REGISTRATION DOCUMENT

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

Dated 29 May 2017

In respect of an issue of €25,000,000 3.75% Unsecured Bonds 2027
of a nominal value of €100 per Bond issued at par by

TUMAS INVESTMENTS plc

Tumas Investments plc
(a public limited liability company registered in Malta with company registration number C 27296)

Guaranteed by
Spinola Development Company Limited
(a private limited liability company registered in Malta with company registration number C 331)

ISIN: MT0000231259

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

THE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THESE SECURITIES AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT THE SAID INSTRUMENT IS IN COMPLIANCE WITH THE REQUIREMENTS AND CONDITIONS SET OUT IN THE LISTING RULES. IN PROVIDING THIS AUTHORISATION, THE LISTING AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN THE SAID 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 HOWSOEVER 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 ADVISER.

Raymond Fenech	Yorgen Fenech	Ray Sladden	Michael Grech	Kevin Catania	John Zarb

Legal Counsel GVZH

Sponsor RIZZO FARRUGIA YOUR INVESTMENT CONSULTANTS

Registrar & Manager BOV Bank of Valletta

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IMPORTANT INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 2027 of a nominal value of €100 per bond issued at par and redeemable on the Redemption Date at their nominal value, bearing interest at the rate of 3.75% per annum. The Bonds are guaranteed by Spinola Development Company Limited;
"Bond Issue"	the issue of the Bonds;
"Bondholder"	a holder of Bonds;
"Company" or **"Issuer"**	Tumas Investments plc, 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, Malta and bearing company registration number C 27296;
"Directors" or **"Board"**	the directors of the Issuer whose names are set out in sub-section 4.1 of this Registration Document;
"Euro" or **"€"**	the lawful currency of the Republic of Malta;
"Exchange" or **"Malta Stock Exchange"** or **"MSE"**	Malta Stock Exchange plc, as originally constituted in terms of the Financial Markets Act (Chapter 345 of the laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
"Financial Analysis Summary"	the financial analysis summary dated 29 May 2017 compiled by the Sponsor in line with the applicable requirements of the Listing Authority policies and which is intended to summarise the key financial data set out in the Prospectus appertaining to the Issuer and the Guarantor, a copy of which is set out in Annex A of the Securities Note 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 Note forming part of the Prospectus;
"Guarantor" or **"SDC"**	Spinola Development Company Limited, a company registered under the laws of Malta having its registered office at Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julian's, Malta and bearing company registration number C 331, in terms of the Guarantee;
"Halland Developments Company Limited"	Halland Developments 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, Malta and bearing company registration number C 46810;
"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 6.2% bonds 2017 – 2020 due to be redeemed by the Issuer on 10 July 2017, with ISIN code MT0000231234, issued by the Issuer pursuant to a prospectus dated 9 June 2010 and guaranteed by the Guarantor, and amounting as at the date of the Prospectus to €25,000,000;
"Malta Stock Exchange Bye-Laws"	the Malta Stock Exchange plc bye-laws issued by the authority of the board of directors of Malta Stock Exchange plc, as may be amended from time to time;
"Memorandum and Articles of Association" or **"M&As"**	the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus;
"MFSA"	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act, 1988 (Chapter 330 of the laws of Malta);
"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;
"Portomaso Leasing Company Limited"	Portomaso Leasing 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, Malta and bearing company registration number C 33110;
"Premium Real Estates Investments Limited"	Premium Real Estates Investments 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, Malta and bearing company registration number C 52247;
"Prospectus"	collectively the Summary Note, this Registration Document and the Securities Note, all dated 29 May 2017, as such documents may be amended, updated, replaced and supplemented from time to time;
"Prospectus Directive"	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as may be amended from time to time;
"Redemption Date"	10 July 2027;
"Registration Document"	this registration document in its entirety issued by the Issuer dated 29 May 2017, forming part of the Prospectus;

"Regulation"	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of the prospectus and dissemination of advertisements;
"SDC Group"	SDC and its subsidiary companies, namely Portomaso Leasing Company Limited, Halland Developments Company Limited and Premium Real Estates Investments Limited;
"Securities Note"	the securities note issued by the Issuer dated 29 May 2017, forming part of the Prospectus;
"Sponsor"	Rizzo, Farrugia & Co. (Stockbrokers) Ltd., a private limited liability company registered under the laws of Malta having its registered office at Airways House, Third Floor, High Street, Sliema SLM 1549, Malta and bearing company registration number C 13102. Rizzo, Farrugia & Co. (Stockbrokers) Ltd. is an authorised intermediary licensed by the MFSA and a member of the MSE;
"Summary Note"	the summary note issued by the Issuer dated 29 May 2017, 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; and
"Tumas Group Company Limited"	Tumas Group 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, Malta and bearing company registration number C 7820. Tumas Group Company Limited is the ultimate parent company of the Tumas Group.

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

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

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

2.1 Forward-looking statements

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

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

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

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

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

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

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

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

2.3 Risks related to the business of the SDC Group

2.3.1 General

The SDC Group, and the wider Tumas Group generally, has a long trading history in mixed-use real estate developments that consist principally of hotels, residential and office property. The Portomaso complex 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 the SDC Group's business.

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

The Hilton Malta 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. The SDC Group 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 may also impact on competition in the residential real estate market.

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

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

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

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

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

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

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

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

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

The SDC Group's ability to implement its business strategies is dependent upon, amongst other things, its ability to generate sufficient funds internally and to access financing at acceptable costs. No assurance can be given that sufficient financing for its current and future investments will be available on commercially reasonable terms or within the timeframes required by the SDC Group, also taking into account the need, from time to time, for the SDC Group's properties to undergo renovation, refurbishment or other improvements. Any weakness in the capital markets may limit the SDC Group's ability to raise capital for completion of projects that have commenced or for development of future investments. Failure to obtain, or delays in obtaining, the capital required to complete current or future developments on commercially reasonable terms, including increases in borrowing costs or decreases in loan funding, may limit the SDC Group's growth and materially and adversely affect its business, financial condition, results of operations and prospects.

2.3.4 *Fluctuations in property values*

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

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

2.3.5 *Liquidity risk*

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

2.3.6 *Litigation risk*

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

2.3.7 *Reliance on key senior personnel and management*

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

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

2.3.8 *The SDC Group's insurance policies*

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

2.3.9 Other risks

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

3. PERSONS RESPONSIBLE

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

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

4. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, AUDITORS AND ADVISERS 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:

Raymond Fenech	Executive Director and Chairman
Yorgen Fenech	Executive Director
Ray Sladden	Executive Director and company secretary
Michael Grech	Non-executive Director
Kevin Catania	Independent, non-executive Director
John Zarb	Independent, non-executive Director

Mr Raymond Fenech, Mr Yorgen Fenech and Mr Ray Sladden occupy senior executive positions within the Tumas Group. The other three directors, Mr Kevin Catania, Mr John Zarb and Dr Michael Grech, serve on the Board of the Company in a non-executive capacity. Furthermore, Mr Kevin Catania and Mr John Zarb are considered as independent Directors since they are free of any significant business, family or other relationship with the Issuer, its controlling shareholder or the management of either, that creates a significant conflict of interest such as to impair their judgement. In assessing Mr Catania's and Mr Zarb's independence due notice has been taken of Listing Rule 5.117.

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

The company secretary of the Issuer is Mr Ray Sladden. The *curriculum vitae* of Mr Sladden is set out below in this sub-section 4.1.

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

Name: **Raymond Fenech;** Executive Director and Chairman

Mr Fenech is the Executive Chairman of the Tumas Group and a director of all the companies within the group. In this role he directs the strategic development of the Tumas Group and chairs regular management meetings with the group's subsidiaries' management teams. For a number of years he held key roles in the various divisions of the Tumas Group and has been a reference point on corporate procedural matters and liaison with local authorities. Mr Fenech had also been involved for a number of years in the management of the hospitality division of the Tumas Group, following which he was appointed as executive director of the property division. In this capacity he was predominantly 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 has been key to guiding the Tumas Group towards a consolidation phase and promoting the group's vision towards further large-scale projects. He has previously occupied the position of Chairman of the Foundation for Tomorrow's Schools and sat on the board of the Malta Tourism Authority. Mr Fenech was also Chairman of AirMalta plc between April 2013 and July 2014.

Name: **Yorgen Fenech;** Executive Director

Mr Fenech joined the family business from an early age. Following an initial stint at the University of Malta, he was originally assigned to the property division where he was responsible for the development and completion of a number of real estate projects. He then moved on to other sectors of the Tumas Group's business, mainly the gaming division and played a key role in the Tumas Group's expansion. Since then Mr Fenech continued to widen his insight into the overall business strategy of the Tumas Group. Lately he was one of the promoters who, together with other leading local entrepreneurs, joined forces with strategic investors to form a local consortium which was awarded an 18-year contract by Enemalta for a power purchase agreement and gas supply agreement. Mr Fenech also sits on the board of a number of companies within the Tumas Group.

Name: **Ray Sladden**; Executive Director and company secretary

Mr Sladden is a Certified Public Accountant and a fellow of the Malta Institute of Accountants. He is an associate of the London Institute of Banking and Finance, the Association of Corporate Treasurers, and a member of the British Chartered Management Institute. As from 1998 he has held the position of Group Finance Director and Company Secretary of all fully owned companies within the Tumas Group. Mr Sladden is also a director of a number of group subsidiaries and had previously occupied the position of Financial Controller and subsequently Group Treasurer of AirMalta plc. He has held a number of directorships in companies within the airline, hospitality, insurance and finance sector. Mr Sladden is currently a director on the Board of Malita Investments plc, a Malta Stock Exchange listed company, and a member to the Board of Governors of the National Development and Social Fund. Mr Sladden is also a founding member of the Board of Trustees of the Tumas Fenech Foundation for Education in Journalism and sits on the PAIB committee of the Malta Institute of Accountants.

Name: **Michael Grech;** Non-executive Director

Dr 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 GVZH 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.

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

Mr Catania currently serves as director of a licensed Corporate Service Provider, Stivala & Stivala Corporate Management Limited, having joined in 2009 following a fifteen year stance at PricewaterhouseCoopers. He joined PwC straight after completing an Honours Degree in Accountancy at the University of Malta in 1994. He held the post of Senior Manager Tax Services for a substantial part of his years at PwC having gained all-round professional experience with particular focus on tax services advising domestic and multinational companies in taxation matters. Mr Catania lectured on tax subjects at classes organised by professional bodies and at various other seminars and also served as examiner on the Maltese variant of the advanced taxation paper for the ACCA professional examinations for eight years.

Name: **John Zarb;** Independent, non-executive Director

Mr Zarb is a fellow of the Chartered Association of Certified Accountants and of the Malta Institute of Accountants and holds a warrant of Certified Public Accountant. He has recently retired from a long career with PricewaterhouseCoopers, where he served as a partner between 1988 until his retirement on 31 December 2014 upon reaching the firm's mandatory partner retirement age. Mr Zarb is a former Council member and past president of the Malta Institute of Accountants. He served on the Accountancy Board, the regulatory body of the profession, between 1966 and 2014, and represented Government on the EU Accounting Regulatory Committee between 2004 and his retirement in 2014. Mr Zarb also served for many years as a visiting lecturer and examiner in Auditing at the University of Malta. He has recently assumed chairmanship of PG plc.

4.2 Directors of the Guarantor

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

Raymond Fenech	Executive director and Chairman
Emanuel Fenech	Executive director
Yorgen Fenech	Executive director

All three 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.

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

Mr Ray Sladden occupies the position of company secretary of the Guarantor.

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

Name: **Raymond Fenech;** Executive director and Chairman

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

Name: **Emanuel Fenech;** Executive director

Mr Fenech has been involved for a number of years in the management of the property division of the Tumas Group. His main contribution has been at Portomaso and the group's other larger developments. He has also project managed major refurbishment programmes within the Tumas Group's hospitality and gaming divisions. In this capacity, he chairs regular meetings with the technical management of the Tumas Group and acts as the main coordinator on an operational level. Mr Fenech sits on a number of boards of the Tumas Group subsidiaries.

Name: **Yorgen Fenech;** Executive director

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

4.3 Senior management

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

In addition to the directors and company secretary of the Issuer and Guarantor, key members of the SDC Group's executive team are the following:

Ray 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

The following are the respective *curriculum vitae* of the afore-mentioned key members of the SDC Group's executive team:

Ray Sladden; information relating to Mr Sladden is set out in sub-section 4.1 above.

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 Mullan joined Hilton Worldwide in 1988, and held positions in Egypt, United Kingdom, Ireland and Barbados before taking the helm at Hilton Malta early in 2014. He 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 large 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 local Chamber of Engineers, 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).

4.4 Advisers to the Issuer and Guarantor

Legal Counsel

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

Sponsoring Stockbroker

Name:	Rizzo, Farrugia & Co. (Stockbrokers) Ltd.
Address:	Airways House, Third Floor, High Street, Sliema SLM 1549, Malta

Registrar & Manager

Name:	Bank of Valletta plc
Address:	BOV Centre, Cannon Road, Santa Venera SVR 9030, Malta

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

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

4.5 Statutory Auditors

Name:	PricewaterhouseCoopers
Address:	78, Mill Street, Qormi QRM 3101, Malta

The financial statements of the Issuer and the Guarantor for the financial years ended 31 December 2014, 2015 and 2016 have been audited by PricewaterhouseCoopers. 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).

5. SELECTED FINANCIAL INFORMATION

5.1 Selected financial information of the Issuer

The historical financial information of the Issuer is available for inspection as set out under the heading *"Documents available for inspection"* in section 16 of this Registration Document.

The most recent financial statements available for inspection are the audited financial statements of the Issuer for the financial year ended 31 December 2016. The audited financial statements of the Issuer for financial years 31 December 2014 and 2015 are also available for inspection. There were no significant changes to the financial or trading position of the Issuer since the 31 December 2016 financial statements. Set out below are highlights taken from the audited financial statements of the Issuer for the years ended 31 December 2014, 2015 and 2016.

Extracts from the historical financial information of the Issuer:

Statements of financial position as at 31 December	**Actual 2014 €'000**	**Actual 2015 €'000**	**Actual 2016 €'000**
Loans receivable	51,593	49,380	49,380
Total non-current assets	**51,593**	**49,380**	**49,380**
Loans and receivables	2,912	-	-
Trade and other receivables	1,504	1,461	1,314
Current tax assets	1	2	-
Cash and cash equivalents	1,154	1,524	2,031
Total current assets	**5,571**	**2,987**	**3,345**
Total assets	**57,164**	**52,367**	**52,725**
Share capital	233	233	233
Retained earnings	352	361	363
Total equity	**585**	**594**	**596**
Borrowings	51,808	49,677	49,764
Trade and other payables	200	549	949
Total non-current liabilities	**52,008**	**50,226**	**50,713**
Borrowings	2,912	-	-
Trade and other payables	1,659	1,547	1,415
Current tax liabilities	-	-	1
Total current liabilities	**4,571**	**1,547**	**1,416**
Total liabilities	**56,579**	**51,773**	**52,129**
Total equity and liabilities	**57,164**	**52,367**	**52,725**

Statements of comprehensive income for the years ended 31 December	Actual 2014 €'000	Actual 2015 €'000	Actual 2016 €'000
Finance income	3,473	3,069	3,010
Finance costs	(3,374)	(2,967)	(2,893)
Net interest income	**99**	**102**	**117**
Investment income	129	-	-
Administrative expenses	(133)	(91)	(112)
Profit before tax	**95**	**11**	**5**
Tax expense	-	(4)	(2)
Profit after tax	**95**	**7**	**3**

Cash flow statements for the years ended 31 December	Actual 2014 €'000	Actual 2015 €'000	Actual 2016 €'000
Cash flows from operating activities			
Operating profit	95	12	5
Adjustments for:			
Amortisation of bond issue costs	84	82	87
Amortisation of MGS premium	24	-	-
Gain on disposal of investments	(129)	-	-
Cash from operations (before changes in working capital)	**74**	**94**	**92**
Trade and other receivables	180	64	(5)
Trade and other payables	67	(111)	(132)
Amounts owed by fellow subsidiaries	55	(21)	151
Cash generated from operating activities	**376**	**26**	**106**
Income tax paid	(2)	(5)	-
Tax refund received	-	-	1
Net cash generated from operating activities	**374**	**21**	**107**
Cash flows from investing activities			
Repayments of loans and receivables	2,911	5,125	-
Proceeds from held-to-maturity financial assets	1,029	-	-
Net cash generated from investing activities	**3,940**	**5,125**	**-**
Cash flows from financing activities			
Proceeds from advances from fellow subsidiary	200	549	400
Repayment of advances to fellow subsidiary	(3,809)	(200)	-
Redemption of €25,000,000 6.25% bonds	(25,000)	-	-
Issue of €25,000,000 5% bonds	25,000	-	-
Issue costs	(251)	-	-
Repayment of bank borrowings	(2,911)	(5,125)	-
Release of bond redemption fund	3,100	-	-
Contribution to bond redemption fund	(500)	(500)	(500)
Net cash used in financing activities	**(4,171)**	**(5,276)**	**(100)**
Net movement in cash and cash equivalents	143	(130)	7
Cash and cash equivalents at beginning of year	11	154	24
Cash and cash equivalents at end of year	**154**	**24**	**31**

The decrease in finance income between 2014 and 2016 is primarily due to the refinancing of the 2014-2016 €25 million bond issue in 2014 at a lower coupon and the repayment of bank loans. Net interest income, which represents the margin generated by the Issuer on the financing raised and advanced to the Guarantor, increased from €99,000 in 2014 to €117,000 in 2016. In 2014, the Issuer registered a one-time gain on the disposal of investments of €129,000.

After administrative expenses amounting to €112,000 in 2016, €91,000 in 2015 and €133,000 in 2014, the Issuer generated profit before tax of €95,000 in 2014, €11,000 in 2015 and €5,000 in 2016.

As at 31 December 2016 and 2015, the Issuer carried loans receivable from the Guarantor of €49.4 million decreasing from €54.5 million as at 31 December 2014 (including the short-term portion). As at 31 December 2016, total assets amounted to €52.7 million, which is consistent with the figure in the previous year. As at 31 December 2014, total assets amounted to €57.2 million.

The Issuer's total assets are funded primarily through borrowings raised by the Issuer, which as at 31 December 2016 stood at €49.8 million compared to €49.7 million as at 31 December 2015 and €54.7 million as at 31 December 2014. Total shareholders' equity stood at €0.6 million as at 31 December 2016, which is consistent with the shareholders' equity figure reported in the previous two years.

5.2 Capitalisation and indebtedness of the Issuer

The Issuer's bonds in issue, including the Bonds, are guaranteed 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 27.7% as at 31 December 2016. This ratio expresses the Guarantor's borrowings as a percentage of the aggregate net assets funded also by the shareholders' equity. Details of the loan capital and borrowings of the Guarantor are set out in sub-section 5.4 below. Furthermore, sub-section 6.9.1 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 financial information of the Guarantor, which has been extracted from the audited consolidated financial statements of the Guarantor, which comprises the Guarantor and its subsidiaries as at 31 December 2016 (Portomaso Leasing Company Limited, Halland Developments Company Limited and Premium Real Estates Investments Limited), is available for inspection as set out under the heading *"Documents available for inspection"* in section 16 of this Registration Document. Set out below are highlights taken from the audited consolidated financial statements of the Guarantor for the years ended 31 December 2014, 2015 and 2016:

Extracts from the historical consolidated financial information of the Guarantor:

Income statements for the years ended 31 December	**Actual 2014 €'000**	**Actual 2015 €'000**	**Actual 2016 €'000**
Revenue	43,295	46,416	41,899
Cost of sales	(26,209)	(27,659)	(25,421)
Gross profit	**17,086**	**18,757**	**16,478**
Administrative expenses	(6,992)	(7,948)	(7,220)
Other income	160	389	146
Operating profit	**10,254**	**11,198**	**9,404**
Finance income	245	228	255
Finance costs	(4,158)	(3,758)	(3,568)
Profit before tax	**6,341**	**7,668**	**6,091**
Tax expense	(2,480)	(1,952)	(908)
Profit for the year	**3,861**	**5,716**	**5,183**

Statements of financial position as at 31 December	Actual 2014 €'000	Actual 2015 €'000	Actual 2016 €'000
Property, plant and equipment	74,616	105,000	108,391
Investment property	15,794	12,992	13,736
Trade and other receivables	3,921	3,776	3,192
Total non-current assets	**94,331**	**121,768**	**125,319**
Inventories	15,052	18,833	21,780
Trade and other receivables	30,259	23,137	22,212
Current tax assets	-	237	332
Cash and cash equivalents	4,577	12,022	11,773
Total current assets	**49,888**	**54,229**	**56,097**
Total assets	**144,219**	**175,997**	**181,416**
Share capital	13,653	13,653	13,653
Revaluation reserves	19,028	51,599	51,378
Retained earnings	17,328	12,966	16,356
Total equity	**50,009**	**78,218**	**81,387**
Borrowings	59,604	57,079	54,085
Trade and other payables	2,295	2,467	211
Deferred tax liabilities	12,393	7,183	7,344
Total non-current liabilities	**74,292**	**66,729**	**61,640**
Borrowings	4,330	1,644	4,205
Trade and other payables	14,578	27,507	33,791
Current tax liabilities	1,010	1,899	393
Total current liabilities	**19,918**	**31,050**	**38,389**
Total liabilities	**94,210**	**97,779**	**100,029**
Total equity and liabilities	**144,219**	**175,997**	**181,416**

Cash flow statements for the years ended 31 December	Actual 2014 €'000	Actual 2015 €'000	Actual 2016 €'000
Cash flows from operating activities			
Operating profit	10,254	11,199	9,404
Adjustments for:			
Depreciation	5,145	5,117	5,825
Net loss on disposal of investment property and property, plant and equipment	(68)	98	19
Amortisation of issue costs	46	(36)	(41)
Changes in working capital:			
Inventories	1,012	(1,769)	(2,948)
Trade and other receivables (net of provision)	(6,321)	7,121	925
Trade and other payables	3,244	12,929	6,284
Cash generated from operating activities	**13,312**	**34,659**	**19,468**
Interest received	245	228	255
Interest paid	(4,112)	(3,721)	(3,527)
Income tax paid	(848)	(1,588)	(2,349)
Net cash generated from operating activities	**8,597**	**29,578**	**13,847**
Cash flows from investing activities			
Purchase of property, plant and equipment and investment property	(4,558)	(6,732)	(10,152)
Disposal of investment property	224	709	175
Movement in non-current receivables	3,037	145	584
Movement in non-current payables	(50)	171	(2,255)
Net cash used in investing activities	**(1,347)**	**(5,707)**	**(11,648)**
Cash flows from financing activities			
Repayments of borrowings	(10,500)	(1,766)	(5,036)
Proceeds from bank borrowings	10,000	1,454	4,573
Proceeds from loans from fellow subsidiary	24,718	-	-
Repayments of loans from fellow subsidiary	(27,676)	(5,125)	-
Issue costs	(188)	-	-
Dividends paid	(2,215)	(11,215)	(2,015)
Net cash used in financing activities	**(5,861)**	**(16,652)**	**(2,478)**
Net movement in cash and cash equivalents	1,389	7,219	(279)
Cash and cash equivalents at beginning of year	3,020	4,409	11,628
Cash and cash equivalents at end of year	**4,409**	**11,628**	**11,349**

SDC's revenue amounted to €41.9 million in 2016 compared to €46.4 million reported for 2015 and €43.3 million in 2014. The 9.7% decrease in revenue in 2016 is primarily due to the refurbishment of the hotel and its in-house catering establishments and bars, which were closed for a 10-week period in early 2016, as well as lower sales of residential units compared to the previous year. In 2015, SDC's revenue increased by 7.2% on 2014.

In the period between 2014 and 2016, SDC's gross profit margin remained relatively consistent averaging 39.8% of revenue. Administrative expenses in 2016 represented 17.2% of revenue compared to 17.1% in 2015 and 16.2% in 2014.

In 2016, SDC generated €9.4 million operating profit, which represents a margin of 22.4% on revenue. In 2015 and 2014 operating profit amounted to €11.2 million (24.1% margin on revenue) and €10.2 million (23.7% margin on revenue) respectively.

The hotel and ancillary operations business segment is the largest of SDC's segments generating 77.7% of the Guarantor's revenue in 2016 (76.5% in 2015 and 73.2% in 2014) and 62.0% of SDC's operating profit in 2016 (64.8% in 2015 and 48.6% in 2014).

Given that in the past three years SDC's rentable areas were fully occupied, SDC generated a consistent stream of rental income, which averaged 7.5% of SDC's total revenue and 23.9% of the operating profit generated in this period.

Revenue generated from the sale of residential units represented 11.0% of SDC's revenue in 2014 decreasing to 8.7% of revenue in 2015 and 6.0% of revenue in 2016. These property sales represent the disposal of the residual inventory of completed apartments held by SDC.

In the period between 2014 and 2016, revenue from complex management operations, which mainly includes the recharge of common area expenses and utilities, averaged 8.1% of SDC's total revenue and 1.5% of SDC's operating profit.

As at 31 December 2016, SDC carried €125.3 million non-current assets increasing from €121.8 million as at 31 December 2015. The €27.4 million net increase in non-current assets in 2015 is mainly due to the revaluation of the property, plant and equipment, which comprises the Hilton hotel, car park and other assets used in the provision of ancillary activities.

Current assets increased from €49.9 million as at 31 December 2014 to €56.1 million as at 31 December 2016. The increase is mainly driven by the work in progress in relation to the Laguna project that is carried in inventory, net of movements in trade and other receivables and cash and cash equivalents. The decrease in trade and other receivables between 2014 and 2015 is primarily due to the repayment of advances made by SDC to other companies within the Tumas Group.

Total liabilities, which as at 31 December 2016 amounted to €100.0 million, comprise borrowings of €58.3 million (including long-term and short-term borrowings); €34.0 million trade and other payables (including long-term and short-term balances); and €7.7 million current and deferred taxes. Borrowings comprise loans advanced by the Issuer and bank borrowings raised by SDC. The increase in trade and other payables in the period is mainly due to advance deposits received on the preliminary agreements entered into with respect to the Laguna apartments.

The increase in shareholders' equity between 31 December 2014 and 31 December 2016 is due to the revaluation of property, plant and equipment, net of the related deferred tax movement, and the retained net profits for the period.

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

The table overleaf illustrates the capital and indebtedness of the Guarantor over the past three financial years. As at 31 December 2016, SDC had net borrowings of circa €38,300,000, down from €40,300,000 and €44,600,000 in 2015 and 2014 respectively. 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.

	Actual 2014 €'000	Actual 2015 €'000	Actual 2016 €'000
Bank overdrafts	168	394	424
Bank loans	9,500	9,152	8,648
Loan from Tumas Investments plc	54,266	49,178	49,219
Cash and cash equivalents	(4,577)	(12,022)	(11,773)
Group treasury funds	(14,601)	(5,888)	(7,317)
Advances to Tumas Investments plc	(200)	(549)	(932)
Net borrowings	**44,556**	**40,265**	**38,269**
Shareholders' equity	50,008	78,218	81,387
Adjustment for fair value on investment property	15,349	19,038	18,639
Total equity	**65,357**	**97,256**	**100,026**
Total capital	**109,913**	**137,521**	**138,295**
Gearing ratio	40.5%	29.3%	27.7%
(Net borrowings/Net borrowings + Total shareholders' equity)			

Total shareholders' equity as at 31 December 2016 amounts to €100,000,000, including €18,600,000 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 2015. The adjustment to the carrying value of investment property is made to enable a reliable analysis of the company's gearing such that outstanding borrowings are compared to the current fair value of the company's long term assets.

The Guarantor's gearing ratio as at 31 December 2016 is 27.7% (net borrowings on total capital), whereas the company's gearing in 2015 and 2014 was higher at 29.3% and 40.5%, respectively.

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 plc**
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:	**17 November 2000**
Legal Form:	**The Issuer is lawfully existing and registered as a public limited company in terms of the Ac**t
Telephone number:	**+356 2137 2347**
Fax number:	**+356 2137 2358**
E-mail address:	**tgcorporate@tumas.com**
Website:	**www.tumas.com**

The Issuer, save for one share which is held by the Guarantor, is a fully-owned subsidiary company 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 a well-established private group in the Maltese business community, comprising various enterprises active primarily in the hospitality, leisure, tourism and property sectors. The Issuer operates exclusively in and from Malta.

The Issuer was incorporated on 17 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. The Issuer, which was set up and established to act as a finance company, has an authorised and issued share capital of €250,002, divided into 250,002 ordinary shares of €1 each, fully paid up. At present, the shares in the Issuer are subscribed to and held as indicated in sub-section 11.1 of this Registration Document.

The Issuer is not intended to undertake any trading activities itself apart from the raising of capital and the advancing thereof to members of the SDC Group. Accordingly, the Issuer is economically dependent principally on the financial and operating performance of the businesses of SDC Group entities (further details of said entities and their respective businesses are set out in sub-section 6.1.2 of this Registration Document).

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 the SDC Group; and/or refinance existing credit facilities, enabling the SDC Group to exploit its potential and seize new opportunities arising in the market.

The Issuer currently has two bonds in issue, both of which are listed and traded on the Malta Stock Exchange.

In June 2010, the Issuer issued an aggregate of €25,000,000 6.2% bonds having a nominal value of €100 each and redeemable at par between 2017 and 2020, pursuant to a prospectus dated 9 June 2010. The bonds in question are guaranteed by SDC. The Issuer has the option to redeem all or any part of the bonds in the said bond issue on the dates falling between and including 9 July 2017 and 8 July 2020. Interest on the bonds is payable semi-annually in arrears on 9 January and 9 July of each year between 2011 and 2020. As at the date of this Registration Document the amount of €25,000,000 is outstanding under said June 2010 bond issue and it is the Issuer's intention to repay said outstanding amount with the proceeds raised from this Bond Issue as set out in sub-section 5.1 of the Securities Note.

In July 2014, the Issuer issued a further €25,000,000 5% unsecured bonds due 2024 having a nominal value of €100 each and issued at par pursuant to a prospectus dated 7 July 2014. The said bonds are, likewise, guaranteed by SDC. The maturity date of the bonds in question falls due on 31 July 2024 and interest on the bonds is payable semi-annually in arrears on 31 January and 31 July of each year between and including each of the years 2015 and 2024. The net proceeds from said July 2014 bond issue were used by the Issuer to part finance the redemption of the outstanding amount of €25,000,000 6.25% bonds which had been previously issued by the Issuer in July 2009. As at the date of this Registration Document the amount of €25,000,000 of the said July 2014 bond remains outstanding.

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:	**10 May 1966**
Legal Form:	**The Guarantor is lawfully existing and registered as a private 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 10 May 1966 and was acquired by the Tumas Group in 1986, is a private limited liability company incorporated and registered in Malta with company registration number C 331. SDC is a fully-owned subsidiary of the Tumas Group. Its immediate holding company is Spinola Investments Ltd (C 8034). The Guarantor operates exclusively in and from Malta.

Today, following a number of share capital increases over the years, SDC has an authorised share capital of €13,652,805 divided into 13,652,805 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 up. At present, the shares in the Guarantor are subscribed to and held as indicated in sub-section 11.2 of this Registration Document.

The principal object of the Guarantor 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, catering, including the provision of ancillary services in the tourism industry, the trading in and development of property and related activities as may from time to time be ancillary or complimentary to the foregoing.

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

SDC effectively owns 100% of the share capital of Portomaso Leasing Company Limited, Halland Developments Company Limited and, as of March 2011, 99% of Premium Real Estates Investments Limited.

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 4 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 *dominium directum* on a portion of Portomaso properties from SDC in 2012 in order to better manage the said rights to the property and any possible disposal of such rights.

6.2 Investments since last published financial statements

No material investments have been made by the Issuer or by the Guarantor since the date of the last published financial statements, that covered the financial year ended 31 December 2016.

7. BUSINESS OVERVIEW AND TREND INFORMATION

7.1 The Issuer

As already explained above, the Company is a fully-owned subsidiary of the Tumas Group, which has been set up to act as a financing company. Accordingly, its business is limited to the raising of funds for general financing purposes, the financing of capital projects and the loaning of such capital to the SDC Group, the collection of interest from SDC Group entities, as applicable, 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 The Guarantor

7.2.1 Portomaso complex

The Portomaso complex 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 from the picturesque Spinola Bay and just off the Island's main roads system.

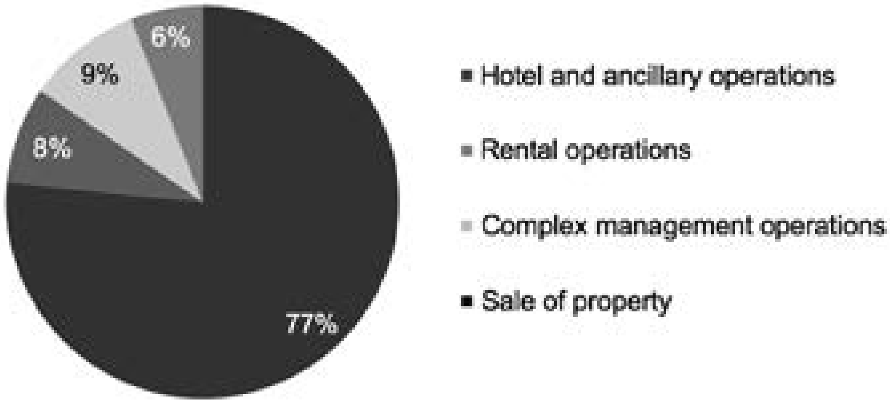
Portomaso comprises a variety of complementary elements blended together to create a balanced overall development. The complex is constructed around a sheltered excavated marina that extends the natural waterfront of the site and serves to enhance the environment of all the constituent components. These 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 2015, SDC commenced the development of 44 exclusive apartments on the eastern shore of the site, which are expected to be completed in shell form in 2017 with the first deliveries expected in the next 12 months. Furthermore, in early 2017, SDC commenced construction works on a new office block adjacent to the Portomaso business tower, which is expected to be commissioned within the next 12 months.

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

The relative importance of the different aspects of the Guarantor's operations are illustrated by an analysis of its turnover in the financial year ended 31 December 2016:

Analysis of turnover generated in the year ended 31 December 2016



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.

7.2.1.1 Hilton Malta and ancillary operations

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

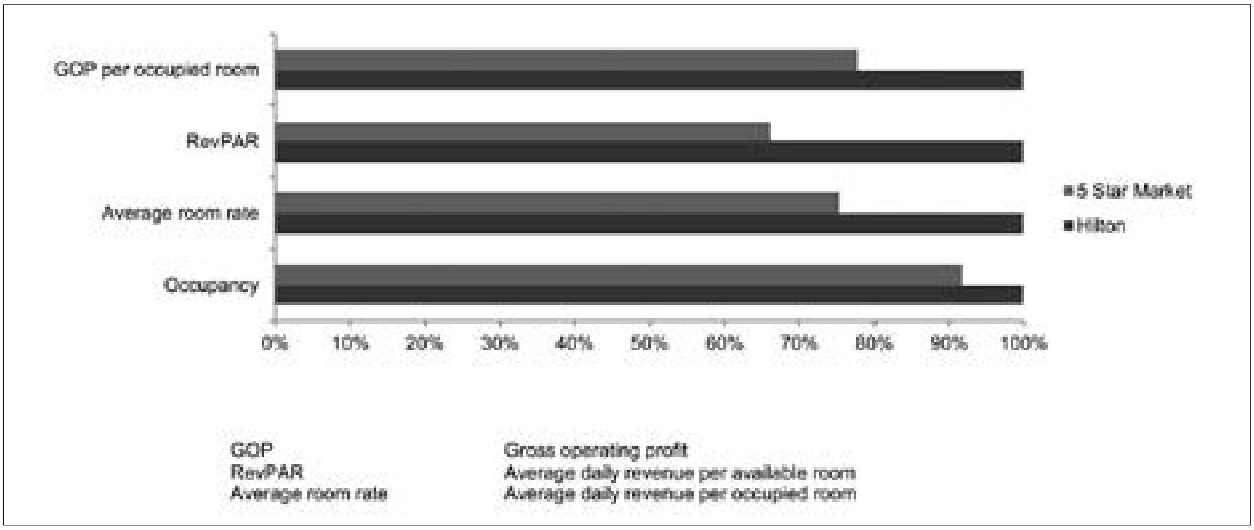
The 413 room five-star hotel welcomed its first guests in February 2000. The hotel complex includes modern conference facilities, a health centre, theme restaurants, a large indoor pool, a number of outside pools and a beach club.

Hilton International has 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 was renewed for a further 20 years in 2013, effective from 1 January 2012.

In the spirit of the revised management agreement, SDC proceeded with the refurbishment of the hotel which was mainly carried out during a 10-week temporary closure of the hotel in 2016. In so doing, the hotel and all its amenities were further upgraded in accordance with the chain's quality goals and the owners targeted objectives. Today the Tumas Group is proud to present a renewed infrastructure and upgraded service standards fully endorsed by the Hilton brand.

In late 2015, SDC embarked on a major refurbishment of the Hilton Malta hotel and its common areas at an estimated capital expenditure of €15 million. Besides giving a fresh new look to all of the hotel's deluxe bedrooms (excluding the rooms added as part of the 2008 extension), the refurbishment works involve the creation of new terraces, the refurbishment of bars and restaurants within the hotel, the replacement of lifts, and the upgrading of the soft furnishings in the common areas of the hotel. The refurbishment project reached its peak in early 2016 when the hotel was closed for a consecutive period of 10 weeks between February and April 2016. The final phases of this refurbishment are expected to be finished off later this year.

Over the past few years the hotel's performance has consistently exceeded the average performance reported by other 5 star hotels in the local market. The hotel's success during the year when compared to the overall 5-star market in Malta is illustrated by the following (Hilton = 100):



Source: Deloitte MHRA hotel survey dated March 2017 (based on data for calendar year 2016).

Note: The above information obtained from the Deloitte MHRA hotel survey 2016 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 yachts; 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 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 and the Portomaso office block (as described below) is completed, hence increasing the footfall within the complex.

7.2.1.2 *Rental operations*

SDC leases a number of areas within the Portomaso business tower and other commercial and office 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 3,313m^2; and
2. Commercial and other office space having a lettable area of 10,938m^2.

Among the main rented properties one can find the Arkadia Supermarket, the Café Portomaso, the Casino at Portomaso, the 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 and in the past few years SDC's rentable areas were practically fully occupied. Portomaso is today a hive of activity to the common benefit of all its tenants.

In 2017, SDC has commenced the construction of a new office building (the Portomaso office block) over the existing Portomaso cafeteria, which is immediately adjacent to the business tower. The new building will add approximately 5,200m^2 of gross floor space. The Portomaso office block is expected to be commissioned in 2018. The capital expenditure in relation to this project is estimated in the region of €12,000,000 which will be funded through a combination of banking facilities raised for this purpose and the Guarantor's own cash flows.

Given the 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 development would not be material in the context of the company as a whole.

7.2.1.3 *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 complex. The company recharges costs incurred to tenants and owners, and is entitled to a management fee as remuneration for its services.

7.2.1.4 *Sale of residential apartments*

SDC has to date completed the development of 455 apartments within the Portomaso complex. Of these, 5 apartments were in stock at 31 December 2016, including 3 apartments that are currently subject to promise of sale agreements. The unsold stock of 5 apartments has an expected sales value (when fully finished) of €4,339,000.

As explained earlier, in 2015 SDC commenced the development of the 44 Laguna apartments. The first apartments within this development are expected to be delivered within the next 12 months. Out of the 44 exclusive apartments, 40 apartments are currently subject to promise of sale agreements whilst 4 apartments are still held for sale. The 44 apartments have an expected sales value (when fully finished) in excess of €50,000,000.

The development costs of this extension have been funded from the Guarantor's own cash flows and, in part, by way of banking facilities raised by the Guarantor. The remaining cash outflows in relation to this project are estimated to amount in the region of €16 million.

7.2.1.5 Financial position and gearing of the Guarantor

At 31 December 2016, the Guarantor had aggregate net borrowings of €38,300,000 (see sub-section 5.4 above), which represents 27.7% gearing. Further to the additional bank facilities drawn by the Guarantor to finance the final phases of the refurbishment of the Hilton Malta hotel and the development of the Portomaso office block and the Laguna project, net borrowings are expected to increase by around €12,000,000 in 2017 representing a projected gearing of 33.1% as at 31 December 2017. Gearing is expected to decrease thereafter, particularly as the Guarantor receives the proceeds from the sale and delivery of the Laguna apartments.

The financial objective of the SDC Group is that of maintaining a healthy balance between on-going 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 net borrowings to circa €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 loans or bonds that facilitate balance sheet stability. This bond issue is being made primarily to help attain this objective.

7.3 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 on-going operations in particular services sectors such as online gaming and financial services. It also depends on continuity in fiscal and other legislation that has made Malta a successful location for international business.

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. Furthermore, the recent major refurbishment of the hotel should also contribute to the increase in its profitability.

Rental operations are expected to yield a steady income stream moving ahead, which is expected to increase following the planned commissioning of the new Portomaso office block and on account of contracted inflationary increments on existing rent agreements. The complex is fully rented and demand for office space remains very 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 within the project. Anchor units such as Arkadia Supermarket, Café Portomaso, the Casino at Portomaso and the Luxe Pavilion tenants, 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. The main activity of the property division in the coming years will be mainly that of completing the development of the 44 apartments within the Laguna extension, 40 apartments of which are already subject to promise of sale agreements. SDC will also be disposing of the remaining 5 apartments within the other blocks, of which 3 are subject to promise of sale agreements as stated above.

Following the completion of the Laguna project, the Tumas Group may use SDC and its subsidiary companies for other real estate developments, going beyond Portomaso. One such project is the redevelopment of the Halland site, situated at Ibragg, Swieqi for residential use. The Halland remains, however, a longer term project and SDC's financial plans are not dependent on this potential project materialising.

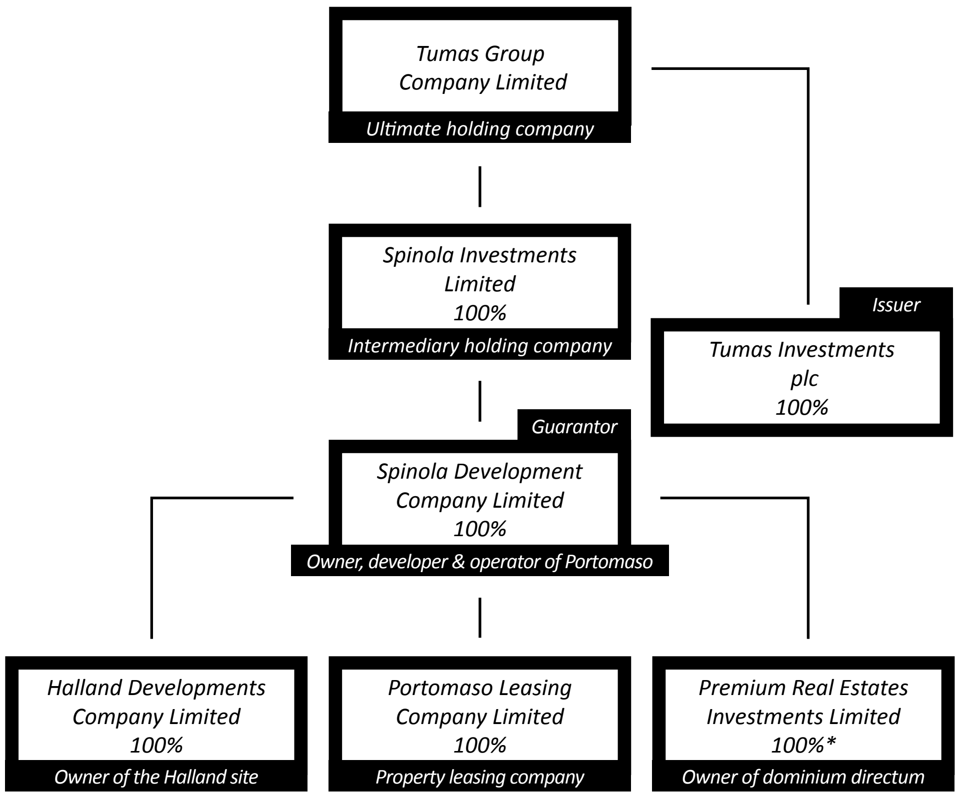
8. ORGANISATIONAL STRUCTURE

The Issuer's role is limited to the financing of the SDC Group's operations and it is, accordingly, fully dependent on the cash flows of the Guarantor. The Issuer has no dependence on other entities within the Tumas Group.

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

The Tumas Group operates a group treasury function that aims to minimise borrowing costs across the group by making the best use of the available cash resources. In terms of these arrangements, at 31 December 2016 SDC had advanced €7,300,000 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 SDC Group, relevant to the Issuer and the Guarantor (which are fully-owned subsidiary companies of Tumas Group Company Limited), is illustrated in the following diagram as at the date of the Prospectus:



**Refers to the effective control that SDC has on Premium Real Estates Investments Limited.*

9. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

9.1 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.

9.1.1 *Directors of the Issuer*

The Memorandum of Association of the Issuer provides that the Board of Directors shall be composed of not less than two (2) and not more than six (6) Directors, who are appointed by the shareholders. As at the date of the Prospectus, the Board of the Issuer is composed of the individuals listed in sub-section 4.1 of this Registration Document.

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

None of the Directors have been:

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

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

9.1.2 *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 three (3) Directors shall hold a non-executive position and two (2) of the Directors shall be independent of the Tumas Group.

9.1.3 *Removal of 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.

9.1.4 *Powers of the 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 agree upon the granting of 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.

9.1.5 Directors' interests

Save for what is stated below in this sub-section 9.1.5, 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 Registration Document in which a Director of the Company is materially interested.

As at the date of the Prospectus, Mr Raymond Fenech and Mr Yorgen Fenech act as directors of both the Issuer and the Guarantor. Additionally, Mr Raymond Fenech is presently a director of all the companies within the Tumas Group, while Mr Yorgen Fenech and Mr Ray Sladden act as directors of several companies within the Tumas Group.

Furthermore, Mr Raymond Fenech, directly, and Mr Yorgen Fenech, indirectly, each hold shares in Tumas Group Company Limited, which is the major shareholder in the Issuer and which holds the majority of shares in Spinola Investments Ltd (C 8034), which in turn is the major shareholder in the Guarantor.

Mr Emanuel Fenech, who acts as director of the Guarantor, similarly holds shares in Tumas Group Company Limited.

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.

In light of the foregoing, such directors are susceptible to conflicts between the potentially diverging interests of the Issuer and the Guarantor, as the case may be, and any of such other companies in transactions entered into, or proposed to be entered into, between them.

The Audit Committee of the Issuer has been specifically tasked with ensuring that any potential conflicts of interest that may arise at any time pursuant to these different roles held by the Directors are duly and appropriately managed and handled in the best interest of the Issuer and according to law, as well as 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.

The fact that the Audit Committee is constituted in its majority by independent, non-executive Directors provides an effective measure to ensure that transactions vetted by the Audit Committee are determined on an arms-length basis. In this regard, Mr John Zarb 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, as at the date of the Prospectus, other than the information contained and disclosed in the Prospectus, there are no other conflicts of interest between any duties of the directors of the Issuer and the Guarantor and their private interests and/or their duties which require disclosure in terms of the Regulation.

9.1.6 Service contracts of the Directors

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

9.1.7 Aggregate emoluments of the Directors

The Company's remuneration policy has been unchanged for the past years and the Company does not intend to affect 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 2016 the Directors received an annual remuneration in an aggregate amount of €17,470.30 (relative to the board as then composed by 5 directors), as approved at the relative annual general meeting of the Company. For the current financial year ending on 31 December 2017 it is expected that the Issuer will pay an aggregate of €20,255.98 to its Directors (in consideration of the appointment of the sixth Director, Mr John Zarb, with effect from 15 March 2017).

9.1.8 Loans to the Directors

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

9.1.9 Employees of the Issuer

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

9.2 The Guarantor

9.2.1 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 three directors as listed in sub-section 4.2 of this Registration Document.

The three 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.

9.2.2 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.

9.2.3 Removal of the Guarantor's directors

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

9.2.4 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.

9.2.5 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.

9.2.6 Employees of the Guarantor

As at 31 March 2017, SDC employed a total staff complement of 637.

SDC's workforce is predominantly engaged in the operation of the Hilton Malta hotel. Regular training for SDC employees is conducted by Hilton International and the Tumas Group HR Department.

9.2.7 Working capital

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

10. BOARD PRACTICES

10.1 Compliance with corporate governance requirements

10.1.1 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.

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

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

i. **Principle 2.1 –** the roles of Chairman and Chief Executive Officer are effectively both carried out by Mr Raymond Fenech. Although the Code recommends that the role of Chairman and Chief Executive Officer are kept separate, the Directors 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 John Zarb 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; and
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 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.

10.1.2 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 is not required to adopt the provisions of the Code, the Audit Committee of the Issuer has been specifically tasked with keeping a watching brief over the financial performance of the Guarantor and other SDC Group subsidiaries, as well as ensuring that rules regarding related party transactions carried out with the Guarantor are adhered to at all times as set out in sub-section 11.3 of this Registration Document. 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.

10.2 The role of the Issuer's Board

Meetings of the Board, chaired by Mr Raymond 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 Issuer's bonds then in issue are applied for the purposes for which they were sanctioned;
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.

10.3 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.

10.4 Relations with bondholders and the market

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.

10.5 Board committees

The Directors have established an Audit Committee as a sub-committee 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.

Audit Committee

The Audit Committee of the Issuer, composed of two independent, non-executive Directors and a third non-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 Audit Committee also considers the arm's length nature of related party transactions that the Issuer carries out. In this regard, the Audit Committee has the task of ensuring that any potential abuse which may arise in consequence of related party transactions is immediately identified and resolved.

The Audit Committee, which meets at least once every three months mainly to consider the financial results and the annual financial statements of the Issuer, is a sub-committee of the Board and is directly responsible and accountable to the Board. 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. The Board reserved the right to change the Audit Committee's terms of reference from time to time.

As at the date of this Registration Document the members of the Audit Committee are as follows: Mr John Zarb (Chairman), Mr Kevin Catania and Dr Michael Grech. In compliance with the Listing Rules, Mr John Zarb is the independent, non-executive Director who is competent in accounting and/or auditing matters. In his capacity as Chairman of the Audit Committee, Mr Zarb holds meetings with the executive Directors as necessary to review the Issuer's accounts and operations. The CVs of the said Directors may be found in sub-section 4.1 above.

11. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

11.1 Interests of major shareholders of the Issuer

The authorised and issued share capital of the Issuer is of €250,002 divided into 250,002 ordinary shares of €1 each, fully paid up and subscribed as follows:

Name of shareholder	Number of shares
Tumas Group Company Limited (C 7820)	250,001 ordinary shares of €1 each
Spinola Development Company Limited (C 331)	1 ordinary share of €1

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

Tumas Group Company Limited was incorporated on 2 January 1986 and presently has an authorised and issued share capital of €102,497.07 divided into 44,001 ordinary shares of €2.329373 each and 1 ordinary 'B' share of €2.329373, fully paid up and subscribed to by the members of the Fenech family.

In terms of the Articles of Association of the Issuer, Tumas Group Company Limited (the holding 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 the totality 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.

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

11.2 Interests of major shareholders of the Guarantor

The authorised and issued share capital of the Guarantor is €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

11.3 Related party transactions concerning the Guarantor

The Issuer adopts measures in line with the Code of Corporate Governance to ensure that its relationship with its major shareholder and 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. 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.

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.

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

12.1 Historical financial information

The Issuer's and the Guarantor's historical financial information for the three financial years ended 31 December 2014, 2015 and 2016, respectively, as audited by PricewaterhouseCoopers, certified public accountants in Malta, is set out in their respective audited financial statements.

12.2 Age of latest financial information

The latest audited financial statements available in respect of the Issuer relate to the financial year ended 31 December 2016, as approved for issuance by the Board of Directors on 24 April 2017. These are available for inspection as set out in section 16 below.

The latest audited consolidated financial statements available in respect of the Guarantor relate to the financial year ended 31 December 2016, as approved for issuance by the board of directors of the Guarantor on 24 April 2017. These are available for inspection as set out in section 16 below.

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

There has been no significant change in the financial or trading position of the Issuer or the Guarantor which has occurred since 31 December 2016. 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.

12.4 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 the period covering twelve months prior to the date of the Prospectus which may have, or have had, in the recent past significant effects on the financial position or profitability of the Issuer, the Guarantor and/or the SDC Group, taken as a whole.

13. ADDITIONAL INFORMATION

13.1 Memorandum and Articles of Association of the Issuer

13.1.1 Incorporation

The Company was incorporated on 17 November 2000 as a public 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 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.

13.1.2 Share capital

The authorised and issued share capital of the Issuer is €250,002 divided into 250,002 ordinary shares of €1 each, fully paid up.

There are no classes of shares and each share confers the right to one 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 shares in the Issuer shall be issued during the remainder of the current financial year, whether fully or partly paid up, in consideration for cash or otherwise.

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

13.1.3 Commissions

There were no commissions, discounts, brokerages or other special terms granted during the two 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.

13.2 Memorandum and Articles of Association of the Guarantor

13.2.1 Incorporation

The Guarantor was incorporated on 10 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.

13.2.2 Share capital

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

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

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

13.2.3 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.

13.2.4 Commissions

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

14 MATERIAL CONTRACTS

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

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

Save for the Financial Analysis Summary reproduced in Annex A of the Securities Note, the Prospectus does not contain any statement or report attributed to any person as an expert. The Financial Analysis Summary dated 29 May 2017 has been included in Annex A of the Securities Note 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 SLM 1549, Malta, which has given, and has not withdrawn, its consent to the inclusion of said report herein. Rizzo, Farrugia & Co. (Stockbrokers) Ltd. does not have any beneficial interest in the Issuer or the Guarantor. The Issuer confirms that the Financial Analysis Summary has been accurately reproduced in the Prospectus and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

16 DOCUMENTS AVAILABLE FOR INSPECTION

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

i. the Memorandum and Articles of Association of the Issuer;
ii. the Memorandum and Articles of Association of the Guarantor;
iii. the audited financial statements of the Issuer for the financial years ended 31 December 2014, 2015 and 2016;
iv. the audited consolidated financial statements of the Guarantor for the financial years ended 31 December 2014, 2015 and 2016;
v. the letter of confirmation drawn up by PricewaterhouseCoopers dated 29 May 2017;
vi. the Financial Analysis Summary dated 29 May 2017 reproduced in Annex A of the Securities Note; and
vii. the original Guarantee given by the Guarantor in respect of the Bonds, as set out in Annex B of the Securities Note.

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