SECURITIES NOTE

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

This Securities Note is issued pursuant to the requirements of Listing Rule 4.14 of the Listing Rules and contains information about the Bonds being issued by Tumas Investments plc. Application has been made for the admission to listing and trading of the Bonds on the Official List of the Malta Stock Exchange. This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Issuer.

Dated 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 this Securities Note for a description of the scope, nature and term of the guarantee. Reference should also be made to the sections entitled "*Risk Factors*" contained in the Summary Note, the Registration Document and this Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the guarantee provided by 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 SECURITIES NOTE CONSTITUTES PART OF THE PROSPECTUS DATED 29 MAY 2017 AND CONTAINS INFORMATION ABOUT TUMAS INVESTMENTS PLC IN ITS CAPACITY AS ISSUER, SPINOLA DEVELOPMENT COMPANY LIMITED IN ITS CAPACITY AS GUARANTOR AND THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES, THE COMPANIES ACT AND COMMISSION REGULATION (EC) NO. 809/2004 OF 29 APRIL 2004 IMPLEMENTING DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS INFORMATION CONTAINED IN PROSPECTUSES AS WELL AS THE FORMAT, INCORPORATION BY REFERENCE AND PUBLICATION OF SUCH PROSPECTUSES AND DISSEMINATION OF ADVERTISEMENTS, AS AMENDED BY COMMISSION DELEGATED REGULATION (EU) NO. 486/2012 OF 30 MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF 4 JUNE 2012, COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF 30 APRIL 2013, COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014 AND COMMISSION DELEGATED REGULATION (EU) NO. 2016/301 OF 30 NOVEMBER 2015, AND SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER.

THE INFORMATION CONTAINED HEREIN IS BEING MADE AVAILABLE IN CONNECTION WITH AN ISSUE BY THE ISSUER OF €25,000,000 BONDS 2027 OF A NOMINAL VALUE OF €100 EACH. THE BONDS SHALL BE ISSUED AT PAR AND BEAR INTEREST AT THE RATE OF 3.75% PER ANNUM PAYABLE ANNUALLY IN ARREARS ON 10 JULY OF EACH YEAR UNTIL THE REDEMPTION DATE, WITH THE FIRST INTEREST PAYMENT FALLING DUE ON 10 JULY 2018. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 10 JULY 2027. THE BOND ISSUE IS GUARANTEED BY SPINOLA DEVELOPMENT COMPANY LIMITED.

IN ACCORDANCE WITH THE ALLOCATION POLICY TO BE DETERMINED AND PUBLISHED BY THE ISSUER, BONDS SHALL BE ALLOCATED IN THE FIRST INSTANCE TO HOLDERS OF 6.2% BONDS 2017 – 2020 (ISIN MT0000231234) (THE "**MATURING BONDS**") WHO, IN CONSIDERATION FOR THE BONDS APPLIED FOR PURSUANT TO THIS PROSPECTUS, ELECT TO SURRENDER MATURING BONDS IN FAVOUR OF THE ISSUER.

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

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

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

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

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

THE ISSUER DISCLAIMS ANY AND ALL RESPONSIBILITY FOR ANY DEALINGS MADE, REPRESENTATIONS GIVEN, PROCESSES ADOPTED, FUNDS COLLECTED OR APPLICATIONS ISSUED BY AUTHORISED INTERMEDIARIES IN THEIR EFFORT TO PLACE OR RE-SELL THE BONDS SUBSCRIBED BY THEM.

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

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

1. DEFINITIONS

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

"Act" or **"Companies Act"**	the Companies Act, 1995 (Chapter 386 of the laws of Malta);
"Applicant/s"	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
"Application/s"	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form and delivering same to any of the Authorised Intermediaries (which include the Sponsor and the Registrar & Manager) in accordance with the terms of this Securities Note;
"Application Form"	the non-transferable and pre-printed form of application for subscription of Bonds by Maturing Bondholders, a specimen of which is contained in Annex C of this Securities Note;
"Authorised Intermediaries"	all the licensed stockbrokers and financial intermediaries listed in Annex D of this Securities Note;
"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;
"Bond Issue Price"	the price of €100 per Bond;
"Bondholder"	a holder of Bonds;
"Business Day"	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
"CET"	Central European Time;
"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;
"CSD"	the Central Securities Depository of the Malta Stock Exchange authorised in terms of Part IV of the Financial Markets Act (Chapter 345 of the laws of Malta), having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
"Cut-off Date"	close of business of 26 May 2017 (trading session of 24 May 2017);
"Directors" or **"Board"**	the directors of the Issuer whose names are set out in sub-section 4.1 of the Registration Document forming part of the Prospectus;
"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 this Securities Note;
"Guarantee"	the joint and several suretyship of the Guarantor in terms of the guarantee contained in Annex B of this Securities Note and as described in Element B.18 of the Summary Note forming part of the Prospectus;

“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;
“Interest Payment Date”	10 July of each year between and including each of the years 2018 and the year 2027, provided that if any such day is not a Business Day, such Interest Payment Date will be carried over to the next following day that is a Business Day;
“Issue Date”	7 July 2017;
“Issue Period”	the period between 08:30 hours CET on 5 June 2017 and 12:00 hours CET on 21 June 2017 during which the Bonds are available for subscription to Maturing Bondholders;
“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;
“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;
“Maturing Bond Transfer”	the subscription for Bonds by a Maturing Bondholder settled, after submitting the non-transferable, pre-printed Application Form (received by mail directly from the Issuer), by the transfer to the Issuer of all or part of the Maturing Bonds held by such Maturing Bondholder as at the Cut-off Date;
“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;
“Maturing Bondholder”	a holder of Maturing Bonds as at the Cut-off Date;
“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, the Registration Document and this 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;
“Redemption Value”	the nominal value of each Bond (€100 per Bond);
“Registrar & Manager”	Bank of Valletta plc;
“Registration Document”	the registration document 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"	this securities note in its entirety 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;
"Terms and Conditions"	the terms and conditions relating to the Bonds as contained in the Prospectus, particularly in section 8 of this Securities Note; and
"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.

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

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

2. RISK FACTORS

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

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

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

NEITHER THIS SECURITIES NOTE, NOR ANY OTHER PARTS OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BONDS: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION, NOR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER, THE GUARANTOR, THE SPONSOR, THE REGISTRAR & MANAGER OR AUTHORISED INTERMEDIARIES THAT ANY RECIPIENT OF THIS SECURITIES NOTE OR ANY OTHER PART OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS OR ANY BONDS, SHOULD PURCHASE ANY BONDS ISSUED BY THE ISSUER.

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

2.1 Forward-looking statements

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

2.2 General

In so far as prospective investors seek advice from Authorised Intermediaries concerning an investment in the Bonds, Authorised Intermediaries are to determine the suitability of prospective investors' investment in the Bonds in the light of said prospective investors' own circumstances. The Bonds may not be a suitable investment for all investors. In particular, Authorised Intermediaries should determine whether each prospective investor:

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

2.3 Risks related to the Bonds

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

a) The existence of an orderly and liquid market for the Bonds depends on a number of factors including, but not limited to, the presence of willing buyers and sellers of the Issuer's Bonds at any given time. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market in which the Bonds are traded, over which the Issuer has no control. Many other factors over which the Issuer has no control may affect the trading market for, and trading value of, the Bonds, including the time remaining to the maturity of the Bonds, the outstanding amount of the Bonds and the level, direction and volatility of market interest rates, generally. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price, or at all.

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

c) A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different.

d) No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time.

e) The Bonds shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and, save for such exceptions as may be provided by applicable law, shall rank without priority and preference to all other present and future unsecured obligations of the Issuer and the Guarantor. The Bonds will, however, rank subordinate to the present and future secured creditors of the Issuer and the Guarantor. In view of the fact that the Bonds are being guaranteed by the Guarantor, Bondholders are entitled to request the Guarantor to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount, when due. The strength of this undertaking on the part of the Guarantor

is directly linked to the financial position and solvency of the Guarantor. Furthermore, subject to the negative pledge clause set out in sub-section 6.9.2 of this Securities Note, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.

f) **In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bonds it shall call a meeting of Bondholders in accordance with the provisions of sub-section 6.16 of this Securities Note. These provisions permit defined majorities to bind all Bondholders, including Bondholders who do not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority.**

g) **The Bonds and the Terms and Conditions of the Bond Issue are based on the requirements of the Listing Rules, the Companies Act and the Regulation in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Prospectus.**

3. PERSONS RESPONSIBLE

This Securities Note includes information given in compliance with the Listing Rules for the purpose of providing prospective investors with information with regard to the Issuer, the Guarantor and the Bonds. Each and all of the Directors whose names appear in sub-section 4.1 of the 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 the Guarantor, who have taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information. The directors of the Issuer and the Guarantor accept responsibility accordingly.

4. CONSENT FOR USE OF THE PROSPECTUS

Consent required in connection with a possible Intermediaries' Offer in terms of sub-section 6.4 of this Securities Note:

As explained in sub-section 6.4 below, in the event that not all of the Bonds are subscribed to by Maturing Bondholders, the remaining balance shall be made available for subscription by Authorised Intermediaries through an Intermediaries' Offer.

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

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

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

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

Neither the Issuer nor the Sponsor have any responsibility for any of the actions of any Authorised Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale, placement or other offering of Bonds.

Other than as set out above, neither the Issuer nor the Sponsor have authorised (nor do they authorise or consent to the use of the Prospectus in connection with) the making of any public offer of the Bonds by any person in any circumstances. Any such unauthorised offers are not made on behalf of the Issuer or the Sponsor and neither the Issuer nor the Sponsor have any responsibility or liability for the actions of any person making such offers.

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

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

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

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

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

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

5. KEY INFORMATION

5.1 Reasons for the Issue and use of proceeds

The proceeds from the Bond Issue, which net of Issue expenses are expected to amount to approximately €24,550,000, will be used by the Issuer for the redemption of the outstanding amount of the Maturing Bonds remaining in issue as at 10 July 2017, being the date of redemption of the Maturing Bonds as determined by the Issuer and duly notified to Maturing Bondholders. As at the date of the Prospectus the aggregate value of Maturing Bonds in issue stands at €25,000,000.

In the event that the Bond Issue is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for and the proceeds from the Bond Issue shall be applied for the purpose set out above.

Any residual amount required by the Issuer for the purpose of the use specified in this sub-section 5.1 which shall not have been raised through the Bond Issue shall be financed through alternative funding sources, including funds making up the bond redemption fund built up in connection with the Maturing Bonds in accordance with sub-section 5.8 of the securities note forming part of the prospectus dated 9 June 2010 issued by the Issuer, which as at the date of the Prospectus amounted to €2,000,000.

5.2 Estimated expenses and proceeds of the Issue

The Issue will involve expenses, including professional fees and costs related to publicity, advertising, printing, listing, registration, sponsor, management, selling commission and other miscellaneous costs incurred in connection with this Bond Issue. Such expenses are estimated not to exceed €450,000 and shall be borne by the Issuer. The amount of the expenses will be deducted from the proceeds of the Issue, which, accordingly, will bring the estimated net proceeds from the Bond Issue to €24,550,000. There is no particular order of priority with respect to such expenses.

5.3 Interest of natural and legal persons involved in the Issue

Save for the possible subscription for Bonds by Authorised Intermediaries (which include the Sponsor and the Registrar & Manager) and any fees payable to Rizzo, Farrugia & Co (Stockbrokers) Ltd. as Sponsor in connection with the Bond Issue, and to Bank of Valletta plc as Registrar & Manager, so far as the Issuer is aware, no person involved in the Issue has a material interest in the Bond Issue.

5.4 Issue statistics

"Amount"	€25,000,000;
"Application Forms made available to Maturing Bondholders"	5 June 2017;
"Bond Issue Price"	at par (€100 per bond);
"Closing date for Applications to be received from Maturing Bondholders"	21 June 2017 at 12:00 hours CET;
"Denomination"	Euro (€);
"Events of Default"	the events listed in sub-section 6.15 of this Securities Note;
"Form"	the Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
"Governing law and jurisdiction"	the Prospectus and the Bonds are governed by and shall be construed in accordance with Maltese law. The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Prospectus and/or the Bonds;
"Interest"	the Bonds shall bear interest from and including 10 July 2017 at the rate of three point seven five per cent (3.75%) per annum payable annually in arrears on the Interest Payment Dates;
"Interest Payment Date"	annually on the 10 July between and including each of the years 2018 and 2027, as from 10 July 2018 (the first interest payment date);
"Intermediaries' Offer"	in the event that following the subscription of Bonds by Maturing Bondholders there remain Bonds which are unallocated, such Bonds shall form part of an Intermediaries' Offer as set out in sub-section 6.4 of this Securities Note;
"ISIN"	MT0000231259;
"Issue"	Bonds denominated in Euro having a nominal value of €100 each, which will be issued at par and shall bear interest at the rate of 3.75% per annum;
"Issue Period"	the period between 08:30 hours CET on 5 June 2017 and 12:00 hours CET on 21 June 2017 during which the Bonds are available for subscription;
"Listing"	application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List;
"Minimum amount per subscription"	two thousand Euro (€2,000) and multiples of one hundred Euro (€100) thereafter;
"Plan of Distribution"	the Bonds are open for subscription by Maturing Bondholders and Authorised Intermediaries pursuant to the Intermediaries' Offer in respect of any balance of the Bonds not subscribed to by Maturing Bondholders, as aforesaid;

"Preferred allocations"	Maturing Bondholders applying for Bonds may elect to settle all or part of the amount due on the Bonds applied for by the transfer to the Issuer of Maturing Bonds at par value, subject to a minimum Application of €2,000 in Bonds and rounded upwards to the nearest €100. Any Maturing Bondholders whose holding in Maturing Bonds is less than €2,000 shall be required to pay the difference together with the submission of their Application Form ("**Cash Top-Up**"). Maturing Bondholders electing to subscribe for Bonds through the transfer to the Issuer of all or part of the Maturing Bonds held by them as at the Cut-off Date (including Cash Top-Up, where applicable) ("**Maturing Bond Transfer**") shall be allocated Bonds for the corresponding nominal value of Maturing Bonds transferred to the Issuer (including Cash Top-Up, where applicable). The transfer of Maturing Bonds to the Issuer in consideration for the subscription for Bonds shall cause the obligations of the Issuer with respect to such Maturing Bonds to be extinguished, and shall give rise to obligations on the part of the Issuer under the Bonds. Bonds applied for by Maturing Bondholders by way of Maturing Bond Transfer as described above shall be allocated prior to any other allocation of Bonds. A Maturing Bondholder wishing to apply for a number of Bonds exceeding in value the aggregate nominal value of Maturing Bonds held by him/her/it as at the Cut-off Date (including Cash Top-Up, where applicable) may subscribe for such additional Bonds by completing the appropriate section of the same non-transferable, pre-printed Application Form in terms of sub-section 6.2.5 below; Any balance of the Bonds not subscribed to by Maturing Bondholders shall be offered for subscription to Authorised Intermediaries through an Intermediaries' Offer in terms of sub-section 6.4 below;
"Redemption Date"	10 July 2027;
"Redemption Value"	at par (€100 per Bond);
"Status of the Bonds"	the Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other outstanding and unsecured debt of the Issuer and the Guarantor, present and future;
"Subscription"	multiples of one hundred Euro (€100);
"Underwriting"	the Bond Issue is not underwritten.

5.5 Expected timetable of principal events

Application Forms mailed to Maturing Bondholders	2 June 2017
Closing date for Applications to be received from Maturing Bondholders	21 June 2017 (by 12:00 hours CET)
Intermediaries Offer*	26 June 2017
Announcement of basis of acceptance	28 June 2017
Dispatch of allotment advices and refunds (if any)	6 July 2017
Expected date of admission of the Bonds to listing	7 July 2017
Commencement of interest	10 July 2017
Expected date of commencement of trading in the Bonds	10 July 2017

** In the event that the total value of Applications received from Maturing Bondholders exceeds €25,000,000, the Intermediaries' Offer will not take place.*

6. INFORMATION CONCERNING THE BONDS

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

6.1 General

6.1.1 Each Bond forms part of a duly authorised issue of 3.75% unsecured bonds 2027 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €25,000,000 (except as otherwise provided under sub-section 6.18 *"Further Issues"* below). The Issue Date of the Bonds is 7 July 2017. The Bonds are guaranteed by Spinola Development Company Limited.

6.1.2 The Bonds shall bear interest at the rate of 3.75% per annum payable annually in arrears on 10 July of each year, the first interest payment falling on 10 July 2018. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day.

6.1.3 All outstanding Bonds not previously purchased or cancelled shall be redeemed by the Issuer at par (together with accrued interest) on the Redemption Date.

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

6.1.5 Subject to admission to listing of the Bonds to the Official List, the Bonds are expected to be assigned ISIN: MT0000231259.

6.1.6 The minimum subscription amount of Bonds that can be subscribed for by Applicants is €2,000, and in multiples of €100 thereafter.

6.1.7 The Issue Period shall close on 21 June 2017 at 12:00 hours CET. The Issuer will determine and announce the allocation policy for the Bonds within five (5) Business Days of the closing of the Issue Period. The results of the offer, including the allocation policy, will be announced through a company announcement. It is expected that allotment letters will be dispatched to Bondholders within five (5) Business Days of the date of the announcement of the allocation policy.

6.1.8 The Bonds are expected to be listed on the Official List on 7 July 2017 and dealing is expected to commence on 10 July 2017. Dealing may commence prior to notification of the amount allotted being issued to Applicants.

6.1.9 In the event that Maturing Bondholders applying for additional Bonds and/or Authorised Intermediaries participating in an Intermediaries' Offer, as applicable, have been allocated a number of Bonds which is less than the number applied for, then such subscriber shall receive a full refund or, as the case may be, the balance of the price of the Bonds applied for but not allocated, without interest, by credit transfer to such account indicated in the Application Form or subscription agreement (as the case may be), at the subscriber's sole risk within five (5) Business Days from the date of announcement of basis of acceptance. Neither the Issuer nor the Registrar & Manager will be responsible for any charges, loss or delay in transmission of the refunds. In this regard, any monies returnable to Applicants may be retained pending clearance of the remittance or surrender of the Maturing Bonds, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act, 1994 (Chapter 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

6.1.10 There are no special rights attached to the Bonds other than the right of the Bondholders to payment of interest and capital (as detailed in section 6.12 below) and in accordance with the ranking specified in sub-section 6.9.1 of this Securities Note.

6.1.11 Applications for subscriptions to the Bonds may be made through any of the Authorised Intermediaries (which include the Sponsor and the Registrar & Manager) during the Issue Period. Subscription to the Bonds must be accompanied by the full price of the Bonds applied for in Euro and in cleared funds at the Bond Issue Price, as applicable. If the Application Form and proof of payment of cleared funds do not reach the Authorised Intermediaries by the close of the Issue Period, the Application will be deemed to have been declined.

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

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

6.2 Applications by Maturing Bondholders when surrendering their Maturing Bonds

6.2.1 The consideration payable by Maturing Bondholders applying for Bonds may be settled, after submitting the appropriate non-transferable, pre-printed Application Form, by the transfer to the Issuer of all or part of the Maturing Bonds held by such Applicant as at the Cut-off Date, subject to a minimum application of €2,000 and rounded upwards to the nearest €100, which transfer shall be effected at the par value of the Maturing Bonds. Any Maturing Bondholders whose holding in Maturing Bonds is less than €2,000 shall be required to pay the difference together with the submission of Application Form (the **"Cash Top-Up"**).

Maturing Bondholders electing to subscribe for Bonds through Maturing Bond Transfer shall be allocated Bonds for the corresponding nominal value of Maturing Bonds transferred to the Issuer (including Cash Top-Up, where applicable). The transfer of Maturing Bonds to the Issuer in consideration for the subscription for Bonds shall cause the obligations of the Issuer with respect to such Maturing Bonds to be extinguished, and shall give rise to obligations on the part of the Issuer under the Bonds.

Bonds applied for by Maturing Bondholders by way of Maturing Bond Transfer shall be allocated prior to any other allocation of Bonds.

A Maturing Bond Transfer shall be without prejudice to the rights of Maturing Bondholders to receive interest on the Maturing Bonds up to and including 9 July 2017. The Maturing Bonds shall be redeemed on 10 July 2017 as determined by the Issuer and duly notified to Maturing Bondholders.

All Applications for the subscription of Bonds by Maturing Bondholders by means of Maturing Bond Transfer must be submitted on the Application Forms to any Authorised Intermediary (including the Sponsor and the Registrar & Manager) by 12:00 hours CET of 21 June 2017.

6.2.2 Payment by Applicants of the Cash Top-Up referred to in sub-section 6.2.1 above, and the full price of the additional Bonds applied for referred to in sub-section 6.2.5 below, shall be made in Euro and in cleared funds at the Bond Issue Price, in either cash or by cheque payable to **"The Registrar – Tumas Investments plc Bond Issue 2017".**

6.2.3 By submitting a signed Application Form indicating that the Maturing Bond Transfer is being selected as consideration for the Bonds being applied for, the Applicant is thereby confirming:

i. that all or part (as the case may be) of the Maturing Bonds held by the Applicant on the Cut-off Date are being transferred to the Issuer, together with the payment due in respect of any Cash Top-Up, as and if applicable;
ii. that the Application Form constitutes the Applicant's irrevocable mandate to the Issuer to:
   a. cause the transfer of the said Maturing Bonds in the Issuer's name in consideration of the issue of Bonds; and
   b. engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said Maturing Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant;
iii. that in respect of the payment of the Cash Top-Up in terms of sub-section 6.2.1 above and/or the exercise of the option to subscribe to additional Bonds set out in sub-section 6.2.5 below, the Applicant's remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the Issuer acting through the Registrar reserves the right to invalidate the relative Application, and furthermore the Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders, unless the Applicant makes payment in cleared funds and such consideration is accepted by the Issuer, acting through the Registrar (which acceptance shall be made in the Issuer's absolute discretion and may be on the basis that the Applicant indemnifies the Issuer against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant's remittance to be honoured on first presentation).

6.2.4 Where the Applicant is the holder of Maturing Bonds which as at the Cut-off Date are held subject to usufruct, the signatures of both the bare owner and the usufructuary will be required in the Application Form.

6.2.5 In addition to the aforesaid, Maturing Bondholders transferring all of the Maturing Bonds held by them as at the Cut-off Date pursuant to sub-section 6.2.1 above, may apply for an amount of Bonds in excess of the amount of Maturing Bonds being transferred by Maturing Bond Transfer. In such case Maturing Bondholders may subscribe for additional Bonds, in multiples of €100, by completing the appropriate section of the same Application Form.

Maturing Bondholders shall have priority in the allocation of Bonds solely with respect to that number of Bonds for which payment is being made by means of a Maturing Bond Transfer, subject to a Cash Top-Up, as and if applicable. In the event that the aggregate value of the Applications received from Maturing Bondholders transferring all of the Maturing Bonds held by them as at the Cut-off Date through Maturing Bond Transfer (including Cash Top-Up, where applicable) is in excess of the amount of Bonds available for subscription, the Issuer (acting through the Registrar) shall scale down each Application received by Maturing Bondholders, *pari passu*, without priority or preference between them and in accordance with the allocation policy to be issued in terms of sub-section 6.6 of this Securities Note.

Where Maturing Bondholders apply for additional Bonds other than by Maturing Bond Transfer, no guarantee of allocation shall arise with respect to the excess Bonds applied for but such excess Bonds shall be subject to the allocation policy, without priority or preference between them, as shall be determined by the Issuer in accordance with sub-section 6.6 of this Securities Note.

6.2.6 Maturing Bondholders who do not elect to avail themselves of the possibility to exchange either all or part of their holding in the Maturing Bonds in terms of the procedure outlined in sub-section 6.2.1 above, shall receive all or part of the capital, as the case may be, together with accrued interest for the period between 10 January 2017 and 9 July 2017. The Maturing Bonds shall be redeemed on 10 July 2017 as determined by the Issuer and duly notified to Maturing Bondholders.

6.3 Applications by Maturing Bondholders for additional Bonds

The balance of the Bonds not subscribed for by Maturing Bondholders limitedly by means of a Maturing Bond Transfer as contemplated in sub-section 6.2.1 above, if any, shall be made available for subscription to Maturing Bondholders, in respect of any number of additional Bonds applied for other than by Maturing Bond Transfer exceeding in value the aggregate nominal value of Maturing Bonds held by them as at the Cut-Off Date, including Cash Top-Up (where applicable).

Applications for the subscription of Bonds by Maturing Bondholders in respect of any number of additional Bonds applied for other than by Maturing Bond Transfer may be made by completing the appropriate section of the Application Form and shall be allocated without priority or preference between them and subject to an allocation policy as detailed in sub-section 6.6 of this Securities Note.

6.4 Intermediaries' Offer

Any balance of the Bonds not subscribed to by Maturing Bondholders as at the closing of the Issue Period, shall be offered for subscription to Authorised Intermediaries through an Intermediaries' Offer. Any subscription received during the Intermediaries' Offer shall be subject to the same Terms and Conditions as those applicable to Applications by Maturing Bondholders, but limited to any remaining balance of Bonds after fully allocating the Bonds applied for by Maturing Bondholders.

In this regard, the Issuer shall enter into conditional subscription agreements with a number of Authorised Intermediaries for the subscription of the resultant balance of Bonds, whereby it will bind itself to allocate Bonds to such investors during the Intermediaries' Offer.

In terms of each subscription agreement entered into with an Authorised Intermediary, the Issuer will be conditionally bound to issue, and each Authorised Intermediary will bind itself to subscribe for, a number of Bonds subject to being admitted to trading on the Official List. The subscription agreements will become binding on each of the Issuer and the respective Authorised Intermediaries upon delivery, provided that these intermediaries would have paid to the Registrar all subscription proceeds in cleared funds on delivery of the subscription agreement.

Authorised Intermediaries subscribing for Bonds may do so for their own account or for the account of underlying customers, including retail customers, and shall, in addition, be entitled to distribute any portion of the Bonds subscribed for upon commencement of trading.

6.5 Plan of distribution and allotment

Applications for subscription to the Bonds may be made through any of the Authorised Intermediaries (which include the Sponsor and the Registrar & Manager). The Bonds are open for subscription by:

i. Maturing Bondholders up to the amount of Maturing Bonds held as at the Cut-off Date and subject to any Cash Top-Up as and if applicable;
ii. Maturing Bondholders in respect of any number of additional Bonds applied for other than by Maturing Bond Transfer exceeding in value the aggregate nominal value of Maturing Bonds held by them as at the Cut-Off Date (including Cash Top-Up, as and if applicable), without priority or preference between them; and
iii. Authorised Intermediaries through an Intermediaries' Offer in respect of any balance of the Bonds not subscribed to by Maturing Bondholders, as aforesaid, in terms of sub-section 6.4 above.

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

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

6.6 Allocation Policy

The Issuer shall allocate the Bonds on the basis of the following policy and order of priority:

i. first to Maturing Bondholders up to the extent of their holdings of Maturing Bonds on the Cut-off Date to be utilised for the purposes of the payment of consideration of Bonds, rounded upwards to the nearest €100 and subject to the minimum Application of €2,000;
ii. the balance of the Bonds not subscribed for by Maturing Bondholders limitedly by means of a Maturing Bond Transfer, if any, shall be made available for subscription to Maturing Bondholders in respect of any additional Bonds applied for other than by Maturing Bond Transfer exceeding in value the aggregate nominal value of Maturing Bonds held by them as at the Cut-Off Date, *pari passu*, without priority or preference between them and in accordance with the allocation policy as determined by the Issuer. Accordingly, in the event that a Maturing Bondholder applies for additional Bonds other than by Maturing Bond Transfer as specified in (i) above, no guarantee shall be given with respect to the excess Bonds applied for; and
iii. in the event that following the allocations made pursuant to paragraphs (i) and (ii) above there shall still remain unallocated Bonds, the Issuer shall offer such remaining Bonds to Authorised Intermediaries for subscription through an Intermediaries' Offer as detailed in sub-section 6.4 above. Subscriptions received from Authorised Intermediaries through an Intermediaries' Offer, if any, shall be allocated without priority or preference and in accordance with the allocation policy as determined by the Issuer.

Within five (5) Business Days from closing of the Issue Period, the Issuer shall announce the result of the Issue and shall determine and announce the basis of acceptance of Applications and the allocation policy to be adopted through a company announcement.

6.7 Registration, form, denomination and title

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

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

6.7.3 Upon submission of an Application Form, Bondholders who opt to subscribe for the online e-portfolio account with the CSD, by marking the appropriate box on the Application Form, will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on https://eportfolio.borzamalta.com.mt/. Further detail on the e-portfolio is found on https://eportfolio.borzamalta.com.mt/Help.

6.7.4 The Bonds will be issued in fully registered form in denominations of any integral multiple of €100 provided that on subscription the Bonds will be issued for a minimum of €2,000 per individual Bondholder. Authorised Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €2,000 to each underlying client.

6.7.5 Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided in sub-section 6.8 immediately below under the heading "*Transferability of the Bonds*".

6.8 Transferability of the Bonds

6.8.1 The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole (in multiples of €100) in accordance with the rules and regulations of the MSE applicable from time to time.

6.8.2 Any person becoming entitled to an amount of Bonds in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may, from time to time, properly be required by the Issuer or the CSD, elect either to be registered himself as holder of the Bond/s or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond/s, or procuring the transfer of the Bond/s, in favour of that person.

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

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

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

6.9 Status of the Bonds and negative pledge

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

Both the Issuer and the Guarantor have certain liabilities which are secured by hypothecary warranties over assets pertaining to the two entities. The following sets out a summary of the Issuer's and Guarantor's indebtedness which as at 30 April 2017 amounted in aggregate to €128,979,000, and includes bank loans, guarantees, corporate bonds and other borrowings from related companies. The bank borrowings listed below are secured by privileges and hypothecs, and therefore the indebtedness being created by the Bonds, together with the other issued bonds, ranks after all these bank borrowings. In addition, the Bonds would also rank after any future debts which may be secured by a cause of preference such as a privilege and/or a hypothec.

Issuer & SDC Group borrowings, guarantees & bonds	
Bank borrowings, hypothecs and hypothecary guarantees	€ 73,975,000
Corporate bonds *(including the Maturing Bonds)*	€ 50,000,000
Guarantees	€ 5,004,000
Total	**€ 128,979,000**

Further details on the aforesaid indebtedness, particularly the secured bank borrowings, including, *inter alia*, respective term, security and repayment schedule, are found in the audited financial statements of the Issuer and Guarantor, respectively, for the financial year ended 31 December 2016, which have been published on the Issuer's website (www.tumas.com) and are available at its registered office during office hours for the term of the Bonds.

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

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

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

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

Provided that the aggregate Security Interests referred to in (B), (C) and (D) above do not result in the unencumbered assets of the Issuer and Guarantor being less than 103.75% of the aggregate principal amount of the Bonds still outstanding;

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

6.10 Interest and yield

6.10.1 The Bonds shall bear interest from and including 10 July 2017 at the rate of 3.75% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 10 July 2018 (covering the period 10 July 2017 to 9 July 2018). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. Each Bond will cease to bear interest from and including its due date for redemption, unless payment of the principal in respect of the Bond is improperly withheld or refused or unless default is otherwise made in respect of payment, in any of which events interest shall continue to accrue at the rate specified above plus one per cent (1%), but in any event not in excess of the maximum rate of interest allowed by Maltese law. In terms of article 2156 of the Civil Code (Chapter 16 of the laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five (5) years.

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

6.10.3 The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is 3.75%.

6.11 Pricing

The Bonds are being issued at par, that is, at €100 per Bond.

6.12 Payments

6.12.1 Payment of the principal amount of the Bonds will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time. Such payment shall be effected within seven (7) days of the Redemption Date. The Issuer shall not be responsible for any charges, loss or delay in transmission. Upon payment of the Redemption Value, the Bonds shall be redeemed and the appropriate entry made in the electronic register of the Bonds at the CSD.

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

6.12.2 Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time. Such payment shall be effected within seven (7) days of the Interest Payment Date. The Issuer shall not be responsible for any charges, loss or delay in transmission.

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

6.12.4 No commissions or expenses shall be charged by the Issuer to the Bondholders in respect of payments made in accordance with this sub-section 6.12. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

6.13 Redemption and purchase

6.13.1 Unless previously purchased and cancelled, the Issuer hereby irrevocably covenants in favour of each Bondholder that the Bonds will be redeemed at their nominal value (together with accrued interest) on 10 July 2027 and upon such date the Issuer shall be discharged of any and all payment obligations under the Bonds.

6.13.2 Subject to the provisions of this sub-section 6.13, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

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

6.14 Representations and warranties

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

i. it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business as it is now being conducted and to hold its property and other assets under legal title; and
ii. it has the power to execute, deliver and perform its obligations under the Prospectus and that all necessary corporate, shareholder and other actions have been duly taken to authorise the execution, delivery and performance of the same, and further that no limitation on its power to borrow or guarantee shall be exceeded as a result of the Terms and Conditions or the Prospectus.

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

6.15 Events of Default

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

i. the Issuer and/or the Guarantor, as the case may be, shall fail to pay any interest on any Bond when due and such failure shall continue for thirty (30) days after written notice thereof shall have been given to the Issuer and/or the Guarantor, as the case may be, by any Bondholder; or,
ii. the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the Terms and Conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or,
iii. an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer; or,
iv. the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or,
v. the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or,
vi. there shall have been entered against the Issuer a final judgment by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of five million Euro (€5,000,000) or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; or,
vii. any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined in sub-section 6.9.2 above) of the Issuer in excess of five million Euro (€5,000,000) or its equivalent at any time.

6.16 Meetings of the Bondholders

6.16.1 The Issuer may, from time to time, call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of any of the following: (i) considering and approving any matter affecting their interest, including the amendment, modification, waiver, abrogation or substitution of any of the Terms and Conditions of the Bonds and the rights of the Bondholders arising under the Prospectus; (ii) considering and approving the exchange or substitution of the Bonds by, or the conversion of the Bonds into, shares, debentures or other obligations or securities of the Issuer; and (iii) obtaining the consent of Bondholders on other matters which in terms of the Prospectus require the approval of a Bondholders' meeting in accordance with sub-section 6.16.3 below.

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

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

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

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

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

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

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

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

6.17 Rights attaching to the Bonds

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

i. the payment of interest;
ii. the payment of capital;
iii. ranking with respect to other indebtedness of the Issuer in accordance with the provisions of sub-section 6.9.1 of this Securities Note;
iv. attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
v. enjoy all such other rights attached to the Bonds emanating from the Prospectus.

6.18 Further issues

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

6.19 Bonds held jointly

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

6.20 Authorisations, approvals and admission to trading

6.20.1 The Directors authorised the Bond Issue and the publication of the Prospectus pursuant to a Board of Directors' resolution passed on 17 May 2017. The Guarantee being given by the Guarantor in respect of the Bonds has been authorised by a resolution of the board of directors of the Guarantor dated 17 May 2017.

6.20.2 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 29 May 2017.

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

6.20.4 The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 7 July 2017 and trading is expected to commence on 10 July 2017. Dealing may commence prior to notification of the amount allotted being issued to Applicants.

6.21 Bonds held subject to usufruct

In respect of any Bonds held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed *vis-a-vis* the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bond/s (which shall be due to the bare owner).

6.22 Governing law and jurisdiction

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

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

6.23 Notices

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

7. TAXATION

7.1 General

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Bonds, including their acquisition, holding and transfer, as well as any income/gains derived therefrom or made on their transfer. The following is a summary of the anticipated tax treatment applicable to the Bonds and to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive.

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

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

7.2 Malta tax on interest

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is otherwise instructed by a Bondholder that is entitled to receive the interest gross from any withholding tax or if the Bondholder does not fall within the definition of “recipient” in terms of article 41(c) of the Income Tax Act (Chapter 123 of the laws of Malta), interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% (10% in the case of certain types of collective investment schemes) of the gross amount of the interest, pursuant to article 33 of the said Income Tax Act. Bondholders who do not fall within the definition of a “recipient” do not qualify for the said rate and should seek advice on the taxation of such income as special rules may apply.

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

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

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

7.3 Exchange of information

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

7.4 Maltese taxation on capital gains on transfer of the Bonds

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

7.5 Duty on documents and transfers

In terms of the Duty on Documents and Transfers Act (Chapter 364 of the laws of Malta), duty is chargeable *inter alia* on the transfer or transmission *causa mortis* of marketable securities. A marketable security is defined in the said legislation as *"a holding of share capital in any company and any document representing the same".*

Accordingly, the Bonds should not be treated as constituting marketable securities within the meaning of the aforementioned legislation and, therefore, the transfer/transmission thereof should not be chargeable to duty.

Furthermore, even if the Bonds are considered to be marketable securities for the purposes of the Duty on Documents and Transfers Act, in terms of article 50 of the Financial Markets Act (Chapter 345 of the laws of Malta), in view of the fact that the Bonds constitute financial instruments of a company quoted on a regulated market exchange, as is the MSE, redemptions and transfers of the Bonds should in any case be exempt from Maltese duty.

8. TERMS AND CONDITIONS OF THE BOND ISSUE

8.1 The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List. In the event that the Bonds are not admitted to the Official List, no Maturing Bond Transfers (see section 6.2.1 above) shall take effect and any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant's bank account indicated by the Applicant on the relative Application Form.

8.2 In view of the fact that the proceeds of the Bond Issue are intended to be applied to the redemption of the outstanding amount of the Maturing Bonds, the Issuer has not established an aggregate minimum subscription level for the Bond Issue.

8.3 It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying, including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.

8.4 The contract created by the Issuer's acceptance of an Application filed by a prospective bondholder shall be subject to all the Terms and Conditions set out in this Securities Note and the Memorandum and Articles of Association of the Issuer.

8.5 Any person, whether natural or legal, shall be eligible to submit an Application and any one (1) person, whether directly or indirectly, should not submit more than one (1) Application Form. If an Application Form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have duly bound his principal, or the relative corporation, corporate entity, or association of persons, and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions on their behalf. Such representative may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer and the Registrar, but it shall not be the duty or responsibility of the Registrar or Issuer to ascertain that such representative is duly authorised to appear on the Application Form.

8.6 In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each of the joint Applicants, and liability therefor is joint and several.

8.7 Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.

8.8 The Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and, accordingly, may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.

8.9 No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any regulation or other legal requirements.

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

8.11 Subject to all other Terms and Conditions set out in the Prospectus, the Issuer reserves the right to reject, in whole or in part, or to scale down, any Application, including multiple or suspected multiple applications, and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Issuer is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Only original Application Forms will be accepted and photocopies/facsimile copies will not be accepted. In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each Applicant, and liability therefor is joint and several.

8.12 Save where the context requires otherwise or where otherwise defined therein, terms defined in the Prospectus bear the same meaning when used in these Terms and Conditions, in the Application Form, in any of the Annexes and in any other document issued pursuant to the Prospectus.

8.13 The Issuer has not sought assessment of the Bonds by any independent credit rating agency.

8.14 Subject to all other terms and conditions set out in the Prospectus, the Issuer reserves the right to revoke the Issue at any time before the closing of the Issue Period. The circumstances in which such revocation might occur are expected to be exceptional, for example where a significant change in market conditions occurs.

8.15 The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by any Applicant is €2,000.

8.16 For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations, 2008, as amended from time to time, all appointed Authorised Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the "Members' Code of Conduct" appended as Appendix 3.6 to Chapter 3 of the Malta Stock Exchange Bye-Laws, irrespective of whether the said appointed Authorised Intermediaries are Malta Stock Exchange Members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the Data Protection Act (Chapter 440 of the laws of Malta) for the purposes and within the terms of the Malta Stock Exchange Data Protection Policy as published from time to time.

8.17 By completing and delivering an Application Form, the Applicant:

i. agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the Guarantor and the issue of the Bonds contained therein;

ii. warrants that the information submitted by the Applicant in the Application Form is true and correct in all respects and in the case where an MSE account number is indicated in the Application Form, such MSE account number is the correct account of the Applicant. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the Application Form and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;

iii. authorises the Registrar and the Directors to include his/her/its name or, in the case of joint Applications the first named Applicant, in the register of debentures of the Issuer in respect of the Bonds allocated to such Applicant and further authorises the Issuer and the MSE to process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Chapter 440 of the laws of Malta). The Applicant has the right to request access to and rectification of the personal data relating to him/her/it as processed by the Issuer and/or the MSE. Any such requests must be made in writing and addressed to the CSD at the Malta Stock Exchange. The requests must further be signed by the Applicant to whom the personal data relates;

iv. confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer, the Guarantor or the issue of the Bonds other than what is contained in the Prospectus and, accordingly, agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;

v. agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her/its remittance or surrender of the Maturing Bonds, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act (Chapter 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;

vi. agrees to provide the Registrar and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;

vii. warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her/its Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bonds or his/her/its Application;

viii. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;

ix. represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) and that he/she/it is not accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the "**United States**") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;

x. agrees that Rizzo, Farrugia & Co. (Stockbrokers) Ltd. will not, in their capacity of Sponsor, treat the Applicant as their customer by virtue of such Applicant making an Application for the Bonds, and that Rizzo, Farrugia & Co. (Stockbrokers) Ltd. will owe the Applicant no duties or responsibilities concerning the price of the Bonds or their suitability for the Applicant;

xi. agrees that all documents in connection with the issue of the Bonds and any returned monies, including refunds of all unapplied Application monies, if any, will be sent at the Applicant's own risk and may be sent, in the case of documents, by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form and in the case of monies by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form;

xii. renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds;

xiii. irrevocably offers to purchase the number of Bonds specified in his/her/its Application Form (or any smaller number for which the Application is accepted) at the Bond Issue Price subject to the Prospectus, the terms and conditions thereof and the Memorandum and Articles of Association of the Issuer;

xiv. warrants that his/her/its remittance will be honoured on first presentation and agrees that if such remittance is not so honoured he/she/it will not be entitled to receive a registration advice, or to be registered in the register of debentures or to enjoy or receive any rights in respect of such Bonds unless and until payment in cleared funds for such Bonds is received and accepted by the Issuer and/or the Registrar (which acceptance shall be made in the absolute discretion of the Issuer and/or the Registrar and may be on the basis that the Issuer and/or the Registrar is indemnified against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of such remittance to be honoured on first presentation) and that, at any time prior to unconditional acceptance by the Issuer and/or the Registrar of such late payment in respect of such Bonds, the Issuer and/or the Registrar may (without prejudice to other rights) treat the agreement to allocate such Bonds as void and may allocate such Bonds to some other person, in which case the Applicant will not be entitled to any refund or payment in respect of such Bonds (other than return of such late payment);

xv. agrees that all Applications, acceptances of applications and contracts resulting therefrom will be governed by, and construed in accordance with, Maltese law and that he/she/it submits to the exclusive jurisdiction of the Maltese Courts and agrees that nothing shall limit the right of the Issuer to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of applications and contracts in any other manner permitted by law in any court of competent jurisdiction;

xvi. warrants that if he/she signs the Application Form on behalf of another party or on behalf of a corporation or corporate entity or association of persons, he/she has due authority to do so and such person, corporation, corporate entity or association of persons will also be bound accordingly, and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions;

xvii. warrants that he/she is not under the age of eighteen (18) years or if he/she is lodging an Application in the name and for the benefit of a minor, warrants that he/she is the parent or legal guardian/s of the minor;

xviii. confirms that, in the case of a joint Application entered into in joint names, the first named Applicant shall be deemed the holder of the Bonds; and

xix. agrees that, in all cases, any refund of unallocated Application monies, if any, will be sent to the Applicant by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form. No interest shall be due on refunds. The Issuer shall not be responsible for any charges, loss or delay in transmission.

9. ADDITIONAL INFORMATION

The Financial Analysis Summary dated 29 May 2017 has been included in Annex A of this 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.

TUMAS INVESTMENTS PLC
FINANCIAL ANALYSIS SUMMARY

29 MAY 2017

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

ANNEX A – FINANCIAL ANALYSIS SUMMARY

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

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

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

29th May 2017

Dear Sirs

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

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

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

(a) Historical financial data for the three years ended 31 December 2014 to 2016 extracted from both the Issuer and the Guarantor's audited statutory financial statements for the three years in question;

(b) The forecast data for the financial year ending 31 December 2017 has been extracted from the forecast financial information provided by the management of the Issuer and the Guarantor;

(c) Our commentary on the results of the Issuer and on its financial position is based on the explanations set out by the Issuer in the audited financial statements and assisted by management of the Issuer and Guarantor;

(d) The ratios quoted in the Analysis have been computed by us applying the definitions set out beneath each ratio;

(e) Relevant financial data has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

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

Yours sincerely,

Vincent E. Rizzo
Director

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IMPORTANT INFORMATION

Purpose of this Document

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

Sources of Information

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

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

Projections

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

DEFINITIONS

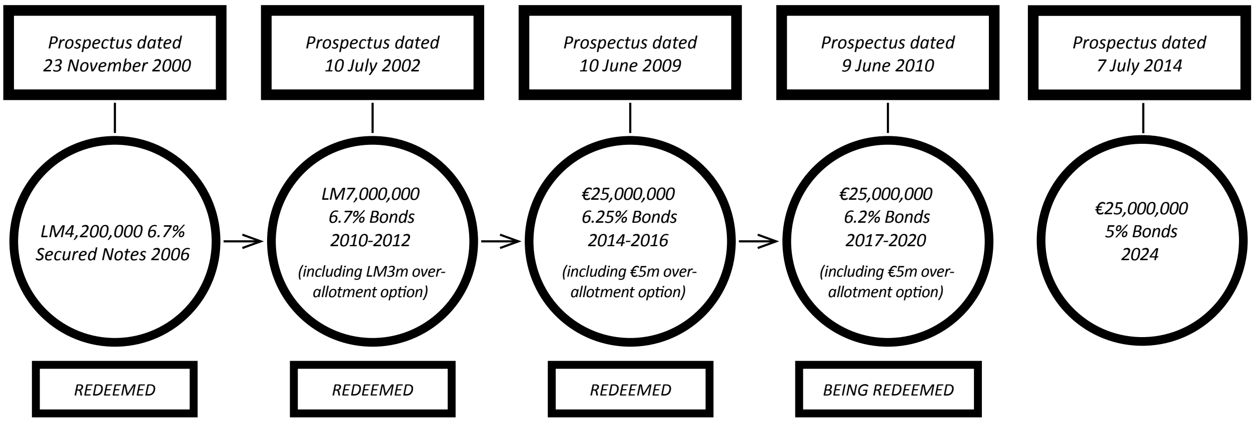
F&B	Food and beverages
Halland Developments Company Limited or **HDCL**	A subsidiary of Spinola Development Company Limited which owns the freehold title of the Halland site and adjoining land.
Halland site	The site in Ibragg (formerly Halland Aparthotel) earmarked for development.
Laguna Project	An extension to the Portomaso Complex on its east side which will include the building of 44 residential units.
PA	The Planning Authority (previously known as MEPA).
Portomaso Complex or **Portomaso** or **Complex**	The Complex located in St Julian's set on a site owned by SDC comprising the Hilton Malta and its convention centre, the Portomaso Business Tower, residential apartments, a car park, a marina and commercial outlets.
Portomaso Leasing Company Limited or **PLCL**	A subsidiary of Spinola Development Company Limited which manages the leasing of the long-term commercial and office components the Portomaso Complex.
Premium Real Estate Investments Limited or **PREIL**	A subsidiary of Spinola Development Company Limited entrusted with acquiring property for investment purposes.
Prospectus	The Prospectus issued by Tumas Investments plc dated 29 May 2017.
Spinola Development Company Limited or **Guarantor** or **SDC**	A company incorporated in Malta bearing registration number C331. SDC is a wholly-owned subsidiary of the Tumas Group Company Limited and acts as a guarantor to TI bond issues currently listed on the Malta Stock Exchange.
Tumas Group Company Limited or **Tumas Group** or **Group**	A group of companies involved in various sectors including hospitality, leisure, tourism, property, automotive and port operations.
Tumas Investments plc or **Company** or **Issuer** or **TI**	A company incorporated in Malta bearing registration number C27296.

1. BACKGROUND AND HISTORY

1.1 The Issuer – Tumas Investments plc

Tumas Investments plc is a public limited liability company incorporated in Malta on 17 November 2000 to act as the financing arm of SDC. Given the Issuer's nature of activities, i.e. raising finance for on-lending to SDC, there is an inherent dependence on SDC's cash flows and operations.

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



The first three bonds, issued in 2000, 2002 and 2009 respectively, have to date been redeemed. Meanwhile, the Issuer has two outstanding bonds, namely the €25.0 million 6.2% bonds maturing between 2017 and 2020 and the €25.0 million 5.0% bonds maturing in 2024.

1.2 The Guarantor – Spinola Development Company Ltd

SDC was set up as a limited liability company in Malta on 10 May 1966 and was acquired by the Tumas Group in 1986 through Spinola Investments Limited. The business of SDC has, to date, comprised primarily of the development, management and operation of the Portomaso Complex situated in St Julian's. SDC owns three subsidiaries, namely PLCL, HDCL and PREIL, all of which are incorporated in Malta.

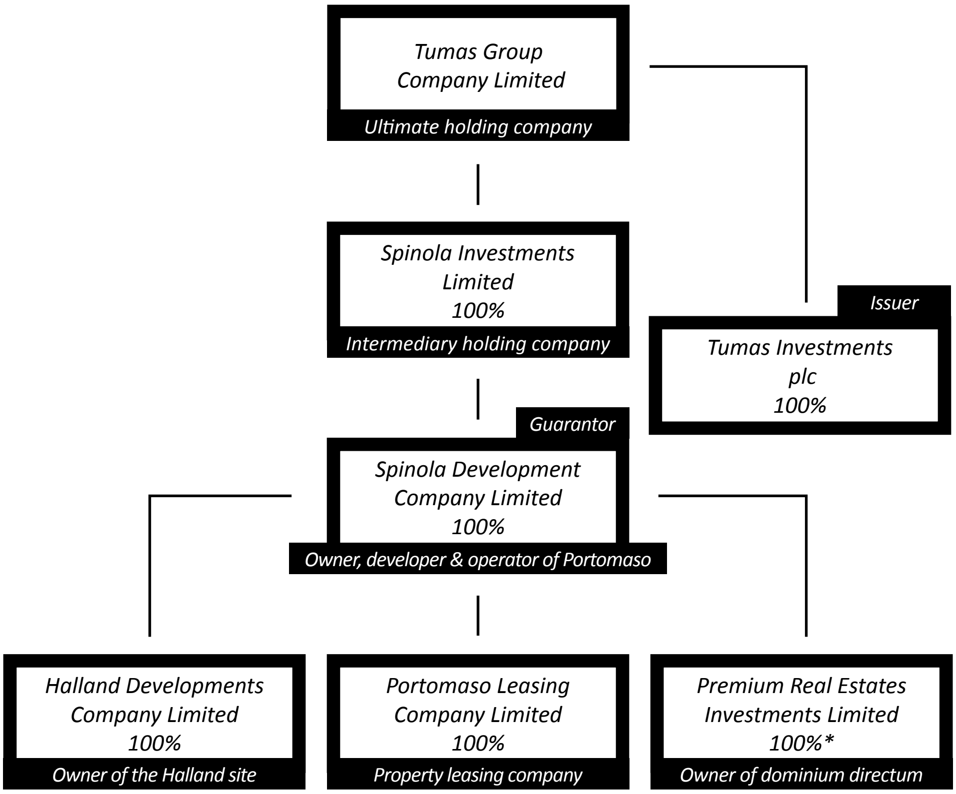
In 1994, the then Malta Hilton Hotel was completely demolished, making way for the development of the Portomaso Complex. The land title was acquired by SDC from the Government of Malta and today the Guarantor benefits from freehold title of the site. For the purpose of management and administration of Portomaso, in 2004 SDC set up PLCL to focus primarily on the leasing of long-term commercial and office components of the Complex.

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

PREIL was incorporated in 2011 with the principal objective of acquiring property for investment purposes. The only major transaction that this company has entered into since its formation was that related to the acquisition of the *dominium directum* on a portion of Portomaso properties from SDC in 2012. PREIL is 99% owned by SDC, with the remaining 1% held by Spinola Investments Limited.

1.3 The Issuer and Guarantor within the Tumas Group

Both TI and SDC are wholly-owned subsidiaries of Tumas Group Company Limited – one of the largest and most diversified private business groups in Malta. The Group, which is ultimately owned by members of the Fenech family, is primarily active in property development and leasing, hospitality, leisure and gaming and energy. The Issuer and the Guarantor's positions within the Group are as depicted below:



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

2. DIRECTORS AND SENIOR MANAGEMENT

2.1 Directors

2.1.1 Directors of the Issuer

The directors of the Company who held office during the financial year ended 31 December 2016 were:

Mr. Raymond Fenech	Executive Director & Chairman
Mr. Yorgen Fenech	Executive Director
Mr. Ray Sladden	Executive Director & Company Secretary
Dr. Michael Grech	Non-Executive Director
Mr. Kevin Catania	Independent, Non-Executive Director
Mr. John Zarb	Independent, Non-Executive Director

Mr Kevin Catania and Mr John Zarb were appointed to the Issuer's board on 4 April 2016 and 15 March 2017, respectively.

2.1.2 Directors of the Guarantor

The directors of SDC who held office during the financial year ended 31 December 2016 were:

Mr. Raymond Fenech	Executive Director & Chairman
Mr. Emanuel Fenech	Executive Director
Mr. Yorgen Fenech	Executive Director

2.2 Senior Management

2.2.1 Senior Management of the Issuer

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

2.2.2 Senior Management of the Guarantor

The senior management of the Guarantor are the following:

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

3. OPERATIONS AND MAJOR ASSETS

3.1 The Issuer

As the financing arm of SDC, the Issuer's operations are inherently limited to that of raising finance for capital projects and advancing such funds to SDC. The borrowings of the Issuer are on-lent to SDC and are regulated through loan agreements that mirror the characteristics of the borrowings taken by TI plus an additional interest margin intended to cover the costs of the Company.

Major Assets - Issuer

The assets of the Issuer are predominantly made up of the loans receivable from SDC, which altogether amount to over 90% of the Issuer's asset base. The table below summarises the value of total assets and loans receivable from SDC for the financial years ended 31 December 2014, 2015 and 2016.

Year	Total Assets €'000	Loans Receivable from SDC €'000	Loans Receivable from SDC as a % of Total Assets
2014	57,163	54,504	95.3%
2015	52,366	49,380	94.3%
2016	52,725	49,380	93.7%

Material Contracts - Issuer

The agreements summarized below are currently in force between TI and SDC and are in relation to the two outstanding bonds of the Issuer. The bond issue of 26 July 2010 is being redeemed and in its stead, a new bond of €25 million will be issued, the net proceeds of which (estimated at €450,000) will be onlent to SDC.

Date of Agreement	Amount	Term of Loan	Purpose of Loan	Interest Rate	Financed by TI through
26 July 2010	€24,661,081	8 July 2020	Refinancing of existing borrowings	6.3% p.a.	Bond Proceeds
31 July 2014	€24,718,514	31 July 2024	Refinancing of existing borrowings	5.1% p.a.	Bond Proceeds

3.2 The Guarantor

The principal activities of the Guarantor are the development and operation of the Portomaso Complex and adjacent areas situated in St. Julians. The Complex includes the Hilton Malta hotel and its convention centre, the Portomaso Business Tower, residential apartments, a marina, a car park and a number of commercial and catering outlets.

The Complex was launched by SDC in 1996 and to-date remains one of the largest, single private real estate developments undertaken in the Maltese Islands. The Complex is a waterfront development spread over an area of approximately 128,000 square metres, comprising a variety of elements blended together in one development. The Complex enjoys a very central position on Malta's north eastern shore and is situated in the heart of St. Julian's, Malta's popular commercial and leisure district. Portomaso is constructed around a sheltered excavated marina that extends the natural waterfront of the site and serves to enhance the environment of all the constituent components. These 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. More recently, the Guarantor commenced the development of a site adjacent to the Portomaso residential apartments which is referred to as the Laguna project. 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.

Portomaso is one of Malta's 13 Special Designated Areas (SDA) which allow both EU and non-EU nationals to purchase property within such areas on the same acquisition rights as Maltese citizens, thus without having to obtain an Acquisition of Immovable Property (AIP) permit which normally applies to other non-SDA areas.

As such, the operations of SDC are sub-divided into four segments:

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

Major Assets - Guarantor

The below are considered to be the major assets of the Guarantor.

A. The Hotel and its Ancillary Operations

This segment comprises the Hilton Malta, the conference centre and ancillary operations including underground car park, the marina and Level Twenty-Two (a wine lounge on the twenty-second floor of the Portomaso Tower). In 2014, the Guarantor's PPE had a carrying value of €74.6 million increasing to €105.0 million in 2015 mainly as a result of the €28.8 million upward revaluation of the PPE (before deferred tax adjustment) approved by the directors in December 2015 based on the valuation prepared by independent professionally qualified valuers. In 2016, PPE increased to a carrying value of circa €108.4 million or 59.7% of total assets as at the end of FY2016, due to the additions for the year being higher than the depreciation charge.

i) **Hilton Malta**

The Hilton Malta is a five-star 413-room hotel, with modern conference facilities, a health centre, themed restaurants, a large indoor pool and a number of outside pools and beach clubs. SDC has an operating agreement with Hilton International for the operation of the hotel using the Hilton brand, whereby Hilton International markets and manages the hotel and its adjacent conference centre as an integral part of its world-wide chain. 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 2014, 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 renovation 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, although this is not envisaged to be substantial as the major part of the investment has now been undertaken. This operating segment is supported by a number of ancillary operations including an extensive public car park, the yacht marina, and Twenty-Two wine lounge.

ii) Portomaso Car Park

SDC operates underground public car parking facilities of circa 1,130 car spaces with residents and tenants of the Business Tower having reserved areas for their exclusive use. This structure is ancillary to the hotel and contributes to this segment's returns albeit to a much smaller scale. The use of this car park is expected to peak once the Laguna extension and the Portomaso office block are completed, hence increasing the footfall within the complex.

iii) Portomaso Marina

The Portomaso marina has been in operation since 1999 and has a total capacity of approximately 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. It offers a number of ancillary services to its tenants including mooring assistance which is constantly provided on the quayside; security around the whole perimeter; water and electricity facilities and pump out facilities for waste-water and used oil.

iv) Twenty Two wine lounge

Twenty-Two is a wine lounge located on the twenty-second 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 attracting an elite and exclusive customer base.

B. Property Development

SDC has to date completed the development of 455 apartments within the Portomaso complex. As at the end of December 2016, only two apartments remained available for sale whilst another three units were subject to promise of sale agreements. The unsold stock of five apartments have an expected sales value of *circa* €3.7 million.

In 2015, SDC commenced the extension of the Complex which entails the development of a parcel of land spread over an area of approximately 7,550 square metres on the east shore of the site on which the Complex stands. This development is referred to as the Laguna Project and involves the construction of 44 premium residential units 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. 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 million.

The development costs of this extension have been principally funded from the Guarantor's own cash flows and, in part, by way of banking facilities raised by the Guarantor.

C. Rental Operations

SDC, through its subsidiary PLCL, leases out areas within the Business Tower (*circa* 3,313 square metres) and other commercial and office areas within the Complex (*circa* 10,938 square metres). At present, all the units available for rent within the entire Portomaso Complex are leased out.

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 remains an extremely popular destination to the common benefit of all its tenants.

Earlier this year, SDC commenced the construction of a new office block (the Portomaso office block) over the existing Portomaso cafeteria area, adjacent to the business tower. The new building will add approximately 5,200 square metres 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 million which will be funded through a combination of banking facilities raised for this purpose and the Guarantor's own cash flows.

D. Complex Management Operations

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 and the Business Tower. SDC apportions the expenses incurred in the management of the Complex and recharges the relative costs to the residential tenants/owners, the Hilton Malta and the office and commercial areas. Moreover, SDC receives a management fee as remuneration for its services for this activity from the various occupants within the Portomaso Complex.

Material Contracts - Guarantor

The following are considered to be material contracts that the Guarantor has in place.

A. Hotel Agreement With Hilton International

As mentioned earlier, SDC has an operating agreement with Hilton International, which is responsible for the marketing and management of the hotel, as well as the adjacent conference centre, under the world-renowned Hilton brand. The operating agreement is based on standard industry norms and provides for a remuneration package that is based on performance. This agreement, which had an initial term of 15 years was renewed for a further 20 years in 2013, effective from 1 January 2012.

B. Lease Agreements

In the main, SDC's lease agreements with office and commercial tenants have a term of between 1 and 5 years. The lease agreements provide for renewal terms and periodic inflationary increments. The table below shows the total amount of operating lease commitments of the past three years.

€ thousands	**Actual FY2014 €'000**	**Actual FY2015 €'000**	**Actual FY2016 €'000**
Not later than 1 year	2,425	2,320	2,103
Between 1 and 5 years	2,490	1,629	3,289
More than 5 years	749	594	540
	5,665	**4,543**	**5,931**

C. Capital Commitments

The Guarantor is party to commitments of a capital nature in relation to contracted or upcoming works. As at 31 December 2016, the value of these commitments was €18.7 million. The majority of this amount was in relation to the development of the Laguna apartments while the balance referred to pending works at Hilton hotel.

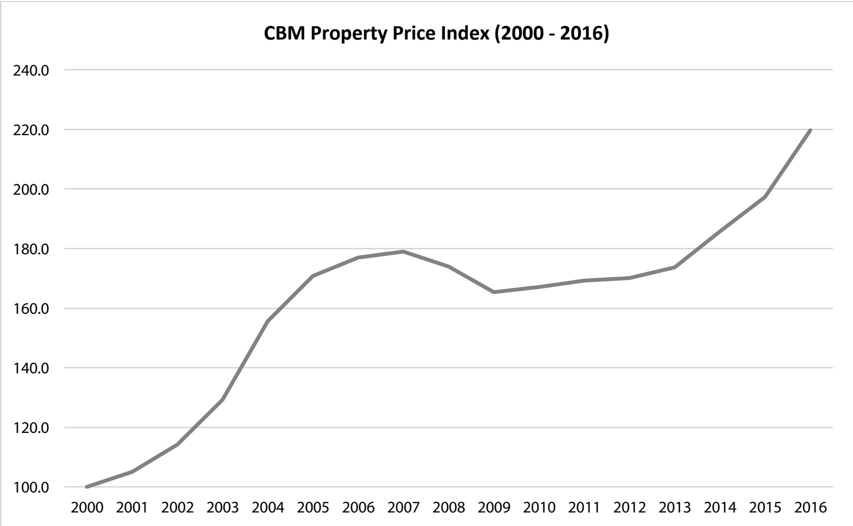
D. Other Agreements with the Tumas Group

In addition to rental and management agreements with Tumas Group companies, SDC has a number of treasury arrangements to provide short-term funding to other subsidiaries within the Tumas Group. These facilities are repayable on demand in line with an established group treasury policy. These companies themselves have stand-by funding facilities which can be accessed whenever SDC requests repayment of these temporary advances. Furthermore, SDC also provides hypothecs and hypothecary guarantees over parts of its immovable property on behalf of fellow subsidiaries. These securities fall within the parameters established and permitted in the prospectuses governing the bonds in issue.

4. Market Overview

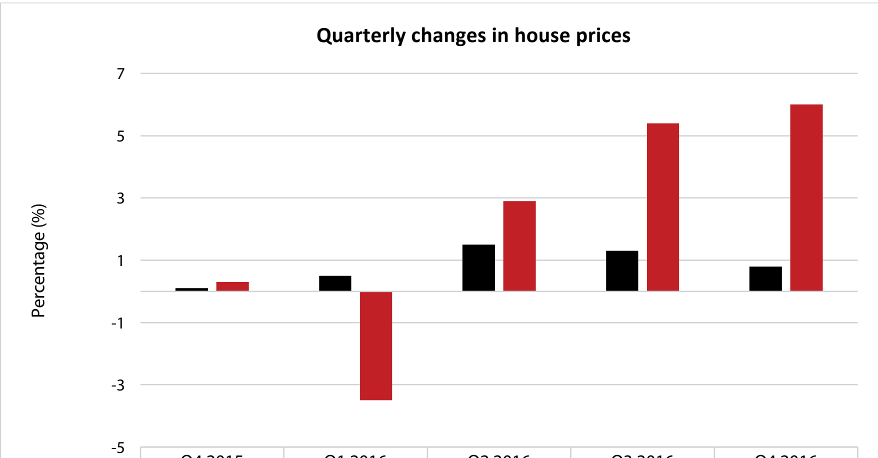
4.1 The Property Market in Malta

The forces of supply and demand in the property market in Malta have shaped the course of property prices. The most recent data issued by the Central Bank of Malta (CBM) indicates that the local property market continued to perform strongly of late[1]. Indeed, as depicted by the graph below, the CBM Property Prices Index, which tracks movements in the advertised prices of the major types of residential property, has hit its highest level ever in 2016.



Source: Central Bank of Malta

The CBM Property Prices Index shows that, on aggregate, prices of residential property enjoyed constant gains from 2000 to 2007. Thereafter followed a transitionary period during which prices generally dipped until in 2010 the local property market started to rebound albeit somewhat slowly. However, recovery in property prices accelerated notably over the past two to four years, with the index surpassing the previous high.



	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Euro zone	0.1	0.5	1.5	1.3	0.8
Malta	0.3	-3.5	2.9	5.4	6

Source: Eurostat (http://ec.europa.eu/eurostat/statistics-explained/index.php/File:House_Price_Index_-_Quarterly_and_annual_growth_rates-2016Q4.png)

[1]*Data as last updated on 23 Feb 2017 which is available through the CBM's website on: https://www.centralbankmalta.org/real-economy-indicators*

According to the Eurostat, house prices in Malta increased by 6% in last year's fourth quarter, compared to the previous quarter, registering the highest increase from among EU countries. In the euro zone house prices in the last year's fourth quarter rose by 0.8%.

The strong upturn in such a relatively short span of time can be attributed to a number of factors, principally, the overall healthy state of the local economy which in 2016 grew by 5% as against the euro zone average of 1.9%[2]. The main drivers behind such a strong economic performance include: (i) a number of Government-induced measures which revived economic activity and sentiment, thus boosting employment levels, domestic demand and investment in general; (ii) the continued relocation of foreign companies and individuals to Malta, particularly those operating within the financial, gaming and IT services industries; and (iii) the record performance of the tourism industry which indeed has a material multiplier effect on the rest of the local economy. The relative economic recovery of the euro zone was supported principally by the depreciation of the Euro, lower oil prices and the ECB's asset purchase programme. In February 2017, Fitch Ratings affirmed Malta's long-term foreign and local currency issuer default at 'A' and also predicted a positive outlook for the country's economy. Fitch's positive outlook reflects the rating agency's view that the public debt/GDP ratio is on a downward trajectory and on the grounds of robust economic increase which will be registered this year and in 2018. In this regard, an average of 3.3%[3] growth was predicted by Fitch over 2017 and 2018 mainly attributable to the rise in the employment levels, and the launch of new projects in the energy, transportation, education and healthcare sectors. Exports are also expected to contribute to Malta's good economic condition driven by a rise in the pharmaceutical, financial services, gaming and tourism sectors. Earlier this May, Moody's also confirmed its A3 rating for Malta and revised upwards its GDP growth forecast to 4.3% in 2017 (in January this was stated at 3.4%) and 3.7% in 2018 (from 3.1%).

On the demand side, the main factors that contributed to the strong upturn of the property market in Malta were: (i) the introduction of a number of tax-benefit measures for certain type of property transactions such as the fiscal incentives for first-time buyers; (ii) the Individual Investor Programme (IIP) which obliges high net worth individuals to purchase property in Malta; (iii) an inflow of foreign workers; and (iv) the record low interest rate scenario which, on the one hand, induces individuals with available cash to invest to search for alternative investment options, including the purchase of property for investment and/or rental purposes in order to seek better returns, and on the other hand, encourages others seeking to purchase a property to do so at substantially lower interest costs than in the past. It is worth noting that according to Fitch, a sharp correction in the housing market constitutes the main domestic risk to the sector through mortgage lending and real estate collateral. However, Fitch also advised that the rise in house prices has moderated and the pace of mortgage lending decreased to 6.2% as of end-September 2016 from the 11% registered in 2015.

On the supply side of the market, the number of permits for residential units issued by the Planning Authority increased significantly during 2016, reaching 7,508, from 3,947 a year earlier (see table below). This marks the third year of growth, following a period of decline. All categories registered increases except for terraced houses. The increase in permits issued in 2016 was mostly driven by the largest residential category, namely apartments, which accounted for 84% of total permits granted. However, national accounts data suggest that activity in the overall construction sector weakened. In particular, value added and investment declined.

Permits Issued for the Construction of Dwellings Units

	2011	2012	2013	2014	2015	2016
Apartments	3,276	2,489	2,062	2,221	3,019	6,316
Maisonettes	401	298	350	414	471	706
Terraced Houses	191	202	209	204	342	297
Other	87	75	84	98	115	189
Total	**3,955**	**3,064**	**2,705**	**2,937**	**3,947**	**7,508**

Source: Planning Authority

The gross value added of the construction industry declined significantly, going down by 6.0% in nominal terms during 2016 (from €352 million to €331 million), following an increase of 16.6% in 2014. This reflected a slight decline in the output of the construction sector (see table below).

[2]*Source: Eurostat website: http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tec00115&plugin=1*
[3]*Source: Fitch Ratings: https://www.fitchratings.com/site/pr/1019219*

As a consequence, the slight reduction in output in the sector was mirrored in employment data. In the first nine months of 2016, total employment in the construction sector rose marginally by 27, or 0.3%, compared with the corresponding period average in 2015. Higher employment within the private sector was dampened by lower employment in the public sector. As a result, the industry's share in the total gainfully occupied population fell to 5.9% from 6.1% in 2015. Employee compensation in the construction sector rose by 1.5% in 2016, when compared with growth of 5.6% in 2015.

Construction Activity Indicators (1)

	2013	2014	2015	2016
Gross value added (EUR millions)	**294.6**	**301.7**	**351.7**	**330.7**
Share of gross value added in GDP (%)	3.9	3.6	3.8	3.3
Total Employment (2)	**11,488**	**9,263**	**10,508**	**10,535**
of which private employment	8,807	8,962	9,383	9,502
Share in total gainfully occupied population (%)	7.3	5.7	6.1	5.9

(1) Employment date are averages for the first nine months of the year, and are sourced from administrative records.
(2) The decline in total employment in the construction sector in 2014 reflects the reclassification of employees within the public sector following changes in ministerial responsibilities.
Source: National Statistics Office

Going forward, it is expected that there will be a material pipeline of large scale developments, including various high-rise buildings, pending planning applications. although this could continue to signal a positive growth momentum, prudence at this juncture seems warranted so as not to allow the market to overheat and rise to unsustainable levels.

4.2 The Tourism Industry

As mentioned earlier on, one of the major catalysts for Malta's recent economic successes has been the notable growth of the tourism industry over these past few years. Indeed, the tourism industry is considered to be a crucial pillar of the economy as, directly and indirectly, it is estimated to account for 29% of Malta's GDP *(Source: National Tourism Policy 2015-2020, p. 17)*.

	2013	2014	2015	2016
Inbound Tourists	1,582,153	1,689,809	1,783,366	1,965,928
Nights Spent (000's)	12,890	13,522	14,152	14,962

Source: NSO

The resilient performance in the tourism sector observed since 2010 persisted during 2016 both in terms of inbound tourists and bed-nights spent in Malta. NSO data for 2016 show that tourist arrivals and nights stayed surpassed the levels record¬ed in 2015. Compared with 2015, the number of inbound tourists grew significantly during 2016 as it rose at an annual rate of 10.2% com¬pared with a 5.5% growth rate recorded in 2015. The total number of visitors rose to almost two million, 182,562 tourists more than a year earlier. According to the NSO, this improvement was mostly driven by an increase in the number of leisure tourists, though the number of business and professional travellers also rose on 2015. Conversely, the number of persons that visited Malta for educational, religious, health and other purposes fell. Visitors spent a total of almost 15 million nights in Malta, 5.7% more than in 2015.

With respect to the type of preferred accommodation, the statistics compiled by the NSO indicate that the nights stayed in private accommodation (self-catering apartments, farmhouses, and private residences) recorded the strongest increase as they grew by 724,529, or 13.5%. Nights spent in collective accommodation establishments (hotels, guesthouses, hostels, B&Bs, etc) rose by 85,273, or 1.0%. As private accommodation continued to gain in popularity, its share in the overall nights spent by tourists visiting Malta edged up further, reaching 40.6%. Data gathered by the CBM, the cruise passenger industry also experienced a robust growth in performance. In 2016, the number of foreign cruise liner passengers increased by 4.0%, to 615,198. Tourism expenditure was estimated at €1.71 billion in 2016, an increase of 4.2% over 2015. Since the increase in the tourism expenditure was at a slower pace when compared with arrivals, expenditure per capita fell and decreased by €50 to stand at €869.

Source: Central Bank of Malta

One of the determining factors which contributed tremendously to such growth has been the introduction of low-cost airlines in 2006. According to data gathered by the CBM[4] , the number of tourist departures (equivalent to the number of inbound tourists) from 2007 to 2016 increased by an annual average of 5.9% to reach of record high of almost 2 million in 2016. Growth was particularly intense in the last four years as the yearly increase in the number of tourist departures averaged 8%. Equally impressive is the fact that during 2016, the operator of Malta's only airport, Malta International Airport plc registered a 10% increase in passenger movements to a record of 5.08 million movements (2015: 4.62 million) reflecting a 4.5% increase in aircraft movements which consequently led to an increase of 7.6% in seat capacity.[5]

Another factor which contributed handsomely towards the development of the Maltese tourism industry in recent years has been the gradual shift from a purely holiday destination and efforts are being made in order to attract a more business oriented segment. Thus, in order to achieve this change, noteworthy efforts have been made by all those involved in the industry (both in

[4]Data as last updated on 06 May, 2016 which is available through the CBM's website on: https://www.centralbankmalta.org/real-economy-indicators
[5]MIA Company Announcement dated 11 January, 2017 no. 243/2017. This is available through the MIA's website on: https://miamain.blob.core.windows.net/wp-uploads/wp-content/uploads/2016/03/Traffic-Forecast-for-2017.pdf

public sphere, like the Government and its entities and bodies of civil society, as well as private operators and entrepreneurs) in order to increase the overall standard of the local tourism product. With regard to tourist markets, the United Kingdom and Italy remained Malta's most important source markets during 2016, accounting in aggregate for 44.5%[6] of total arrivals.

Going forward, the prospects of the local tourism industry continue to look positive. The unstable socio-political and economic situations of some of Malta's closest competitors around the Mediterranean Sea as well as the continuing upgrading of the local tourism product in general are set to remain drivers of growth. Furthermore, Malta's six-month presidency of the Council of the European Union (launched in January 2017) together with Valletta's journey towards the European Capital City of Culture in 2018 also serve to put Malta more in the limelight of potential tourists. On the downside, the uncertainty currently surrounding the national airline Air Malta poses a threat to further growth, and competition from other Mediterranean countries will likely remain strong. More efforts to grow traffic in the winter months and attracting more visitors from new markets is a priority to Malta and such approach will ensure that the Maltese hospitality industry remains competitive and sustainable in the years to come.

[6] *Central Bank Annual Report 2016 which is available through CBM's website on: https://www.centralbankmalta.org/annual-reports*

5. Issuer's Performance and Financial Position Overview

5.1 Historic Financial Performace

NB: The MFSA Listing Policies require a 3-year historical analysis of financial information of the Issuer. The commentary that follows the table below focuses on the financial years from FY2014 to FY2016, both years included. The presented financial information is to be considered in the context of the Issuer being an SPV with the sole objective of raising financing on behalf of SDC.

All figures referred to in this section of the report have been extracted from the audited financial statements of the Issuer for the respective years and supported by management information as necessary, with the exception of ratios which have been calculated by Rizzo, Farrugia & Co (Stockbrokers) Limited.

Income Statement

for the year 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**	**103**	**117**
Investment income	129	-	-
Administrative expenses	(133)	(91)	(112)
Profit before tax	**95**	**12**	**5**
Tax expense	-	(4)	(2)
Profit for the financial year	**95**	**8**	**3**

The limited scope of the Issuer, as it acts as the financing vehicle of the Guarantor, is reflected in the composition of its income statement. The Issuer on-lends funds that it borrows (through bank loans or capital market issues) to the Guarantor, making a margin on the rate to cover its administrative expenses.

The lower level of finance income generated during FY2015 and FY2016 compared to FY2014 reflects the reduced level of total outstanding debt advanced to SDC as well as the decrease in the interest rate on the refinancing of the €24.7 million loan in FY2014. Similarly, finance costs decreased during each of FY2015 and FY2016, reflecting the combined effect of reduction of bank loan interest payable, the lower coupon payable on the bond refinancing in FY2014 and the repayment of bank loans during FY2015.

Administrative expenses incurred by the Issuer related to listing and compliance costs, directors' remuneration and custodian fees dropped by 31.7% in FY2015 to €0.09 million (FY2014: €0.13 million) reflecting lower recharge of intra-group fees. In FY2016 administrative expenses increased to €0.11 million due to the management fees charged by Tumas Group. In FY2014, there was a one-time gain on investments of €0.13 million when the Issuer disposed of an investment portfolio which was not repeated during FY2015 or FY2016.

Key Profitability Ratios - Issuer:

	Actual FY2014	**Actual FY2015**	**Actual FY2016**
Net Income Margin (Net interest income / finance income)	2.85%	3.35%	3.89%
Interest Cover (Finance income / finance costs)	1.03x	1.03x	1.04x

Statement of Financial Position

for the year ended 31 December	**Actual FY2014 €'000**	**Actual FY2015 €'000**	**Actual FY2016 €'000**
Assets			
Non-Current Assets			
Loans and Receivables	51,593	49,380	49,380
Total Non-Current Assets	**51,593**	**49,380**	**49,380**
Current Assets			
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	**5,570**	**2,986**	**3,345**
Total Assets	**57,163**	**52,366**	**52,725**
Equity & Liabilities			
Capital & Reserves			
Share Capital	233	233	233
Retained Earnings	352	360	363
Total Equity	**585**	**593**	**596**
Non-Current Liabilities			
Borrowings	51,808	49,677	49,764
Trade and Other Payables	200	549	949
Total Non-Current Liabilities	**52,008**	**50,226**	**50,713**
Current Liabilities			
Borrowings	2,912	-	-
Trade and Other Payables	1,658	1,547	1,416
Total Current Liabilities	**4,570**	**1,547**	**1,416**
Total Liabilities	**56,578**	**51,773**	**52,129**
Total Equity and Liabilities	**57,163**	**52,366**	**52,725**

The Issuer's asset base is reflective of the outstanding borrowings (both from banks and capital market issues) at year end. While in FY2014, the Issuer's total assets stood at €57.2 million, by the end of FY2015 the Issuer's total asset base amounted to €52.4 million, primarily as a result of settlement of loan balances amounting to €5.1 million in FY2015. By the end of FY2016, total assets amounted to €52.7 million, relatively in line with FY2015. During the periods under review, the composition of the Company's assets was in the main the same, consisting of loans and receivables from SDC, and which backed bank loans and outstanding bonds taken by the Issuer on behalf of the Guarantor.

Shareholder's equity, which has remained consistent over the past three years amounts to €0.6 million.

Analysis of Borrowings of the Issuer

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

	Actual FY2014 *€'000*	**Actual FY2015** *€'000*	**Actual FY2016** *€'000*
6.20% bonds 2017 - 2020	25,000	25,000	25,000
5.00% bonds 2024	25,000	25,000	25,000
	50,000	**50,000**	**50,000**
Issue Costs	(647)	(647)	(647)
Accumulated Amortisation	242	324	411
Amortised Cost at 31 December	**49,595**	**49,677**	**49,764**
Bank Loans	5,125	-	-
Total Borrowings	**54,720**	**49,677**	**49,764**

During FY2014, the Issuer repaid €2.9 million of bank loans. Furthermore, in FY2014, TI exercised its early redemption option in relation to the €25 million 6.25% bond 2014-2016 and replaced it with a €25 million 5% bond 2024. During FY2015 the Issuer repaid the remaining bank loans amounting to €5.1 million.

Statement of Cash flows

as at 31 December	**Actual 2014 €'000**	**Actual 2015 €'000**	**Actual 2016 €'000**
Net cash generated from operating activities	374	21	108
Net cash generated from investing activities	3,941	5,125	0
Net cash used in financing activities	(4,171)	(5,275)	(100)
Net movement in cash and cash equivalents	**143**	**(130)**	**8**
Cash and cash equivalents at beginning of year	11	154	24
Cash and cash equivalents at end of year	154	24	32
Cash in Bond Redemption Fund	1,000	1,500	2,000
Total Cash Position	**1,154**	**1,524**	**2,032**

Cash flows generated through the operating activities of the Issuer consisted primarily of the net movements in cash of amounts owed to the Issuer from SDC and other trade receivables, netted off by the amounts that the Issuer owed to other related parties and trade creditors, which for FY2014 resulted in a net inflow of €0.4 million, aided by the €0.1 million gain on investments. On the other hand, in FY2015 and FY2016 cash flows from operating activities resulted in a net inflow of €0.02 million and €0.11 million, respectively.

The cash flows from investing activities of the Issuer in FY2014 and FY2015 included a repayment of €2.9 million and €5.1 million received from SDC which was then used to partially repay bank borrowings. Additionally, in FY2014 the Issuer disposed its held-to-maturity financial assets generating additional cash inflow of €1.0 million.

In terms of cash flows used by the Group in its financing activities, during FY2014, the Issuer redeemed the €25 million 6.25% 2014/2016 bond and in exchange offered the €25 million 5% 2024 bond. In this regard, the bond issue costs amounted to circa €0.3 million.

5.2 Variance Analysis and Forecasts of the Issuer

The following is an analysis of the variances between the FY2016 forecasts presented in the FAS dated 28 June 2016 and the actual figures as published in the Issuer's audited financial statements.

The forecasts for FY2017 are based on a number of assumptions all of which are the sole responsibility of the Directors of the Issuer. The principal assumption is that the Issuer will successfully replace its 6.20% 2017-2020 bonds with a new bond of the same nominal value, i.e. €25 million, at a coupon of 3.75%.

The forecasts are also based on the following set of assumptions:

1. Inflation rate of 2% per annum.
2. Tax is assumed to be charged at a corporate tax rate of 35% on the Issuer's profits.
3. On redemption of the 2017/2020 Bonds, SDC will release €2 million cash tied up in the reserve fund set up in relation to these Bonds.
4. Apart from the interest receivable from SDC on the outstanding loans, which is projected to amount to circa €1 million in FY2017, it is assumed that other receivable and prepayments will amount to €0.8 million as at the end of each respective year.
5. Non-current trade and other payables, amounting to €0.9 million as at 31 December 2016 represent amounts due by TI to SDC. This amount is assumed to be repaid in FY2017.
6. Current trade and other payables include primarily the interest accrued but not yet paid by TI on the outstanding bonds, which is projected to amount to €1 million as at the end of each year. Other payables and accruals are assumed to amount to €0.1 million as at the end of each financial year.

Variances and Projections - Income Statement

for the year ended 31 December	**Previous Forecast 2016 €'000**	**Actual 2016 €'000**	**Variance € '000**	**Variance %**	**Forecast 2017 €'000**
Finance Income	2,992	3,010	18	0.6%	2,729
Finance Costs	(2,887)	(2,893)	(6)	0.2%	(2,589)
Net Interest Income	**105**	**117**	**12**	**11.4%**	**140**
Administrative expenses	(102)	(112)	(10)	9.8%	(138)
Profit before tax	**4**	**5**	**1**	**25.0%**	**2**
Tax expense	(1)	(2)	(1)	100.0%	0
Profit for the financial year	**3**	**3**	**0**	**n/a**	**2**

TI's performance during FY2016 was in the main in line with the projected income statement presented last year.

In FY2017, the Issuer is projected to generate €2.7 million finance income compared to €3.0 million in FY2016. Furthermore, it is anticipated that TI incurs €2.6 million finance costs compared to €2.9 million in FY2016. This decrease in finance income and expenses is mainly attributable to the lower interest charged to SDC on the new bonds compared to the 2017/2020 bond being redeemed this year.

In FY2017, interest receivable is projected to decrease given that the 2017/2020 bonds are being refinanced with the new bonds issued at a lower coupon with the interest savings passed on to SDC.

Variances and Projections - Financial Position

for the year ended 31 December	Previous Forecast 2016 €'000	Actual 2016 €'000	Variance € '000	%	Forecast 2017 €'000
Assets					
Non-Current Assets					
Loans and Receivables	49,380	49,380	-	n/a	49,269
Total Non-Current Assets	49,380	49,380	-	n/a	49,269
Current Assets					
Trade and Other Receivables	1,477	1,314	(163)	-11.0%	1,760
Cash and Cash Equivalents	2,098	2,031	(67)	-3.2%	98
Total Current Assets	**3,575**	**3,345**	**(230)**	**-6.4%**	**1,858**
Total Assets	**52,955**	**52,725**	**(230)**	**-0.4%**	**51,127**
Equity and Liabilities					
Capital and Reserves					
Share Capital	233	233	-	n/a	233
Retained Earnings	362	363	1	0.3%	364
Total Equity	595	596	1	0.2%	597
Non-Current Liabilities					
Borrowings	49,764	49,764	-	n/a	49,393
Trade and Other Payables	1,049	949	(100)	-9.5%	-
Total Non-Current Liabilities	**50,813**	**50,713**	**(100)**	**-0.2%**	**49,393**
Current Liabilities					
Trade and Other Payables	1,547	1,416	(131)	-8.5%	1,137
Current Tax Liabilities	-	-			-
Total Current Liabilities	**1,547**	**1,416**	**(131)**	**-8.5%**	**1,137**
Total Liabilities	**52,360**	**52,129**	**(231)**	**-0.4%**	**50,530**
Total Equity and Liabilities	**52,955**	**52,725**	**(230)**	**-0.4%**	**51,127**

There were no material movements in the financial position of the Issuer during FY2016 different from those forecasted in the previous FAS.

Similarly, there is not expected to be any material movement in the balance sheet of the Issuer in FY2017 as the redemption of the 2017/2020 bond in July 2017 is being replaced by a new bond issue of the same amount. With the redemption of the 2017/2020 bond, the Issuer will no longer need to retain the balance of €2 million in the sinking fund. This is also reflected in the net cash position in the cash flows statement.

Variances and Projections - Cash Flows

for the year ended 31 December	Previous Forecast 2016 €'000	Actual 2016 €'000	Variance € '000	%	Forecast 2017 €'000
Net cash generated from operating activities	74	108	34	45.9%	(645)
Net cash generated from / (used in) investing activities	-	-	-	n/a	1,162
Net cash generated from / (used in) financing activities	-	(100)	(100)	100.0%	(450)
Net movement in cash and cash equivalents	**74**	**8**	**(66)**	**-89.2%**	**67**
Cash and cash equivalents at beginning of year	24	24	-	n/a	32
Cash and cash equivalents at end of year	**98**	**32**	**(66)**	**-67.3%**	**99**
Cash in Bond Redemption Fund	2,000	2,000	-	n/a	-
Total Cash Position	**2,098**	**2,032**	**(66)**	**-3.1%**	**99**

The variance in the end cash position of the Issuer between the projections presented in the 2016 FAS and the actual figures for 2016 was minimal.

6. Guarantor's Performance and Financial Position Overview

6.1 Financial Performance - Historic and Forecasts

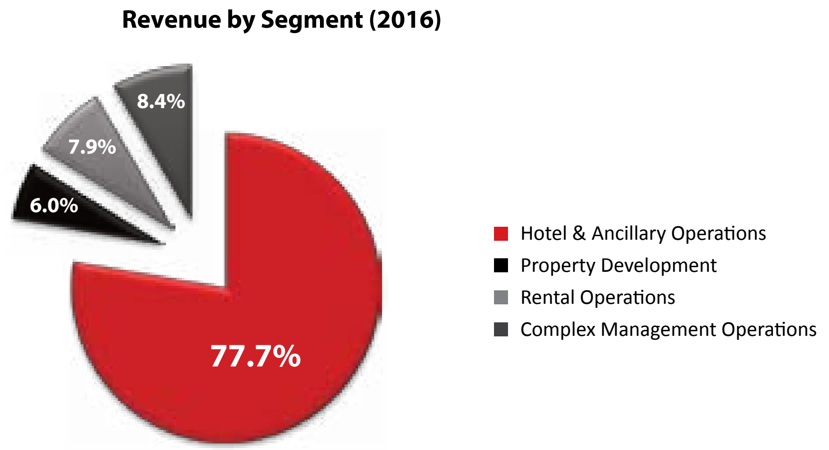
The historic financial analysis of the Guarantor is based on audited financial information published by SDC for the past three financial years ended 31 December 2014, 2015 and 2016.

The forecasts have been prepared by management and the main assumptions in this regard are presented in the narrative on each segment.

6.2 Segmental Analysis

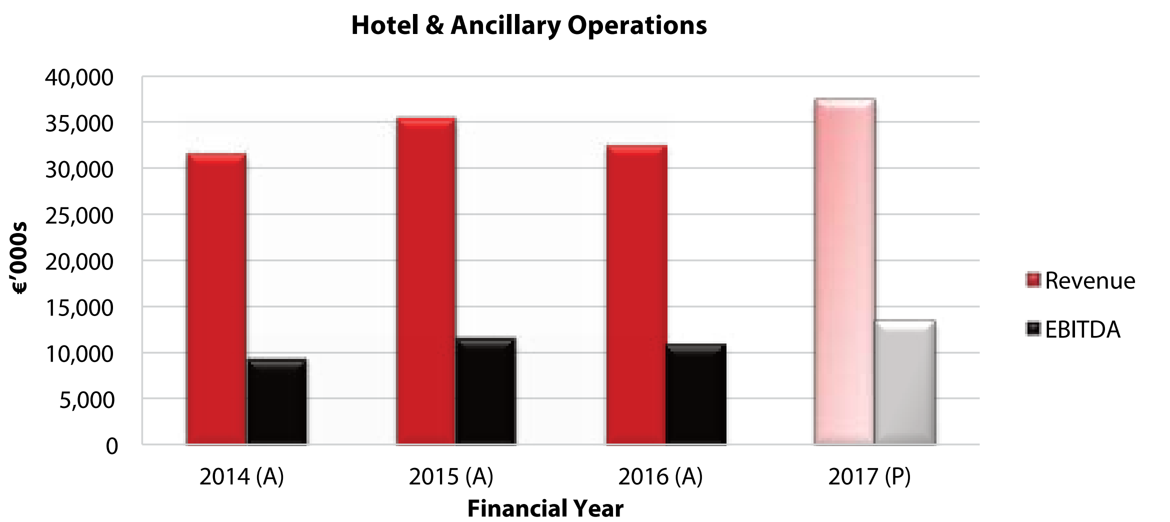
The operations of SDC are split into four main segments: hotel and ancillary operations, rental operations, property development and complex management. At 77.7%, the hotel and ancillary operations remained by far the largest revenue generating segment in FY2016 (FY2015: 76.5%). The other three segments each generated between 6% and 9% of total revenue.

The chart below illustrates the proportion of total revenue generated by SDC from each segmental unit for the year ended December 2016.



A. Hotel and Ancillary Operations (HAO)

HAO, which encompasses the Hilton Malta hotel, the car park, the marina and Twenty-Two wine lounge is the largest income segment of SDC. During FY2016, this segment generated revenue of €32.6 million (FY2015: €35.5 million). The decline in revenue was the direct effect of the 10 weeks during which the hotel was completely closed off for guest room refurbishment and a major upgrade of the common areas, restaurants and the reception area. Gross contribution generated from this segment has been in the region of 50% over the years under review, while EBITDA margin was above the 30% mark consistently between FY2014 and FY2016.



Despite registering a decline in revenue for FY2016, the Hilton Malta retained its dominant superiority in the 5-star segment, both in the average rate index and the revenue generation index. The former compares the occupancy rates achieved at the Hilton Malta to the average of its 5-star peers, whilst the RGI compared the revenue generated per available room of the hotel to the peer set. The market penetration index was markedly lower in FY2016, due to the 10-week refurbishment closure of the hotel. When adjusted to normalise the effect of this closure, the Hilton Malta was once more ahead of its peers and surpassed also the MPI of 2015.

Benchmarking	2014	2015	2016	Normalised 2016*
Market Penetration Index (MPI)	1.07	1.04	0.88	1.09
Average Rate Index (ARI)	1.22	1.22	1.32	1.32
Revenue Generation Index (RGI)	1.28	1.31	1.22	1.52

Source: Competitor Set Analysis: The MHRA Hotel Survey by Deloitte - 2016. Information as provided by management.
** Normalised 2016 refers to the adjusted indices for 2016 for the 10-week period when the hotel was closed for refurbishment.*

The Refurbishment

Pursuant to SDC's Management Agreement with Hilton International and SDC's commitment to retain as high a standard as possible, the Guarantor undertook an extensive refurbishment programme totalling €15 million. While this investment was initiated in 2014, the exercise peaked in 2016. This extensive refurbishment project focused on upgrading all the guest rooms, including the total replacement of furniture, fittings and bathrooms, as well as the refurbishment of the common areas. The refurbished Hilton Malta now also features additional terraces and extended F&B areas.

The majority of the above works were carried out during a period of 10 weeks in the early part of 2016, during which the hotel was completely closed for business. The remaining refurbishment works will be completed later on this year.

Variances and Forecasts

Hotel and Ancillary Operations	2016 (A)	2016 (P)	Variances (% / p.p.)	2017 (F)	Comparison to 2016 (A) (% /p.p.)
Revenue	32,554	31,103	4.7%	37,468	15.1%
EBITDA	11,007	9,880	11.4%	13,397	21.7%
EBIDTA Margin	33.8%	31.8%	2.0 p.p.	35.8%	2.0 p.p.

During FY2016, HAO fared better than anticipated, both in terms of revenue (+4.7%) and EBITDA (+11.4%) despite the 10-week period during which the hotel was completely shut down. The projections for FY2017 anticipate a 15.1% and a 21.7% increase in both revenues and EBITDA respectively. This strong growth is mainly attributable to the hotel's 10-week closure which led to lower revenue and EBITDA figures for the comparable FY2016. Nonetheless, revenue is 5.5% higher (EBITDA is forecasted to be 15% higher) than that generated in FY2015, which was a stellar year for the HAO segment.

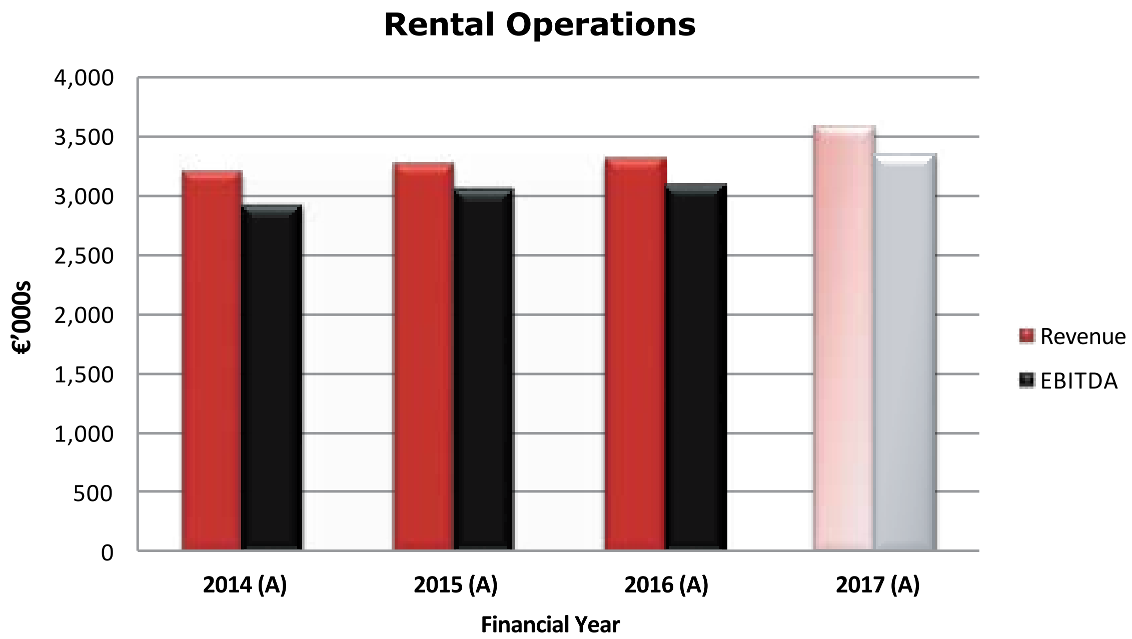
These projections have been based on the directors' expectations that the hotel continued to perform in a similar strong manner as it had in the previous years, supported by the increase in tourism projected by the World Travel & Tourism Council[7] and the substantial upgrades to the hotel. Furthermore, the country's EU Presidency in 2017 is attracting a substantial number of affluent tourists to Malta and this is expected to contribute not only to higher occupancy levels but also to an increase in the average room rates. Direct costs attributable to this segment are expected to increase in line with revenue and the assumed inflation rate of 2% p.a.

B. Rental Operations

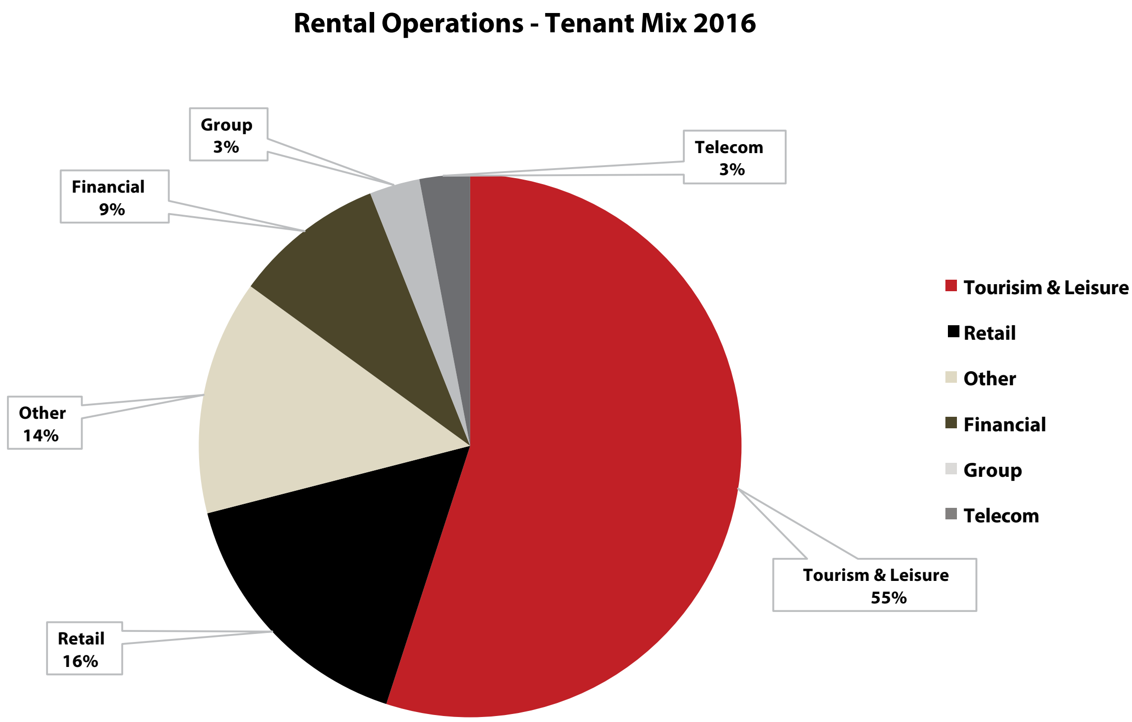
Rental operations consist of areas within the Business Tower and office spaces, the marina, the Lux Pavillion and other retail outlets, including a supermarket adjacent to the underground carpark. This segment operates on a very lean cost structure. In fact, EBITDA stands at over 90% of total segmental revenues.

Revenue from this segment increased marginally in FY2016 in view of the marginal increase in the avereage rental rate per square metre, but also because of an increase in rentable area (mainly related to additional storage areas at the periphery of Portomaso).

[7]Source: https://www.wttc.org/-/media/files/reports/economic-impact-research/countries-2017/malta2017.pdf



The tenant mix in this segment was a mix of tourism & leisure (occuping 55% of the rentable area in FY2016), financial sector (9%), retail (16%), telecoms (3%), Tumas group companies (3%) and the balance of 14% occupied by a mix of other tenants. The rentable area is practically fully-occupied.



Variances and Forecasts

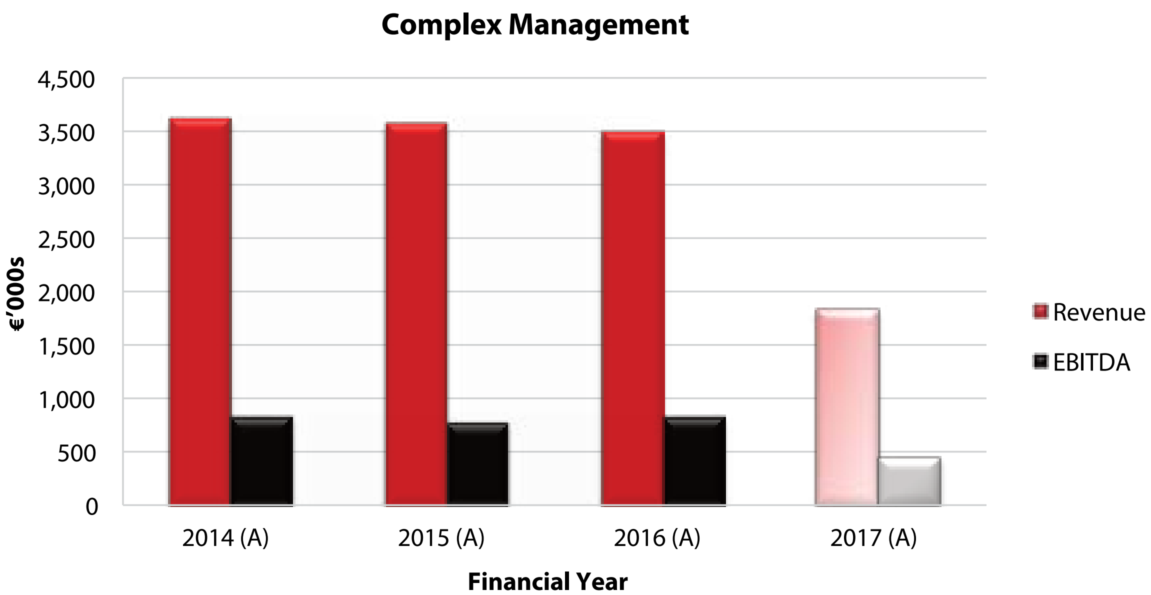
The increase in revenue did not match that envisaged in the forecasts presented by SDC last year, albeit the difference was marginal. The increase in rental income of 8.2% forecasted for FY2017 is driven by the rental increment provided for in the agreements and additional area being leased out within the complex which, for a certain period during FY2016, were not being rented out.

Rental Operations	2016 (A)	2016 (P)	Variances (% / p.p.)	2017 (F)	Comparison to 2016 (A) (% /p.p.)
Revenue	3,318	3,436	-3.4%	3,590	8.2%
EBITDA	3,094	3,150	-1.8%	3,351	8.3%
EBIDTA Margin	93.2%	91.7%	1.5 p.p.	93.3%	0.1 p.p.

The Group is planning on increasing the rentable area and to this effect has embarked on an extension adjacent to the Business Tower. Works have commenced, although it is not anticipated that these will be completed by the end of FY2017 and thus no revenue is recognised from the additional space that would ultimately be made available for rent.

C. Complex Management

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



Revenues were stable compared to previous years during FY2016, albeit translating in a higher EBITDA on the back of lower maintenance costs incurred during the year.

Variances and Forecasts

The forecasted figures for this segment were not met in FY2016, although in absolute figures, the variance was immaterial. In FY2017, the forecasts are based on a change in the third party servicing and billing system, and as such SDC will start being remunerated only by way of a management fee which is lower than that of the previous period.

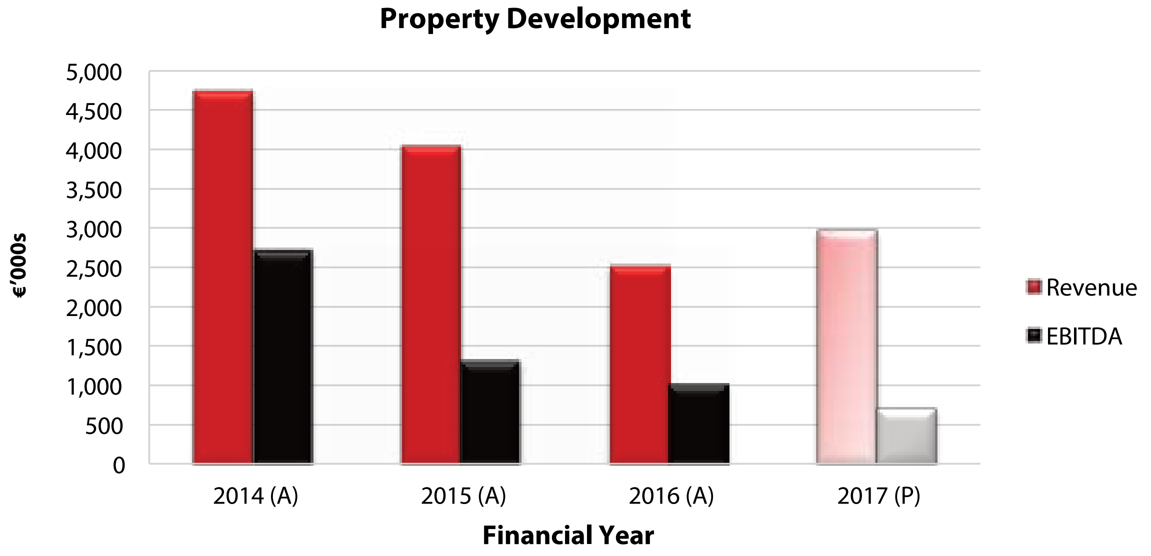
Complex Management	2016 (A)	2016 (P)	Variances (% / p.p.)	2017 (F)	Comparison to 2016 (A) (% /p.p.)
Revenue	3,503	3,772	-7.1%	1,832	-47.7%
EBITDA	923	940	-1.8%	445	-51.8%
EBIDTA Margin	26.4%	24.9%	1.5 p.p.	24.3%	-2.1 p.p.

D. Property Development

The property development segment generates revenues from apartment sales and its costs relate to the construction and development of new units earmarked for sale. As such, the financial performance of this segment is volatile given its dependency on the actual number of apartments available for sale, the timing of new developments and the timing of final contracts with buyers.

Property sales declined from €4.8 million in FY2014 to €2.5 million in FY2016, as the number of apartments available for sale, and their size, declined. As at the end of 2016, only 2 apartments were left available for sale from the Portomaso complex; another 3 were subject to a promise of sale.

EBITDA generated from this segment in FY2016 was €1 million, compared to €1.3 million in FY2015 and €2.7 million in FY2014.



The Laguna Project

The Laguna Project consists of the construction of 44 top-end, low-rise units spread across 8,500 square metres. The project commenced during FY2014 and so far SDC managed to conclude 40 promise of sale agreements. Cash flowing in from such sales is staggered in terms of the promise of sale agreements and will affect revenue once the final deed of sale is signed. SDC expects the bulk of such deliveries to take place between 2018 and 2019.

Variances and Forecasts

The forecasted revenue for this segment was not met in FY2016 as a direct result of the decrease in the remaining stock of apartments which, as at 31 December 2016 amounted to five apartments in the Portomaso complex (2 apartments available for sale and another 3 subject to a promise of sale). In FY2017, the forecasts are based on the assumption that SDC will sell the remaining apartments.

Property Development	2016 (A)	2016 (P)	Variances (% / p.p.)	2017 (F)	Comparison to 2016 (A) (% /p.p.)
Revenue	2,525	4,830	-47.7%	2,971	17.7%
EBITDA	1,014	1,860	-45.5%	706	-30.4%
EBIDTA Margin	40.2%	38.5%	1.7 p.p.	23.8%	-16.4 p.p.

6.3 Income Statement - Consolidated Analysis

for the year ended 31 December	**FY2014 (A) €'000**	**FY2015 (A) €'000**	**FY2016 (A) €'000**
Revenue	43,295	46,416	41,900
HAC	*31,701*	*35,507*	*32,554*
Property Development	*4,761*	*4,056*	*2,525*
Rental	*3,206*	*3,271*	*3,317*
Complex Mgmt	*3,627*	*3,581*	*3,503*
Cost of Sales	(21,095)	(22,592)	(19,615)
Gross Profit	**22,200**	**23,824**	**22,284**
Administrative Expenses	(6,960)	(7,897)	(7,202)
Other Income & Expenses	160	389	146
EBITDA	**15,400**	**16,316**	**15,227**
Depreciation	(5,145)	(5,117)	(5,825)
EBIT (Operating Profit)	**10,254**	**11,199**	**9,403**
Finance Income	245	228	255
Finance Costs	(4,158)	(3,758)	(3,568)
Profit before Tax	**6,342**	**7,669**	**6,091**
Tax Expense	(2,480)	(1,952)	(908)
Profit for the Year	**3,861**	**5,716**	**5,183**

Revenue generated from the four segments analysed above totalled €41.9 million in FY2016, down from €46.4 million in FY2015 and €43.3 million in FY2014. The lower revenue in FY2016 was attributable to the lower property sales during the year (due to the low stock of properties available for sale) and the 10-week period of closure of the hotel which resulted in a lower contribution to SDC's revenue. Gross profit for FY2016, at €22.2 million, was largely in line with that of FY2014, while the €23.8 million generated in FY2015 was attributable to improved performance in the HAO segment when compared to FY2014.

After deducting administrative expenses and adding ancillary net income, SDC generated €15.4 million in EBITDA in FY2014, €16.3 million in FY2015 and €15.2 million in FY2016. This represented an EBITDA margin across the three periods in excess of 35%. Net finance costs declined over the three year-period under review, through a combination of refinancing at lower rates and repayment of bank facilities that reduced the debt servicing costs of the company.

Profit before tax was €6.3 million in FY2014, €7.7 million in FY2015 and €6.1 million in FY2016. After deducting tax expenses, the net profit for the Guarantor went up from €3.9 million in FY2014, to €5.7 million in FY2015, down marginally to €5.2 million in FY2016. The FY2016 net profit was aided by a lower tax charge.

	Actual 2014	**Actual 2015**	**Actual 2016**
Gross Profit Margin (Gross Profit / Revenue)	51.3%	51.3%	53.2%
Net Profit Margin (Net Profit / Revenue)	8.9%	12.3%	12.4%
EBITDA Margin (EBITDA / Revenue)	35.6%	35.2%	36.3%
Interest Cover Ratio (EBITDA / Net Finance Cost)	3.94x	4.62x	4.60x
Net Debt / EBITDA	3.85x	2.86x	3.05x

SDC's margins were healthy and have improved over the period between FY2014 and FY2016. Similarly, the interest cover ratio advanced from 3.94 times to 4.6 times.

6.4 Statement of Financial Position

for the year ended 31 December	Actual FY2014 €'000	Actual FY2015 €'000	Actual FY2016 €'000
Assets			
Non-Current Assets			
Property, Plant & Equipment	74,616	105,000	108,391
Investment Property	15,794	12,992	13,735
Trade & Other Receivables	3,921	3,776	3,192
Total Non-Current Assets	**94,332**	**121,768**	**125,318**
Current Assets			
Inventories	15,052	18,832	21,780
Trade & Other Receivables	30,259	23,137	22,212
Current Tax Assets	-	237	332
Cash & Cash Equivalents	4,409	11,628	11,349
Total Current Assets	**49,719**	**53,835**	**55,674**
Total Assets	**144,051**	**175,603**	**180,992**
Equity & Liabilities			
Capital & Reserves			
Share Capital	13,653	13,653	13,653
Revaluation Reserve	19,028	51,599	51,378
Retained Earnings	17,327	12,966	16,356
Total Equity	**50,008**	**78,218**	**81,387**
Non-Current Liabilities			
Borrowings	59,604	57,079	54,085
Trade & Other Payables	2,295	2,467	211
Deferred Tax Liabilities	12,393	7,183	7,344
Total Non-Current Liabilities	**74,293**	**66,729**	**61,640**
Current Liabilities			
Borrowings	4,162	1,250	3,781
Trade & Other Payables	14,578	27,507	33,791
Current Taxation	1,010	1,899	393
Total Current Liabilities	**19,751**	**30,656**	**37,965**
Total Liabilities	**94,043**	**97,385**	**99,605**
Total Equity & Liabilities	**144,051**	**175,603**	**180,992**

Nearly 60% of SDC's total assets are represented by Property, Plant and Equipment (PPE), which essentially comprises the Hilton Hotel and ancillary assets. The total value of PPE went up from €74.6 million in FY2014 to €105.0 million in FY2015 principally as a result of a revaluation exercise. In FY2016, the increase of PPE to €108.4 million was the result of additions during the year, particularly in relation to the refurbishment undertaken.

Investment Property, recorded in the books of SDC at historic cost less accumulated depreciation, comprises leased out parts of the Business Tower and other retail and commercial outlets which are not occupied by SDC. The value of such property declined by €2.8 million to €13.0 million in FY2015 (FY2014: €15.8 million) reflecting the reclassification of a number of Laguna apartments having a carrying value of €2.0 million which were initially held for rental purposes but which were later reclassified as held for sale under inventories. The increase during FY2016 was the result of additions of €1.4 million relating, in the main, to foundation works on the new office block and structural and finishing works at Casino Portomaso. While the net book value of Investment Property showing in the books of the Guarantor at the end of FY2016 stood at €13.7 million, management reported that the fair open market value of the investment property portfolio had an estimated value of €34.4 million (FY2015: €34.2 million; FY2014: €35.2 million).

Inventory in SDC's books consists of the Halland site with a carrying value of €9.2 million; Laguna apartments held for resale and the remaining stock at Portomaso complex with a value of €10.5 million; with the balance made up of the *dominium directum* related to the Portomaso Complex recorded at cost and hotel and ancillary operations inventory.

Total trade and other receivables declined by €7.3 million, from €34.2 million in FY2014 to €26.9 million in FY2015 and to €25.4 million in FY2016. In the main, these consist of dues from other companies within the Tumas Group as SDC utilises any excess cash to lend to other companies within the Group on a short term basis. The decrease in receivables reflects both the lower level of dues by SDC's parent company and associated entities as well as an improvement in the Guarantor's trade debtor days.

The year-end net cash balance of SDC increased by €7.2 million to €11.6 million in FY2015 (FY2014: €4.4 million), reflecting deposit payments on account of Laguna Project promise of sale agreements entered into during the year and the Guarantor's overall improved performance throughout FY2015 and was €11.3 million at the end of FY2016.

On the liabilities side, total borrowings of SDC, both current and non-current (excluding the balance of the bank overdraft which is netted against cash and cash equivalents) decreased by nearly €6 million between FY2014 and FY2016, principally due to a repayment of the loan advanced by TI. Total trade and other payables advanced by €13.1 million in FY2015 and by a further €4.1 million in FY2016, largely reflecting the considerable increase in advance deposits in respect to promise of sale agreements of Laguna units that are yet to be recognised as revenue in the financial statements once delivery takes place.

	Actual 2014	Actual 2015	Actual 2016
Return on Assets (Profit before Tax / Total Assets)	4.40%	4.37%	3.37%
Return on Equity (Profit for the year / Total Equity)	7.72%	7.31%	6.37%
Return on Capital Employed (EBIT / Equity + Borrowings)	9.01%	8.20%	6.75%

Despite the overall improved profitability, the return on assets, equity and capital employed came in lower in both FY2015 and FY2016 when compared to the respective previous years, reflecting the notable increases in the value of total assets and equity of the Guarantor in the aforementioned periods.

Capitalisation and Indebtedness

SDC's net borrowings declined from €44.6 million in FY2014 to €38.3 million by the end of FY2016. As the Tumas Group seeks to minimise its overall finance costs, any excess funds available at SDC level and not immediately required are advanced to other subsidiaries in the form of short-term loans or overnight deposits, renewable at SDC's discretion depending on its commitments. This amount stood at €7.3 million by the end of FY2016 (FY2015: €5.9 million; FY2014: €14.6 million).

Reported equity increased from €50.0 million in FY2014 to €81.4 million in FY2016, reflecting the profit generated during FY2015 as well as the €32.6 million increase in Revaluation Reserves which in turn is derived from the €25.9 million uplift emanating from revaluation surplus on land (net of deferred tax) and a €6.8 million movement in deferred tax due to a change in tax rates on immovable property to the benefit of SDC (both in FY2015).

The Guarantor's gearing ratio, calculated as the level of net borrowings in relation to the company's reported equity plus borrowings, improved from 47.1% in FY2014 to 32% in FY2016, reflecting both the Guarantor's reduced level of borrowings as well as the significant increase in equity as a result of the revaluation exercise carried out by the Guarantor of its PPE and the retained profits generated over the period.

Gearing Structure

for the year ended 31 December	**Actual 2014 €'000**	**Actual 2015 €'000**	**Actual 2016 €'000**
Total Borrowings	63,934	58,723	58,290
Less Cash & Cash Equivalents	(4,577)	(12,022)	(11,773)
Less Group Treasury Funds	(14,601)	(5,888)	(7,317)
Less Advances to TI plc (for bond redemption fund)	(200)	(549)	(932)
Net Borrowings (A)	44,556	40,264	38,268
Reported Equity (B)	50,008	78,218	81,387
Gearing Ratio (A / A+B)	**47.12%**	**33.98%**	**31.98%**
FV Adjusted Equity (C)	65,356	97,256	100,026
Adjusted Gearing Ratio (A / A+C)	**40.54%**	**29.28%**	**27.67%**

While SDC recognises the value of investment property at cost in its balance sheet, in the notes to the financial statements it discloses the market value (based on directors' annual revision of active market prices). Calculating the gearing ratio on the basis of market value of investment property would result in an improved gearing ratio as highlighted in the table above (refer to Adjusted Gearing Ratio).

6.5 Statement of Cash Flows

for the year ended 31 December	**Actual FY2014 €'000**	**Actual FY2015 €'000**	**Actual FY2016 €'000**
Net cash generated from operating activities	8,595	29,577	13,847
Net cash generated used in investing activities	(1,347)	(5,706)	(11,648)
Net cash generated used in financing activities	(5,860)	(16,651)	(2,477)
Net movements 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**

In FY2016, SDC generated €13.8 million net cash from its operations, which is substantially lower than the €29.6 million generated in FY2015. The figures for FY2015 and, to a certain extent, those in FY2016, included substantial amounts of cash deposits for the Laguna Project.

On the other hand, net cash used in investing activities came in at €5.7 million in FY2015 as SDC continued to invest in the upkeep and upgrade of its assets, culminating in FY2016, at €11.6 million.

Furthermore, net cash used in financing activities increased to €16.7 million in FY2015 due to a one-time dividend payment of €11.2 million (FY2014: €2.2 million; FY2016: €2 million). The company also reduced its level of borrowings, paying a total of €5.6 million over the period under review.

6.6 Variances and Forecasts of the Guarantor

The actual results of the Issuer for the financial year ended 31 December 2016 varied from the forecasts presented in the FAS last updated on 28 June 2016.

Comparing the performance of the Guarantor in FY2016 to the forecasts issued in the FAS dated 28 June 2016, SDC reported improved profitability. This was achieved principally from the HAO segment which, although it was marginally lower in terms of revenue, the contribution to the net profit from this segment was superior than that forecasted in last year's FAS, offsetting the lower contribution from the property development segment.

The projections of the Guarantor for FY2017 are based on a number of assumptions as listed below, all of which are the sole responsibility of the Directors of the Guarantor:

1. Inflation rate of 2% per annum
2. The Hotel and Ancillary Operations
    - 2.1 Revenue per available room (RevPar) is assumed to increase by 17% in 2017. This increase is due to 2016 being effected by the 10-week period in which the hotel was closed for refurbishment, while FY2017 is expected to be impacted by Malta's EU Presidency;
    - 2.2 Direct costs and ancillary operations are expected to remain at the same current levels, increasing in line with revenues and the assumed inflation rate; and
    - 2.3 The extensive refurbishment project at the Hilton Hotel is expected to finish off this year and the company is expected to draw down €4 million of bank facilities to see this project through.
3. Rental income is expected to increase by 8.2% in FY2017 in view of additional areas leased out and incremental contracted.
4. Complex management operations – a change in the services billing system as referred to in earlier commentary
5. Property Development
    - 5.1 Sale of two apartments in FY2017 and another one will be subject to a promise of sale agreement;
    - 5.2 The Laguna Project, which commenced during 2014, has been sold with the exception of 4 of the 44 units. SDC assumes that one of these will be sold during FY2017. Costs incurred expected to be capitalised during the life of the project development. This project is being financed separately through bank borrowings already committed to.
6. Other Assumptions – Capital Expenditure:
    - 6.1 Furniture, Fixtures & Equipment – allocation of €1.8 million set aside for any recurring expenditure at the Hilton.
    - 6.2 €0.7 million p.a. will be provided for in relation to expenditure necessary for the upkeep of the Portomaso Business Tower.
    - 6.3 The finance costs for the new bond are being assumed at a lower rate than that paid on the maturing bond.
    - 6.4 €9.5 million is expected to be incurred during FY2017 for the Portomaso Office Block (adjacent to the Portomaso Business Tower).

Variances & Forecasts - Income Statement

for the year ended 31 December	Previous Forecast FY2016 €'000	Actual FY2016 €'000	Variance € '000	%	Forecast FY2017 €'000
Revenue	42,855	41,900	(955)	-2.2%	45,860
HAC	*31,103*	*32,554*	*1,451*	*4.7%*	*37,468*
Property Development	*4,830*	*2,525*	*(2,305)*	*-47.7%*	*2,971*
Rental	*3,436*	*3,317*	*(119)*	*-3.4%*	*3,590*
Complex Mgmt	*3,486*	*3,503*	*(17)*	*-0.5%*	*1,832*
Direct costs and administrative expenses	(28,338)	(26,671)	1,667	-5.9%	(29,062)
EBITDA	14,517	15,228	711	4.9%	16,798
Depreciation	(5,967)	(5,825)	142	-2.4%	(6,896)
EBIT	8,550	9,404	854	10.0%	9,902
Finance Income	125	255	130	104.3%	122
Finance Costs	(3,817)	(3,568)	249	-6.5%	(3,300)
Profit before Tax	4,858	6,091	1,233	25.4%	6,724
Tax Expense	(452)	(908)	(456)	100.9%	(2,261)
Profit for the Year	4,406	5,183	777	17.6%	4,463

SDC's performance during FY2016 was in the main in line with the projected income statement presented last year. Overall, total revenue was 2.2% less than that forecasted last year at €42.9 million. The material deviation from forecasts was negatively noted in the revenue generated from property development, but this was counterbalanced by the revenue generated from the HAO segment which superseded forecasts by 4.7%.

In line with the marginal reduction in revenue during the year, direct costs and administrative expenses have also decreased by 5.9% to €26.7 million when compared to that forecasted in the previous FAS. This has translated into an EBITDA of €15.2 million which is 4.9% higher than that envisaged last year.

A noteworthy variance between the forecasts published in the 2016 FAS and the actual figures for FY2016 was the tax expense of €0.91 million, of which €0.2 million represents the deferred tax charge for the year; €1.9 million in FY2015 (of which the deferred tax charge amounted to €0.3 million) and €2.5 million in FY2014 (of which the deferred tax charge amounts to €0.6 million).

In FY2017, SDC is forecasted to generate revenue of €45.9 million, which is 9.5% higher than that generated in FY2016, particularly due to the recent refurbishment of the Hilton hotel and the country's EU Presidency in 2017 which are expected to contribute to higher occupancy levels. On the contrary, lower revenues from the complex management segment are envisaged since SDC will not retain its wholesale margin on utilities. Overall, EBITDA is projected to increase from €15.2 million in FY2016 to €16.8 million in FY2017.

Direct costs and administrative expenses are expected to increase to €29.1 million in line with the increase in revenue. Profit before tax is expected to be €6.7 million, and after a tax charge of €2.3 million, SDC is expected to close FY2017 at a net profit of €4.5 million which is 13.9% lower than that generated in FY2016.

Variances & Forecasts - Statement of Financial Position

for the year ended 31 December	**Previous Forecast FY2016 €'000**	**Actual FY2016 €'000**	**Variance € '000**	*%*	**Forecast FY2017 €'000**
Assets					
Property, Plant & Equipment	*111,624*	*108,391*	*(3,233)*	*-2.9%*	*106,981*
Investment Property	*15,793*	*13,735*	*(2,058)*	*-13.0%*	*24,281*
Trade & Other Receivables	*4,276*	*3,192*	*(1,084)*	*-25.3%*	*3,192*
Total non-current assets	**131,693**	**125,318**	**(6,375)**	**-4.8%**	**134,454**
Current assets					
Inventories	26,644	21,780	(4,864)	-18.3%	29,506
Trade & Other Receivables	22,450	22,212	(238)	-1.1%	22,579
Current Tax Assets	237	332	95	40.1%	212
Cash & Cash Equivalents	9,480	11,349	1,869	19.7%	9,760
Total curent assets	**58,811**	**55,674**	**(3,137)**	**-5.3%**	**62,057**
Total assets	**190,504**	**180,992**	**(9,512)**	**-5.0%**	**196,511**
Equity & Liabilities					
Capital & Reserves					
Share Capital	13,653	13,653	(0)	n/a	13,653
Revaluation Reserve	51,600	51,378	(222)	-0.4%	51,197
Retained Earnings	15,159	16,356	1,197	7.9%	17,799
Total Equity	**80,412**	**81,387**	**975**	**1.2%**	**82,649**
Non-current liabilities					
Borrowings	69,423	54,085	(15,338)	-22.1%	63,568
Trade & Other Payables	5,998	211	(5,787)	-96.5%	211
Deferred Tax Liabilities	6,534	7,344	810	12.4%	7,429
Total non-current liabilities	**81,955**	**61,640**	**(20,315)**	**-24.8%**	**71,208**
Current liabilities					
Borrowings	2,750	3,781	1,031	37.5%	4,661
Trade & Other Payables	25,233	33,791	8,558	33.9%	37,248
Current Taxation	154	393	239	155.0%	746
Total current liabilities	**28,137**	**37,965**	**9,828**	**34.9%**	**42,655**
Total liabilities	**110,092**	**99,605**	**(10,487)**	**-9.5%**	**113,863**
Total Equity & Liabilities	**190,504**	**180,992**	**(9,512)**	**-5.0%**	**196,511**

SDC's asset base during FY2016 was in the main in line with the projected financial position presented last year. Trade and other receivables were 25.3% less than that forecasted last year at €4.3 million. In the main these comprise amounts due from customers for property sold or services performed and rendered in the ordinary course of the company's business. The decrease in receivables reflects both the lower level of dues by SDC's parent company and associated entities as well as an improvement in the Guarantor's trade debtor days.

The year-end net cash balance of SDC increased by €1.9 million to €11.3 million in FY2016 when compared with the projections presented in the 2016 FAS, reflecting deposit payments on account of Laguna Project promise of sale agreements entered into during the year and the Guarantor's overall improved performance throughout FY2016.

On the liabilities side, when compared with the projected financial position presented last year, total current trade and other payables increased by €8.6 million to €33.8 million in FY2016, largely reflecting the considerable increase in advance deposits in respect to promise of sale agreements of Laguna units that are yet to be recognised as revenue in the financial statements once delivery takes place.

The total asset base of SDC is projected to increase to €196.5 million in FY2017 (FY2016: €108.4 million) mainly due to the net depreciation charges, which are expected to reduce SDC's PPE from €108.4 million to €107 million.

Total liabilities are projected to increase from €99.6 million in FY2016 to €113.9 million in FY2017 as a result of the drawdown of the facilities raised to fund the Laguna apartments project, the Portomaso Office Block and the Hilton hotel refurbishment.

Shareholders' funds are projected to increase from €81.4 million in FY2016 to €82.6 million in FY2017 as a result of retained profits.

In FY2017, the return on assets, equity and capital employed are expected to be in the same levels or slightly lower when compared to the previous year, reflecting the expected lower profitability for the year.

Variances & Forecasts - Cash Flows Statement

for the year ended 31 December	Previous Forecast FY2016 €'000	Actual FY2016 €'000	Variance € '000	Variance %	Forecast FY2017 €'000
Assets					
Net cash generated from / (used in) operating activities	*(1,378)*	*13,847*	*15,225*	*-1104.9%*	*7,294*
Net cash generated from / (used in) investing activities	*(12,358)*	*(11,648)*	*710*	*-5.7%*	*(16,032)*
Net cash generated from / (used in) financing activities	*11,588*	*(2,477)*	*(14,065)*	*-121.4%*	*7,148*
Net movement in cash and cash equivalents	**(2,148)**	**(279)**	**1,869**	**-87.0%**	**(1,590)**
Cash and cash equivalents at beginning of year	*11,628*	*11,628*	*0*	*n/a*	*11,349*
Cash and cash equivalents at end of year	**9,480**	**11,349**	**1,869**	**19.7%**	**9,759**

In FY2016, the Issuer generated €13.8 million net cash from operating activities, which represented the most noteworthy variance when compared to the forecasts published in the 2016 FAS. This material increase was due to the fact that Hilton hotel and its ancillary operations (the car park, the marina and Twenty-Two wine lounge) fared better than anticipated, both in terms of revenue and EBITDA despite the 10-week period during which the hotel was completely shut down.

The variance in the net cash used in investing activities of the Issuer between the projections presented in the 2016 FAS and the actual figures for 2016 was minimal. On the other hand, net cash used from financing activities was of €2.5 million in FY2016, reflecting net cash used of €5 million in repayment of borrowings as well as a €4.6 million drawdown of bank loans.

In FY2017, the cash position of the Issuer is expected to remain at the same levels of FY2016. SDC's operations are projected to generate a net cash inflow from operations of €7.3 million by the end of FY2017 reflecting favourable results from the Hilton hotel and its ancillary operations as it is expected that this operating segment continues to perform in a similar strong manner as it had in the previous years, supported by the performance of the tourism industry and the substantial upgrades to the hotel. On the contrary, lower revenues from the complex management segment are envisaged on the back that SDC will not retain its wholesale margin on utilities. Net cash used in investing activities is forecasted to be €16 million while the Issuer's financing activities are expected to generate a net cash inflow of €7.1 million.

6.7 Related Party Transactions

All companies forming part of the Tumas Group are considered related parties in view of the common controlling party. Related party transactions are carried out at arm's length between TI and SDC, as well as transactions between SDC and other companies within the group.

As the Tumas Group aims to maximise the use of available funds within the group and minimise (external) financing costs, SDC regularly operates within the group treasury function and has arrangements with a number of fellow subsidiaries within the group whereby any excess funds available at SDC are transferred to subsidiaries of the group for overnight placements and other short-term periods. Furthermore, the Guarantor regularly enters into trading transactions with fellow subsidiaries and associates within Tumas Group in its normal course of business. Such transactions being conducted include rental charges, management fees, recharging of expenses and financing charges. Related parties also include foreign Hilton Hotels and related affiliates.

SDC retains the right, at all times, to call on these funds and have such balances transferred to its bank accounts as and when needed. Indeed, such treasury operations are covered by banking facilities or cash at the respective individual companies.

7. Comparatives

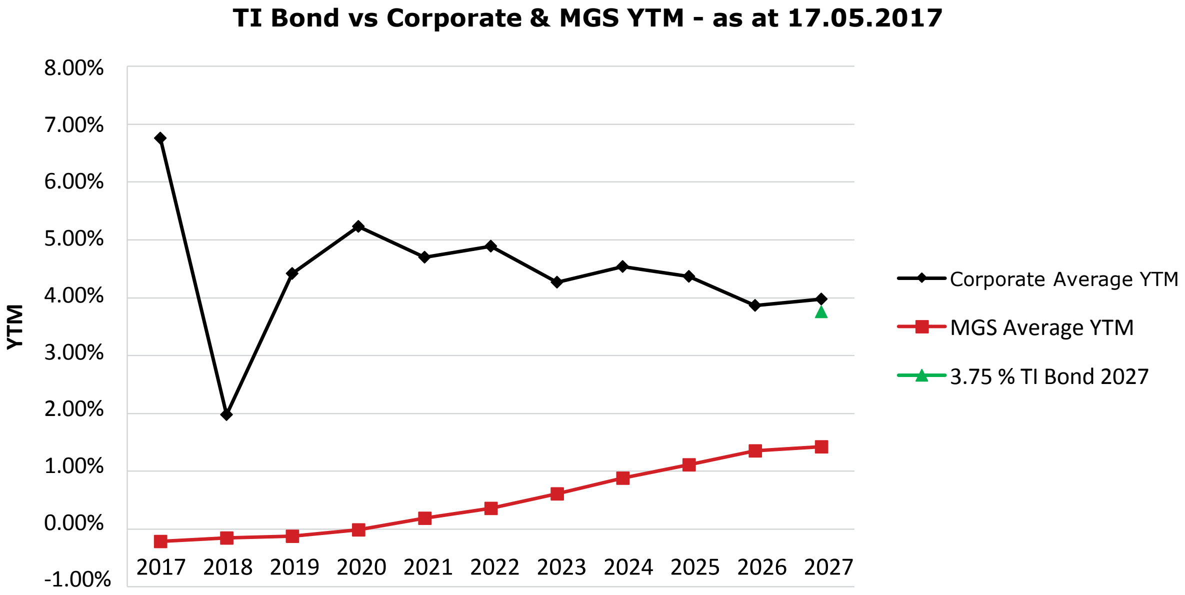
The table below compares SDC's financial metrics to those of other companies which have debt securities listed on the Malta Stock Exchange. It is to be noted, however, that there are significant differences in the business models of each of the listed companies being compared below and an exact match to the operations and business of the Issuer and Guarantor is not available. Thus, while the metrics below can be used as a gauge of SDC's financial strength against other issuers listed locally, they do not capture the quantitative factors such as the different business models of each issuer, their competitive position in the market, KPIs, etc.

Bond Details	Outstanding Amount (€)	Total Assets (€'000)	Total Equity (€'000)	Gearing Ratio* (%)	Interest Cover (times)	YTM (as at 17.05.2017) (%)
4.50% Medserv plc 2026 (EUR)	*21,982,400*	121,453	*26,408*	*64.00*	*2.24*	*4.26%*
4.25% Corinthia Finance plc 2026	*40,000,000*	*1,389,627*	*665,357*	*41.84*	*2.39*	*3.71%*
4.00% MIDI plc 2026	*50,000,000*	*203,780*	*67,359*	*40.34*	*0.59*	*3.74%*
4.00% IHI plc 2026 (Secured)	55,000,000	1,220,254	646,822	36.39	6.18	3.74%
3.90% Plaza Centres plc 2026	8,500,000	43,424	26,180	32.24	9.38	3.52%
5.00% Dizz Finance plc 2026	8,000,000	17,039	4,662	63.85	3.15	4.27%
4.80% Med. Maritime Hub Finance plc 2026	15,000,000	22,931	4,463	60.09	n/a	4.35%
3.75% Premier Capital plc 2026	65,000,000	193,351	41,630	58.76	7.44	3.50%
4.00% IHI plc 2026 (Unsecured)	40,000,000	1,220,254	646,822	36.39	6.18	3.75%
4.00% Eden Finance plc 2027	40,000,000	165,496	92,620	34.60	3.98	3.74%
3.75% TUMAS INVESTMENTS PLC 2027	**25,000,000**	**180,992**	**81,387**	**31.98**	**4.60**	**3.75%**

**Gearing: Net borrowings / [Net borrowings + Equity]*
Source: Yield to Maturity from rizzofarrugia.com, based on bond prices of 17 May 2017. Ratio workings and financial information quoted have been based on the issuer's published financial data, including:

- *Medserv plc FY2016 annual report;*
- *Corinthia Finance plc - figures based on the Guarantor (Corinthia Palace Hotel Company Limited) FY2016 annual report;*
- *MIDI plc FY2016 annual report;*
- *IHI plc FY2016 annual report;*
- *Plaza Centres plc FY2016 annual report;*
- *Dizz Finance plc FY2016 - figures based on the Guarantor (Dizz Group of Companies Limited) FY2016 annual report;*
- *Med. Maritime Hub plc - figures based on the Guarantor (MMH Holdings Limited) FY2016 annual report;*
- *Premier Capital plc FY2016 annual report;*
- *Eden Finance plc – figures based on the Guarantor (Eden Leisure Group Limited) FY2016 annual report;*
- *Tumas Investments plc – figures based on the Guarantor (Spinola Development Company Limited) FY2016 annual report.*

The chart below shows the average yield to maturity of the new Tumas Bond 2027 compared to other corporate bonds listed on the Malta Stock Exchange and benchmarked against the Malta Government Stock yield curve as at 17 May 2017.



At a coupon of 3.75%, the Tumas Bond 2027 is priced at a premium of just over 230 basis points over MGS maturing in 2027.

Glossary

INCOME STATEMENT EXPLANATORY DEFINITIONS

Revenue	Total revenue generated by the company from its business activity during the financial year.
Cost of Sales	The costs incurred in direct relation to the operations of the Issuer or Guarantor
Gross Profit	The difference between Revenue and Cost of Sales.
EBITDA	Earnings before interest, tax, depreciation and amortization, reflecting the company's earnings purely from operations.
Depreciation and Amortization	An accounting charge to compensate for the reduction in the value of assets and the eventual cost to replace the asset when fully depreciated.
Finance Income	Interest earned on cash bank balances and from the intra-group companies on loans advanced.
Finance Costs	Interest accrued on debt obligations.
Net Profit	The profit generated in one financial year.

CASH FLOW STATEMENT EXPLANATORY DEFINITIONS

Cash Flow from Operating Activities	The cash used or generated from the company's business activities.
Cash Flow from Investing Activities	The cash used or generated from the company's investments in new entities and acquisitions, or from the disposal of fixed assets.
Cash Flow from Financing Activities	The cash used or generated from financing activities including new borrowings, interest payments, repayment of borrowings and dividend payments.

BALANCE SHEET STATEMENT EXPLANATORY DEFINITIONS

Assets	What the company owns which can be further classified in Current and Non-Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Liabilities	What the company owes, which can be further classified in Current and Non-Current Liabilities.
Current Liabilities	Obligations which are due within one financial year.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Equity	Equity is calculated as assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.

ANNEX B

THE GUARANTEE

SPINOLA DEVELOPMENT COMPANY LIMITED - C 331

(the “**Guarantor**”)

To All Bondholders:

Reference is made to the issue of €25,000,000 3.75% unsecured bonds due 2027 (the “**Bonds**”) by TUMAS INVESTMENTS PLC [C 27296] (the “**Issuer**”) pursuant to and subject to the Terms and Conditions contained in a prospectus to be dated 29 May 2017 (the “**Prospectus**”).

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

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

Signed and executed on this the 17 day of May 2017, after approval of the board of directors of Spinola Development Company Limited.

NATURE, SCOPE AND TERMS OF THE GUARANTEE

1. Nature of the Guarantee

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

2. Scope of the Guarantee

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

3. Information about the Guarantor

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

4. Terms of the Guarantee

4.1 Guarantee

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

4.2 Continuing obligations

The obligations under this Guarantee being given by the Guarantor are continuing obligations and will remain in full force and effect until no sum remains payable to any Bondholder pursuant to the issue of the Bonds.

4.3 Repayment to the Issuer

If any payment received by a Bondholder is, on subsequent liquidation or insolvency of the Issuer, avoided under any laws relating to liquidation or insolvency, such payment will not be considered as having discharged or diminished the liability of the Guarantor, and this Guarantee will continue to apply as if such payment had at all times remained owing by the Issuer.

4.4 Indemnity

As a separate and alternative stipulation, the Guarantor unconditionally and irrevocably agrees that any sum expressed to be payable by the Issuer pursuant to the terms of the Bonds but which is for any reason (whether or not now known or becoming known to the Issuer, the Guarantor or any Bondholder) not recoverable from the Guarantor, will nevertheless be recoverable from it as if it were the sole principal debtor and will be paid by it to the Bondholder on demand. This indemnity constitutes a separate and independent obligation from the other obligations in this Guarantee, gives rise to a separate and independent obligation from the other obligations in this Guarantee and gives rise to a separate and independent cause of action.

4.5 Status of Guarantee

The obligation of the Guarantor under this Guarantee constitutes a general, direct, unconditional and unsecured obligation of the Guarantor and ranks equally with all its other existing and future unsecured obligations, except for any debts for the time being preferred by law.

4.6 Power to execute

The Guarantor hereby warrants and represents to each Bondholder that it has all corporate power, and has taken all necessary corporate or other steps, to enable it to execute, deliver and perform this Guarantee, and that this Guarantee constitutes the legal, valid and binding obligations of the Guarantor.

4.7 Deposit and production of the Guarantee

The instrument creating this Guarantee shall be deposited with and held by the Issuer at its registered address. Until such time as all obligations of the Guarantor hereunder have been discharged in full, every Bondholder shall have the right to obtain a copy thereof.

4.8 Subrogation

Until all amounts which may be payable under the terms of the Bonds have been irrevocably paid in full, the Guarantor shall not by virtue of this Guarantee be subrogated to any rights of any Bondholder or claim in competition with the Bondholders against the Issuer.

4.9 Governing law and jurisdiction

This Guarantee is governed by and shall be construed in accordance with Maltese law, and any disputes which may arise out of or in connection with this Guarantee are to be settled exclusively by the Courts of Malta.

____
Raymond Fenech – Director
for and on behalf of
Spinola Development Company Limited

____
Emanuel Fenech - Director
for and on behalf of
Spinola Development Company Limited

____
Yorgen Fenech – Director
for and on behalf of
Spinola Development Company Limited

ANNEX C - SPECIMEN APPLICATION FORM

TUMAS INVESTMENTS plc

TUMAS INVESTMENTS PLC
€25,000,000 3.75% UNSECURED BONDS 2027
APPLICATION FORM
MATURING BONDHOLDERS

Please read the notes overleaf before completing this Application Form. **Mark 'X' where applicable.**

A APPLICANT *(See note 4)*

☐ Please register me for e-portfolio	TEL. NO.	MOBILE NO. (Mandatory for e-portfolio registration)

This Application Form is not transferable and entitles you to a preferential treatment as holder of 6.2% Tumas Investments plc 2017/2020 (the "**Maturing Bonds**") and is to be submitted as a method of payment where the Applicant selects to apply for the 3.75% Tumas Investments plc Unsecured Bonds 2027 (the "**Bonds**") so as to transfer to the Issuer all or part of the holding in the Exchangeable Bond held by the Applicant as at the **Cut-Off Date**, the nominal value of which is set out in Box 1 of Panel B hereunder. By submitting this signed Application Form, Maturing Bondholders shall be deemed to:

i. cause the transfer of the said Maturing Bonds in the Issuer's name in consideration of the issue of Bonds; and
ii. engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said Maturing Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant.

B I/WE APPLY TO PURCHASE AND/OR ACQUIRE *(See notes 2 & 6)*

BOX 1 - Nominal Value of Maturing Bonds

BOX 2 - I/We wish to purchase and acquire the amount set out in Box 2 in Bonds at the Bond Issue Price (at par) pursuant to the Prospectus dated 29 May 2017 (minimum €2,000 and in multiples of €100 thereafter).

AMOUNT IN FIGURES **Box 1** €

AMOUNT IN WORDS

AMOUNT IN FIGURES **Box 2** €

BOX 3 - Amount of Bonds applied for less the nominal holding in Maturing Bonds payable in full upon application under the Terms and Conditions of the Bond Issue set out in the Prospectus.

AMOUNT IN FIGURES **Box 3**
Difference payable on Application
Box 2 - Box 1
€

C RESIDENT - WITHHOLDING TAX DECLARATION *(See notes 7 & 8a)* (to be completed ONLY if the Applicant is a Resident of Malta)

☐ I/We elect to have final withholding tax deducted from my/our interest.

☐ I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).

D NON-RESIDENT - DECLARATION FOR TAX PURPOSES *(See notes 3, 8 & 8a)* (to be completed ONLY if the Applicant is a Non-Resident)

TAX COUNTRY	CITY OF BIRTH	
T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH	
PASSPORT/NATIONAL I.D. CARD NUMBER	COUNTRY OF ISSUE	ISSUE DATE

☐ I/We am/are **NOT** Resident in Malta but I/we am/are Resident in the European Union.

☐ I/We am/are **NOT** Resident in Malta and I/we am/are **NOT** Resident in the European Union.

E INTEREST, REFUND & REDEMPTION MANDATE *(See note 9)* Completion of this Panel is **MANDATORY**

BANK	IBAN

I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds (as contained therein) which I/we fully accept.

Signature/s of Applicant/s

Date

(Parent/s or legal guardian/s are/is to sign if Applicant is a minor)
(All parties are to sign in the case of a joint Application)
(Bare owner/s and usufructuary/ies to sign in the case of holdings of Maturing Bonds that are subject to usufruct)

AUTHORISED INTERMEDIARY'S STAMP	AUTHORISED INTERMEDIARY'S CODE	APPLICATION NUMBER

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 29 May 2017 regulating the Bond Issue

1. This Application is governed by the Terms and Conditions of the Bond Issue contained in Section 8 of the Securities Note dated 29 May 2017 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.

2. This Application Form is to be completed in BLOCK LETTERS.

3. Applicants who are Non-Residents in Malta for tax purposes must complete Panel D overleaf.

4. The MSE account number pertaining to the Applicant has been pre-printed in Panel A and reflects the MSE account number on the Issuer's Register at the CSD as at 26 May 2017 (trading session of the 24 May 2017). **APPLICANTS ARE TO NOTE THAT ANY BONDS ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.**

   Upon submission of an Application Form, Bondholders who opt to have an online e-portfolio facility (by marking the relative box in Panel A), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on *https://eportfolio.borzamalta.com.mt/*. Further detail on the e-portfolio may be found on *https://eportfolio.borzamalta.com.mt/Help*.

5. In the case where a Maturing Bondholder is a body corporate, Application Forms must be signed by duly authorised representative/s indicating the capacity in which they are signing.

6. The amount set out in Box 2 of Panel B overleaf must be in multiples of €100. The Issuer will be giving preference to Applications made by Maturing Bondholders up to their full amount held as at the Cut-Off Date, subject to a minimum application of €2,000.

   Where the Applicant wishes to acquire a number of Bonds having an aggregate value which exceeds the nominal value of the number of Maturing Bonds set out in Box 1 of Panel B, the Applicant may do so by including such higher amount in Box 2 in Panel B. In such case, the Applicant must ensure that the relative Application Form is accompanied by payment of the difference between the full price of the amount of Bonds applied for and the nominal value of Maturing Bonds being transferred. Payment of the amount representing such difference, which is to be inserted in Box 3 of Panel B overleaf, **must be made in Euro in cleared funds to "The Registrar - Tumas Investments plc Bond Issue 2017".** In the event that the cheque accompanying an Application Form is not honoured on the first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.

7. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as residents in Malta. In such a case, the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case, such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will then be obliged to declare interest so received in the tax return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a Prescribed Fund will have final withholding tax (currently 10%) deducted from interest payments.

   In terms of Section 7.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of Article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), interest shall be paid to such person net of final withholding tax (currently 15%) of the gross amount of interest, pursuant to Article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta).

8. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation. The automatic exchange of information, namely details of certain financial account information in respect of account holders, and in some cases, beneficial holders thereof, extends also to jurisdictions that are not EU Member States (participating jurisdictions) with which there is a relevant arrangement in place.

8a. The contents of Notes 7 and 8 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisors in case of doubt.

9. Should any Application not be accepted, or be accepted for fewer Bonds than those applied for, the monies of the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in Panel E. Interest or redemption proceeds will be credited to the account designated in Panel E or as otherwise amended by the Bondholder/s during the term of the Bond.

10. Completed Application Forms are to be delivered to any of the Authorised Intermediaries listed in Annex D of the Securities Note during normal office hours by not later than 12:00 hrs on 21 June 2017. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not being received by the closing date indicated above. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of Application as contained in the Prospectus. Any Applications received by the Registrar after 12:00 hrs on 21 June 2017 will not be accepted.

11. By completing and delivering an Application Form you (as the Applicant/s) acknowledge that:
    a. the Issuer may process the personal data that you may provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta);
    b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
    c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer.
    Any such requests must be made in writing and addressed to the CSD at the Malta Stock Exchange, which request must be signed by yourself, as the Applicant to whom the personal data relates.

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

ANNEX D – LIST OF AUTHORISED INTERMEDIARIES

Name	Address	Telephone
APS Bank Ltd	APS Centre, Tower Road, Birkirkara BKR 4012	25603000
Bank of Valletta plc	BOV Centre, Cannon Road, St Venera SVR 9030	22751732
Calamatta Cuschieri Investment Services Ltd	Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034	25688130
Charts Investment Management Service Ltd	Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913	21224106
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta’ Xbiex XBX 1102	21347331
Financial Planning Services Ltd	4, Marina Court No. 1, G. Calì Street, Ta’ Xbiex XBX 1421	21344244
FINCO Treasury Management Ltd	Level 5, The Mall Complex, The Mall, Floriana FRN 1470	21220002
GlobalCapital Financial Management Ltd	Testaferrata Street, Ta’Xbiex XBX 1403	21342342
Hogg Capital Investments Ltd	Ferris Building, Level 4, 1, St Luke’s Road, Gwardamangia, Pieta PTA 1020	21322872
Jesmond Mizzi Financial Advisors Ltd	67/3, South Street, Valletta VLT 1105	23265696
Lombard Bank Malta plc	67, Republic Street, Valletta VLT 1117	25581806
Mediterranean Bank plc	10, St Barbara Bastion, Valletta VLT 1961	25574860
Mercieca Financial Investment Services Ltd.	‘Mercieca’ John F. Kennedy Square Victoria, Gozo	21553892
MFSP Financial Management Ltd	220, Immaculate Conception Street Msida, MSD 1838	21332200
Michael Grech Financial Investment Services Ltd	The Brokerage, Level 0 A, St Marta Street, Victoria, Gozo VCT 2550	21554492
MZ Investment Services Ltd	55, MZ House, St Rita Street, Rabat RBT 1523	21453739
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Third Floor, High Street, Sliema SLM 1549	22583000