarantor discloses a borrowing ratio of 44.8% as at 31st December 2013. This ratio expresses the Guarantor's borrowings as a percentage of the aggregate net assets funded also by shareholders' equity. Details of the loan capital and borrowings of the Guarantor are set out in sub-Section 5.4 of this Registration Document. Furthermore, sub-Section 7.7.1 of the Securities Note contains details relative to the liabilities in place as at the date of the Prospectus.

5.3 Selected financial information of the Guarantor

The historical information of the Guarantor is available for inspection as set out under the heading *"Documents on display"* in Section 18 of this Registration Document, as well as on the Tumas Group's website (www.tumas.com).

Extracts from the historical consolidated financial information of the Guarantor:

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

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

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

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

5.4 Capitalisation and indebtedness of the Guarantor

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

The table below illustrates the capital and indebtedness of the Guarantor over the past three years. As at 31st December 2013 and 2012, SDC had net borrowings of circa €51,000,000, down from €55,000,000 in 2011. Net borrowings are stated net of cash and cash equivalents; treasury funds placed on a temporary basis with other companies within the Tumas Group (see Section 8 of this Registration Document) and amounts advanced to the Issuer to be transferred to the bond redemption fund being built up in relation to Issuer bonds currently in issue.

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

Total shareholders' equity as at 31st December 2013 and 2012 amounts to circa €63,000,000 including circa €14,000,000 adjustment representing the fair value surplus (net of deferred tax) over the carrying amount of investment property, which is accounted for in the statement of financial position at historic cost, less depreciation. No similar adjustment is necessary to property, plant and equipment given that this was last revalued in 2012. The adjustment to the carrying value of investment property is made to enable a more reliable analysis of the company's gearing such that outstanding borrowings are compared to the current fair value of the company's long term assets.

The Guarantor's gearing ratio as at 31st December 2013 is 44.8% (net borrowings on total capital), which is consistent with that reported in the previous year, whereas gearing in 2011 was higher, at 53.7%.

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

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

6. INFORMATION ABOUT THE ISSUER AND GUARANTOR

6.1 History and development of the Issuer and Guarantor

6.1.1 The Issuer

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

The Issuer, as well as the Guarantor, are fully-owned subsidiary companies of Tumas Group Company Limited. The Tumas Group has expanded significantly since its founding in the mid-1960's by the late Chev. Thomas Fenech and is today one of the largest private business groups in the Maltese Islands, comprising various enterprises active primarily in the hospitality, leisure, tourism, property, automotive and port operations sectors.

Tumas Investments p.l.c. was incorporated on the 17th November 2000 as a public limited company, registered in terms of the Companies Act with company registration number C-27296 and is domiciled in Malta, having its registered office at Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian's. The Issuer, which was set up and established to act as a finance company, has an authorised and issued share capital of €232,937.30, divided into 100,000 ordinary shares of €2.329373 each, fully paid up.

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

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

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

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

Subsequent to the above, twelve months after the above-detailed issue, in June 2010, the Company issued a further €25,000,000 6.2% bonds due 2017 - 2020 having a nominal value of €100 each and issued at par. The said bonds are, likewise, guaranteed by SDC and will, unless previously purchased and cancelled, be redeemed by the Company on the 9th July 2020, subject to the Company's option, exercisable at its discretion, to redeem all or any part of the bonds in the said bond issue at their nominal value on the dates falling between and including the 9th July 2017 and the 8th July 2020. Interest on the bonds is payable semi-annually in arrears on the 9th January and the 9th July of each year between 2010 and 2020, with the first interest payment having become due and having been duly paid on the 9th January 2011. The proceeds from the bonds were advanced by the Company to SDC to partially re-finance existing borrowings and the general corporate financing needs of the SDC Group.

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

6.1.2 The Guarantor

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

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

Today, following a number of share capital increases over the years, SDC has an authorised share capital of €13,652,805, divided into shares of a nominal value of €1 each. The issued share capital of SDC is of €13,652,805 divided into 1,164,687 ordinary 'A' shares of €1 each, 6,988,119 ordinary 'B' shares of €1 each and 5,499,999 redeemable preference shares of €1 each, all of which have been fully paid and subscribed.

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

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

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

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

Premium Real Estates Investments Limited acquired the *directum dominium* on a portion of Portomaso properties from SDC in 2012, and is in the course of selling this property right to residential owners at Portomaso, enabling them to acquire the freehold of their apartments.

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

6.2 Investments since last published financial statements

No material investments have been made by the Issuer or by the Guarantor since the date of the last published financial statements, that covered the financial year ended 31st December 2013.

7. BUSINESS OVERVIEW AND TREND INFORMATION

7.1 The Issuer

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

Accordingly its business is limited to the raising of capital for the financing of capital projects and the loaning of such capital to SDC, the collection of interest from SDC and the settlement, in turn, of interest payable on capital raised from third parties, typically via the issue of listed bonds.

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

7.2 Reasons for the Issue and use of proceeds

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

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

7.3 The Guarantor

7.3.1 Portomaso complex

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

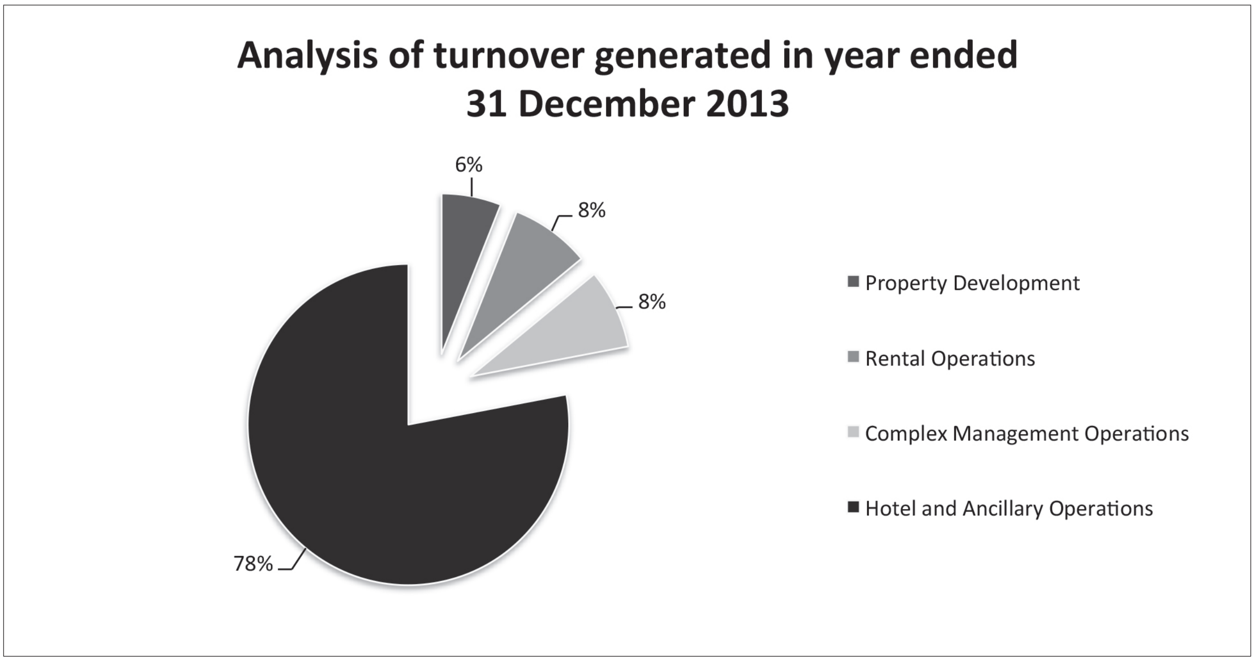
The project is a unique waterfront development enjoying a very central position on Malta's north eastern shore. It is situated in the heart of St. Julian's, Malta's popular commercial and leisure district, less than five minutes walk away from the picturesque Spinola Bay and just off the island's main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

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

Construction of the project as originally conceived was largely completed in 2004, with subsequent works consisting mainly of finishes to apartments in line with buyer specifications; and of a 110 room extension to the Hilton Malta hotel that was completed in spring 2008. In late 2007, SDC commenced construction works on a new residential wing which was completed in 2011 and which has in the main been delivered to buyers.

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

The relative importance of the different aspects of the Guarantor's operations are illustrated by an analysis of its turnover in the financial year ended 31st December 2013:



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

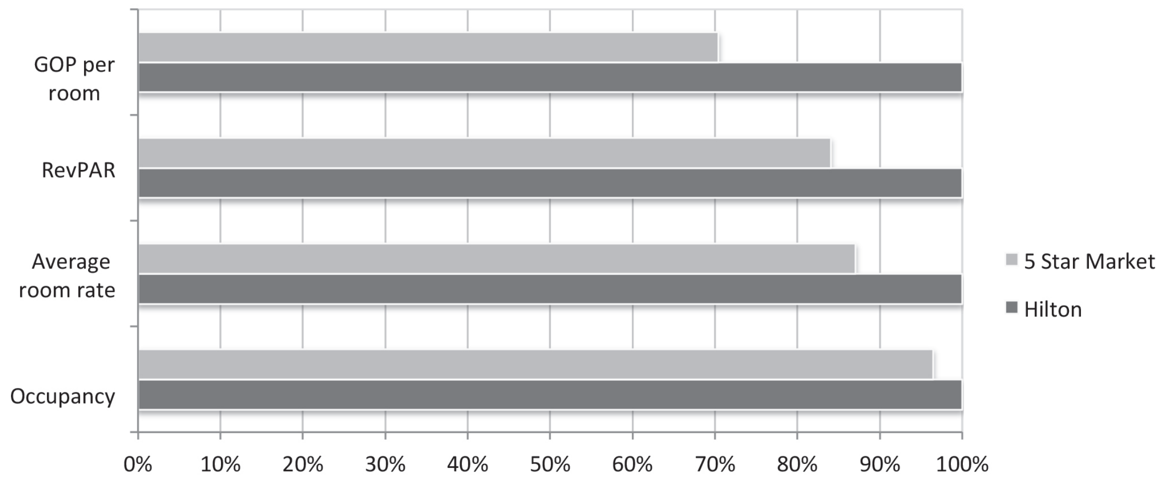
7.3.1.1 Hilton Malta and ancillary operations

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

The 410 room five-star hotel welcomed its first guests in February 2000. The hotel complex includes modern conference facilities, a health centre, theme restaurants, a large indoor pool, a number of outside pools and a beach club.

The hotel was designed and developed in co-operation with Hilton International, which had for many years operated the previous hotel, since demolished, to make space for the project. Hilton International have entered into an operating agreement with SDC to market and manage the hotel, and the adjacent conference centre, as an integral part of its world-wide chain. The operating agreement is based on standard industry norms and provides for a remuneration package that is based on performance. This agreement, which had an initial term of 15 years has recently been renewed for a further 20 years.

The Hotel's success during the year when compared to the overall 5-star market in Malta is illustrated by the following (Hilton = 100%):



GOP	Gross operating profit
RevPAR	Average daily revenue per available room
Average room rate	Average daily revenue per occupied room

Source: Deloitte MHRA hotel survey dated 24th March 2014

Note: The above information obtained from the Deloitte MHRA hotel survey 2014 has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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

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

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

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

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

7.3.1.2 Rental operations

SDC leases a number of areas within the Portomaso Business Tower and other commercial areas within Portomaso.

The commercial and office developments within the Portomaso complex include:

1. Offices situated within the Business Tower having a lettable area of 3,200 sqm; and
2. Commercial spaces having a lettable are of 11,000 sqm.

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

Occupancy within the Portomaso Business Tower and within the various commercial elements comprising the complex increased substantially as the project matured. Portomaso is today a hive of activity to the common benefit of all its tenants.

7.3.1.3 *Management of the Portomaso complex*

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

7.3.1.4 *Sale of residential apartments*

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

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

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

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

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

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

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

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

7.3.1.5 *Financial position and gearing of the Guarantor*

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

The financial objective of the SDC Group is that of maintaining a healthy balance between ongoing debt and equity, such that long term gearing is retained at a level of circa 30% of the market value of commercial assets, including the hotel. The objective is that of optimising the cost of capital and maximising shareholder returns. The company is accordingly aiming to reduce long term borrowings to circa €35,000,000 to €40,000,000 in the years ahead.

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

7.4 The Halland property

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

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

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

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

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

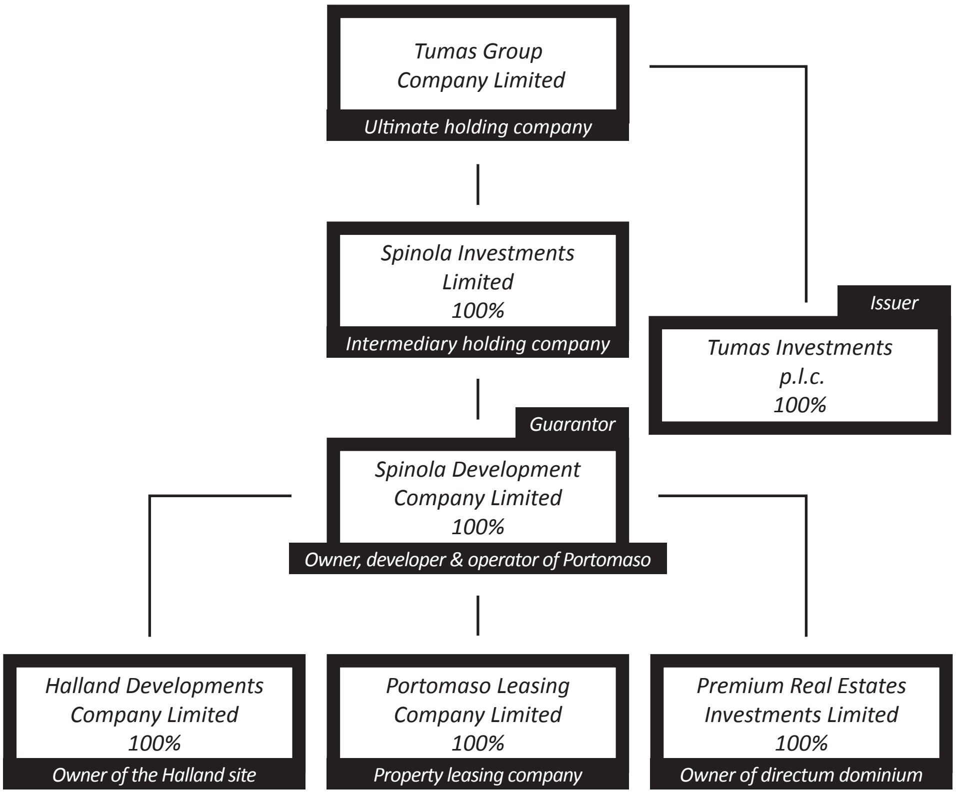
8. ORGANISATIONAL STRUCTURE

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

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

The Tumas Group operates a group treasury function that aims to minimise borrowing costs across the group by making the best use of the available cash resources. In terms of these arrangements, at 31st December 2013 SDC had advanced €9,500,000 to other Tumas Group companies in the form of interest-bearing short term loans. These loans are repayable on demand and are therefore matched by available banking facilities covering at least the amount of the loan or cash equivalent. The loans are accordingly considered as quasi-cash by SDC.

The organisational structure of the Tumas Group, relevant to the Issuer and the Guarantor (which are fully-owned subsidiary companies of Tumas Group Company Limited [C-7820]), is illustrated in the following diagram as at the date of the Prospectus:

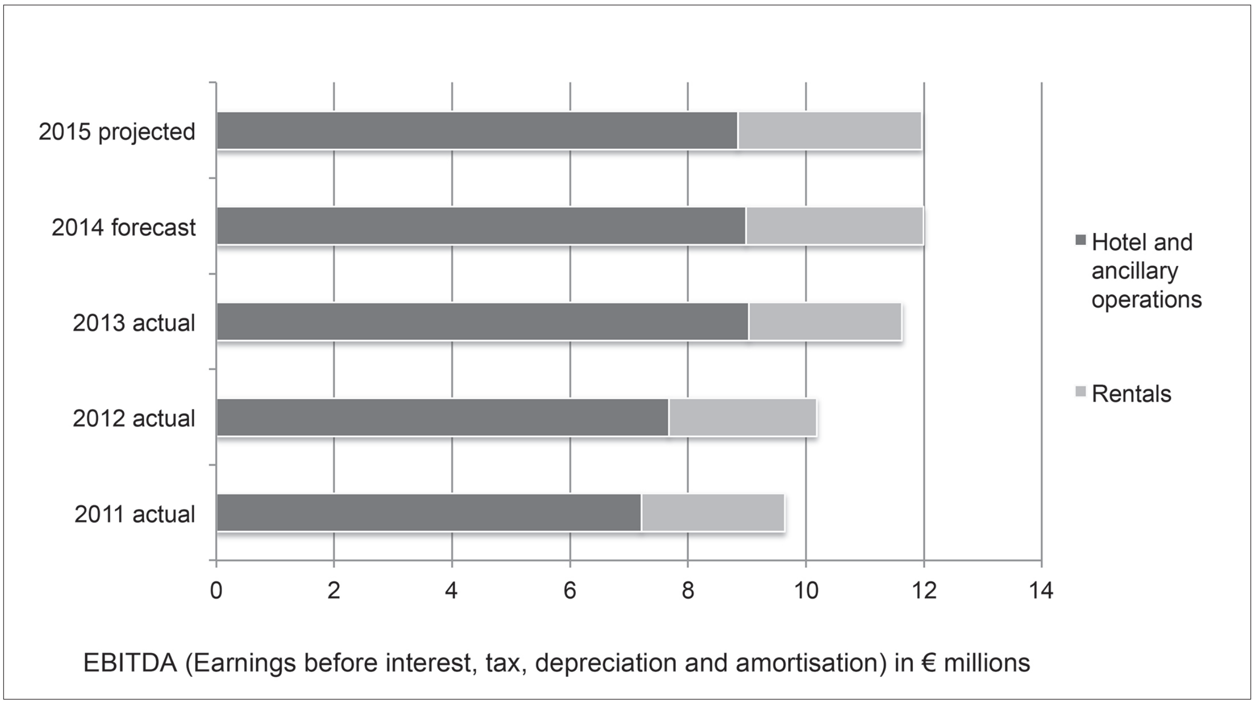


9. TRADING PROSPECTS

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

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

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



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

Rental operations are expected to yield a steady income stream moving ahead, in line with contracted inflationary increments. The complex is fully rented and demand for office space remains strong in what remains a primary premium office location. Portomaso remains a holistic development of complementary activities that make it an attractive location for tenants. SDC draws comfort from the quality of the counterparties whom the project is housing. Anchor units such as Arkadia Supermarket, Café Portomaso, the Casino at Portomaso, Luxe Pavilion and Twenty Two wine lounge, amongst many others, are today very well established and constitute a stable core.

In other respects, the complex is now in its final development stages and, accordingly, a variety of business risks relating to real estate development no longer apply to Portomaso to any material extent. Apart from the Laguna extension, the main activity of the property division in coming years will be that of disposing of the remaining stock of 23 apartments, of which 6 are already the subject of promise of sale agreements.

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

10. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

10.1 The Issuer

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

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

10.1.1 *Directors of the Issuer*

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

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

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

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

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

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

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

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

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

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

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

None of the said directors of the Company have been:

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

10.1.2 Appointment of Directors

The directors of the Issuer are appointed in terms of the Company's Articles of Association. In line with generally accepted principles of sound corporate governance, at least one (1) of the directors shall be a person independent of the Tumas Group.

10.1.3 Removal of the Issuer's Directors

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

10.1.4 Powers of the Issuer's Directors

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

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

In terms of the Memorandum and Articles of Association, the maximum limit of aggregate emoluments of the directors is to be established by the shareholders in general meeting. Within that limit the directors shall have the power to vote remuneration to themselves or any number of their body. Any increases in the maximum limit of directors' aggregate emoluments have to be approved by the general meeting. The directors may also vote pensions, gratuities or allowances on retirement to any director who has held any other salaried office with the Company or to his widow or dependants. However, any such proposal shall have to be approved by the shareholders in general meeting.

In terms of the Memorandum and Articles of Association, the board of directors may exercise all the powers of the Company to borrow money and give security thereof, subject to the limit established in the Articles of Association and the overriding authority of the shareholders in general meeting to change, amend, restrict and/or otherwise modify such limit and the directors' borrowing powers.

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

10.1.5 Directors' interests

Save for what is stated in sub-Section 12.3 of this Registration Document, the directors of the Company have no beneficial interests in the share capital of the Company as at this date. There are no assets which have been leased or otherwise transferred by or to the Company in which any of the directors have any interest, direct or indirect, nor are any such leases or transfers being proposed. In addition, there is no contract or arrangement, subsisting at the date of this document in which a director of the Company is materially interested.

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

10.1.6 Service contracts of the Issuer's Directors

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

10.1.7 Aggregate emoluments of the Issuer's Directors

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

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

The remuneration of directors is a fixed amount per annum and does not include any variable component relating to profit sharing, share options or pension benefits.

During 2013 each director of the Company received an annual remuneration of €3,494 (2012: €3,494), as approved at the relative Annual General Meeting of the Company. For the current financial year ending on the 31st December 2014 it is expected that the Issuer will pay an aggregate of €17,470 to its directors.

10.1.8 Loans to the Issuer's Directors

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

10.1.9 Employees of the Issuer

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

10.2 The Guarantor

10.2.1 Directors of the Guarantor

The Memorandum of Association of SDC provides that the board of directors shall be composed of not less than two (2) and not more than three (3) directors, who are nominated by the shareholders. As at the date of the Prospectus, the board of the Guarantor is composed of the following persons:

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

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

The two (2) directors of the Guarantor occupy senior positions within the Tumas Group of companies and are remunerated by the ultimate parent company rather than by the Guarantor for carrying out functions on behalf of Tumas Group.

Mr. Raymond Sladden occupies the position of company secretary.

10.2.2 Service contracts of the Guarantor's Directors

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

10.2.3 Removal of the Guarantor's Directors

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

10.2.4 Powers of the Guarantor's Directors

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

10.2.5 Loans to the Guarantor's Directors

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

10.2.6 Key Executives

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

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

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

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

Matthew Mullan is the General Manager of Hilton Malta. An experienced hotel operator, Mr. Matthew Mullan joined Hilton Worldwide twenty-six years ago and was most recently the General Manager of the Hilton property in Barbados. With Hilton Worldwide Mr. Mullan has also held positions in Egypt, United Kingdom and Ireland and brings a wealth of international hotel experience to his role. Previous roles have included multi-hotel responsibility, hotel openings and re-developments. External roles have included hotel association directorships in Barbados and Northern Ireland. Mr Mullan has been recognised by the Hotel Catering and International Management Association (HCIMA) and Hilton Worldwide for his leadership with General Manager and Hotel of the Year awards.

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

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

10.2.7 Employees of the Guarantor

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

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

10.2.8 Working capital

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

11. BOARD PRACTICES

11.1 Compliance with Corporate Governance requirements

11.1.1 The Issuer

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

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

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

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

11.1.2 The Guarantor

The Guarantor is a private company and, accordingly, is not bound by the provisions of the Code set out in the Listing Rules. While the Guarantor does not adopt the provisions of the Code, it has specifically tasked the Audit Committee of the Issuer with keeping a watching brief over the operations of the Guarantor. In this regard, the Audit Committee of the Issuer meets on a regular basis to discuss formal reports submitted by the Tumas Group internal audit unit on audits conducted on the operations of SDC, with the consent of the Board of directors of SDC.

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

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

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

i. direct supervision, supported by expert professional advice as appropriate, on the issue and listing of bonds;
ii. that the proceeds of the bonds are applied for the purposes for which they were sanctioned, as specified in the offering memoranda dated 10th June 2009 and 9th June 2010 respectively;
iii. proper utilization of the resources of the Company; and
iv. approval of the annual report and financial statements and of relevant public announcements and for the Company's compliance with its continuing listing obligations.

11.3 Risk management and internal control

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

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

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

11.4 Relations with bondholders and the market

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

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

11.5 Board Committees

The directors of the Issuer have established an Executive Committee and an Audit Committee as committees of the board. The Issuer considers that the members of the Audit Committee have the necessary experience, independence and standing to hold office as members thereof.

11.5.1 Executive Committee

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

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

11.5.2 Audit Committee

The Audit Committee, composed of two (2) non-shareholders and non-Executive directors, together with a shareholder and Executive director, assists the board in fulfilling its supervisory and monitoring responsibilities in terms of the requirements of the Listing Rules, as well as current best practices and recommendations of good corporate governance. The terms of reference of the Audit Committee include the review of (a) the systems and procedures of internal control implemented by management, (b) the financial statements, disclosures and adequacy of financial reporting, and (c) the external and internal audit processes. The Committee also considers the arm's length nature of related party transactions that the Issuer carries out.

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

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

The Audit Committee meets at least once every three (3) months mainly to consider the six monthly financial results and the annual financial statements of the Issuer. Meetings may be convened at the request of any of its members or at the request of the external auditors. The Issuer's external auditors may be invited to attend.

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

12. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

12.1 Interests of major shareholders of the Issuer

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

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

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

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

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

The Issuer adopts measures in line with the Code of Corporate Governance to ensure that its relationship with the Guarantor is retained at arm's length, including adherence to rules on related party transactions requiring the sanction of the Audit Committee of the Issuer, which is constituted in its majority by non-executive directors, of which one, in the person of Mr Lino Spiteri, also act as Chairman. In this regard, the Audit Committee of the Issuer has the task of ensuring that any potential abuse which may arise in consequence of the foregoing state of affairs is immediately identified and resolved. Furthermore, any potential conflicts of interest of the directors of the Issuer and Guarantor are addressed as set out in sub-Section 12.3 below.

12.2 Interests of major shareholders of the Guarantor

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

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

12.3 Directors' interests

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

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

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

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

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

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

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

The Audit Committee of the Issuer has been specifically tasked with keeping a watching brief to ensure that any conflicts of interest that may arise at any time pursuant to this state of affairs are duly and appropriately managed and with ensuring that the principles enshrined in the aforesaid sections 143, 144 and 145 of the Act are at all times fully adhered to and respected by the directors of SDC. In this regard, Mr. Lino Spiteri in his capacity as Chairman of the Issuer's Audit Committee and in view of his status as an independent, non-executive director, is entrusted with such oversight.

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

12.4 Related party transactions concerning the Guarantor

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

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

13.1 Historical financial information

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

13.2 Age of latest financial information

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

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

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

There has been no significant change in the financial or trading position of the Issuer or the Guarantor which has occurred since 31st December 2013. Furthermore, the Issuer hereby confirms that there has been no material change or recent development which could adversely affect potential investors' assessments in respect of the Bonds, other than the information contained and disclosed in the Prospectus.

13.4 Legal and Arbitration proceedings

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or Guarantor are aware) during a period covering twelve (12) months prior to the date of the Prospectus which may have, or have had, in the recent past significant effects on the financial position or profitability of the Issuer, the Guarantor or the SDC Group.

14. ADDITIONAL INFORMATION

14.1 Memorandum and Articles of Association of the Issuer

14.1.1 Incorporation

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

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

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

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

14.1.2 Share capital

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

There are no classes of shares and each share confers the right to one (1) vote at general meetings of the Company.

The authorised share capital of the Issuer may be increased by an ordinary resolution of the shareholders in general meeting. In terms of the Issuer's Memorandum and Articles of Association, none of the capital shall be issued in such a way as would effectively alter the control of the company or nature of the business, without the prior approval of the company in general meeting.

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

It is not expected that the Company issues during the next financial year any shares, whether fully or partly paid up, in consideration for cash or otherwise. There is no capital of the Company which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Company is to be put under option.

14.1.3 Commissions

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

14.2 Memorandum and Articles of Association of the Guarantor

14.2.1 Incorporation

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

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

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

14.2.2 Loan capital and borrowings

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

15. MATERIAL CONTRACTS

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

16. PROPERTY VALUATION REPORT

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

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

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

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

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

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

The Financial Analysis Summary dated 7th July 2014 has been included in the form and context in which it appears with the authorisation of Rizzo, Farrugia & Co. (Stockbrokers) Ltd. of Airways House, Third Floor, High Street, Sliema, which has given and has not withdrawn its consent to the inclusion of said report herein. The architect's property valuation report dated 19th June 2014 is being made available in the form and context in which it appears with the authorisation of DeMicoli & Associates Architects of 70, Mill Street, Qormi QRM 3104, which has given and has not withdrawn its consent to said report being made available for inspection as set out in the following Section 18 of this Registration Document. Neither of the foregoing experts have any beneficial interest in the Issuer. The Issuer confirms that the Financial Analysis Summary and the aforesaid architect's property valuation report have been accurately reproduced and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

18. DOCUMENTS ON DISPLAY

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

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

ANNEX A – FINANCIAL ANALYSIS SUMMARY

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

Rizzo, Farrugia & Co (Stockbrokers) Ltd.
Airways House, Third Floor, High Street, Sliema SLM 1549, Malta
T. +356 2258 3000 F. +356 2258 3001
E. info@rizzofarrugia.com W. www.rizzofarrugia.com

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

7th July 2014

Dear Sirs

Tumas Investments plc – Financial Analysis Summary ("the Analysis")

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

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

(a) Historical financial data for the three years ended 31 December 2011 to 2013 has been extracted from both the Issuer and Guarantor's audited statutory financial statements for the three years in question.

(b) The forecast data for the financial years ending 31 December 2014 and 2015 has been provided by management of the Issuer and Guarantor.

(c) Our commentary on the results of the Issuer and on its financial position is based on the explanations set out by the Issuer in the Prospectus dated 7th July 2014.

(d) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions set out in the Glossary section of the Analysis.

(e) Relevant financial data in respect of companies referred to in Section 5 has been extracted from public sources such as the web sites of the companies concerned, other websites providing financial data or financial statements filed with the Registrar of Companies.

The Analysis is meant to assist potential investors in the Issuer's securities by summarising the more important financial data of the Issuer and Guarantor. The Analysis does not contain all data that is relevant to investors or potential investors and is meant to complement, and not replace, the contents of the full Prospectus dated 7th July 2014. The Analysis does not constitute an endorsement by our firm of the proposed Bond Issue and should not be interpreted as a recommendation to invest in the Issuer's securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis and no representation or warranty is provided in respect of the reliability of the information contained in the Prospectus. As with all investments, potential investors are encouraged to seek professional advice before investing.

Yours sincerely,

Vincent E. Rizzo
Director

Table of Contents

IMPORTANT INFORMATION

Purpose of this Document

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

Sources of Information

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

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

Projections

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

DEFINITIONS

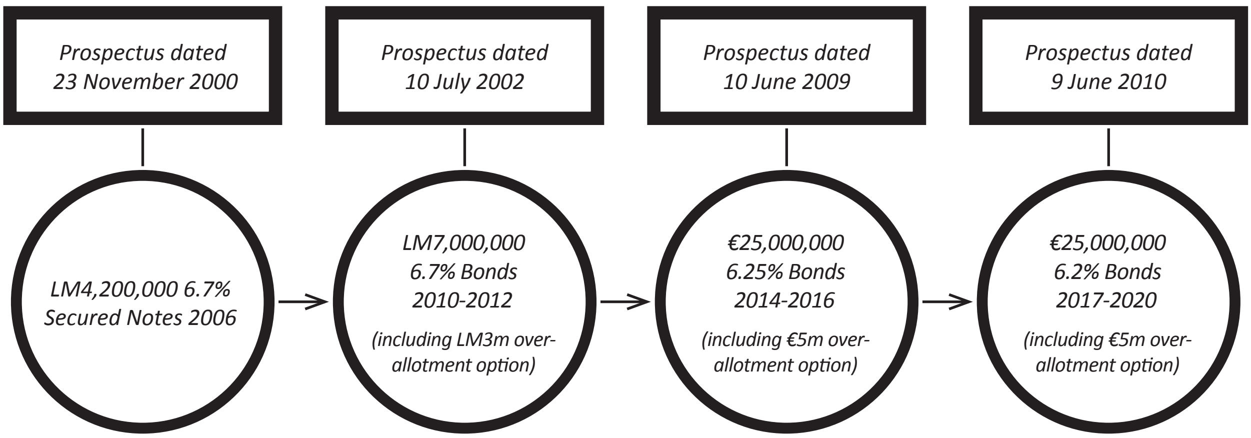
Halland Developments Company Limited	A subsidiary of Spinola Development Company Limited which owns the freehold title of the Halland site and adjoining land.
Halland site	The site in Ibragg (formerly Halland Aparthotel) earmarked for development.
Laguna Project	An extension to the Portomaso Complex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

1. BACKGROUND AND HISTORY

1.1 The Issuer – Tumas Investments plc

Tumas Investments plc (TI, the Issuer) is a public limited liability company incorporated in Malta on 17 November 2000 to act as the financing arm of Spinola Development Company Ltd (SDC), which, in the context of this Bond Issue, is acting as the Guarantor. Given the Issuer's nature of activities, i.e. raising finance for on-lending to SDC, there is an inherent dependence on SDC's cash flows and operations.

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



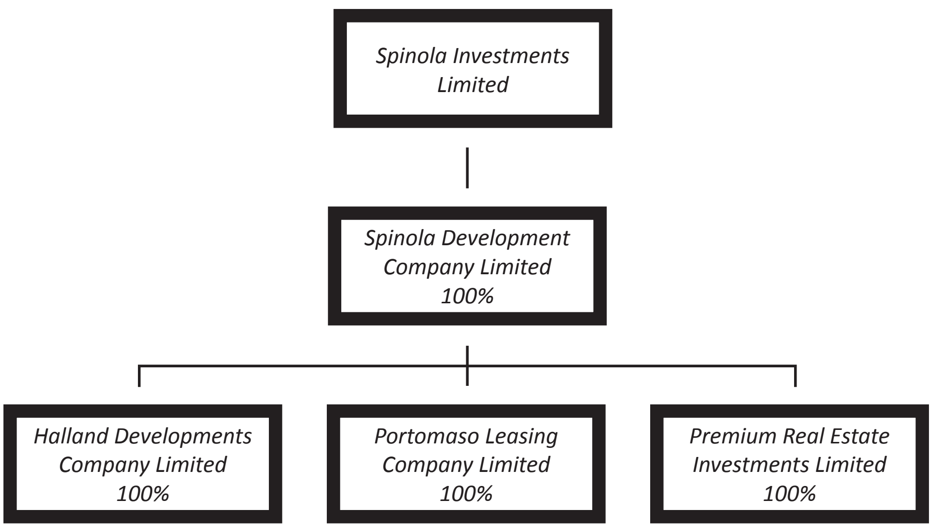
The first two bonds, issued in 2000 and 2002 respectively, have been repaid in full. Meanwhile, the Issuer still has the following two bonds outstanding, namely: (i) €25,000,000 6.25% bonds maturing between 2014 and 2016 and (ii) €25,000,000 6.2% bonds maturing between 2017 and 2020. The Directors of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

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

1.2 The Guarantor – Spinola Development Company Ltd

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

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



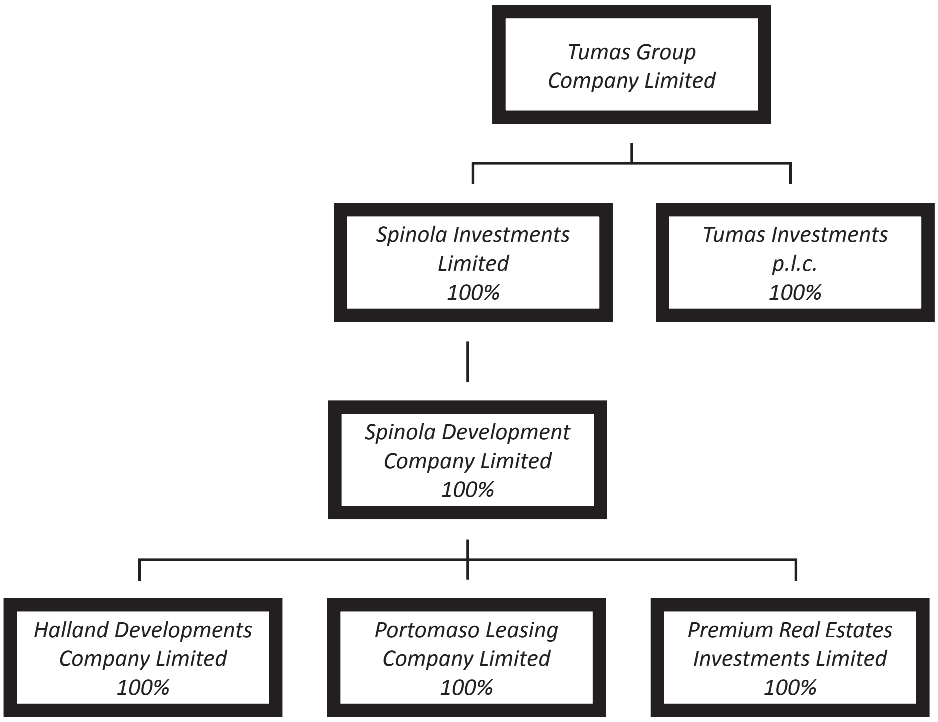
In 1994, the then Malta Hilton Hotel was demolished and the Portomaso Complex was developed. The land title was fully acquired by SDC from the Government of Malta and today the Guarantor benefits from freehold title of the site. For the purpose of management and administration of the Portomaso Complex,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

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

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

1.3 The Issuer and Guarantor within the Tumas Group

Both TI and SDC are wholly-owned subsidiaries of Tumas Group Company Limited, one of the largest private business groups in Malta, which has expanded significantly since its foundation during the mid-1960s. The Tumas Group is primarily active in the hospitality, leisure, tourism, property, automotive and port operations sectors. The Issuer and the Guarantor's positions within the Tumas Group are being depicted below.



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

2. DIRECTORS AND SENIOR MANAGEMENT

2.1 Directors

2.1.1 Directors of the Issuer

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

2.1.2 Directors of the Guarantor

Members of the Board - Guarantor	
Mr. George Fenech	Executive Chairman and Managing Director
Mr. Raymond Fenech	Executive Director

2.2 Senior Management

2.2.1 Senior Management of the Issuer

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

2.2.2 Senior Management of the Guarantor

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

3. OPERATIONS AND MAJOR ASSETS

3.1 The Issuer

As the financing arm of SDC, the Issuer's operations are limited to the raising of financing for capital projects and advancing such funds to SDC. The loans granted to SDC are regulated through loan agreements, with similar maturities to the bonds and loans raised by TI. An additional margin is charged by TI, which represents the margin of profit required by TI to cover its administrative and other costs.

Major Assets of the Issuer

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

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

Material Contracts of the Issuer

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

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

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

3.2 The Guarantor

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

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

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

Major Assets of the Guarantor

A. The Hotel and its Ancillary Operations

This segment comprises the Hilton Malta, the conference centre and ancillary operations, including underground car park, the marina and Level Twenty-Two (a wine lounge on the twenty-second floor of the Business Tower). The carrying value of these assets within SDC's financial statements amounted to €76,700,000 or 53.8% of total assets as at 31 December 2013 (2012: €80,000,000; 2011: €64,200,000) and are recorded under Property, Plant and Equipment.

i) Hilton Malta

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

ii) Portomaso Car Park

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

iii) Portomaso Marina

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

iv) Twenty Two wine lounge

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

B. Property Development

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

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

Source: Tumas Investments plc

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

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

C. Rental Operations

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

D. Complex Management Operations

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

Material Contracts of the Guarantor

A. Hotel Agreement With Hilton International

As mentioned earlier, SDC has an operating agreement with Hilton International, which is responsible for the marketing and management of the hotel, as well as the adjacent conference centre, under the world-renowned Hilton brand. The operating agreement is based on standard industry norms and provides for a remuneration package that is based on performance. This agreement, which had an initial term of 15 years, has been renewed for a further 20 years to 2031 and is based on terms that are similar to those of the previous agreement.

B. Lease Agreements

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

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

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

C. Residential Apartments

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

D. Current Contracts / Guarantees to Group Companies

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

E. Agreements with Tumas Group

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

3.3 Market Overview

A. The Property Market in Malta

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

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

Source: Central Bank of Malta

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

B. The Tourism Industry

A recurrent and significant part of SDC's revenues are directly correlated with the tourism sector in Malta. Tourism is an important contributor to GDP for the Maltese economy – in 2013 it contributed 25.5% of GDP and this figure is expected to surpass the 30% mark by 2024. Tourist arrivals in 2014 are expected to be just short of the 1,700,000 mark and this figure is expected to grow to 2,400,000 by 2024.
The data quoted in this section has been sourced from "World Travel & Tourism Council – Travel & Tourism-Economic Impact 2014 – Malta report"

C. Special Designated Areas (SDA)

Portomaso has the advantage of being situated in a Special Designated Area, which means that non-Maltese residents can purchase property with the same property rights as Maltese citizens. Properties falling within "Special Designated Areas" are exempt from the restrictions set out in the Immoveable Property (Acquisitions by Non-Residents) Act (Cap. 246 of the laws of Malta), which apply to non-EU / non-Maltese persons wishing to acquire immovable property in Malta and who have not been residing on the Islands for at least five years. These areas represent developments comprising of top-end residential properties. Properties in SDAs are also exempt from any restriction on acquisition through inheritance and there are also several other special exemptions and benefits including fiscal ones.

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

4. PERFORMANCE AND FINANCIAL POSITION

4.1 Financial Analysis of the Issuer

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

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

4.1.1 Statement of Financial Position

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

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

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

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

Analysis of the Loans Receivable from the Guarantor

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

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

Analysis of the Borrowings of the Issuer

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

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

4.1.2 *Income Statement*

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

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

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

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

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

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

Key Profitability Ratios:

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

4.1.3 *Statement of Cash Flows*

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

Cash flows generated through its operating activities consisted primarily of the net movements in cash of amounts owed to the Issuer from SDC and other trade receivables, netted off by the amounts that the Issuer owed to other related parties and trade payables, which for 2013 resulted in a net inflow of circa €221,000.

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

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

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

4.2 Financial Analysis of the Guarantor

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

I. Inflation rate of 2% per annum

II. The Hotel and Ancillary Operations
- Revenue per available room (RevPar) is assumed to increase by 3.1% in 2014 and 0.4% in 2015;
- Direct costs and other operating costs are expected to remain at the same current levels, increasing in line with revenues;
- Ancillary operations are assumed to continue to generate the present level of net contribution, increasing only at inflationary rates;
- A refurbishment project of the Hilton Malta is expected to be carried out during 2014 and 2015, resulting in a capital expenditure of circa €9,000,000, which will be financed separately through bank loan facilities for this amount which are already committed to.

III. Rental income is expected to increase as allowable in the lease contracts (commercial and office space), i.e. at 2.7% p.a., while costs are expected to increase at inflationary rates.

IV. Complex management operations are assumed to continue to generate the same level of revenues, while operating at lower costs due to cost efficiencies.

V. Property Development
- Sale of four apartments in 2014 and another two in 2015 reflecting the six apartments which are subject to the promise of sale agreement;
- The Laguna Project commenced during 2014 with the costs incurred expected to be capitalised during the life of the project development. This project is being financed separately through bank borrowings already committed to;
- SDC is expected to sell the *directum dominium* of the Portomaso apartments during the coming years starting 2015.

VI. Other Assumptions
- 2014: the €25,000,000 bond will be repaid and a New Bond of an equivalent nominal amount will be issued. Costs for this bond are not expected to exceed be €500,000;
- The finance costs for the New Bond are being assumed at 5% which is lower than that paid on the Maturing Bond;
- SDC is expected to partially repay its loans to Tumas Investments plc (the bank facility taken by the Issuer) during 2014 and 2015.

4.2.1 Statement of Financial Position

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

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

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

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

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

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

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

Capitalisation and Indebtedness

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

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

Reported equity of SDC increased from €37,700,000 in 2011 to €48,400,000 in 2013, as a result of retained profits and a revaluation of the PPE during 2012. The Guarantor's gearing ratio, calculated as the level of net borrowings in relation to the company's equity and borrowings, eased from 59.3% in 2011 to 51.3% in 2013. The ratio is expected to increase to 56.5% in 2015 as borrowings in relation to the Laguna and the refurbishment would be added to the current level of borrowings – netted only by the repayments of a bank loan.

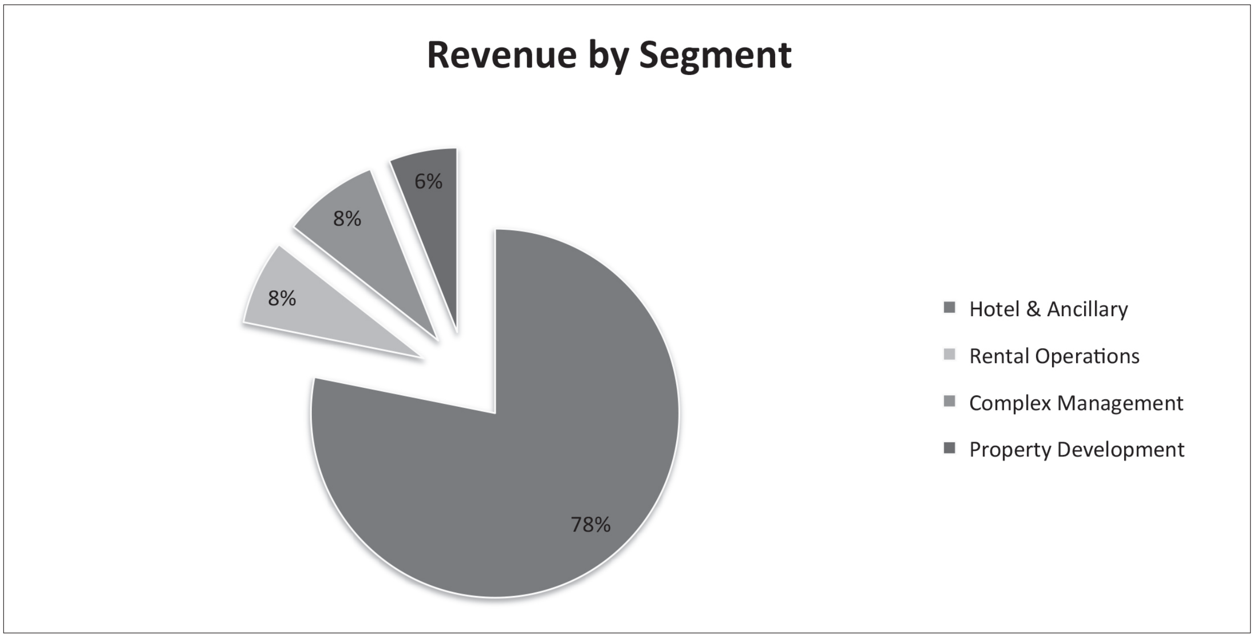
In accordance with its accounting policies, the Guarantor keeps its investment property (principally comprising floors in the Portomaso Business Tower and commercial outlets, held for long-term rental yields not occupied by the Group) in its financial statements at cost, disclosing the market value (based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

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

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

4.2.2 *Income Statement Analysis by Segment*

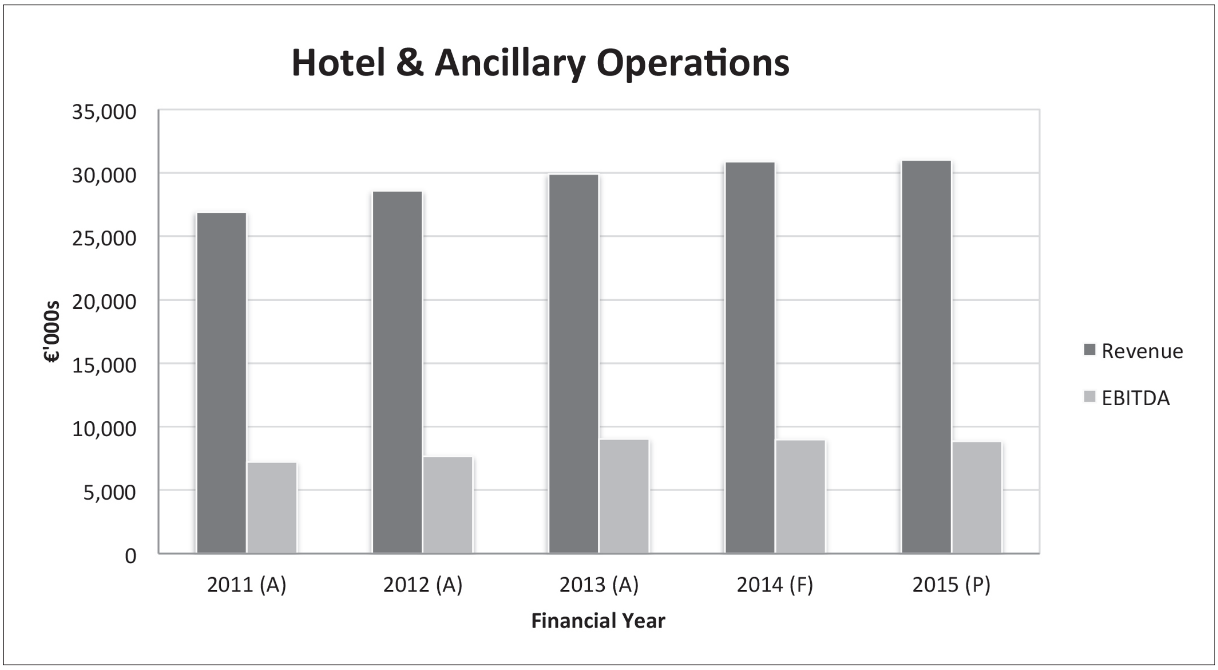
The operations of the Guarantor are split into four main segments and an overview of the performance of each segment and respective projections are being presented hereunder. Hotel and ancillary operations was the biggest revenue generating segment in 2013, with property development being the smallest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



A. Hotel and Ancillary Operations

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

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



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

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

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

The Refurbishment

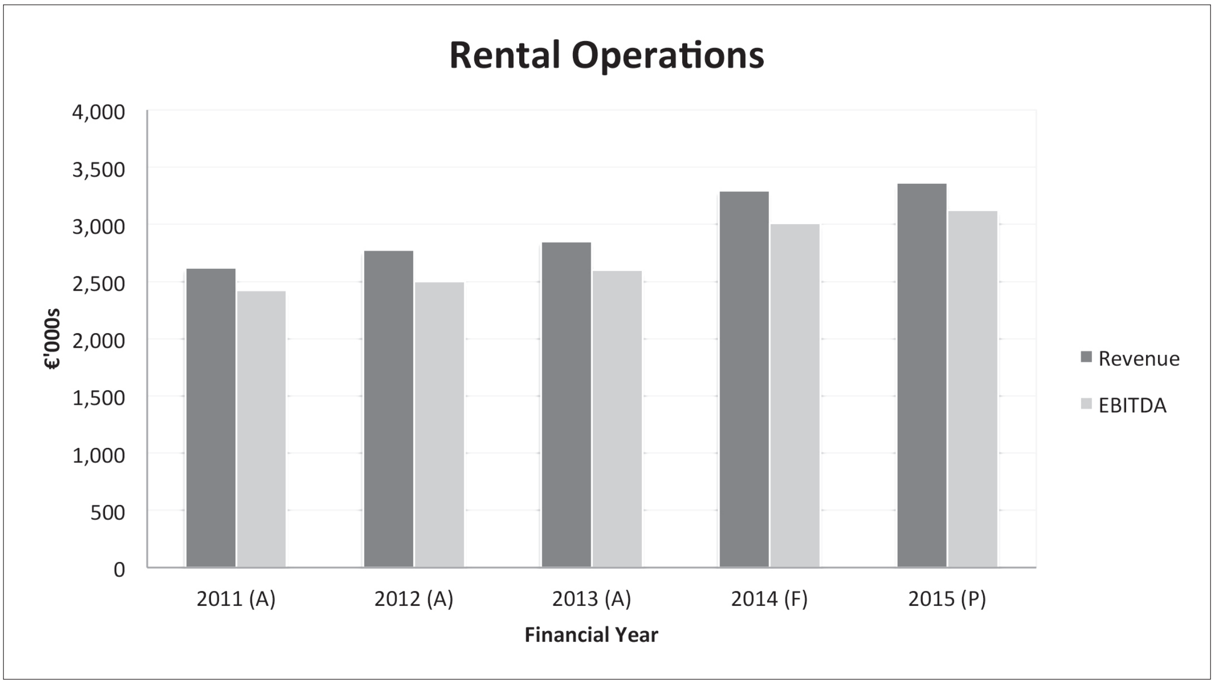
A refurbishment of the hotel and its common areas is expected to take place during 2014 and 2015 and is projected to be staggered in a way to create as little as possible interference to hotel guests and the overall operations of the hotel. This refurbishment exercise will exclude the latest extension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

Projections

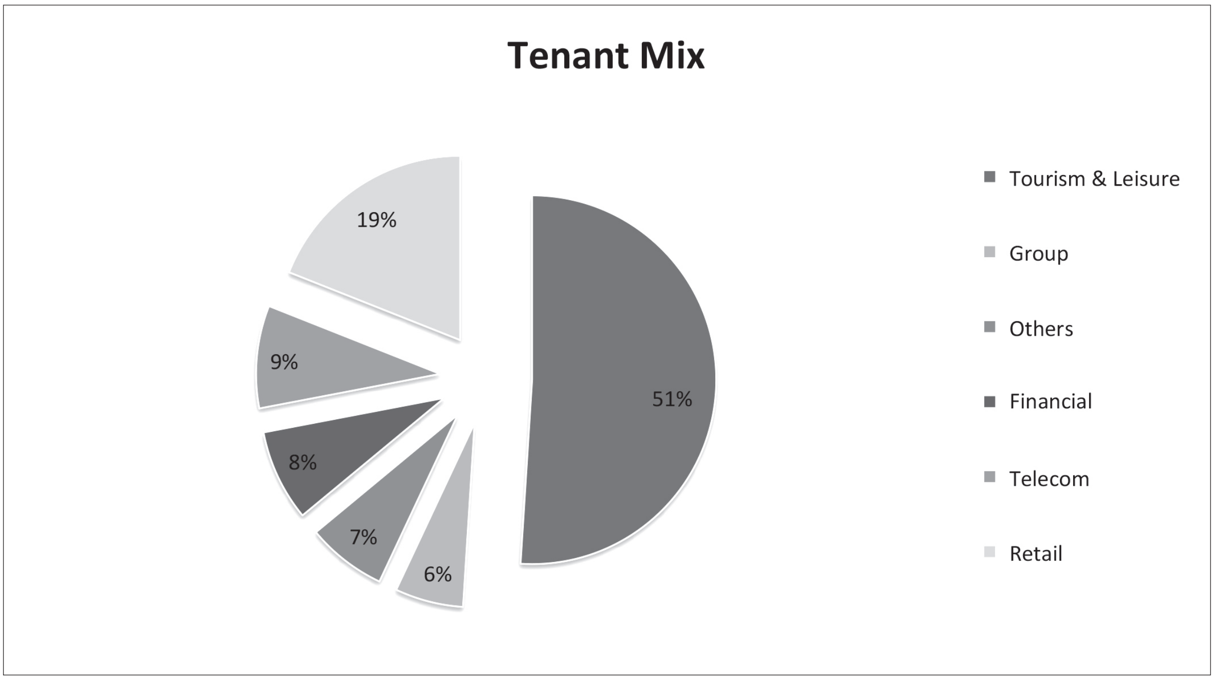
The Guarantor is not expecting any major changes in its revenue and EBITDA compositions of the hotel and the ancillary operations thereof. The assumptions are that occupancy rates are expected to remain consistent with those reported in previous years, circa 75%, while revenue per available room (RevPar)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

B. Rental Operations

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



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



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

C. Property Development

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

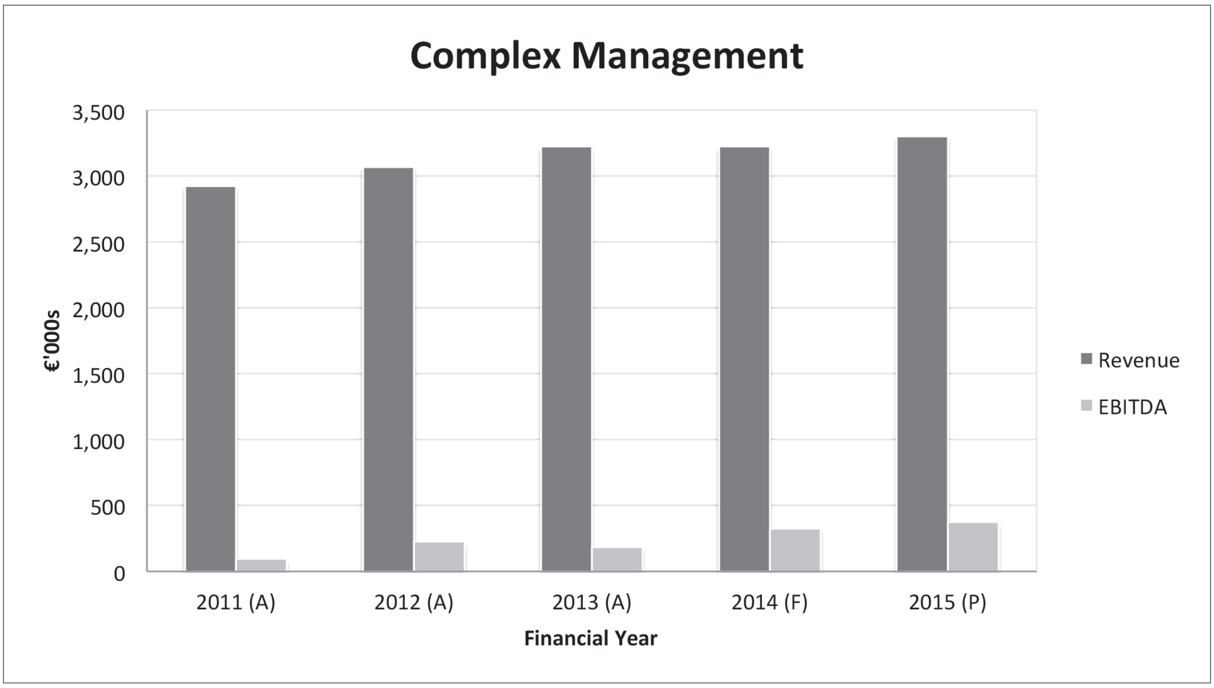
SDC estimates that during 2014, 4 apartments will be sold from existing stock, and in 2015, 2 will be sold from the existing stock and another 7 from the Laguna units, although delivery of the latter is expected to take place starting 2017. Although the new Laguna apartments are expected to be launched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

The Laguna Project

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

D. Complex Management Segment

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



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

Consolidated Analysis of Segments

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

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

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

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

4.2.3 *Statement of Cash Flows*

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

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

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

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

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

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

4.2.4 *Ratio Analysis*

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

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

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

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

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

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

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

4.2.5 Related Party Transactions

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

As the Tumas Group aims to maximise the use of available funds within the Group and minimise (external) financing costs, SDC regularly operates within the Group treasury function and has arrangements with a number of fellow subsidiaries within the Group whereby any excess funds available at SDC are transferred to subsidiaries of the Group for overnight placements and other short-term periods.

A. The Issuer and Guarantor

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

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

B. The Guarantor and Other Related Parties

The Guarantor regularly enters into trading transactions with fellow subsidiaries and associates within Tumas Group in its normal course of business. Such transactions being conducted include rental charges, management fees, recharging of expenses and financing charges. Related parties also include other Hilton Hotels and related affiliates. These transactions are entered into on an arm's length basis and balances as at the respective year-end stood as summarised below.

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

In addition to the above, SDC regularly operates within the Group treasury function and has arrangements with a number of fellow subsidiaries within the Group whereby any excess funds available at SDC are transferred to subsidiaries of the Group, maximising the use of funds and minimising additional external funding costs. Despite such arrangements, SDC retains the right to call on these funds and have such balances transferred to its bank accounts as and when needed. Indeed such treasury operations are covered by banking facilities or cash at the respective individual companies.

5. COMPARABLES

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

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

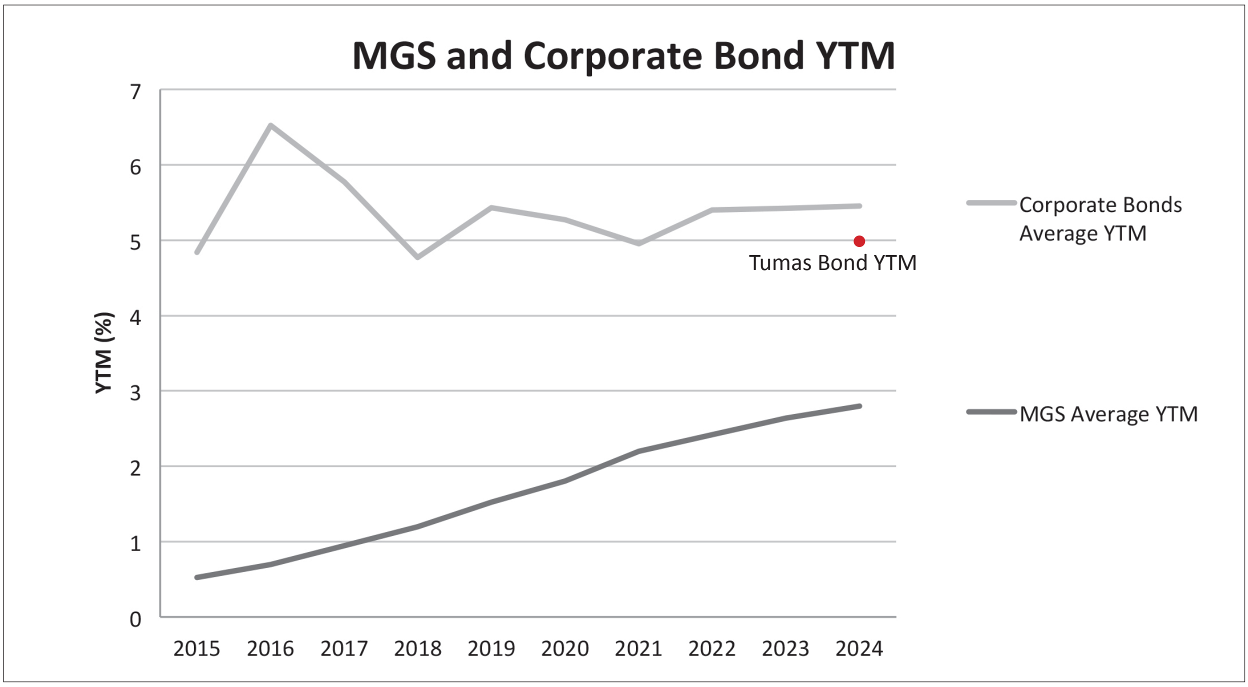
Source: Yield to Maturity from rizzofarrugia.com, based on bond prices of 25.06.2014. Ratio workings and financial information quoted have been based on the issuers' published financial data, including:

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

**Financial year ended 31 October 2013*

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

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



Source: Rizzo Farrugia MGS Index and Market Statistics

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

[1]The Malta Government Stocks yield curve was constructed using the average yield of all outstanding stocks for each maturity year from 2015 to 2024.
[2]The local corporate bond yield curve was constructed using the average yield of the outstanding local corporate bonds for each maturity year from 2015 to 2024.

GLOSSARY

Assets	What the company owns which can be further classified in Current and Non-Current Assets.
Cash Flow from Financing Activities	The cash used or generated from financing activities including new borrowings, interest payments, repayment of borrowings and dividend payments.
Cash Flow from Investing Activities	The cash used or generated from the company's investments in new entities and acquisitions, or from the disposal of fixed assets.
Cash Flow from Operating Activities	The cash used or generated from the company's business activities.
Cost of Sales	The costs incurred in direct relation to the operations of the Issuer or Guarantor.
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Current Liabilities	Obligations which are due within one financial year.
Depreciation and Amortization	An accounting charge to compensate for the reduction in the value of assets and the eventual cost to replace the asset when fully depreciated.
EBITDA	Earnings before interest, tax, depreciation and amortization, reflecting the company's earnings purely from operations.
Equity	Equity is calculated as assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.
Finance Costs	Interest accrued on debt obligations.
Finance Income	Interest earned on cash bank balances and from the intra-group companies on loans advanced.
Gross Profit	The difference between Revenue and Cost of Sales.
Liabilities	What the company owes, which can be further classified in Current and Non-Current Liabilities.
Net Profit	The profit generated in one financial year.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Revenue	Total revenue generated by the company from its business activity during the financial year.