

REGISTRATION DOCUMENT

dated 27 March 2017

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

by



**A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA
WITH COMPANY REGISTRATION NUMBER C 79193**

with the joint and several Guarantee*

of

**SD HOLDINGS LIMITED
A PRIVATE LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF MALTA
WITH COMPANY REGISTRATION NUMBER C 40318**

*Prospective investors are to refer to the Guarantee contained in Annex III of the Securities Note and section 1 of this Registration Document for a description of the Guarantee. Reference should also be made to the sections entitled "Risk Factors" contained in this Registration Document and the Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the Guarantee provided by the Guarantor.

Sponsor



Manager & Registrar



Legal Counsel



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APPROVED BY THE DIRECTORS

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Silvio Debono

Handwritten signature of Arthur Gauci in blue ink.

Arthur Gauci

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Stephen Muscat

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Philip Micallef

Handwritten signature of Robert Debono in blue ink.

Robert Debono

IMPORTANT INFORMATION

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

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

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS 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 THE PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES: BY ANY PERSON IN ANY JURISDICTION IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED, OR IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION.

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

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

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

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

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

ALL THE ADVISORS TO THE ISSUER AND THE GUARANTOR NAMED IN THE REGISTRATION DOCUMENT UNDER THE SUB-HEADING "ADVISORS TO THE ISSUER AND THE GUARANTOR" IN SECTION 3.2 OF THIS REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR IN RELATION TO THIS PUBLIC OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

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

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

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1. DEFINITIONS

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

Act	the Companies Act (Cap. 386 of the Laws of Malta);
Associated Company	means an associated undertaking (as defined in article 2 of the Act) of the Parent, and the term 'Associated Companies' shall collectively refer to all associated undertakings of the Parent;
Bond(s)	the €65,000,000 bonds of a nominal value of €100 per bond redeemable at their nominal value on the Redemption Date bearing interest at the rate of 4.35% per annum;
Bondholder	a holder of the Bonds;
Bond Issue	the issue of the Bonds;
db Group or Group	the Parent and its direct or indirect Subsidiaries;
db Group Company	any one of the companies forming part of the db Group;
Directors or Board	the directors of the Issuer or of the Guarantor, as the case may be, whose names are set out in section 3 of this Registration Document under the heading "Identity of Directors, Senior Management, Advisors and Auditors of the Issuer and the Guarantor";
EBITDA	an abbreviation used for earnings before interest, tax, depreciation and amortisation;
Environment and Resources Authority	the Environment and Resources Authority established in terms of the Environment Protection Act (Cap. 549 of the Laws of Malta);
Euro or €	the lawful currency of the Republic of Malta;
GOPAR	the total revenue of the hotel less expenses incurred earning that revenue, divided by the available rooms;
Guarantee	the joint and several suretyship of the Guarantor undertaking to guarantee the due and punctual performance of all the obligations undertaken by the Issuer under the Bonds, and, without prejudice to the generality of the foregoing, to pay all amounts of principal and interest which have become due and payable to any Bondholder within 60 days from the date such amount falls due and remains unpaid by the Issuer. A copy of the Guarantee and a description of the nature, scope and terms of the Guarantee are appended to the Securities Note as Annex III thereof;
Guarantor or Parent	SD Holdings Limited, a private limited liability company registered in Malta with company number C 40318, having its registered office at Seabank Hotel, Marfa Road, Ghadira, Mellieha MLH 9064, Malta;
Issuer or Company	SD Finance p.l.c., a public limited liability company registered in Malta with company number C 79193 having its registered office at Seabank Hotel, Marfa Road, Ghadira, Mellieha MLH 9064, Malta;
Listing Authority	the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act (Cap. 345 of the Laws of Malta) by virtue of Legal Notice 1 of 2003;
Listing Rules	the listing rules of the Listing Authority;
Malta Stock Exchange or MSE	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the Laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Memorandum and Articles of Association	the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus;
MFSA	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta);
Planning Authority	means the Planning Authority established in terms of the Development Planning Act (Cap. 552 of the Laws of Malta);
Prospectus	collectively, the Registration Document, the Securities Note and the Summary Note;
Redemption Date	25 April 2027;
Registration Document	this document in its entirety;

Regulation	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of the prospectus and dissemination of advertisements;
Securities Note	the securities note issued by the Issuer dated 27 March 2017, forming part of the Prospectus;
Subsidiary	means an entity over which the Parent has control. In terms of the International Financial Reporting Standards adopted by the European Union, a group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The term ' Subsidiaries ' shall collectively refer to the said entities;
Summary Note	the summary note issued by the Issuer dated 27 March 2017, forming part of the Prospectus.

2. RISK FACTORS

PROSPECTIVE INVESTORS SHOULD, WITH THEIR OWN INDEPENDENT AND OTHER PROFESSIONAL ADVISORS, MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER AND THE BONDS.

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

SOME OF THE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS A VIEW ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

IF ANY OF THE RISKS DESCRIBED HEREUNDER WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER'S AND/OR GUARANTOR'S FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE AND ON THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE BONDS AND/OR ON THE ABILITY OF THE GUARANTOR TO FULFIL ITS OBLIGATIONS UNDER THE GUARANTEE. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS OF THE ISSUER, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER AND/OR GUARANTOR FACES. CONSEQUENTLY, ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY HAVE A SERIOUS EFFECT ON THE ISSUER'S AND/OR GUARANTOR'S FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE AND ON THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE BONDS AND/OR ON THE ABILITY OF THE GUARANTOR TO FULFIL ITS OBLIGATIONS UNDER THE GUARANTEE. IN ADDITION, PROSPECTIVE INVESTORS OUGHT TO BE AWARE THAT RISK MAY BE AMPLIFIED DUE TO A COMBINATION OF RISK FACTORS.

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

SECTION 2.1 BELOW SETS OUT RISKS COMMON TO THE ISSUER AND GUARANTOR WHICH ARE CONSIDERED INTRINSIC IN FORWARD-LOOKING STATEMENTS SUCH AS THOSE CONTAINED IN VARIOUS PARTS OF THE PROSPECTUS. SECTIONS 2.2 TO 2.7 BELOW ARE CONSIDERED TO BE RISKS ASSOCIATED WITH THE GROUP, OF WHICH THE GUARANTOR IS THE PARENT COMPANY, AND ACCORDINGLY SUCH RISKS ARE ALL ULTIMATELY RISKS PERTAINING TO THE GUARANTOR ITSELF. SECTION 2.8 BELOW SETS OUT RISKS SPECIFIC TO THE ISSUER.

2.1 FORWARD LOOKING STATEMENTS

The Prospectus and the documents incorporated therein by reference or annexed thereto contain forward-looking statements that include, among others, statements concerning the Issuer's strategies and plans relating to the attainment of its objectives, capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts and which may involve predictions of future circumstances. Investors can generally identify forward-looking statements by the use of terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", or similar phrases. These forward-looking statements are inherently subject to a number of risks, uncertainties and assumptions. Important factors that could cause actual results to differ materially from the expectations of the Issuer's Directors include those risks identified under the heading "Risk Factors" and elsewhere in the Prospectus.

As indicated above, if any of the risks described were to materialise, they could have a serious effect on the Issuer's and/or Guarantor's financial condition, operational performance and on the ability of the Issuer to fulfil its obligations under the Bonds to be issued and/or on the ability of the Guarantor to fulfil its obligations under the Guarantee. Accordingly, the Issuer cautions the reader that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ from those expressed or implied by such statements, and no assurance is given that the future results or expectations will be achieved.

All forward-looking statements contained in this Registration Document are made only as at the date hereof. The Issuer and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

2.2 RISKS RELATING TO THE DB GROUP AND ITS BUSINESS

2.2.1 Exposure to general economic conditions

The Group is highly susceptible to the economic trends that may from time to time be felt in Malta and internationally, including fluctuations in consumer demand, financial market volatility, inflation, the property market, interest rates, exchange rates, direct and indirect taxation, wage rates, utility costs, government spending and budget priorities and other general market, economic and social factors. Any future expansion of the Group's operations into other markets would further increase its susceptibility to adverse economic developments and trends affecting such other markets.

Negative economic factors impacting both local and foreign markets, particularly those having an effect on consumer demand, could have a material impact on the business of the Group generally, and may adversely affect revenues and results of operations and the ability of the Issuer to meet its obligations under the Bonds.

2.2.2 Level of interest rates

Interest rate risk refers to the potential changes in the value of financial assets and liabilities in response to changes in the level of interest rates and their impact on cash flows. The Group may be exposed to the risks associated with the effects of fluctuations in the prevailing levels of the market interest rates on its financing position and cash flows.

2.2.3 Key senior personnel and management have been and remain material to its growth

The Group believes that its growth is partially attributable to the efforts and abilities of the members of its executive management team and other key personnel. If one or more of these persons were unable or unwilling to continue in their present position, the Group might not be able to replace them within the short term, which could have a material adverse effect on the Group's business, financial condition and results of operations. Although no single person is solely instrumental in fulfilling the Group's business objectives, there is no guarantee that these objectives will be achieved to the degree expected following the loss of key personnel.

2.2.4 The db Group's insurance policies

Historically, the db Group has maintained insurance at levels determined by the Group to be appropriate in light of the cost of cover and the risk profiles of the business in which db Group operates. With respect to losses for which the Group is covered by its policies, it may be difficult and may take time to recover such losses from insurers.

In addition, the Group may not be able to recover the full loss incurred from the insurer. No assurance can be given that the Group's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates.

2.2.5 Risk of litigation

Since the db Group operates in industries which involve the continuous provision of goods and services to customers and consumers, and such operations necessarily require continuous interaction with suppliers, employees, franchisors and regulatory authorities, the Group is exposed to the risk of litigation from its customers, actual and potential partners, suppliers, employees, regulatory authorities and/or franchisors. Although as stated in section 11 under the heading "Litigation", so far as the Directors are aware the Group is not involved in any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this Registration Document, a significant effect on db Group's financial condition or operational performance, no assurance can be given that disputes which could have such effect would not arise in the future.

2.2.6 Risks relating to disputes/investigations

In recent weeks certain allegations have been reported in the Maltese press in relation to the activities of certain Group companies. The continued existence of these allegations will result in the Group deploying management resources to defend itself against such allegations, and could result in various legal actions (of a criminal, civil and, or administrative nature) being taken against member companies of the Group and possibly even against individuals personally. In particular, these allegations could lead to civil actions being brought before the Civil Courts of Malta and to criminal action being taken for any alleged breach of criminal laws in Malta. Such actions, if they were to occur, could adversely affect the financial position and financial prospects of the Group. Furthermore, exposure to litigation or to fines imposed by regulatory authorities would adversely affect the Group's reputation.

2.2.7 Risks of integration and operation of acquired businesses

The integration and operation of businesses or additional franchises that may be acquired in the future may disrupt db Group's business and create additional expenses, and db Group may not achieve the anticipated benefits of any such acquisitions and expansion.

Integration of an acquired business or additional franchise involves numerous challenges and risks, including assimilation of operations of the acquired business and difficulties in the convergence of IT systems, the diversion of management's attention from other business concerns, risks of entering markets in which db Group have had no or only limited direct experience, assumption of unknown or unquantifiable liabilities, the potential loss of key personnel and/or clients, difficulties in completing strategic initiatives already underway in the acquired companies, and unfamiliarity with partners and clients of the acquired company, each of which could have a material adverse effect on the Group's business, results of operations and financial condition.

The success of integration of acquired businesses or additional franchises typically assumes certain synergies and other benefits. There is no assurance that these risks or other unforeseen factors will not offset the intended benefits of the acquisitions or expansion, in whole or in part.

2.2.8 Reliance on non-proprietary software systems and third-party IT providers

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

2.2.9 Growth strategy

The Group's growth plans envisage the continued optimisation of the Group's operations, with a business strategy that looks to enhance the Group's mainstream business, with a primary focus on expansion in the hotel and leisure industries locally and, potentially, overseas.

There is a risk that db Group may not be able to execute its long-term business strategy. There is no assurance that the Group will be able to drive growth to the extent desired through its focus of efforts and resources on its sales or to enhance profitability to the extent desired through continuous improvement. Further, the Group's theoretical growth projections may, in practice, and potentially for reasons over which it has little or no control, such as those described in section 2.2.1 of this Registration Document, be considerably slower or quicker than anticipated, in turn disrupting the Group's envisioned strategy and consequently the results of its operations.

2.2.10 The Group's indebtedness

The Group has a material amount of debt and may incur additional debt in connection with its future growth.

Borrowings under bank credit facilities are or may be at variable interest rates, which would render the Group vulnerable to increases in interest rates. The financing agreements regulating the Group's bank debt impose and are likely to impose, significant operating restrictions and financial covenants on the Group. These restrictions and covenants could limit the Group's ability to obtain future financing, fund capital expenditure, withstand a future downturn in business or economic conditions generally or otherwise inhibit the ability to conduct necessary corporate activities.

In the event that db Group's generated cash flow were to be required to make principal and interest payments on any existing or prospective debt, this could give rise to a reduction in the amount of cash available for distribution by the Group, which would otherwise be available for funding of the Group's working capital, capital expenditure, development costs, and other general corporate costs, or for the distribution of dividends.

The Parent is, and may in certain cases be, required to provide guarantees for debts contracted by its Subsidiaries. Defaults under financing agreements could lead to the enforcement of security over property, where applicable, and/or cross-defaults under other financing agreements.

2.2.11 Operating expenses

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

In addition, db Group's operating and other expenses could increase without a corresponding increase in turnover or revenue. The factors which could materially increase operating and other expenses include:

- increases in the rate of inflation;
- increases in payroll expenses;
- increases in property taxes and other statutory charges;
- Changes in laws, regulations or government policies;
- increases in insurance premiums;
- unforeseen increases in the costs of maintaining properties; and
- unforeseen capital expenditure.

Such increases could have a material adverse effect on the Group's financial position and its ability to make distributions to its shareholders.

2.2.12 Financing strategy

The Group may not be able to secure sufficient financing for its future operations and investments. No assurance can be given that sufficient financing will be available on commercially reasonable terms or within the timeframes required by the Group. Failure to obtain, or delays in obtaining, the capital required to complete current or future developments and investments on commercially reasonable terms, including increases in borrowing costs or decreases in loan availability, may limit the Group's growth and materially and adversely affect its business, financial condition, results of operations and prospects.

In addition, db Group may be exposed to a variety of financial risks associated with the unpredictability inherent in financial markets, including market risk (such as the risk associated with fluctuations in interest rates and fair values of investments), credit risk (the risk of loss by the Issuer due to its debtors not respecting their commitments), foreign exchange rate risk, and interest rate risk (such as the risk of potential changes in the value of financial assets and liabilities in response to changes in the level of market interest rates and their impact on cash flows).

2.2.13 Exchange rate risk

The Group can be impacted by transaction risk, which is the risk that the currency of costs and liabilities fluctuates in relation to the Euro, being its reporting currency, which fluctuation may adversely affect its operating performance. Unfavourable exchange rates may lead to higher costs or lower sales than expected at the time of signing the relative contract and may reduce margins. Such risks are beyond the control of the Issuer.

2.2.14 Changes to laws and regulation

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

2.3 RISKS RELATING TO THE HOSPITALITY INDUSTRY

The Group's hospitality operations and the results thereof are subject to a number of external factors that could adversely affect its business, many of which are common to the hotel industry and beyond the Group's control, including the following:

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

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

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

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

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

2.4 RISKS RELATING TO THE CATERING INDUSTRY

2.4.1 Dependence on franchise

The Hard Rock Café and Hard Rock Bar brands in Malta are developed pursuant to the terms of a franchise arrangement entered into by one of the Group Subsidiaries, namely Sea Port Franchising Limited (C 26395), with Hard Rock Limited, a Jersey, Channel Islands corporation (the "Franchisor"), which arrangement is regulated by a Master Franchise Agreement (as defined in section 4.4.2.1 of this Registration Document). Sea Port Franchising Limited (the "Franchisee") has undertaken to develop Hard Rock establishments under, and in accordance with the standards as prescribed by the Master Franchise Agreement. Pursuant to the franchise arrangement in place with the Franchisor, Sea Port Franchising Limited has been granted the right to adopt and use the Hard Rock Café and Hard Rock Bar systems in accordance with the terms of such Master Franchise Agreement.

In view of the nature of franchising and the said franchise arrangement in place with the Franchisor, the long-term success of db Group's franchised restaurant operations will depend, to a significant extent, on:

- the ability of the Group, through the Franchisee, and the Franchisor, to identify and react to new trends in the restaurant industry, including the development of popular menu items;
- the ability of the Group, through the Franchisee, and the Franchisor, to develop and pursue appropriate marketing strategies in order to maintain and enhance the name recognition, reputation and market perception of the Hard Rock Café and Hard Rock Bar brands, and to introduce and develop new products;
- the goodwill associated with the Hard Rock Café and Hard Rock Bar trademarks;
- a continued cooperative franchise relationship of db Group with its Franchisor. While every effort is expected to be made to ensure a positive relationship between db Group and the Franchisor, there is no assurance that events or circumstances in the future may not adversely affect that relationship or that its Franchisor will not enforce its contractual rights under the Master Franchise Agreement in a manner that is adverse to the Group; and
- the continued vitality of the Hard Rock Café and Hard Rock Bar concepts and the success, quality and management of the Franchisor's overall systems. Any adverse changes in the Franchisor's own status and performance may materially adversely affect db Group's financial and operational position and performance. Furthermore, as the operations of its Franchisor are international, the success of its franchisor is susceptible to regional economic, political, legal, security and social conditions, which may vary considerably between one region and another. Any adverse changes to the aforementioned conditions may adversely impact the Franchisor, in turn adversely impacting the Group and its business.

The Master Franchise Agreement will expire on 16 June 2020, and may only be renewed upon the Franchisee meeting certain conditions, as stipulated therein. There is no guarantee that the Franchisee will meet these conditions, and that the Master Franchise Agreement will be renewed.

2.4.2 Governing law and jurisdiction

The Master Franchise Agreement is governed by the laws of England and Wales, and any disputes arising under this agreement are subject to the jurisdiction of the Courts of England and Wales. These factors increase the complexity involved in any dispute or legal proceedings arising in connection with these agreements, as a foreign legal element is involved.

2.4.3 Term of Emphyteutical Concessions and Leases

The premises from which the Group presently operates the Tunny Net Complex in Mellieha, which establishment, as explained in section 4.4.2.1 of this Registration Document below, offers various entertainment and leisure facilities, including restaurants, is situated on a site which is currently held on temporary emphyteusis by J.D. Catering Limited (C 15193), one of the Subsidiaries. This emphyteutical grant is due to expire in July 2026.

In addition, the premises from which the Group presently operates the Hard Rock Café and Hard Rock Bar brands in Malta, which establishments, as explained in section 2.4.1 of this Registration Document above, are situated at the Baystreet Complex, Valletta Waterfront, and the Malta International Airport, are leased premises.

There is no guarantee that Group will be able to renew the abovementioned emphyteutical concession and leases on commercially acceptable terms upon their expiry, and if the Group were to be unable to do so, the potential loss of prime restaurant locations could have an adverse effect on the catering arm of the Group's profits.

Furthermore, with particular reference to the said lease agreements relating to the premises from which the Group presently operates the Hard Rock Café and Hard Rock Bar brands in Malta, it is pertinent to note that the Group's inability to renew the leases on terms acceptable to the Franchisor (or to fulfil its obligations under the present lease agreements, leading to their termination) could consequently lead to the simultaneous termination of the Master Franchise Agreement. This simultaneous termination of lease and franchise agreements may have a material adverse effect on the Group's business and results of operations.

2.4.4 General risks associated with the food and beverage industry

The Group's performance is subject to a number of risk factors that affect the food and beverage industry in general, including:

- changes in general economic conditions of the market and changes in consumer confidence, disposable income and discretionary spending patterns;
- competition in respect to price, service, location, food quality and consistency;
- changes in demographic trends, traffic patterns and the type, number and location of competing catering establishments;
- health concerns and potential litigation in relation to health issues; and
- changes in the regulatory framework setting out the requirements and obligations applicable to, inter alia, catering operators and employers in general.

Adverse changes in any one or more of these factors could reduce customer transactions at db Group's catering establishments or activities, impose limits on pricing or cause the Group to incur additional expenditure in modifying its concepts or establishments, any or all of which outcomes could adversely affect db Group's business and the results of its operations.

The Group's catering operations are also dependent on its ability to avoid (and where not possible, mitigate) any degradation in product quality and/or service levels for customers, which could undermine confidence in the services provided by the Group and cause a loss of customers or make it more difficult to attract new ones. The business of the Group could be significantly hurt from these delays, errors, failures or faults.

2.4.5 Competition

The food and beverages industry is characterised by high levels of competition and saturation, influenced by a variety of factors, including pricing, service, location, quality, availability, variety, and advertising. The Group is affronted with constant and ever-increasing competition from catering establishments of varying form, whether restaurants, or eating-out and quick-service catering establishments.

Accordingly, the success of db Group's catering establishments and activities is dependent on its ability to maintain and enhance its relative competitive strength. In part, this success is dependent on its ability to timely address consumers' shifting trends, such as increased health conscientiousness, or its ability to address particular niches such as the vegan or gluten-free consumers. Furthermore, the Group may be adversely affected should any of its competitors change their concepts or pricing to compete more directly with the Group or the menu and options offered by the Group.

2.4.6 Relations with suppliers

The Group's profitability of its catering activities depends in part on its ability to anticipate and react to changes in the cost of its supplies, and on its dependence on frequent and timely deliveries by its suppliers.

The Group may not be able to acquire suitable products in sufficient quantities and/or on terms acceptable to it in the future. Any deterioration or change in the Group's relationships with its suppliers (including supplying on less favourable terms) could have an adverse effect on the Group. Other factors, such as interruptions in supply caused by adverse weather conditions, changes in governmental regulation, recalls of products and other similar factors not within control of the Group or its suppliers, could materially adversely affect the availability, quality and costs of its products.

2.4.7 Complaints and litigious claims

In view of the nature of its catering activities, the Group may be subject to complaints or claims from customers alleging food-related illness, injuries suffer on db Group's premises, or other food quality, health or operations concerns. Adverse publicity from such allegations may materially affect sales revenue generated by db Group's catering establishments, regardless of whether such allegations are true or whether db Group is ultimately held liable.

In addition, other litigation but not limited to disputes with its employees based on claims of, amongst others, discrimination, harassment or wrongful termination, may divert financial and management resources that would otherwise be used to benefit the future performance of db Group's operations.

All litigation is expensive, time consuming and may divert management's attention away from the operation of the business. In addition, the Group cannot be certain that its insurance coverage will be sufficient to cover one or more substantial claims. Furthermore, it is possible that if complaints, claims or legal proceedings such as the aforementioned were to be brought against a direct competitor of the Group, the latter could also be affected due to the adverse publicity brought against, and concerns raised in respect of the industry in general.

2.4.8 Regulatory compliance

The Group is subject to various laws and regulations affecting its business. Each of its catering establishments is subject to licensing and regulation by a number of governmental authorities, which may include alcoholic beverage control, smoking laws, health and safety measures, disability access requirements and fire safety requirements. Difficulties in obtaining or maintaining the required licences or approvals, or the loss thereof, could adversely affect db Group's business and results of its operations. Various bodies also have the power to conduct inspections of, and possibly close down, any catering establishments which fail to comply with the relevant laws and regulations.

No assurance can be given that claims based on these laws will not be brought against db Group in the future.

2.4.9 Contract catering

As further explained in sections 4.4.2.2 and 4.4.2.3 of this Registration Document, db Group is also active in the contract catering business, a segment of the food and beverage industry which is particularly vulnerable to risks associated with food safety and quality. Claims of illness or injury relating to contaminated, spoiled, mislabelled or adulterated food can require costly measures to investigate and remediate, such as withdrawing products from sale or destroying supplies and inventory that are unfit for consumption.

Furthermore, the Group's contract catering business relies on strict adherence by employees to standards for food handling. If db Group is found negligent in its food safety, it may be exposed to significant liability, which could have an adverse impact on the Group's results of operations. Even if any such claims are without merit, any negative publicity as a result of allegations of unsafe food service can have a significant impact on the Group's reputation and could negatively impact the contract catering sales.

No assurance can be given that claims as described in this section will not be brought against db Group in the future. Furthermore, there is no guarantee that db Group will be able to extend these contracts upon their expiry.

2.5 RISKS RELATING TO PROPERTY DEVELOPMENT

2.5.1 Property market and economic conditions generally

The Group may from time to time seek opportunities for property development projects. There are a number of factors that commonly affect the real estate market generally, many of which are beyond the control of the Group, and which could adversely affect the economic performance and value of any property under development. Such factors include:

- changes in general economic conditions;
- general industry trends, including the cyclical nature of the real estate market;
- changes in local market conditions, such as over-supply of similar properties, a reduction in demand for real estate or change of local preferences and tastes;
- possible structural and environmental problems;
- acts of nature, such as earthquakes and floods, that may damage the property or delay its development;
- increase in competition in the market segment in which db Group is undertaking property market development may lead to an over-supply of commercial or residential properties in such markets, which could lead to a lowering of prices and a corresponding reduction in revenue;
- political developments;
- introduction or changes to regulation, policy or tax law;
- interest rate fluctuations;
- inflation; and
- the availability or otherwise of financing and alternative yields of investment.

Such factors may be expected to cause property prices to fluctuate and an increase in supply could impact negatively upon capital values and income streams of the property. Although real estate market activity has experienced an upturn in recent years, the past is not a guarantee for the future, and the real estate market is subject to a downturn. Any of the aforementioned factors could have a material adverse effect on the Group's business and its financial condition and prospects.

2.5.2 Construction and third-party risks

Any construction projects that may be undertaken by the Group in the future are subject to a number of specific risks inherent in this field, including in particular: the risk of cost overruns; the risk of insufficiency of resources to complete; the risk of rental/sale transactions not being effected at the prices and within the timeframe envisaged; higher interest costs; and the erosion of revenue generation. If these risks were to materialise, they would have an adverse impact on db Group's revenue generation, cash flows and financial performance.

Furthermore, for the completion of property development projects, db Group may place certain reliance on counterparties such as architects, contractors and subcontractors engaged in the demolition, excavation, construction and finishing of developments. Such parties (which may include both third parties as well as related parties) may fail to perform or default on their obligations to the Group due to insolvency, lack of liquidity, market or economic downturns, operational failure or other reasons which are beyond the Issuer's control, such as severe weather conditions. In addition, the failure to develop and maintain good relationships with highly skilled, competent and dependable suppliers and contractors may have a material adverse impact on the Group's property development operations.

2.5.3 Environmental liabilities and other regulatory liabilities

Laws and regulations, which may be amended from time to time, impose liability for the presence of certain materials or substances or the release of certain materials or substances into the air, land or water or the migration of certain materials of substances from a real estate development, including asbestos, and such presence, release or migration could form the basis for liability to third parties for personal injuries or other damages.

In view of these obligations, in connection with any prospective property development project, the Group may become liable for the costs of removal, investigation or remediation of any such substances, including hazardous or toxic substances that may be located on or in, or which may have migrated from, a property owned or occupied by it, which costs may be substantial. The Group may also be required to remove or remediate any such substances or materials that it causes or knowingly permits at any property that it owns or may in the future own.

In addition to environmental constraints, any activity the Group undertakes to carry out in the property development sector in the future will be subject to extensive regulations, including national and local regulation and administrative requirements and policies which relate to, among other things, planning, developing, land use, local urban regeneration strategy, fire, health and safety, and others. These regulations often provide broad discretion to the relevant authorities and non-compliance may adversely affect db Group.

2.5.4 Risk of injuries or fatalities in construction and damage to reputation

There are inherent risks to health and safety arising from the nature of property development, which accordingly require a developer to adopt and maintain a rigorous health and safety programme. A health and safety track record is critical to the success and reputation of the Group's prospective property development operations. Any failure in health and safety performance may result in penalties for non-compliance with the relevant regulatory requirements, and a failure which results in a major or significant health and safety incident, such as injury to, or fatality of, members of the construction workforce or bystanders, may be costly in terms of potential liabilities arising as a result, as well as the generation of adverse publicity having a negative impact on db Group's reputation.

2.5.5 Ability to secure planning and construction consents on a timely basis

When seeking to engage in property development projects, securing planning consents by the Planning Authority, the Environment and Resources Authority or any corresponding overseas authority in a timely manner would be key to the Group's ability to realise value on the site to be developed. There can be no certainty that any given application will result in planning consent being granted, or, that if granted, will not be so granted on unduly onerous terms, which, if occurring across a large number of developments, may materially and adversely db Group's business. Furthermore, planning policies are subject to change, which may consequently impact the Group's property development strategy.

2.5.6 Property valuations and net realisable value

The valuation of property is intrinsically subjective. Factors such as changes in regulatory requirements and applicable laws, political conditions, the financial markets, consumer spending power, and interest and inflation rate fluctuations may influence this subjective valuation. As a result, the net realisable value of land and property, whether presently owned or prospectively owned by db Group, may decline after purchase, and the Group may not be able to recoup its full purchase price.

2.6 RISKS RELATING TO PROPERTY INVESTMENT

2.6.1 Liquidity risk

Properties such as those in which the Group has invested, and may in the future invest in, are relatively illiquid. Planning regulations may further reduce the numbers and types of potential purchasers should db Group decide to sell certain properties. Such illiquidity may affect db Group's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely fashion and at satisfactory prices in accordance with its strategy or in response to changes in economic, real estate market or other conditions. This could have an adverse effect on db Group's financial condition and results of its operations.

2.6.2 Costs incurred when proposed property investment is aborted

The Group may at times incur significant costs in connection with the assessment of potential property investment opportunities. These may involve costs associated with property surveys, valuation reports, title and environmental investigations. If a proposed real estate investment were not to proceed to completion after such costs have been incurred, db Group will be unable to recoup same directly from that investment, which could have a negative impact on profitability.

2.7 RISKS RELATING TO THE HEALTHCARE INDUSTRY

As further explained in section 4.4.2.2 of this Registration Document, the Group invests in Associated Companies actively engaged in the healthcare industry. Such companies are contractually engaged to supply healthcare workers to public hospitals and clinics, together with support services and domiciliary care for the elderly. As a result, the Group is therefore indirectly subject to the general business risks inherent in the provision of such services, as follows:

- regulations and laws relating to the healthcare industry are constantly evolving and relatively untested by the local courts. Healthcare provision has significant political and social importance in Malta;
- leading on from the previous risk, there is a risk of significant changes to current or future healthcare programs, and laws and regulations, which changes could be detrimental to the Group's healthcare division;
- operations may be affected by changing consumer preferences, fluctuations in occupancy levels, increases in labour costs and other operating costs, competition from or the oversupply of other similar properties and general economic conditions; and
- breaches of law or licence conditions could lead to, among other things, penalties, a loss of operating licences and damage to reputation.

Any one or a combination of these factors may adversely affect the business, results of operations and financial condition of the Group.

There is, moreover, no guarantee that the Group's Associated Companies will be able to extend these contracts upon their expiry.

2.8 RISKS RELATING SPECIFICALLY TO THE ISSUER

2.8.1 Issuer's dependence on the Group and its business

The Issuer is a finance and investment company, with one of its purposes being that of financing or re-financing the funding requirements of the business of db Group. In this respect, the Issuer is mainly dependent on the business prospects of the Group, and consequently, the operating results of db Group have a direct effect on the Issuer's financial position and performance, and as such the risks intrinsic in the business and operations of the Group shall have a direct effect on the ability of the Issuer to meet its obligations in respect of principal and interest under the Bonds when due.

As a majority of its assets will consist of loans issued to Group Companies, the Issuer is largely dependent, including for the purpose of servicing interest payments on the Bonds, and the repayment of the principal on the maturity date, on receipt of interest and capital repayments from the Group Companies.

The interest and capital repayments to be affected by the Group Companies in favour of the Issuer are subject to certain risks. More specifically, the ability of Group Companies to effect loan repayments will depend on their respective cash flows and earnings, which may be restricted by changes in applicable laws and regulations, by the terms of agreements to which they are or may become party, including the indenture governing their existing indebtedness, or by other factors beyond the control of the Issuer.

The occurrence of any such factors could in turn negatively affect the ability of the Issuer to meet its obligations in respect of the repayment of principal and interest under the Bonds punctually when due.

2.8.2 Concentration of shareholding

The parent company of the Group is owned exclusively by Silvio Debono. Accordingly, the ultimate owner of db Group, who is also a Director of the Issuer and other db Group Companies, exercises effective control over the Issuer. Silvio Debono is considered to be of key importance to the Group and the Issuer and any unexpected dilution in his control or influence over the Issuer and/or db Group Companies and their business could have an adverse effect on the Issuer. There can be no assurance that such individual will not at any time during the term of the Bonds dispose of any interest, direct or indirect, in the Issuer or the Group.

2.8.3 Issuer's potential exposure to certain financial risks

The Issuer's activities are potentially exposed to a variety of financial risks, including interest rate risk. The Issuer may be exposed to the risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financing position and cash flows.

2.8.4 Risks inherent in forecasts

The financial analysis summary listed as a document available for inspection pursuant to this Registration Document features projected revenues of the Group. Forecasts are inherently subject to the risks of adverse unexpected events which may affect the revenue streams and profitability of the Group or the Issuer.

The forecasts set out in this Prospectus are dependent on a number of assumptions and future expectations that may or may not occur. The non-occurrence of those future expectations could have material effects on the financial position and results of the Group and the Issuer. The said forecasts are therefore merely an illustration of a possible future outcome which may or may not occur and the Issuer, its directors, officers and advisers make no representation as to their accuracy or likelihood of occurrence.

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

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

3.1 Directors

Directors of the Issuer

Silvio Debono 26060(M)	Silverstars, 269, Ghajn Zejtuna Road, Santa Maria Estate, Mellieha, Malta	Executive Chairman
Arthur Gauci 502968(M)	Plot 273, Triq ir-Rattan, Mellieha, Malta	Chief Executive Officer
Stephen Muscat 460561(M)	17, 'Kevman' Flat 1, Triq id-Denci, Mellieha, Malta	Independent Non-Executive Director
Vincent Micallef 407075(M)	5, Swindon, 26th March 1972 Street, Fgura, Malta	Independent Non-Executive Director
Philip Micallef 86654(M)	"Citadella" 2, Triq il-Gibba, Attard, Malta	Independent Non-Executive Director
Robert Debono 532292(M)	Silver Stars, 269, Ghajn Zejtuna Road, Santa Maria Estate, Mellieha, Malta	Executive Director

Dr Shaheryar Ghaznavi, holder of identity card number 219698(M), residing at 70, Triq ir-Russett, Kappara, San Gwann, is the company secretary of the Issuer.

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

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

Directors of the Guarantor

Silvio Debono 26060(M)	Silverstars, 269, Ghajn Zejtuna Road, Santa Maria Estate, Mellieha, Malta
Robert Debono 532292(M)	Silverstars, 269, Ghajn Zejtuna Road, Santa Maria Estate, Mellieha, Malta
Victoria Debono 303094(M)	Silverstars, 269, Ghajn Zejtuna Road, Santa Maria Estate, Mellieha, Malta
Vincent DeGiorgio 164171(M)	Bonsai, Plot 5, Triq il-Mullett, Xghajra, Malta
Arthur Gauci 502968(M)	Plot 273, Triq ir-Rattan, Mellieha, Malta
Jesmond Vella 514676(M)	Flat 1, St. Anthony Flats, Triq San Guzepp, Mellieha, Malta

Mr Arthur Gauci, holder of identity card number 502968(M), residing at Plot 273, Triq ir-Rattan, Mellieha, Malta, is the company secretary of the Guarantor.

3.2 Advisors to the Issuer and the Guarantor

Legal Counsel

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

Sponsor

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

Manager & Registrar

Name: Bank of Valletta p.l.c.
Address: BOV Centre, Cannon Road,
Santa Venera SVR 9030, Malta

3.3 Auditors of the Issuer and Guarantor

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

PricewaterhouseCoopers is a firm of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Cap. 281, Laws of Malta).

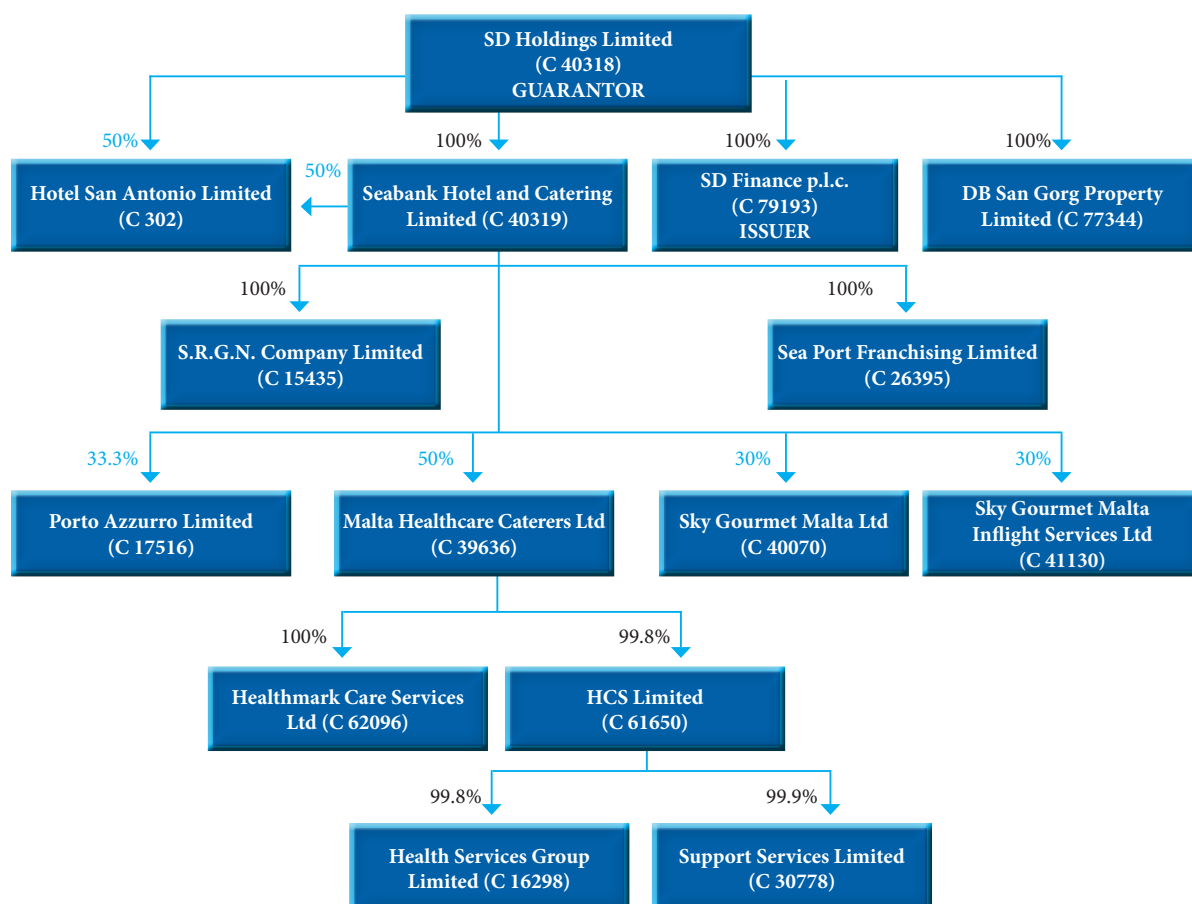
The historical consolidated financial information of the Guarantor set out in this Registration Document, as presented in section 5.2, consisting of the audited financial statements for each of the financial years ended 31 March 2014 to 2016, has been audited by Pricewaterhouse Coopers, the auditors of the Guarantor. The interim financial information for the period 1 April 2016 to 30 September 2016 is unaudited.

The Issuer was set up on 20 January 2017 and, since incorporation up until the date of this Registration Document, no financial statements have been prepared.

4. INFORMATION ABOUT THE ISSUER AND THE GUARANTOR

4.1 Organisational Structure of the Group

The diagram hereunder illustrates the principal Subsidiaries and Associated Companies within the organisational structure of the Group. The complete list of companies forming part of the Group and further information on other investments of the Group are included in the consolidated audited financial statements of the Guarantor for the year ended 31 March 2016.



Other than as set out hereunder, there were no changes to the above structure since the last published audited consolidated financial statements of the Guarantor:

- On 11 October 2016, SD Holdings Limited increased its shareholding in Seabank Hotel and Catering Limited from 98.8% to 100% following the acquisition of 250 ordinary shares from each of Raymond Debono, Guido Debono and Natalino Debono;
- On 11 October 2016, Seabank Hotel and Catering Limited increased its shareholding in Sea Port Franchising Limited from 95% to 100% following the acquisition of 2,500 ordinary shares from Arthur Gauci.

The Issuer is a fully owned subsidiary of the Guarantor. All of the issued share capital of the Guarantor is held by Silvio Debono. The Group organisational structure has expanded over the years in line with the development phases and growth of the Group. It is currently set up such that each Subsidiary of the Group, together with each of the Group's Associated Companies, fulfils a particular function. The organisational structure places the Guarantor, the parent company of the Group, as the company responsible for the strategic direction and development of the Group, with the respective boards of the Subsidiaries focusing on achieving the Group's operational objectives. The Group's main operations through its Subsidiaries and Associated Companies are described in section 4.4 of this Registration Document.

4.2 Historical Development of the Issuer

4.2.1 Introduction

Full Legal and Commercial Name of the Issuer:	SD Finance p.l.c.
Registered Address:	Seabank Hotel, Marfa Road, Ghadira, Mellieha MLH 9064, Malta
Place of Registration and Domicile:	Malta
Registration Number:	C 79193
Date of Registration:	20 January 2017
Legal Form	The Issuer was formed as a public limited liability company. The Issuer is lawfully existing and registered as a public limited liability company in terms of the Act.
Telephone Numbers:	+356 22891000
Email:	info@dbgroupmalta.com
Website:	http://www.dbgroupmalta.com/

4.2.2 Principal Objects of the Issuer

The principal objects of the Issuer are set out in Article 3 of its Memorandum of Association and include, but are not limited to: the carrying on of the business of a holding company; the acquisition and holding of securities and interests of and in any companies for the time being engaged, concerned or interested in any industry, trade or business; the promotion of the beneficial cooperation of any such companies with one another as well as with the Issuer; and the employment of the Issuer's funds in the development and expansion of its business and that of any of its Subsidiaries and other companies in which it may have an interest.

Accordingly the Issuer will enter into loan agreements with Group Companies from time to time, including as set out in section 4.1 of the Securities Note forming part of the Prospectus (*Reasons for the Bond Issue and Use of Proceeds*).

4.2.3 Principal Activities and Markets

The Issuer was registered as SD Finance p.l.c. on 20 January 2017, as a public limited liability company in terms of the Act. The Issuer itself does not itself carry on any trading activities apart from the raising of capital and advancing thereof to members of the Group and when the demands of their business so require. Accordingly, the Issuer is economically dependent on the Group. The Issuer operates exclusively in and from Malta.

4.3 Historical Development of the Guarantor

4.3.1 Introduction

Full Legal and Commercial Name of the Guarantor:	SD Holdings Limited
Registered Address:	Seabank Hotel, Marfa Road, Ghadira, Mellieha MLH 9064, Malta
Place of Registration and Domicile:	Malta
Registration Number:	C 40318
Date of Registration:	19 December 2006
Legal Form	The Guarantor was formed as a private limited liability company. The Guarantor is lawfully existing and registered as a private limited liability company in terms of the Act.
Telephone Numbers:	+356 22891000
Email:	info@dbgroupmalta.com
Website:	http://www.dbgroupmalta.com/

4.3.2 Principal Objects of the Guarantor

In terms of Article 4 of its Memorandum of Association, the principal objects of the Guarantor are to provide advisory, consultancy, back-office, human resources, marketing, logistics, and other ancillary services related to the management, administration and operations of other companies; and to carry out such activities as may be ancillary to, or necessary to the attainment of, the aforesaid. Ancillary objects include: the holding of securities in other companies; the acquisition and development of property; and the establishment, operation, management and maintenance of hotels, tourist centres, catering and entertainment establishments.

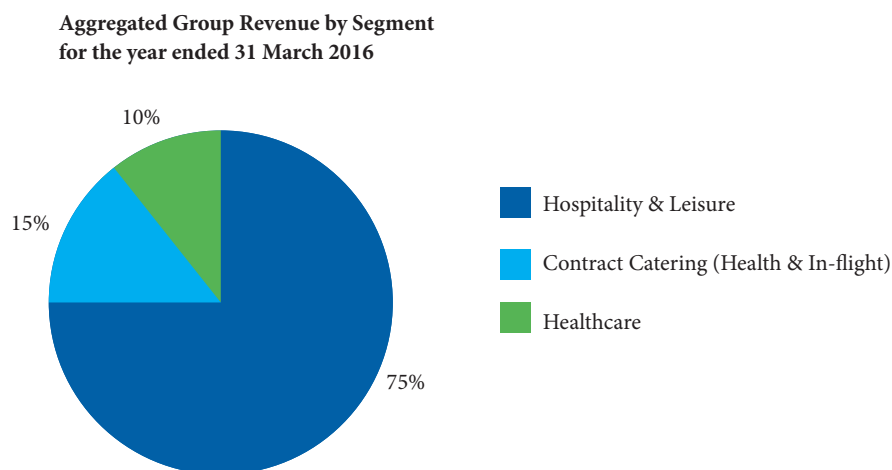
4.3.3 Principal Activities and Markets

The Guarantor was registered on 19 December 2006, as a private limited liability company in terms of the Act. The Guarantor is the holding company of the Group and does not itself carry on any trading activities. As such, the principal activities and markets in which the Guarantor operates correspond to the principal activities and markets of the db Group Companies, as outlined in section 4.4.2 of this Registration Document.

4.4 Overview of db Group's Business

4.4.1 Introduction

The Group was established over three decades ago. The Group is principally involved in the hospitality and leisure industry, including the restaurant business. Additionally, the Group has substantial associated interests in the contract catering and healthcare markets.



Note: The above chart represents the aggregated revenue by division of the Group for the financial year ended 31 March 2016, adjusted accordingly to reflect the percentage shareholding held by the Group in each respective entity.

4.4.2 Principal Activities and Markets

4.4.2.1 Hospitality and Leisure

Since its inception, and over the years, db Group has founded strategic partnerships with global players. Notable past partnerships include those with the Accor Hotel Group and RIU Hotels & Resorts. The Group is currently affiliated with the world-renowned Hard Rock Café. In 2015, db Group launched its own brand, *db Hotels + Resorts*, to operate its chain of hotels and resorts.

The Group recently completed its hotel portfolio refurbishment and extensions programme aimed at the enhancement of both db Seabank Resort & Spa and db San Antonio Hotel & Spa with a global investment of over €70 million, thereby increasing the Group's room pool by 501 rooms to a total of 1,052 rooms. Following this comprehensive programme, the Group's hospitality and leisure portfolio presently revolves around:

db Seabank Resort & Spa

The db Seabank Resort & Spa, located in Mellieha Bay, is the flagship 4* hotel of the Group. In 2012 the db Seabank Resort & Spa was completely renovated over an eight-month phase at a cost of *circa* €38 million, whereby the property was converted into a 539-room all-inclusive hotel operation. The hotel also comprises a number of themed restaurants, four bars, a large hotel pool, as well as a fitness centre and a spa with a heated indoor pool facility. In 2015, a new entertainment complex was opened at the db Seabank Resort & Spa, which includes three restaurants, a bowling alley and a sports bar.

db San Antonio Hotel & Spa

The db San Antonio Hotel & Spa is a 4* all-inclusive hotel and resort located in St. Paul's Bay, offering five themed restaurants, indoor, outdoor and rooftop pools, a spa and fitness centre, and conference and events facilities. Whilst the hotel has been operational since 2002, the Group invested *circa* €32 million on a major refurbishment in 2014/2015, where the number of rooms was increased from 300 to 513 rooms. Part of this additional room complement comprised a number of apartments which are offered to customers on a long-let basis. In this respect, Evergreen Travel Limited, a company registered in the British Virgin Islands and bearing company registration number 452933 ("ETL") was acquired by Group Subsidiary Hotel San Antonio Limited in January 2014 in order to act as the sales company for vacation ownership packages offered to tourists intent on booking a particular unit at db San Antonio Hotel & Spa at a pre-determined annual rate. The units are being made available in this manner until 2031.

Porto Azzurro Complex

The Porto Azzurro Complex is a 3*, 125-room apart-hotel located in Xemxija. The rooms and apartments are equipped with en-suite bathrooms, a fully equipped kitchenette and other amenities. The complex has a 24-hour reception, a launderette, mini market, dedicated restaurant and a pizzeria, as well as a number of leisure facilities. The Group holds a 33.33% equity interest in this operation.

Tunny Net Complex

The Tunny Net Complex, situated in Mellieha, brings together various entertainment and leisure facilities, and is located approximately 200 metres away from db Seabank Resort & Spa. These entertainment and leisure facilities include a Latino-Mexican restaurant, Maya Beach lounge bar, La Barca Italian trattoria, major water sports facilities and a number of retail outlets. J.D. Catering Limited (C 15193), a Group Subsidiary, is the entity that holds the title of temporary emphyteusis on the site currently occupied by the Tunny Net Complex, which title of temporary emphyteusis is due to expire in July 2026.

Hard Rock Café and Hard Rock Bar

Sea Port Franchising Limited, a Group Subsidiary, is the holder of the franchisee licence for the Hard Rock Café and Hard Rock Bar brands, and is the operating agent for Hard Rock International in Malta. Founded in 1971, Hard Rock International is a globally recognised entertainment and lifestyle brand, renowned not just for its hotels, casinos, bars and cafés, but also for its collectible fashion and music-related merchandise and memorabilia and Hard Rock Live performance venues.

Since the opening of the Hard Rock Café venue at the Baystreet Complex over fifteen years ago, the Group has expanded this operation to a total of three local Hard Rock establishments, with a Hard Rock Bar establishment at the Valletta Waterfront and the Malta International Airport. While its main element remains its catering arm, Hard Rock merchandise sales is an important component of the company's revenue stream - in the financial year ended 31 March 2016 merchandise sales represented *circa* 35% of total revenue of Sea Port Franchising Limited.

The Master Franchise Agreement

The franchise arrangement in place between Sea Port Franchising Limited and Hard Rock International, the Franchisor, is regulated by a franchise agreement which, while initially entered into in 2000 to regulate the Group's Hard Rock Café franchise operations at the Baystreet Complex, was over the years extended to cover the Group's Hard Rock Bar operations at both the Valletta Waterfront and the Malta International Airport (the "**Master Franchise Agreement**").

In terms of the Master Franchise Agreement:

- the Franchisee is required to pay a royalty fee based on monthly revenue generated;
- the Franchisor shall not operate Hard Rock Café restaurants / bars within Malta during the contracted term, save for amenity cafes and captive venues;
- the Franchisor has the right of first refusal on any transfer of the franchise, the business represented thereby, or an ownership interest in the Franchisee. In the event that Hard Rock does not exercise said right, the transfer can be completed with third party purchasers, subject to approval by the Franchisor.

The Franchisor may, during the term of the Master Franchise Agreement, terminate said agreement if material events of default occur (for instance, if the Franchisee commits an act that can be expected to adversely affect the reputation of the system or goodwill associated with the Hard Rock trademarks, or notably, if the lease in place for the premises is terminated due to the Franchisee's default). The Franchisee may terminate the Master Franchise Agreement if the Franchisor materially breaches said agreement and fails to cure the breach within 30 days, should a cure be possible within the stipulated time period.

The Master Franchise Agreement is due to expire on 16 June 2020. Following expiration, the Franchisee shall be entitled to enter into one successor franchise agreement, subject to a number of renewal conditions. The renewal period shall be of 10 years, following which the Franchisee shall, unless otherwise stated by the Franchisor, have no further right to operate the franchise. The option to renew is subject to specific requirements, including the obligation to refurbish the relevant premises in order to bring them in line with the then-current standards and specifications.

The Lease Agreements

As outlined in section 2.4.3 of this Registration Document, the premises from which the Group presently operates the Hard Rock Café and Hard Rock Bar brands in Malta are leased premises. The main terms of these agreements are listed below:

- **Bay Street Complex, St Julian's:** these premises are subject to a concession agreement and an operator agreement with Bronville Limited and Baystreet Limited respectively. The term of both agreements commenced on 25 November 2000, and is due to expire on 25 November 2020. The restaurant covers an area of 600m², has a seating capacity of *circa* 180 covers, and includes a bar area, merchandise shop and internationally renowned rock 'n' roll memorabilia;
- **Malta International Airport:** Sea Port Franchising Limited operates a Hard Rock Bar at the Malta International Airport pursuant to a renewed lease agreement, entered into with Malta International Airport p.l.c., the term of which commenced on 1 January 2016, and is due to expire on 31 December 2022, subject to renewal. The Hard Rock Bar is situated in the departures lounge of the airport. In 2015, the Hard Rock Bar was fully refurbished and restyled;
- **Valletta Waterfront:** in 2005, Sea Port Franchising Limited entered into a lease agreement with Valletta Cruise Port p.l.c. (formerly VISET Malta p.l.c.), following which it commenced operating a Hard Rock Bar with a seating capacity of *circa* 140 covers. The term of this lease agreement commenced on 1 March 2006 and is due to expire on 28 February 2018, subject to renewal.

Hard Rock Hotel Licence

On 11 February 2017, DB San Gorg Property Limited entered into a hotel licence agreement with Hard Rock Holding Ltd (UK), in respect of the proposed 5* hotel in St. George's Bay, St. Julian's set to form part of the City Centre Project (refer to section 4.5 of this Registration Document) (the "**Hotel Licence Agreement**"). In terms of this Hotel Licence Agreement, which *inter alia* contains terms similar to those specified above in respect of the Master Franchise Agreement, DB San Gorg Property Limited shall have the right to use the Hard Rock marks for, and develop the, Hard Rock Hotel. The term of the licence is 15 years, subject to extension.

4.4.2.2 Healthcare Services and Hospital / Retirement Home Catering Services

Malta Healthcare Caterers Limited (the "**MHC Group**") is a joint venture between the Group and James Caterers Limited (C 30139), and is principally engaged in the provision of healthcare and catering services to hospitals and retirement homes, together with other related services, in Malta and Gozo. In November 2013, the MHC Group acquired a site in Santa Lucija measuring *circa* 4,455m² with the intention of eventually developing it into a 300-bed home for the elderly.

Healthcare Division

The healthcare division of the MHC Group comprises the following subsidiary companies:

- Healthmark Care Services Ltd (C 62096) – the company is engaged in the provision of health and social care services and training to the general public, hospitals and elderly retirement and nursing homes;
- Health Services Group Limited (C 16298) – the company is engaged in the provision of nursing services;
- Support Services Limited (C 30778) – the company is engaged in the provision of nursing and caring services.

The operations of the healthcare division commenced in 2014 with the acquisition by the MHC Group of two existing healthcare sector companies. Subsequently, in November 2015, the MHC Group substantially increased its headcount to offer services previously provided by Malta Memorial District Nursing Association (which ceased providing community care services in October 2015). At the start of 2016, the MHC Group included domiciliary care for the elderly to its offerings.

At present, the healthcare division has a staff complement of *circa* 1,500 employees, including 150 professional nurses, 150 staff members providing domiciliary care for the elderly and 1,200 trained care assistants (2015: 1,092 employees). The key agreements include:

- the provision of nursing and care services under the Active Ageing and Community Care Directorate (since 2015): the term of the initial agreement expired on 4 October 2016, and, in terms of an addendum signed in 2016, the term of the contract was extended by a further 12 months, and is due to expire on 4 October 2017;
- the provision of care worker services at Mater Dei Hospital and other entities within the health department (since 2009): in 2016, through a letter of acceptance signed by the Government, the term of the contract was extended until 31 December 2016. Renewal of the contract is subject to a tendering process, which, as at the date of this Prospectus, is ongoing;
- the provision of care worker services at St Vincent de Paul Residence and Homes for the Elderly Community Care (since 2010): in 2016, through a letter of acceptance signed by the Government, the term of the contract was extended on a monthly basis, renewable every month, beginning retrospectively from 1 October 2016, until 31 March 2017, subject to further extension; and
- the provision of home help services to the Department of Contracts on behalf of the Ministry for the Family and Social Solidarity Department of the Elderly and Community Care (since 2016): through an addendum signed in December 2016, the term of the contract was extended by three months from 8 January 2017, until 8 April 2017, subject to further extension.

Hospital / Retirement Home Catering Division

The MHC Group initiated operations in contract catering in 2007, after being awarded the contract to supply meals to in-patients at Mater Dei Hospital, St Luke's Hospital and Sir Paul Boffa Hospital. In 2015, the MHC Group ceased to supply meals to Sir Paul Boffa Hospital, but instead commenced servicing Sir Anthony Mamo Oncology Centre. This agreement is due to expire on 16 November 2022.

The MHC Group also provides catering and ancillary services to in-patients and staff of Gozo General Hospital (since 2013) and St Vincent de Paul Residence (since 2014). The contract relating to the former is due to expire on 27 June 2018, subject to the option of extending by a further year. The term of the contract relating to the latter has been extended up to 7 July 2017. In aggregate, the MHC Group serves in the region of 5,700 meals per day.

4.4.2.3 Airline and Catering Services

The Group has a 30% shareholding in Sky Gourmet Malta Ltd (C 40070), a company principally involved in the provision of catering and commissary services to airlines. The other shareholders are James Caterers Limited (C 30139) with a 30% ownership, and Do & Co, an Austrian catering company which is active in segments such as airline catering, train catering and international events catering.

The company presently offers in-flight catering services to three airlines, namely Air Malta, Ryanair and Emirates, and the relevant agreements are due to expire on 31 March 2021, 18 May 2019 and 30 November 2017 respectively. The agreement with Emirates is automatically renewed for successive periods of one year, subject to applicable conditions. On an annual basis, Sky Gourmet Malta Ltd serves over two million airline meals and snacks.

4.4.2.4 Corporate Social Responsibility

The Group is conscious of its corporate social responsibility and its role in encouraging responsible and sustainable tourism. The Group seeks to minimise the environmental impact of its operations, particularly through the initiatives and measures taken to separate and reduce waste, and to reduce the consumption of water and energy. For instance:

- 95% of all the light fixtures in the Group's hotels are energy efficient;
- the room management systems reduce energy usage through the use of motion sensors;
- heating and air-conditioning systems are supplied by a water primary circuit, rather than relying on the use of fluorocarbon gases;
- the Group has invested in reverse osmosis plants to convert seawater into potable water to cater for all guests' needs;
- a state-of-the-art 180,000 litre/day sewage plant treating all sewage generated by the Group's hotels; and
- the collection of storm water for irrigation.

4.5 Principal Investments of the Group and the Issuer

In early 2016, the Government of Malta announced that the Seabank Consortium, consisting of the Guarantor, Seabank Hotel and Catering Limited and Sea Port Franchising Limited, was selected as the preferred bidder in respect of a tender for the design, build and operation of an upmarket mixed tourism and leisure development in St. Georges Bay, St Julian's, Malta (the "City Centre Project").

On 1 February 2017, the Government of Malta and DB San Gorg Property Limited, a Group Subsidiary, entered into a public deed by virtue of which the Government granted DB San Gorg Property Limited a 99-year emphyteutical concession over the site on which the City Centre Project is to be developed (the "Emphyteutical Deed").

The temporary emphyteutical concession is subject to a cash consideration of €15 million, payable over a period of seven years, with the first payment of €5 million payable on signing of the Emphyteutical Deed. The balance of €10 million is payable in seven equal annual instalments as from January 2018. Upon the issuance of the relevant Planning Authority permit determining the full extent of developable area of the City Centre Project, a consideration shall further be due to Government, or by Government to DB San Gorg Property Limited, as the case may be, which consideration is payable over a period of seven years in seven equal annual instalments, and calculated in accordance with the terms of a schedule annexed to the Emphyteutical Deed. The first instalment is to be paid one week after the issuance of the relevant Planning Authority permit. An additional consideration shall become due should a Planning Authority permit be issued allowing for further developable area than originally permitted, which consideration is to be calculated in accordance with the terms of a schedule annexed to the Emphyteutical Deed. The payment of such additional consideration shall be effected within one week from the issuance of the said Planning Authority permit.

Stamp duty of *circa* €3 million was payable upon signing of deed. The payment of *circa* €8 million (comprising the said first payment and stamp duty) was financed primarily through a bank facility.

In terms of the Emphyteutical Deed, a total annual ground rent of €1,562,509 shall be payable to Government, of which a total of €1,169,579 is to be allocated for redemption purposes based on a net floor space area of 51,030m² (comprising residential, office space and garage space). The aforementioned annual ground rent has been temporarily reduced to €1,000 per annum, and shall remain so reduced until the earlier of: (a) the issuance of a certificate of completion by an architect; or (b) the lapse of five years from date of deed.

Subject to the issuance of Planning Authority permits, the Group plans to develop the five-star Hard Rock Hotel referred to in section 4.4.2.1 of this Registration Document, a casino, an exclusive top-floor bar, catering and dining establishments, a congress hall and conference centre, a shopping mall, a car park, office suites and residential units. The construction and development of the City Centre Project is expected to be funded through a combination of own funds, bank facilities, future debt issuances as well as cash flows generated by the initial instalment of residential units set to be constructed as part of said project.

5. TREND INFORMATION AND FINANCIAL PERFORMANCE

5.1 Strategy and Trend Information

The Issuer was registered and incorporated on 20 January 2017 as a special purpose vehicle to act as the financing arm of the Group. As indicated in section 5.2 of this Registration Document, the Issuer has no financial information to report. Accordingly, it is not in a position to assert whether there has been a material adverse change since the date of publication of its latest audited financial statements.

There have been no material adverse changes in the prospects of the Guarantor since the date of publication of its latest audited consolidated financial statements.

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

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

5.1.1 Hospitality and Entertainment

Tourism in Malta has in recent years been performing at a strong level and this trend continued in 2016 as well. Inbound tourist trips from January to December 2016 amounted to 1.99 million, an increase of 10.2% when compared a year earlier. Total nights spent by inbound tourists went up by 5.7%, reaching almost 15.0 million nights. During 2016, total guests in collective accommodation establishments surpassed 1.6 million, an increase of 2.1% over the same period in 2015. Within the collective accommodation establishments, the 5 star and 4 star hotels gained 10,878 guests (+2.8%) and 30,779 guests (+4.5%) respectively in 2016 when compared to a year earlier, while there was a decrease of 24,042 guests (-5.7%) in the 3 star category. Tourism expenditure was estimated at €1.71 billion in 2016, an increase of 4.3% over 2015¹.

Focus will be maintained on increasing arrivals during the winter months and attracting more visitors from new markets to Malta. This bodes well for the Maltese hospitality industry as the expectation is to continue to grow revenues and increase profitability.

Looking forward, Malta's EU Presidency in the current year (2017) together with Valletta serving as the European City of Culture in 2018 are widely expected to generate increased demand for hotels and enhance Malta's image as a tourist destination, which would in turn generate further growth in the hospitality sector. Meanwhile, the somewhat uncertain future of the national carrier Air Malta poses a concern to further growth whilst competition from other Mediterranean countries will likely remain strong.

The above-mentioned positive trend was also experienced at the db Seabank Resort & Spa and db San Antonio Hotel & Spa, as both hotels have performed particularly well in terms of revenue generation and profitability. The Directors believe that the operating performance of the hotels was further enhanced by the timely renovation and extension works at both properties and the successful marketing of the all-inclusive service package.

As described in more detail in section 4.5 of this Registration Document, the Group intends to expand its portfolio of hotels through the development of a five-star Hard Rock Hotel, and as a result, further grow the Group's operations and exposure to the hospitality industry in Malta.

With respect to Hard Rock Café Malta and Tunny Net Complex, the Directors expect such operations to continue to yield positive results and contribute to overall group profitability.

5.1.2 Healthcare

Demand for long-term care in Malta is expected to progressively rise in the coming years as the population ages. According to projections published by the NSO, the percentage of the Maltese population over 60 years of age is expected to increase to 28% by 2020 and to 30% by 2030. In absolute figures, Malta has *circa* 110,000 seniors above the age of 60 and this is expected to grow to over 135,000 by 2030². As a result of this substantial increase in elderly persons, it is envisaged that this will have a material effect on the growth in demand for care and support services provided to this category of the population.

In line with the above-mentioned statistics, the db Group, through its 50% shareholding in Malta Healthcare Caterers Ltd, foresees a steady increase in demand for nursing, home carers and other healthcare staff in the coming years, as well as a growing need for retirement and long-term care homes. As such, the Group plans to continue to focus on this sector and progressively increase its offerings, particularly, by growing the staff complement to meet the demand for long-term care in Malta. Furthermore, as described in section 4.4.2.2 of this Registration Document, Malta Healthcare Caterers Ltd intends to expand its activities in the healthcare sector through the development and operation of a residence for the elderly located in Santa Lucija.

5.1.3 Contract Catering

The demand for contract catering in Malta has developed substantially over the last ten years, particularly from the healthcare, aviation and canteen catering sectors. In the healthcare sector, demand for such service is mainly generated from state and privately-owned hospitals as well as from retirement homes. The Directors expect this market to grow further in the coming years as more hospitals and care homes are developed to meet the needs of Malta's ageing population. As such, Malta Healthcare Caterers Ltd intends to remain focused on optimising the contract catering business with a customer centric approach, while continuing to explore appropriate opportunities to profitably grow market share.

As for demand from the aviation industry, inflight catering service is decreasing as a result of airlines reducing their costs on ancillary services such as inflight meals. In this regard, the Group, through its 30% shareholding in Sky Gourmet Malta Ltd, will continue to focus on achieving operating efficiencies so as to safeguard profitability and future viability of this business.

¹ National Statistics Office – Malta (www.nso.gov.mt)

² Demographic Review 2014 – National Statistics Office, Malta.

5.2 Selected Financial Information

Selected Financial Information: The Issuer

The Issuer was registered and incorporated on 20 January 2017 as a special purpose vehicle to act as the financing arm of the Group. The Issuer has, to date, not conducted any business and has no trading record.

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

Selected Financial Information: The Guarantor

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

There has not been any significant change in the prospects or in the financial or trading position of SD Holdings Limited and its Subsidiary and/or Associate companies, which has occurred since the date up to which the aforesaid audited financial statements were prepared.

Set out below are summarised extracts from the consolidated financial statements of SD Holdings Limited for the years ended 31 March 2014 to 2016.

SD Holdings Limited			
Consolidated Statements of Comprehensive Income - Extracts			
for the year ended 31 March	2014	2015	2016
	€'000	€'000	€'000
Revenue	23,087	34,947	42,963
Cost of Sales	(14,355)	(21,475)	(22,939)
Gross profit	8,732	13,472	20,024
Selling and administrative expenses	(1,156)	(1,814)	(2,486)
Other income	9	250	266
Gross operating profit / EBITDA	7,585	11,908	17,804
Depreciation and amortisation	(2,405)	(5,461)	(6,093)
Operating profit	5,180	6,447	11,711
Net finance costs	(2,037)	(4,032)	(3,694)
Share of results of associates	692	601	424
Profit before tax	3,835	3,016	8,441
Tax	(620)	3,668	(2,814)
Profit after tax	3,215	6,684	5,627
<u>Profit attributable to:</u>			
Owners of the Parent	3,196	6,654	5,586
Non-controlling interest	19	30	41
	3,215	6,684	5,627
Other comprehensive income			
Revaluation surplus, net of deferred tax	-	-	22,586
Cash flow hedges, net of deferred tax	22	19	110
Total comprehensive income for the year, net of tax	3,237	6,703	28,323

SD Holdings Limited**Consolidated Statements of Financial Position - Extracts**

As at 31 March

	2014	2015	2016
	€'000	€'000	€'000
Assets			
Non-current assets	99,154	127,962	146,221
Current assets	5,240	9,541	10,212
Total assets	104,394	137,503	156,433
Equity			
Equity attributable to Group	10,695	17,368	45,650
Non-controlling interest	10,976	11,006	11,047
	21,671	28,374	56,697
Liabilities			
Non-current liabilities	62,373	70,412	61,268
Current liabilities	20,350	38,717	38,468
Total liabilities	82,723	109,129	99,736
Total equity and liabilities	104,394	137,503	156,433

SD Holdings Limited**Consolidated Statements of Cash flows - Extracts**

for the year ended 31 March

	2014	2015	2016
	€'000	€'000	€'000
Net cash generated from operating activities	7,269	10,119	15,989
Net cash used in investing activities	(9,432)	(21,371)	(10,272)
Net cash generated from/(used in) financing activities	1,954	9,765	(6,082)
Net decrease in cash and cash equivalents	(209)	(1,487)	(365)
Cash and cash equivalents taken over on acquisition of group undertaking	(125)	-	-
Cash and cash equivalents at 1 April	643	309	(1,178)
Cash and cash equivalents at 31 March	309	(1,178)	(1,543)

Revenue is principally generated through the Group's four main operational entities within its hospitality and leisure division, namely Seabank Hotel and Catering Limited and Hotel San Antonio Limited, which respectively generated 46.5% and 34.3% of total revenue during 2016, as well as S.R.G.N Company Ltd and Sea Port Franchising Ltd, which operate the Tunny Net complex and the three Hard Rock establishments respectively.

Over the historical period, the Group has experienced a significant increase in its levels of business activity, with the total revenue of €43.0m in 2016 representing a compound annual growth rate (CAGR) of 36.4% on 2014 levels. The revenue growth in 2015 was largely attributable to the inclusion of Hotel San Antonio Limited as a consolidated subsidiary with effect from 1 April 2014, which resulted from the Group's acquisition of the remaining 50% equity interest in the company, as a result of which it acquired full ownership and control. Meanwhile, the subsequent growth in 2016 principally emanated from the full year impact of the expanded and renovated San Antonio Hotel & Spa (which significantly increased its room capacity following an extensive development project) and its subsequent shift to an all-inclusive business model.

Over the historical period, the local tourism sector has continued to register positive results and sustain its growth, which has been characterised by the reported increases in tourist arrivals, tourist expenditure levels and the number of guest nights. Whilst this has had a direct positive impact on the Group's hotel operations, which hotels have both experienced significant annual increases in the total number of occupied room nights and the resultant Average Achieved Room Rates (AARR), other operational entities within the Group have benefitted from the spill over effects emanating from the aforesaid growth in the local tourist sector. For example, Sea Port Franchising Ltd has benefitted from the increase in tourist arrivals as a result of the proximity of its Hard Rock establishments to the most significant tourist arrival and/or departure points in Malta, in particular the cruise liner terminal located close to the Valletta Waterfront and the departures lounge at the Malta International Airport.

Gross profit (exclusive of depreciation) in 2016 amounted to €20.0m, which represented a CAGR of 51.4% since 2014. The growth in gross profit has been underpinned by an increase in overall gross profit margins, which have increased from 37.8% in 2014 to 46.6% in 2016, largely attributable to the significant improvements in AARR achieved by the Seabank and San Antonio hotel operations, which improvement has a direct impact on gross profitability. The above-mentioned growth in gross profit margins was also influenced by the increasing scale of the Group's operations, which has enabled its various group entities to leverage on economies of scale, and which has subsequently enabled greater flexibility in operations and a leaner cost structure.

The Group's administrative and selling cost base has increased from €1.2m in 2014 to €2.5m in 2016, which is equivalent to 5.0% and 5.8% of total revenue respectively. The said cost base has increased in line with the Group's overall level of business activity over the historical period, with the increase of 56.9% in 2015 largely the result of the inclusion of Hotel San Antonio Limited as a consolidated subsidiary, and the subsequent increase of 37.0% in 2016 heavily impacted by an increase in room capacity at the San Antonio hotel. Other income, which amounted to €266k during 2016, largely relates to the rental income derived from the lease of retail space at the San Antonio hotel.

The above-mentioned factors all had a positive impact on EBITDA¹, which stood at €17.8m in 2016, representing a CAGR of 53.2% since 2014. The most significant contributors to the reported EBITDA levels for 2016 were Seabank Hotel and Catering Limited and Hotel San Antonio Limited, comprising 58.1% and 37.8% of total EBITDA respectively. In this respect, both hotel operations generated GOPAR² levels that were in excess of the 4-star industry average as reported by the 2015 MHRA Survey (with the exception of San Antonio in 2014).

The increase in "depreciation and amortisation" and "finance costs" over the historical period, which have increased by a CAGR of 59.2% and 34.7% respectively since 2014, reflects the Group's significant investment in expanding and renovating the San Antonio hotel.

Whilst the Group is principally involved in the local hospitality and leisure sector, horizontal diversification in recent years has seen it extend its presence to the contract catering and healthcare sectors through a number of investments held in associate companies, namely a 30.0% equity interest in Sky Gourmet Malta Limited and Sky Gourmet Malta Inflight Services Limited, through which it provides in-flight catering services to Air Malta and other airlines, and a 50.0% equity interest in Malta Healthcare Caterers Ltd, through which it offers in-patient catering services to public hospitals as well as healthcare services to public hospitals, clinics and homes for the elderly. The Group also holds a 33.33% equity interest in Porto Azzurro Ltd, which owns and operates a 3-star apartment hotel in Xemxija.

The decrease in the share of profits from associates in 2015, which decreased by 13.1% to €601k, reflects the inclusion of Hotel San Antonio Limited as a consolidated subsidiary (i.e. previously recognised as a joint-venture). This decrease was however substantially mitigated by significant growth in profitability achieved by Malta Healthcare Caterers Limited, which growth was largely attributable to the acquisition by Malta Healthcare Caterers Limited of Support Services Ltd and Health Services Group Ltd, two entities principally involved in the provision of healthcare services. Despite the growth achieved by Malta Healthcare Caterers Ltd and Porto Azzurro Limited in 2016, the Group's overall share of profits from associates experienced a decrease of 29.5% when compared to 2015 levels, which was largely the result of losses incurred by Sky Gourmet Malta Limited following a significant reduction in its level of operation, which is expected to recover within the next few years.

On the basis of the key factors set out above, the Group's net profitability has increased from €3.2m in 2014 to €5.6m, representing a CAGR of 32.3% since 2014. The 15.8% decrease in net profitability during 2016 was principally the result of the recognition of tax income of €3.7m during 2015, largely reflecting the investment tax credits emanating from the refurbishment of the San Antonio hotel.

Total assets stood at €156.4m as at 31 March 2016, which represented a growth of 13.8% on prior year levels that is largely reflective of a revaluation exercise carried out during 2016 on the Group's most significant assets, namely the land and buildings within property, plant and equipment. As at 31 March 2016, property, plant and equipment comprised 87.4% of the Group's total asset base (2015: 82.5%), of which a large portion emanated from Seabank Hotel and Catering Limited (45.9% of total property, plant and equipment) and Hotel San Antonio Limited (51.2%). The increase in the Group's total asset base emanating from the revaluation exercise was partly offset by a reduction in the deferred tax asset, which decreased to €3.9m as at 31 March 2016 (2015: €9.4m). The decrease in the deferred tax asset, whilst reflecting the Group's utilisation of its investment tax credits and unabsorbed capital allowances, also reflects the recognition of a deferred tax liability in relation to temporary differences arising from the revaluation of property, plant and equipment.

Total liabilities amounted to €100.0m as at 31 March 2016, representing a decrease of 8.6% on prior year levels (2015: €109.1m). Bank borrowings represented the Group's most significant liability as at 31 March 2016, amounting to €61.2m (2015: €68.1m), equivalent to 61.3% of total liabilities. The reduction in total liabilities in 2016 thus principally emanated from the Group's repayment of its banking facilities, a large component of which were availed of by the Group to finance its large-scale investment projects, namely the construction, development and renovation of the Seabank hotel in 2011 / 2012, and the San Antonio Hotel in 2013 / 2014.

The Group's total equity as at 31 March 2016 amounted to €56.7m, of which €11.0m was attributable to non-controlling interest. This represented a growth of 99.8% on prior year levels, whereby total equity amounted to €28.4m, of which €11.0m was attributable to non-controlling interest. The growth in net assets in 2016 was principally driven by the revaluation exercise carried out during the year, whereby a revaluation reserve of €22.6m was created, as well as an increase in retained earnings, which increased by 36.9% to €20.7m as at 31 March 2016 (2015: €15.1m).

¹ An abbreviation used for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.

² The total revenue of the hotel less expenses incurred earning that revenue, divided by the available rooms. This indicator is another performance measure used in the hotel industry.

The interim unaudited financial results of SD Holdings Limited for the six months ended 30 September 2015 and 30 September 2016 are set out below:

SD Holdings Limited

Consolidated Statements of Comprehensive Income - Extracts

For the six-month period 1 April to 30 September

	2015	2016
	€'000	€'000
Revenue	28,307	30,388
Cost of Sales	(13,739)	(14,741)
Gross profit	14,568	15,647
Selling and administrative expenses	(1,025)	(1,226)
Other income	118	135
Gross operating profit / EBITDA	13,661	14,556
Depreciation and amortisation	(3,051)	(3,033)
Operating profit	10,610	11,523
Net finance costs	(1,906)	(1,552)
Share of results of associates	562	730
Profit before tax	9,266	10,701
Tax	(2,951)	(3,555)
Profit after tax	6,315	7,146
<i>Profit attributable to:</i>		
Owners of the Parent	6,254	7,081
Non-controlling interest	61	65
	6,315	7,146
Other comprehensive income		
Cash flow hedges, net of deferred tax	88	100
Total comprehensive income for the year, net of tax	6,403	7,246

SD Holdings Limited

Consolidated Statements of Financial Position - Extracts

As at

	31 Mar 2016	30 Sep 2016
	€'000	€'000
Assets		
Non-current assets	146,221	142,573
Current assets	10,212	21,292
Total assets	156,433	163,865
Equity		
Equity attributable to Group	45,650	52,831
Non-controlling interest	11,047	11,112
	56,697	63,943
Liabilities		
Non-current liabilities	61,268	58,045
Current liabilities	38,468	41,877
Total liabilities	99,736	99,922
Total equity and liabilities	156,433	163,865

SD Holdings Limited
Consolidated Statements of Cash flows - Extracts
For the six-month period 1 April to 30 September

	2015	2016
	€'000	€'000
Net cash from in operating activities	8,010	12,070
Net cash used in investing activities	(6,370)	(4,362)
Net cash used in financing activities	(1,414)	(3,554)
Net increase in cash and cash equivalents	226	4,154
Cash and cash equivalents at start of period	(1,178)	(1,543)
Cash and cash equivalents at end of period	(952)	2,611

During the first six months of FY 2017, SD Holdings Limited generated revenue levels in the region of €30.4m, which represented an increase of 7.4% over the same period in 2015, with each consolidated subsidiary experiencing a growth in its revenue levels. Seabank Hotel and Catering Limited and Hotel San Antonio Limited were the most significant contributors to the growth in revenue, increasing by 5.2% and 11.3% respectively when compared to the same period in 2015. This growth reflects the impact of notable improvements in the occupancy of both hotels, wherein occupancy levels of 92.3% and 91.8% were achieved by the Seabank and San Antonio respectively during H1 2017 (H1 2016: 88.3% and 82.6% respectively).

EBITDA amounted to €14.6m for the six-month period ended 30 September 2016, representing an increase of 6.6% when compared to the same period during 2015. The most significant contributors to the EBITDA levels generated by the Group during the six-month period ended 30 September 2016 were Seabank Hotel and Catering Limited and Hotel San Antonio Limited, which comprised 51.2% and 39.2% of total EBITDA respectively.

Net profitability increased by 13.2% to €7.1m during the six-month period ended 30 September 2016.

The Group's net assets increased from €56.7m as at 31 March 2016 to €63.9m as at 30 September 2016, which growth was largely the result of an increase of 4.8% in total assets, in particular a significant growth in trade and other receivables and cash balances. This reflects the seasonality of the Group's operations, whereby 30 September 2016 coincided with the end of the peak summer period. The increase in trade and other receivables was partially offset by a reduction in the Group's deferred tax asset as it utilised its unabsorbed capital allowances and investment tax credits. Total liabilities as at 30 September 2016 amounted to €99.9m, which represented a marginal growth over the respective balance as at 31 March 2016, whereby an increase in trade and other payables (also reflecting the seasonality in operations) was offset by a decrease in borrowings.

6. MANAGEMENT

6.1 The Board of Directors of the Issuer

The Board of Directors of the Issuer is to consist of a minimum of two (2) and a maximum of seven (7) Directors. Presently there are six (6) directors. The Board meets regularly to establish and review the policies and strategies of the Issuer and to monitor the implementation thereof and the overall performance of the Issuer.

6.1.1 Executive Directors

The Executive Directors of the Issuer are entrusted with the company's day-to-day management and are also directors or officers of other companies within the Group. The Executive Directors are supported in this role by several consultants and benefit from the know-how gained by members and officers of the Group.

The Executive Directors of the Issuer are Mr Silvio Debono, Mr Arthur Gauci and Mr Robert Debono.

6.1.2 Non-Executive Directors

The Non-Executive Directors constitute a majority on the Board of the Issuer and their main functions are to monitor the operations of the Executive Directors and their performance, as well as to review any proposals tabled by the Executive Directors.

The Non-Executive Directors of the Issuer are Mr Stephen Muscat, Dr Vincent Micallef and Mr Philip Micallef.

6.1.3 Curriculum Vitae of Directors of the Issuer

Mr Silvio Debono

Mr Debono is the Chairman of the db Group. Amongst his first business ventures was the acquisition of the Commando Bar in Mellieha in the 1980s, and subsequently that of the Pot of Gold, serving to culminate the Group's growth path to the manner in which it stands today. Mr Debono has, together with his team of dedicated personnel, transformed the Seabank Hotel, now restyled as db Seabank Resort & Spa, into one of the leading resorts in Malta, having also aided in securing major awards in the tourism sector at an international level.

Further, Mr Debono was instrumental in successfully negotiating the acquisition of the 50% shareholding in Hotel San Antonio plc (rendering the db Hotel San Antonio & Spa a fully owned Group Subsidiary), and in securing and maintaining the Hard Rock Café franchise in Malta.

Mr Debono serves on the board of directors of all companies forming part of the db Group described in this Registration Document.

Mr Arthur Gauci

Mr Gauci graduated with a Bachelor of Accountancy from the University of Malta in 1991. He joined the Group in the mid-1990s as Financial Controller, and was primarily responsible for the finance and IT departments. Mr Gauci has played a key role in the Group's expansion. He was instrumental in securing the acquisition of the newly styled db Hotel San Antonio & Spa, whilst also successfully negotiating the acquisition of franchise rights for Hard Rock Café and Hard Rock Bar in Malta.

Mr Gauci has for the past seven years occupied the post of CEO of the Group and serves as a director in the following Group Companies: Sea Port Franchising Limited, Seabank Hotel and Catering Limited, Hotel San Antonio Limited, Sky Gourmet Malta Ltd, Sky Gourmet Malta Inflight Services Ltd and DB San Gorg Property Limited. Today, as Director of Franchise Operations, he manages the Group's franchised restaurant business.

Mr Robert Debono

After having graduated with a Bachelor of Commerce (Hons.) in Management, from the University of Malta, with a dissertation entitled, "A Case Study of the Seabank All Inclusive Resort & Spa: Managerial Perspectives of Service Quality Measuring Tools & Organisational Culture", Mr Debono was, in 2015, appointed Director of Healthcare Operations for the Group, involved mainly in the management of, and vision for, the Group's presence in the healthcare sector, with a particular focus on the operations of Healthmark Care Services Ltd. His primary responsibilities include overseeing the efficient use of human resources, cashflow management and budgeting, the liaison and overall coordination of all contracts with various government entities and the private sector, and oversight of the implementation of new technology-based solutions and IT changeover systems.

Today, Mr Debono also serves as a director in the following Group Companies: Support Services Limited, Health Services Group Limited, Healthmark Care Services Ltd, Sky Gourmet Malta Ltd, Sky Gourmet Malta Inflight Services Ltd, Seabank Hotel and Catering Limited and DB San Gorg Property Limited.

Dr Vincent Micallef

Dr Micallef graduated from the University of Malta with a Doctor of Laws (LL.D) degree in 2006, and was admitted to the bar in 2007. In 1993, he joined the Malta Police Force, and held the positions of Police Constable and Police Sergeant. During his years as a member of the Malta Police Force, Dr Micallef was assigned to specialised duties and posted within the Criminal Investigation Department, Economic Crimes Unit, where he specifically dealt with white-collar crime and money laundering investigations.

After completing his law degree, Dr Micallef served as legal advisor within the Legal Office / Prosecutions Unit of the Malta Police Force. Dr Micallef has also represented the Malta Police Force in expert meetings and seminars dealing with Witness Protection Programmes and International Relocation of Witnesses under the auspices of Europol at the European Commission in Brussels, Belgium and Prague.

Dr Micallef presently serves as company secretary of DB San Gorg Property Limited, and sits on the board of directors of two companies not related to the Group. He is chairperson of the Government Formulary List Advisory Appeals Committee, and also holds the post of secretary of the Malta Council for Science and Technology. Furthermore, Dr Micallef is currently the Commissioner for Justice, a position he has held since January 2014.

Mr Stephen Muscat

Mr Muscat is a Certified Public Accountant and a graduate of the University of Malta with a B.A. (Honours) Accountancy degree, a fellow of the Malta Institute of Accountants, the Malta Institute of Taxation and the Institute of Directors (UK). He is a former CEO and Director of Maltacom p.l.c. (today GO p.l.c.).

Since 2006, Mr Muscat has been a corporate services provider with his own advisory practice and serves as an independent non-executive director of a number of companies operating in financial services, insurance, fiduciary as well as shipping, infrastructure, ICT and a resident director of various holding companies. Within a number of locally regulated entities, he practices as a member of Audit, Investment, Risk, Remuneration and Valuation Committees.

Mr Muscat sits on the board of directors of various companies not related to the Group.

Mr Philip Micallef

Mr Micallef holds a Bachelor of Science in Electrical Engineering (B. Sc Eng.), specialising in telecommunications, from the University of Malta. He also holds a Masters of Business Administration (MBA) from the University of Warwick in the UK. Mr Micallef is a Chartered Engineer of the Institute of Electrical Engineers (UK), European Engineer (Eur. Ing.) of the Federation of European Engineers, and Member of the Association Française pour le Service et son Management.

Between 1999 and 2002, Mr Micallef served as a non-executive director on the board of Maltacom. Mr Micallef is a former CEO of Malta Enterprise, Melita Cable and Air Malta, and also served as Executive Chairman of the Malta Communications Authority.

Mr Micallef is currently serving as a non-executive director on the board of Atlas Insurance PCC Limited.

6.1.4 Directors' Service Contracts

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

6.1.5 Aggregate Emoluments of Directors

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

6.1.6 Loans to Directors

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

6.1.7 Removal of Directors

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

6.1.8 Powers of Directors

The business of the Issuer is managed by the Directors, who may, in accordance with the Issuer's articles of association, exercise all such powers as are not by the statutes or by the memorandum or articles of the Issuer required to be exercised by it in general meeting.

In accordance with the Issuer's articles of association, the board of the Issuer may exercise all the powers of the Issuer to borrow money and to hypothecate or charge its undertaking, property and uncalled capital or any part thereof, and to issue bonds, debentures, debenture stock and other securities, on such terms, in such manner and for such consideration as they may deem fit, whether outright or as security for any debt, liability or obligation of the company or of any third party.

6.2 Employees of the Issuer

As at the date of the Prospectus, the Issuer has no employees.

6.3 The Board of Directors of the Guarantor

The Board of Directors of the Guarantor consists of a minimum of one (1) and a maximum of six (6) Directors. Presently there are six (6) directors. The Board meets regularly to establish and review the policies and strategies of the Guarantor and to monitor the implementation thereof and the overall performance of the Guarantor.

6.3.1 Curriculum Vitae of Directors of the Guarantor

Ms Victoria Debono

Ms Debono's involvement with the Group began in 2011, when she was appointed by the Group as accounting and bookkeeping clerk, which position she retained until 2013. In 2013, Ms Debono began working in various departments of the db Seabank Resort & Spa, including front office, sales and marketing, and housekeeping. In 2014, Ms Debono was appointed Assistant General Manager of the db Seabank Resort & Spa. Until 2016, Ms Debono also shadowed the Rooms Division Manager for the maintenance, front office, housekeeping, spa and animation departments. In 2016, Ms Debono was appointed Room Division Manager, responsible for the management of the aforementioned departments, the continued maintenance and oversight of guest relations, and staff training.

Ms Debono also serves as director in the following Group companies: Seabank Hotel and Catering Limited, Hotel San Antonio Limited and DB San Gorg Property Limited.

Mr Vincent Degiorgio

After having completed his studies in accounting and economics, Mr Degiorgio began his career as an accounts executive, and subsequently moved into the field of hospitality. In 2004, he secured the position of Chief Financial Controller of San Antonio Hotel & Spa. In 2007, Mr Degiorgio's professional career drew nearer to hospitality management as he oversaw the management of San Antonio Hotel & Spa as General Manager. Mr Degiorgio was also responsible for the upgrade to the San Antonio Hotel & Spa's quarters in 2014, having successfully managed and monitored budgets for the refurbishment and upgrades.

Today, he also serves as a director in the following Group companies: DB San Gorg Property Limited, Hotel San Antonio Limited, and, as Director of Hotel Operations, manages the hotel portfolio of the Group.

Mr Jesmond Vella

Mr Jesmond Vella entered the catering industry in 1994, when he was appointed chef by the Group at the Seabank Hotel. In 2000, Mr Vella was appointed head chef, whereby he was responsible for ensuring a high level of consistency in food dishes in line with Group standards, and maintaining high quality plates and presentation standards, the management and training of kitchen staff and the evaluation of the staff's performance, inter alia. In 2009, Mr Vella was appointed General Manager of the Tunny Net Complex, responsible for running this part of the Group's business.

He is also the Group's Head of Purchasing and Logistics, and, in occupying this role, is mainly responsible for forecasting the levels of and managing the demand for services and products in the various sectors within which the Group retains a presence. Mr Vella also serves as director in the following Group companies: Healthmark Care Services Ltd, Malta Healthcare Caterers Ltd and DB San Gorg Property Limited.

The CVs of Mr Silvio Debono, Mr Robert Debono and Mr Arthur Gauci are set out in section 6.1.3 of this Registration Document.

6.3.2 Directors' Service Contracts

Ms Victoria Debono and Mr Vincent DeGiorgio have written service contracts with the Guarantor, specifically in respect of their respective operational roles within the Group.

The rest of the Directors do not have a service contract with the Guarantor.

6.3.3 Aggregate Emoluments of Directors

For the financial year ended 31 March 2016, no director emoluments were due by the Guarantor.

6.3.4 Loans to Directors

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

6.3.5 Removal of Directors

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

6.3.6 Powers of Directors

By virtue of the Articles of Association of the Guarantor, the Board of Directors is empowered to exercise all the rights of the company except those rights as are expressly reserved for decision by the shareholders in general meeting.

6.4 Employees of the Guarantor

As at the date of the Prospectus, the Guarantor has no employees.

6.5 Employees of the Group

As at the date of the Prospectus, in aggregate the Group had approximately 518 full-time equivalent employees.

7. MANAGEMENT STRUCTURE

7.1 General

The Issuer is a finance and investment company which does not require an elaborate management structure. Mr Silvio Debono has been appointed Executive Chairman of the Company. The Directors believe that the current organisational structures are adequate for the current activities of the Company and the Group. The Directors will maintain these structures under continuous review to ensure that they meet the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

7.2 Management Team

The key members of the Group's management team are the following:

Name	Designation	Abbreviation
Silvio Debono	Executive Chairman	EC
Arthur Gauci	Chief Executive Officer	CEO
	Director of Franchise Operations	DFO
Vincent Degiorgio	Director of Hotel Operations	DHO
Jesmond Vella	Head of Purchasing and Logistics	HPL
Bradley Dingli	General Manager of db San Antonio Hotel & Spa	GM
Massimo Azzopardi	General Manager of db Seabank Resort & Spa	GM
Robert Debono	Director of Healthcare Operations	DHCO
Trevor Vella	Chief Financial Officer	CFO

The EC, CEO, DHO and the HPL, who also sit on the board of directors of the Parent, constitute the senior management of the Group, and form the Group's strategic core, responsible for establishing the focal points of the Group's operations and the direction to be taken by the Group in the various industries within which it operates.

The DHO is responsible for the management of the Group's hospitality portfolio. The GM of db San Antonio Hotel & Spa and the GM of db Seabank Resort & Spa, report directly to the DHO. The Group's DFO is responsible for the management of the Group's franchised restaurant business. The DHCO is involved primarily in the management of the Group's presence in the healthcare sector. The Group's CFO oversees the Group's financial operations and is also responsible for the coordination of the Group's head office team. On the other hand, the Group's HPL is mainly responsible for forecasting the levels of, and managing the demand for, services and products in the various sectors within which the Group retains a presence.

The EC and the CEO are at the helm of the reporting structure of the Group. Reporting lines for all segments of the Group's operations are ultimately channeled through the CEO, with the DHO, the DHCO and the CFO reporting directly to the CEO.

7.3 Conflict of Interest

As at the date of this Prospectus, Silvio Debono, Arthur Gauci, Victoria Debono, Robert Debono, Jesmond Vella and Vincent Degiorgio are officers of a number of db Group Companies, and as such are susceptible to conflicts between the potentially diverging interests of the different members of the Group. Victoria Debono and Robert Debono are the direct descendants of Silvio Debono.

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

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

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

The Audit Committee of the Issuer has the task of ensuring that any such potential conflicts of interest relating to the directors of the Issuer are handled in the best interests of the Issuer. In terms of the Act, any director of each db Group Company who, in any way, whether directly or indirectly has an interest in a contract or a proposed contract or in any transaction or arrangement (whether or not constituting a contract) with the respective Group Company, is required to declare the nature of his/her interest at a meeting of such company's board of directors.

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

8. AUDIT COMMITTEE PRACTICES

8.1 Audit Committee

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

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

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

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

In addition, the Audit Committee has the role and function of evaluating any proposed transaction to be entered into by the Issuer and a related party, including the Guarantor, to ensure that the execution of any such transaction is at arm's length, on a commercial basis and ultimately in the best interests of the Issuer. Furthermore, the Audit Committee has the role of assessing any potential conflicts of interest between the duties of the Directors of the Issuer and their respective private interests or duties unrelated to the Issuer.

The committee is made up entirely of independent non-executive Directors, who are appointed for a period of three years, unless terminated earlier by the Board. The Audit Committee is composed of Stephen Muscat, Philip Micallef and Vincent Micallef. The Chairman of the Audit Committee, appointed by the Board, is entrusted with reporting to the Board on the workings and findings of the Committee. Stephen Muscat, who occupies the post of Chairman of the Audit Committee, is the independent non-executive director of the Company considered by the Board to be competent in accounting and/or auditing in terms of the Listing Rules.

9. COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

9.1 The Issuer

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

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

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

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

Principle 7 “Evaluation of the Board’s Performance”: under the present circumstances, the Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board’s performance is evaluated on an ongoing basis by, and is subject to the constant scrutiny of, the Board itself, the Company’s shareholders, the market and the rules by which the Issuer is regulated as a listed company.

Principle 8 “Committees”:

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

Appointments to the Board of Directors are determined by the shareholders of the Company in accordance with the Memorandum and Articles of Association. The Issuer considers that the members of the Board provide the level of skill, knowledge and experience expected in terms of the Code.

9.2 The Guarantor

As the Guarantor is not a public company having securities listed on a regulated market, it is not bound by the provisions of the Code set out in the Listing Rules, including, *inter alia*, the requirement to set up an audit committee.

10. HISTORICAL INFORMATION

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

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

There have been no significant changes to the financial or trading position of the Guarantor since the end of the financial period to which the last audited consolidated financial statements relate.

11. LITIGATION

The Directors are not aware of any current litigation against or otherwise involving the Issuer, including actual, pending or threatened governmental, legal or arbitration proceedings, which the Directors consider could have significant effects on the Issuer’s financial position or profitability.

There are no governmental, legal or arbitration proceedings against the Guarantor, including any pending or threatened proceedings, of which the Guarantor is aware and considers could have significant effects on the financial position or profitability of the Guarantor. However, the attention of prospective investors is drawn to section 12 of this Registration Document (Other Disputes / Investigations), referring to reports about disputes involving the Group or its owner ongoing as at the date of the Prospectus.

12. OTHER DISPUTES/INVESTIGATIONS

Certain allegations have been reported in the Maltese press in relation to the activities of certain Group companies. These allegations relate principally to three matters, set out hereunder.

First, reports have questioned the price paid by the Group to the Government of Malta for the acquisition of property located in St George's Bay (described in section 4.5 above). Both the Group and the Government have strongly defended the transaction and categorically rebutted any allegation of irregularity in relation to the transaction. It has been further reported that the transaction has been referred for investigation by the National Audit Office.

The Group has stated its view that: the award of the tender leading to the transaction was carried out in line with prevailing tendering procedures and the final transaction was finally executed following a further 12 months of discussion on the applicable terms; the negotiated price was based entirely on a detailed valuation exercise carried out by independent experts, which price was deemed a fair value by Government and was accepted by the Group notwithstanding that it was significantly higher than the price originally tendered by the Group. The Group reiterates its view that the allegations being levelled at it in connection with the transaction relating to the St. George's Bay land described in section 4.5 above are completely unfounded at law.

Second, articles appearing in the local press have reported that a company forming part of the Group (ETL, a company registered in the British Virgin Islands, referred to in section 4.4.2.1 above) is being investigated by the Tax Compliance Unit and the Financial Intelligence Analysis Unit as part of the Panama Papers probe. To date, the Tax Compliance Unit has requested information from the Group in connection with this particular aspect of its operations, as part of what is understood to be a wider investigation covering the probity of offshore companies belonging to Maltese residents. ETL has thus far fully cooperated with the Tax Compliance Unit in the course of its investigation. As at the date of this Registration Document, the said investigation has as yet yielded no conclusive results, and remains ongoing. The Group is not aware of any investigations having been launched by the Financial Intelligence Analysis Unit in connection with ETL and its operations. The Group has denied, and continues to deny, any links to the Panamanian jurisdiction and rebuts any allegation of irregularity in this respect.

Third, press reports have stated that the Electoral Commission is planning to investigate allegations that a Group company had donated funds to the political party in opposition to cover the salaries of certain party officials in violation of party financing regulations. The Group has strongly denied, and continues to rebut, any allegation of irregularity in relation to this matter.

Whilst the Group strongly denies and rebuts any allegations of irregularity or of having acted in an improper manner, the Group acknowledges that the continued existence of these allegations will result in the Group deploying management resource to defend itself against such allegations, and could result in various legal actions (of a criminal, civil and, or administrative nature) being taken against member companies of the Group and possibly even against individuals personally. In particular, these allegations could lead to civil actions being brought before the Civil Courts of Malta and to criminal action being taken for any alleged breach of criminal laws in Malta. As indicated in section 2.2.6 above, such actions, if they were to occur, could adversely affect the financial position and financial prospects of the Group. Furthermore, exposure to litigation or to fines imposed by regulatory authorities would adversely affect the Group's reputation.

13. ADDITIONAL INFORMATION

13.1 Major Shareholders

13.1.1 Shareholding of the Issuer

The authorised and issued share capital of the Issuer is €250,000 divided into 250,000 ordinary shares of a nominal value of €1.00 each. The issued share capital of the Issuer is subscribed for, allotted and taken up as follows:

- 249,999 ordinary shares, 100% paid up, are held by the Guarantor; and
- 1 ordinary share, 100% paid up, is held by Silvio Debono.

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

Each ordinary share confers the right to one (1) vote at general meetings of the Issuer. All ordinary shares rank *pari passu* in all respects.

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

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

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

The Issuer adopts measures in line with the Code to ensure that the relationship of the Issuer and/or Guarantor with the rest of the Group and/or with the shareholder of the Guarantor, are retained at arm's length, including, in respect of both the Issuer and the Guarantor, adherence to rules on Related Party Transactions set out in Chapter 5 of the Listing Rules requiring the vetting and approval of any related party transaction by the Audit Committee, in which the majority is constituted by independent non-executive Directors of the Issuer. With particular reference to the relationship between the Issuer and the shareholder of the Guarantor (the shareholder of the Guarantor is a director of the Issuer), the articles of association of the Issuer require any director of the Issuer who in any way, whether directly or indirectly, has an interest in a contract, arrangement, transaction or proposal with the Issuer, to declare the nature of his interest at a meeting of the Board of Directors of the Issuer. Furthermore, said Director shall not be permitted to vote at that meeting in respect of any contract, arrangement, transaction or any other proposal in which he has, either directly or indirectly, a personal material interest.

13.1.2 Shareholding of the Guarantor

The authorised share capital of the Guarantor is €5,000,000 divided into 5,000,000 ordinary shares of a nominal value of €1.00 each. The issued share capital of the Guarantor is €4,000,000 divided into 4,000,000 ordinary shares of a nominal value of €1.00. All the issued share capital of the Guarantor is subscribed for, allotted and taken up as fully paid up shares by Silvio Debono.

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

Each ordinary share confers the right to one (1) vote at general meetings of the Issuer. All ordinary shares rank *pari passu* in all respects.

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

13.2 Memorandum and Articles of Association of the Issuer

13.2.1 Objects

The Memorandum and Articles of Association are registered with the Registry of Companies. The main objects of the Issuer's activities are set out in Article 3 of its memorandum of association as described in section 4.2.2 of this Registration Document.

A copy of the Memorandum and Articles of Association may be inspected during the lifetime of this Registration Document at the registered office of the Issuer and at the Registry of Companies.

13.2.2 Appointment of Directors

At present, in terms of the Memorandum and Articles of Association, the Board shall consist of not less than two (2) and not more than seven (7) directors. Directors shall be appointed by means of an ordinary resolution of the shareholders of the Company in general meeting, which ordinary resolution shall be determined and decided by means of a poll. The procedures for the election of Directors may be established by the Company in General Meeting from time to time.

13.2.3 Powers of Directors

The business of the Company shall be managed by the Directors who may exercise all such powers of the Company as are not by the statutes or by the Memorandum and Articles of Association required to be exercised by the Company in general meeting.

The board of Directors may exercise all the powers of the Company to borrow money and to hypothecate or charge its undertaking, property and uncalled capital or any part thereof, and to issue bonds, debentures, debenture stock and other securities, on such terms, in such manner and for such consideration as they may deem fit, whether outright or as security for any debt, liability or obligation of the Company or of any third party.

13.3 Memorandum and Articles of Association of the Guarantor

13.3.1 Objects

The memorandum and articles of association of the Guarantor are registered with the Register of Companies. The main objects of the Guarantor's activities are set out in Clause 4 of the memorandum of association of the Guarantor and include, but are not limited to: acting as a holding company; providing advisory, consultancy, back-office, human resources, marketing, logistics, and other services related to the management, administration and operations of other companies; and the establishment of hotels, tourist centres and restaurants, and operate, manage and maintain the same.

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

13.3.2 Appointment of Directors

At present, in terms of the memorandum and articles of association of the Guarantor, the Board shall consist of not less than one (1) and not more than six (6) directors. Directors shall be appointed by means of an ordinary resolution of the shareholders of the Company in general meeting.

13.3.3 Powers of Directors

The Directors are vested with the management of the Guarantor, and their powers of management and administration emanate directly from the memorandum and articles of association and the law. The Directors are empowered to act on behalf of the Guarantor and in this respect have the authority to enter into contracts, sue and be sued in representation of the Guarantor.

In terms of the memorandum and articles of association they may do all such things that are not by the memorandum and articles of association reserved for the shareholders in general meeting.

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

14. MATERIAL CONTRACTS

None of the Issuer, the Guarantor or any other Group company have entered into any material contracts which are not in the ordinary course of their business which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's or Guarantor's ability to meet their obligations to security holders in respect of the securities being issued pursuant to, and described in, the Securities Note forming part of the Prospectus.

15. INTEREST OF EXPERTS AND ADVISORS, AND THIRD PARTY INFORMATION

Save for the financial analysis summary set out as Annex IV to the Securities Note, the Prospectus does not contain any statement or report attributed to any person as an expert.

The financial analysis summary has been included in the form and context in which it appears with the authorisation of Charts Investment Management Services Limited (C 7944), which has given and has not withdrawn its consent to the inclusion of such report therein. Charts Investment Management Services Limited does not have any material interest in the Issuer. 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.

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

16. DOCUMENTS AVAILABLE FOR INSPECTION

For the duration period of this Registration Document the following documents (or copies thereof) shall be available for inspection at the registered address of the Issuer:

- (a) Memorandum and Articles of Association of the Issuer;
- (b) Memorandum and Articles of Association of the Guarantor;
- (c) The Guarantee;
- (d) Audited Consolidated Financial Statements of the Guarantor for the financial years ended 31 March 2014 to 2016;
- (e) Unaudited Interim Consolidated Financial Statements of the Guarantor for the six-month period 1 April 2016 to 30 September 2016;
- (f) Audited Financial Statements of each Subsidiary (other than Hotel San Antonio Limited) for the financial years ended 31 March 2014 to 2016;
- (g) Audited Financial Statements of Hotel San Antonio Limited for the financial periods ended 31 December 2013, 31 March 2015 and 31 March 2016;
- (h) The letter of confirmation drawn up by KPMG dated 27 March 2017;
- (i) Financial Analysis Summary prepared by Charts Investment Management Service Limited dated 27 March 2017; and
- (j) The Emphyteutical Deed referred to in section 4.5 of this Registration Document.

Documents (a), (b), (d) and (i) are also available for inspection in electronic form on the Issuer's website <http://www.dbgroupmalta.com/>