

SECURITIES NOTE

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Listing Rules published by the Listing Authority and of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended by Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015. This Securities Note is issued pursuant to the requirements of Listing Rule 4.14 of the Listing Rules and contains information about the Bonds being issued by Von der Heyden Group Finance p.l.c. Application has been made for the admission to listing and trading of the Bonds on the Official List of the Malta Stock Exchange. This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Issuer.

Dated 30 January 2017

In respect of an issue of €25,000,000 4.4% Unsecured Bonds 2024
of a nominal value of €1,000 per Bond issued at par

by



VON DER HEYDEN GROUP

VON DER HEYDEN GROUP FINANCE P.L.C.

a public limited liability company registered in Malta with company registration number C 77266

Guaranteed by **TIMAN INVESTMENTS HOLDINGS LIMITED**

a private limited liability company registered in Malta with company registration number C 63335

ISIN: MT0001401208

Prospective investors are to refer to the guarantee contained in Annex B of this Securities Note for a description of the scope, nature and term of the guarantee. Reference should also be made to the sections entitled “Risk Factors” contained in the Summary Note, the Registration Document and this Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the guarantee provided by Timan Investments Holdings Limited.

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

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

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

Legal Counsel



Sponsor, Manager & Registrar



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IMPORTANT INFORMATION

THIS SECURITIES NOTE CONSTITUTES PART OF THE PROSPECTUS DATED 30 JANUARY 2017 AND CONTAINS INFORMATION ABOUT VON DER HEYDEN GROUP FINANCE P.L.C. IN ITS CAPACITY AS ISSUER, TIMAN INVESTMENTS HOLDINGS LIMITED IN ITS CAPACITY AS GUARANTOR AND THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES, THE COMPANIES ACT AND COMMISSION REGULATION (EC) NO. 809/2004 OF 29 APRIL 2004 IMPLEMENTING DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS INFORMATION CONTAINED IN PROSPECTUSES AS WELL AS THE FORMAT, INCORPORATION BY REFERENCE AND PUBLICATION OF SUCH PROSPECTUSES AND DISSEMINATION OF ADVERTISEMENTS, AS AMENDED BY COMMISSION DELEGATED REGULATION (EU) NO. 486/2012 OF 30 MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF 4 JUNE 2012, COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF 30 APRIL 2013, COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014 AND COMMISSION DELEGATED REGULATION (EU) NO. 2016/301 OF 30 NOVEMBER 2015, AND SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER.

THE INFORMATION CONTAINED HEREIN IS BEING MADE AVAILABLE IN CONNECTION WITH AN ISSUE BY THE ISSUER OF €25,000,000 BONDS 2024 OF A NOMINAL VALUE OF €1,000 EACH. THE BONDS SHALL BE ISSUED AT PAR AND BEAR INTEREST AT THE RATE OF 4.4% PER ANNUM PAYABLE ANNUALLY IN ARREARS ON 8th OF MARCH OF EACH YEAR UNTIL THE REDEMPTION DATE, WITH THE FIRST INTEREST PAYMENT FALLING DUE ON 8th MARCH 2018. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 8th MARCH 2024. THE BOND ISSUE IS GUARANTEED BY TIMAN INVESTMENTS HOLDINGS LIMITED.

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

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

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

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



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TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

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

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

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

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

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

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

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

UNLESS OTHERWISE STATED, THE CONTENTS OF THE ISSUER'S OR GUARANTOR'S WEBSITES OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S OR GUARANTOR'S WEBSITES DO NOT FORM PART OF THE



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PROSPECTUS. ACCORDINGLY, NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN THE BONDS.

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

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

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



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1 DEFINITIONS

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

“Act” or “Companies Act” “Andersia Property Sp. z o.o.”	the Companies Act, 1995 (Chapter 386 of the laws of Malta); Andersia Property Sp. z o.o., a subsidiary company of the Guarantor, registered under the laws of Poland with company registration number 058643 and having its registered address at Pl. Andersa 7, 61-894 Poznan, Poland;
“Andersia Retail Sp. z o.o.”	Andersia Retail Sp. z o.o., a subsidiary company of the Guarantor, registered under the laws of Poland with company registration number 238196 and having its registered address at Pl. Andersa 7, 61-894 Poznan, Poland;
“Applicant/s”	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
“Application/s”	the application to subscribe for and purchase Bonds made by an Applicant/s by completing an Application Form/s and delivering same to the Sponsor, Manager & Registrar or any of the Authorised Intermediaries, as applicable, in accordance with the terms of this Securities Note;
“Application Form”	the form of application for subscription of Bonds, a specimen of which is contained in Annex D of this Securities Note;
“Authorised Intermediaries”	all the licensed stockbrokers and financial intermediaries listed in Annex E of this Securities Note;
“Bogenhausener Tor Immobilien GmbH”	Bogenhausener Tor Immobilien GmbH, a subsidiary company of the Guarantor, registered under the laws of Germany with company registration number Amtsgericht München HRB 164784 and having its registered address at Riedenburger Straße 2, 81677 Munich, Germany;
“Bond/s”	the €25,000,000 unsecured bonds 2024 of a nominal value of €1,000 per bond issued at par and redeemable on the Redemption Date at their nominal value, bearing interest at the rate of 4.4% per annum. The Bonds are guaranteed by Timan Investments Holdings Limited;
“Bondholder”	a holder of Bonds;
“Bond Issue”	the issue of the Bonds;
“Bond Issue Price”	the price of €1,000 per Bond;
“Business Day”	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
“CET”	Central European Time;
“CSD”	the Central Securities Depository of the Malta Stock Exchange authorised in terms of Part IV of the Financial Markets Act (Chapter 345 of the laws of Malta), having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
“Directors” or “Board”	the directors of the Issuer whose names are set out in sub-section 4.1 of the Registration Document forming part of the Prospectus;
“Długi Targ Sp. z o.o.”	Długi Targ Sp. z o.o., a subsidiary company of the Guarantor, registered under the laws of Poland with company registration number 258097 and having its registered address at Pl. Andersa 7,



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“Euro” or “€”	61-894 Poznan, Poland;
“Exchange”, “Malta Stock Exchange” or “MSE”	the lawful currency of the Republic of Malta; Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Chapter 345 of the laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
“Financial Analysis Summary”	the financial analysis summary dated 30 January 2017 compiled by the Sponsor, Manager & Registrar in line with the applicable requirements of the Listing Authority policies and which is intended to summarise the key financial data set out in the Prospectus appertaining to the Issuer and the Guarantor, a copy of which is set out in Annex C of this Securities Note;
“Group”	the Guarantor (parent company) and any subsidiary and associated company or entity, including the Issuer, in which the Guarantor has a controlling interest, as further described in sub-section 5.2 of the Registration Document forming part of the Prospectus, principally specialising in the business of developing high quality office buildings and other property developments, as well as owning and managing hotel and residential properties in several European countries;
“Guarantor”	Timan Investments Holdings Limited, a company registered under the laws of Malta with company registration number C 63335 and having its registered office at B2, Industry Street, Qormi QRM 3000, Malta, in terms of the guarantee contained in Annex B of this Securities Note and as described in Element B.18 of the Summary Note forming part of the Prospectus;
“Interest Payment Date”	8 March of each year between and including each of the years 2018 and the year 2024, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
“Intermediaries’ Offer”	shall have the meaning set out in sub-section 6.2 of this Securities Note;
“Issue Date”	8 March 2017;
“Issue Period”	the period between 0830 hours (CET) on 9 February 2017 and 1200 hours (CET) on 3 March 2017 (or such earlier date as may be determined by the Issuer) during which the Bonds are available for subscription;
“Issuer”	Von der Heyden Group Finance p.l.c., a company registered under the laws of Malta with company registration number C 77266 and having its registered office at Spinola Palace, 46, St. Christopher Street, Valletta VLT 1464, Malta;
“Listing Authority”	the Malta Financial Services Authority, appointed as Listing Authority for the purposes of the Financial Markets Act (Chapter 345 of the laws of Malta) by virtue of Legal Notice 1 of 2003;
“Listing Rules”	the listing rules issued by the Listing Authority, as may be amended from time to time;
“Lublin Grand Hotel Sp. z o.o.”	Lublin Grand Hotel Sp. z o.o., a subsidiary company of the Guarantor, registered under the laws of Poland with company registration number 61774 and having its registered address at Wspólna 62, 00-684 Warsaw, Poland;



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“Malta Stock Exchange Bye-Laws”	the Malta Stock Exchange p.l.c. bye-laws issued by the authority of the board of directors of Malta Stock Exchange p.l.c., as may be amended from time to time;
“MFSA”	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act, 1988 (Chapter 330 of the laws of Malta);
“Official List”	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
“Prospectus”	collectively the Summary Note, the Registration Document and this Securities Note, all dated 30 January 2017, as such documents may be amended, updated, replaced and supplemented from time to time;
“Prospectus Directive”	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as may be amended from time to time;
“Redemption Date”	8 March 2024;
“Redemption Value”	the nominal value of each Bond (€1,000 per Bond);
“Registration Document”	the registration document issued by the Issuer dated 30 January 2017, forming part of the Prospectus;
“Regulation”	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of the prospectus and dissemination of advertisements;
“Securities Note”	this securities note in its entirety issued by the Issuer dated 30 January 2017, forming part of the Prospectus;
“Sponsor, Manager & Registrar”	Calamatta Cuschieri Investment Services Limited, a private limited liability company registered under the laws of Malta having its registered office at Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta and bearing company registration



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	number C 13729. Calamatta Cuschieri Investment Services Limited is authorised to conduct investment services by the MFSA in terms of the Investment Services Act (Chapter 370 of the laws of Malta);
“Summary Note”	the summary note issued by the Issuer dated 30 January 2017, forming part of the Prospectus;
“Terms and Conditions”	the terms and conditions relating to the Bonds as contained in the Prospectus, particularly in section 8 of this Securities Note;
“Von der Heyden Group Holdings S.A.R.L.”	Von der Heyden Group Holdings S.A.R.L., a company registered under the laws of Luxembourg with company registration number B189623 and having its registered office at 32, rue Marthe Prim-Welter, L-6138 Junglinster, Luxembourg.

All references in the Prospectus to “Malta” are to the “Republic of Malta”.

Unless it appears otherwise from the context:

- a) words importing the singular shall include the plural and vice-versa;
- b) words importing the masculine gender shall include the feminine gender and vice-versa;
- c) the word “may” shall be construed as permissive and the word “shall” shall be construed as imperative.

2 RISK FACTORS

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

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

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

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER’S AND/OR GUARANTOR’S FINANCIAL RESULTS AND TRADING PROSPECTS AND THE ABILITY OF THE ISSUER AND/OR GUARANTOR TO FULFIL THEIR RESPECTIVE OBLIGATIONS UNDER THE SECURITIES ISSUED BY THE ISSUER FROM TIME TO TIME.

THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS OF THE ISSUER AND GUARANTOR, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER AND GUARANTOR FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER’S AND/OR GUARANTOR’S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A



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MATERIAL IMPACT ON THE FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE OF THE ISSUER AND/OR GUARANTOR THAT COULD LEAD TO A DECLINE IN VALUE OF THE SECURITIES.

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

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

2.1 FORWARD-LOOKING STATEMENTS

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

2.2 GENERAL

Authorised Intermediaries are to determine the suitability of prospective investors’ investment in the Bonds in the light of said prospective investors’ own circumstances. The Bonds may not be a suitable investment for all investors. In particular, Authorised Intermediaries should determine whether each prospective investor:

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

2.3 RISKS RELATING TO THE BONDS

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

- a) The existence of an orderly and liquid market for the Bonds depends on a number of factors including, but not limited to, the presence of willing buyers and sellers of the Issuer’s Bonds at any given time. Such factors are dependent upon the individual decisions of investors and the general



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economic conditions of the market in which the Bonds are traded, over which the Issuer has no control. Many other factors over which the Issuer has no control may affect the trading market for, and trading value of, the Bonds, including the time remaining to the maturity of the Bonds, the outstanding amount of the Bonds and the level, direction and volatility of market interest rates, generally. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price, or at all.

- b) Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.
- c) A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different.
- d) No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time.
- e) The Bonds shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and, save for such exceptions as may be provided by applicable law, shall rank without priority and preference to all other present and future unsecured obligations of the Issuer and the Guarantor. The Bonds will, however, rank subordinate to the present and future secured creditors of the Issuer and the Guarantor. In view of the fact that the Bonds are being guaranteed by the Guarantor, Bondholders are entitled to request the Guarantor to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount, when due. The strength of this undertaking on the part of the Guarantor is directly linked to the financial position and solvency of the Guarantor. Furthermore, subject to the negative pledge clause set out in sub-section 6.5 of this Securities Note, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.
- f) In the event that the Issuer wishes to amend any of the Terms and Conditions of issue of the Bonds it shall call a meeting of Bondholders in accordance with the provisions of sub-section 6.16 of this Securities Note. These provisions permit defined majorities to bind all Bondholders, including Bondholders who do not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority.
- g) The Bonds and the terms and conditions of the Bond Issue are based on the requirements of the Listing Rules, the Companies Act and the Regulation in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Prospectus.

3 PERSONS RESPONSIBLE

This Securities Note includes information given in compliance with the Listing Rules for the purpose of providing prospective investors with information with regard to the Issuer and the Guarantor. Each and all of the Directors of the Issuer whose names appear under the heading "*Directors of the Issuer*" in sub-section 4.1 of the Registration Document accept responsibility for all of the information contained in the Prospectus.



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

4 CONSENT FOR USE OF THE PROSPECTUS

Consent required in connection with the Intermediaries' Offer in terms of sub-section 6.2 of this Securities Note:

As explained in sub-section 6.2 of this Securities Note, the Bonds shall be made available for subscription by Authorised Intermediaries through an Intermediaries' Offer.

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

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

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

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

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

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



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

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

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

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

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

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

5 KEY INFORMATION

5.1 REASONS FOR THE ISSUE AND USE OF PROCEEDS

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €24,625,000, will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

- a) an amount of €1,750,000 of the net Bond Issue proceeds shall be advanced, pursuant to a loan agreement, by the Issuer to Bogenhausener Tor Immobilien GmbH in connection with the Bavaria Towers development project detailed in sub-section 5.2.3.1 of the Registration Document to finance cash deposit for bank financing and investment expenses (said latter entity is owned as to 38.5% by the Group as set out in sub-section 5.2.1 of the Registration Document and, accordingly, the development project in question is not fully owned by the Group);
- b) an amount of €4,000,000 of the net Bond Issue proceeds shall be advanced, pursuant to loan agreements, by the Issuer to Andersia Property Sp. z o.o. and Andersia Retail Sp. z o.o. in connection with the Andersia Silver development project detailed in sub-section 5.2.4.1 of the Registration Document for



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investment purposes and to fulfil expected equity requirements, in such proportion between each of said entities as shall be determined at the time of funding for the project being confirmed; for its real estate development projects the Group has as a general investment rule that it anticipates to double its equity in a period of 3 to 4 years (Andersia Retail Sp. z o.o., which is the entity which owns the said Andersia Silver property, is owned as to 42.5% by the Group as set out in sub-section 5.2.1 of the Registration Document and, accordingly, the development project in question is not fully owned by the Group);

c) an amount of €936,000 of the net Bond Issue proceeds shall be advanced, pursuant to a loan agreement, by the Issuer to Lublin Grand Hotel Sp. z o.o. to fund the refurbishment of the third floor of the IBB Grand Hotel Lublinianka detailed in sub-section 5.2.5.1 of the Registration Document and to purchase the remaining 25% of the shares in Lublin Grand Hotel Sp. z o.o., the owner of the IBB Grand Hotel Lublinianka, pursuant to which said entity would become wholly-owned by the Group (as at the date of this Securities Note said entity is owned as to 75% by the Group as set out in sub-section 5.2.1 of the Registration Document and, accordingly, the hotel property in question is presently not fully owned by the Group);

d) an amount of €250,000 of the net Bond Issue proceeds shall be advanced, pursuant to a loan agreement, by the Issuer to Długi Targ Sp. z o.o. to be applied to the Długi Targ development project detailed in sub-section 5.2.6.1 of the Registration Document (said latter entity is owned as to 50% by the Group as set out in sub-section 5.2.1 of the Registration Document and, accordingly, the development project in question is not fully owned by the Group);

e) an amount of €1,000,000 of the net Bond Issue proceeds shall be advanced, pursuant to a loan agreement, by the Issuer to Von der Heyden Group Holdings S.AR.L which will, in turn, invest said funds in a 50-50 joint venture Maltese company to be incorporated for the purpose of developing of an office building in Valletta, Malta, with a total expected investment volume of €5,000,000 (of which €2,000,000 will be contributed by way of equity, with the Group contributing 50% of said amount, and €3,000,000 being raised through bank financing);

f) an amount of €3,200,000 of the net Bond Issue proceeds shall be advanced, pursuant to loan agreements, by the Issuer to Group companies for the purpose of part-funding other prospective development projects in Malta and Europe. For the purpose of identifying such development projects, the Group shall fully adhere to the parameters established in terms of its business development strategy described in further detail in sub-section [6.5] of the Registration Document. With respect to the aforementioned €3,200,000 the Group's executive management team shall aim to acquire / develop / invest in attractively priced commercial properties located in European countries. Furthermore, in accordance with the principle of generating sustainable income for the Issuer, the Group's executive management team shall select commercial properties that have an anticipated high level of tenancy, in the case of office developments, and/or room rate occupancy, in the case of hotel management operations, as the case may be, in keeping with the Group's current occupancy rates;

g) an amount of €1,383,000 of the net Bond Issue proceeds shall be advanced, pursuant to loan agreements, by the Issuer to Group hotel operating companies to be applied to working capital facilities for the period 2017 – 2019, specifically and principally in respect of the proposed expansion of the IBB Hotel Collection in Europe (including Malta) concerning, in the immediate, the IBB Hotel Ingelheim (€350,000), the IBB Hotel Kempten (€150,000), the IBB Hotel Paderborn (€200,000) and the IBB Cugo Grand Harbour (€200,000) detailed in sub-section 5.2.8 of the Registration Document;

h) an amount of €1,895,000 of the net Bond Issue proceeds shall be advanced, pursuant to loan agreements, by the Issuer to Group hotel operating companies to be applied to rental deposits for the period 2017 – 2019, specifically and principally in respect of the proposed expansion of the IBB Hotel Collection in



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Europe (including Malta) concerning, in the immediate, the IBB Hotel Ingelheim (€350,000), the IBB Hotel Kempten (€200,000), the IBB Hotel Paderborn (€120,000) and the IBB Cugo Grand Harbour (€300,000) detailed in sub-section 5.2.8 of the Registration Document;

i) an amount of €10,000,000 of the net Bond Issue proceeds shall be used to carry into effect a refinancing of Group receivables and in return also a complete repayment of any direct debt of the Guarantor, thereby freeing the Guarantor of its receivables towards Group companies and further reinforcing its position as a pure holding company; and

j) the remaining balance of the net Bond Issue proceeds in an amount of €211,000 shall be used for the Group's general corporate funding requirements in Malta, including operational costs.

In the event that the Bond Issue is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for and the proceeds from the Bond Issue shall be applied in the manner and order of priority set out above. Any residual amounts required by the Issuer for the purposes of the uses specified in this sub-section 5.1 which shall not have been raised through the Bond Issue shall be financed from the Group's general cash flow and/or bank financing.

5.2 ESTIMATED EXPENSES AND PROCEEDS OF THE ISSUE

The Issue will involve expenses, including professional fees and costs related to publicity, advertising, printing, listing, registration, sponsor, management, selling commission, and other miscellaneous costs incurred in connection with this Bond Issue. Such expenses are estimated not to exceed €375,000 and shall be borne by the Issuer. No expenses will be specifically charged to any Bondholder who subscribes for the Bonds. The amount of the expenses will be deducted from the proceeds of the Issue, which, accordingly, will bring the estimated net proceeds from the Bond Issue to €24,625,000. There is no particular order of priority with respect to such expenses.

5.3 ISSUE STATISTICS

"Amount"	€25,000,000;
"Application Forms made available"	6 February 2017;
"Bond Issue Price"	at par (€1,000 per bond);
"Closing date for Applications to be received"	3 March 2017 at 1200 hours (CET);
"Denomination"	Euro (€);
"Events of Default"	the events listed in sub-section 6.13 of this Securities Note;
"Form"	the Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
"Governing law and jurisdiction"	the Prospectus and the Bonds are governed by and shall be construed in accordance with Maltese law. The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Prospectus and/or the Bonds;
"Interest"	the Bonds shall bear interest from and including 8 th March 2017 at the rate of four point four per cent (4.4%) per annum payable annually in arrears on the Interest Payment Dates;



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“Interest Payment Date”	annually on the 8 March between and including each of the years 2018 and 2024, as from 8 March 2018 (the first interest payment date);
“ISIN”	MT0001401208;
“Issue”	Bonds denominated in Euro having a nominal value of €1,000 each, which will be issued at par and shall bear interest at the rate of 4.4% per annum;
“Issue Period”	the period between 0830 hours (CET) on 9 February 2017 and 1200 hours (CET) on 3 March 2017 (or such earlier date as may be determined by the Issuer) during which the Bonds are available for subscription;
“Intermediaries’ Offer”	the Bonds shall form part of an Intermediaries’ Offer as set out in sub-section 6.2 of this Securities Note. In the event that the aggregate of the subscription agreements received from Authorised Intermediaries in terms of the Intermediaries’ Offer is in excess of the amount of Bonds available for subscription, the Issuer (acting through the Sponsor, Manager & Registrar) shall scale down each subscription agreement received from Authorised Intermediaries in accordance with the allocation policy to be issued in terms of sub-section 6.1.10 of this Securities Note;
“Listing”	application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List;
“Minimum amount per subscription”	two thousand Euro (€2,000) and multiples of one thousand Euro (€1,000) thereafter;
“Plan of Distribution”	the Bonds are open for subscription to Authorised Intermediaries pursuant to the Intermediaries’ Offer;
“Redemption Date”	8 March 2024;
“Redemption Value”	at par (€1,000 per Bond);
“Status of the Bonds”	the Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed by the Guarantor, and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves and with other outstanding and unsecured obligations of the Issuer and the Guarantor, present and future, if any;
“Subscription”	multiples of one thousand Euro (€1,000);
“Underwriting”	the Bonds are not underwritten.

5.4 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for the subscription for Bonds by Authorised Intermediaries (which include the Sponsor, Manager & Registrar) and any fees payable to Calamatta Cuschieri Investment Services Limited as Sponsor, Manager & Registrar in connection with the Bond Issue, so far as the Issuer is aware no person involved in the Issue has an interest material to the Bond Issue.



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5.5 EXPECTED TIMETABLE OF PRINCIPAL EVENTS

1	Application Forms made available	6 February 2017
2	Issue Period	9 February 2017 (from 08:30 CET) to 3 March 2017 (by 12:00 CET)
3	Announcement of basis of acceptance	8 March 2017
4	Issue date of the Bonds and commencement of interest	8 March 2017
5	Expected date of admission of the Bonds to listing	10 March 2017
6	Expected date of commencement of trading in the Bonds	13 March 2017
7	Expected dispatch of allotment advices and refunds (if any)	10 March 2017

The Issuer reserves the right to close the Offer of Bonds before 3 March 2017 at 12:00 CET in the event that the Bonds are fully subscribed prior to said date and time. In such eventuality the events set out in steps 3 to 7 above shall be brought forward, although the number of workings days between the respective events shall not also be altered.

6 INFORMATION CONCERNING THE BONDS

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

6.1 GENERAL

6.1.1 Each Bond forms part of a duly authorised issue of 4.4% unsecured bonds 2024 of a nominal value of €1,000 per Bond issued by the Issuer at par up to the principal amount of €25,000,000 (except as otherwise provided under sub-section 6.15 “Further Issues” below), and guaranteed by the Guarantor. The issue date of the Bonds is 8 March 2017.

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

6.1.3 The Bonds shall bear interest at the rate of 4.4% per annum payable annually in arrears on 8 March of each year, the first interest payment falling on 8 March 2018. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day.

6.1.4 Subject to admission to listing of the Bonds to the Official List, the Bonds are expected to be assigned ISIN: MT0001401208.

6.1.5 The Bonds are expected to be listed on the Official List on 10 March 2017 and dealing is expected to commence on 13 March 2017. Dealing may commence prior to notification of the amount allotted being issued to Applicants.

6.1.6 All outstanding Bonds not previously purchased or cancelled shall be redeemed by the Issuer at par (together with interest accrued to the date fixed for redemption) on the Redemption Date.



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6.1.7 Should any Application not be accepted, or be accepted for fewer Bonds than those applied for, the monies or the balance of the amount paid but not allocated will be returned by the Sponsor, Manager & Registrar without interest by direct credit into the Applicant's bank account as indicated by the Applicant in the Application Form within five (5) Business Days from the date of final allocation. Neither the Issuer nor the Sponsor, Manager & Registrar will be responsible for any charges, loss or delays in transmission of the refunds. In this regard, any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act, 1994 (Chapter 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

6.1.8 There are no special rights attached to the Bonds other than the right of the Bondholders to payment of capital and interest (as detailed below) and in accordance with the ranking specified in sub-section 6.4 of this Securities Note.

6.1.9 The minimum subscription amount of Bonds that can be subscribed for by Applicants is €2,000, and in multiples of €1,000 thereafter.

6.1.10 The Issuer will determine and announce the allocation policy for the Bonds within five (5) Business Days of the closing of the Issue Period. The results of the offer, including the allocation policy, will be announced through a company announcement. It is expected that allotment letters will be dispatched to Bondholders within five (5) Business Days of the date of the announcement of the allocation policy.

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

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

6.2 INTERMEDIARIES' OFFER

The total amount of €25,000,000 of Bonds is being reserved for subscription by Authorised Intermediaries participating in the Intermediaries' Offer.

In this regard, the Issuer may enter into conditional subscription agreements with a number of Authorised Intermediaries for the subscription of Bonds, whereby it will bind itself to allocate Bonds thereto up to the total amount of €25,000,000 as aforesaid during the Intermediaries' Offer.

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

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



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6.3 PLAN OF DISTRIBUTION AND ALLOTMENT

Applications for subscriptions to the Bonds may be made through the Sponsor, Manager & Registrar during the Issue Period on a first-come-first-served basis. The Issue Period shall close immediately upon attaining full subscription or on the last day of the Issue Period, whichever is the earliest. Subscription to the Bonds must be accompanied by full price of the Bonds applied for in Euro and in cleared funds at the Issue Price. If the Application Form(s) and proof of payment of cleared funds do not reach the Sponsor, Manager & Registrar by the close of the Issue Period, the Application will be deemed to have been declined.

The Bonds are open for subscription by Authorised Intermediaries through an Intermediaries' Offer.

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

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

6.4 STATUS AND RANKING OF THE BONDS

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

The following sets out a summary of the Group's indebtedness which, as at 31 December 2016, amounted in aggregate to €27,279,796.77. The bank borrowings listed below are secured by privileges and hypothecs and, therefore, the indebtedness being created by the Bonds ranks after these bank borrowings. In addition, the Bonds would also rank after any future debts which may be secured by a cause of preference such as a privilege and/or a hypothec:

Facility held	Borrower	Lender	Description of facility	Amount outstanding as at 31 December 2016 (€)	Repayment with Bond proceeds (€)	Security held in respect of said facility
Subsidiary Bank Payable	Lublin Grand Hotel Sp. z o.o.	BZBWK Bank (Poland)	Bank loan facility Grand Hotel Lublinianka	€ 5,781,948.82	-Nil-	Mortgage on property
Subsidiary Bank Payable	Lublin Grand Hotel Sp. z o.o.	BZBWK Bank (Poland)	Bank loan facility Grand Hotel Lublinianka	€ 208,217.70	-Nil-	Mortgage on property
Subsidiary Bank Payable	Lublin Grand Hotel Sp. z o.o.	BZBWK Bank (Poland)	Bank loan facility Grand Hotel Lublinianka	€ 220,169.58	-Nil-	Mortgage on property
Subsidiary Bank Payable	Długi Targ Sp. z o.o.	Alior Bank (Poland)	Bank loan facility for construction Długi Targ	€ 1,736,925.58	-Nil-	Mortgage on property



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Subsidiary Bank Payable	Andersia Retail Sp. z o.o.	PBS Bank (Poland)	Bank loan facility for current operations	€ 1,034,798.82	-Nil-	Mortgage on property
Subsidiary Bank Payable	IBB Hotel Collection Holding S.L.	Sabadell Bank (Spain)	Bank loan facility for acquisition hotel Paradis Blau	€ 1,838,671.12	-Nil-	Mortgage on property
Subsidiary Bank Payable	IBB Hotel Collection Holding S.L.	La Caixa Bank (Spain)	Bank loan facility for current operations	€ 147,127.16	-Nil-	Mortgage on property
Subsidiary Bank Payable	IBB Hotel Collection Holding S.L.	Sabadell Bank (Spain)	Bank loan facility for acquisition hotel Paradis Blau	€ 57,000.00	-Nil-	Mortgage on property
Subsidiary Bank Payable	IBB Hotel Collection Holding S.L.	La Caixa Bank (Spain)	Bank loan facility for current operations	€ 15,481.84	-Nil-	Mortgage on property
Subsidiary Bank Payable	IBB Hotel Collection Holding S.L.	Santander Bank (Spain)	Bank loan facility for current operations	€ 13,500.00	-Nil-	Mortgage on property
Subsidiary Bank Payable	IBB Hotel Collection Holding S.L.	Bantierra Bank (Spain)	Bank loan facility for current operations	€ 6,000.00	-Nil-	Mortgage on property
Subsidiary Bank Payable	IBB Hotel Collection Holding S.L.	Cobra (Spain)	Bank loan facility for current operations	€ 26,000.00	-Nil-	Mortgage on property
Subsidiary Bank Payable	Timan Investments Espana S.L.	Santander Bank (Spain)	Bank loan facility for construction Cugo Gran	€ 1,708.641.12	-Nil-	Mortgage on property
Subsidiary Bank Payable	Timan Investments Espana S.L.	Sabadell Bank (Spain)	Bank loan facility for construction Portol Gran	€ 488.012.05	-Nil-	Mortgage on property
Subsidiary Bank Payable	Timan Investments Espana S.L.	Santander Bank (Spain)	Bank loan facility for construction Cugo Gran	€ 228.462.39	-Nil-	Mortgage on property
Subsidiary Bank Payable	Timan Investments Espana S.L.	Sabadell Bank (Spain)	Bank loan facility for construction Portol Gran	€ 49,581.04	-Nil-	Mortgage on property
Subsidiary Leasing Payable	Andersia Tower Hotel Management Sp. z o.o.	GrenkeLeasing (Poland)	Leasing facility for hotel conference equipment	€ 11,097.20	-Nil-	Mortgage on equipment
Subsidiary Leasing Payable	Andersia Tower Hotel Management Sp. z o.o.	Europejski Fundusz Leasingowy (Poland)	Leasing facility for hotel conference and fitness equipment	€ 36,090.42	-Nil-	Mortgage on equipment
Third party payable	Timan Investments Holdings Limited	Group of investors	Loan facilities for investment purposes	€ 9,714,036.72	€ 9,714,036.72	None
Third party payable	IBB Hotel Collection Holding S.L.	Former shareholder	Purchase price payable	€ 871,300.00	-Nil-	None



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Related party payable	Group companies	Related parties	Intercompany loans for working capital and investment purposes	€ 3,086,735.22	-Nil-	None
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Further details on the aforesaid indebtedness, particularly the secured bank borrowings, including, *inter alia*, respective term, security and repayment schedule, are found in the audited consolidated financial statements of the Guarantor for the financial year ended 31 December 2015, which have been published on the Issuer's website (www.vdhgroup.com) and are available at its registered office during office hours for the term of the Bonds.

6.5 NEGATIVE PLEDGE

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

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

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

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

Provided that the aggregate Security Interests referred to in (B) and (C) above do not result in the unencumbered assets of the Issuer being less than 104.4% of the aggregate principal amount of the Bonds still outstanding;

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

6.6 RIGHTS ATTACHING TO THE BONDS

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

- i. the payment of interest;
- ii. the payment of capital;



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- iii. ranking with respect to other indebtedness of the Issuer in accordance with the provisions of sub-section 6.4 hereof;
- iv. attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
- v. enjoy all such other rights attached to the Bonds emanating from the Prospectus.

6.7 INTEREST

The Bonds shall bear interest from and including 8 March 2017 at the rate of 4.4% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 8 March 2018. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. Each Bond will cease to bear interest from and including its due date for redemption, unless payment of the principal in respect of the Bond is improperly withheld or refused or unless default is otherwise made in respect of payment, in any of which events interest shall continue to accrue at the rate specified above plus one per cent (1%), but in any event not in excess of the maximum rate of interest allowed by Maltese law. In terms of article 2156 of the Civil Code (Chapter 16 of the laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five (5) years.

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

6.8 YIELD

For Bonds issued at the Bond Issue Price, the gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is 4.4%.

6.9 REGISTRATION, FORM, DENOMINATION AND TITLE

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

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

6.9.3 Upon submission of an Application Form, Bondholders who do not have an online e-portfolio account with the CSD will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to secured bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Those Bondholders who opt not to avail themselves of this facility should indicate such on the Application Form. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.



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6.9.4 The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €1,000 provided that on subscription the Bonds will be issued for a minimum of €2,000 per individual Bondholder. Authorised Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €2,000 to each underlying client.

6.9.5 Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading *“Transferability of the Bonds”* in sub-section 6.14 of this Securities Note.

6.10 PRICING

The Bonds are being issued at par, that is, at €1,000 per Bond.

6.11 PAYMENTS

6.11.1 Payment of the principal amount of the Bonds will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Redemption Date. The Issuer shall not be responsible for any charges, loss or delay in transmission. If no such Euro-denominated bank account number is provided, or in the event that bank account details on the Application Form are incorrect or inaccurate, Bondholders will receive payment by means of a cheque mailed to their address (or, in the case of joint Applications, the address of the first named Applicant) indicated in the Application Form. Upon payment of the Redemption Value, the Bonds shall be redeemed and the appropriate entry made in the electronic register of the Bonds at the CSD.

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

6.11.2 Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Interest Payment Date. The Issuer shall not be responsible for any charges, loss or delay in transmission. If no such Euro-denominated bank account number is provided, or in the event that bank account details on the Application Form are incorrect or inaccurate, Bondholders will receive payment by means of a cheque mailed to their address (or, in the case of joint Applications, the address of the first named Applicant) indicated in the Application Form.

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



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6.11.4 No commissions or expenses shall be charged by the Issuer to the Bondholders in respect of payments made in accordance with this sub-section 6.11. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

6.12 REDEMPTION AND PURCHASE

6.12.1 Unless previously purchased and cancelled, the Issuer hereby irrevocably covenants in favour of each Bondholder that the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 8 March 2024. In such a case the Issuer shall be discharged of any and all payment obligations under the Bonds upon payment made net of any withholding or other taxes due or which may be due under Maltese law and which is payable by the Bondholders.

6.12.2 Subject to the provisions of this sub-section 6.12, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

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

6.13 EVENTS OF DEFAULT

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

- i. the Issuer and/or the Guarantor, as the case may be, shall fail to pay any interest on any Bond when due and such failure shall continue for thirty (30) days after written notice thereof shall have been given to the Issuer and/or the Guarantor, as the case may be, by any Bondholder; or
- ii. the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the terms and conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- iii. an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer; or
- iv. the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or
- v. the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- vi. there shall have been entered against the Issuer a final judgment by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of five million Euro (€5,000,000) or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; or
- vii. any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined in sub-section 6.5 above) of the Issuer in excess of five million Euro (€5,000,000) or its equivalent at any time.



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6.14 TRANSFERABILITY OF THE BONDS

6.14.1 The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole (in multiples in €1,000) in accordance with the rules and regulations of the MSE applicable from time to time. If Bonds are transferred in part, the transferee thereof will not be registered as a Bondholder.

6.14.2 Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may, from time to time, properly be required by the Issuer or the CSD, elect either to be registered himself as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person. Provided always that if a Bond is transmitted in furtherance of this paragraph 6.14.2, a person will not be registered as a Bondholder unless such transmission is made in multiples of €1,000.

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

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

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

6.15 FURTHER ISSUES

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

6.16 MEETINGS OF BONDHOLDERS

6.16.1 The Issuer may, from time to time, call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of any of the following: (i) considering and approving any matter affecting their interest, including the amendment, modification, waiver, abrogation or substitution of any of the Terms and Conditions of the Bonds and the rights of the Bondholders, whether or not those rights arise under the Prospectus; (ii) considering and approving the exchange or substitution of the Bonds by, or the conversion of the Bonds into, shares, debentures or other obligations or securities of the Issuer; and (iii) obtaining the consent of Bondholders on other matters which in terms of the Prospectus require the approval of a Bondholders' meeting in accordance with sub-section 6.16.3 below.



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

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

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

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

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

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

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



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

6.17 AUTHORISATIONS AND APPROVALS

The Directors authorised the Bond Issue and the publication of the Prospectus pursuant to a board of directors' resolution passed on 20 January 2017. The guarantee being given by the Guarantor in respect of the Bonds has been authorised by a resolution of the board of directors of the Guarantor dated 20 January 2017.

6.18 ADMISSION TO TRADING

6.18.1 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 30 January 2017.

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

6.18.3 The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 10 March 2017 and trading is expected to commence on 13 March 2017. Dealing may commence prior to notification of the amount allotted being issued to Applicants.

6.19 REPRESENTATIONS AND WARRANTIES

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

- i. it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business as it is now being conducted and to hold its property and other assets under legal title;
- ii. it has the power to execute, deliver and perform its obligations under the Prospectus and that all necessary corporate, shareholder and other actions have been duly taken to authorise the execution, delivery and performance of the same, and further that no limitation on its power to borrow or guarantee shall be exceeded as a result of the Terms and Conditions or the Prospectus; and
- iii. no litigation, arbitration or administrative proceedings are taking place, pending or, to the knowledge of the officers of the Issuer, threatened against the Issuer which could have a material adverse effect on the business, assets or financial condition of the Issuer.

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

6.20 BONDS HELD JOINTLY

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



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6.21 BONDS HELD SUBJECT TO USUFRUCT

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

6.22 GOVERNING LAW AND JURISDICTION

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

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

6.23 NOTICES

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

7 TAXATION

7.1 GENERAL

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

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

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

7.2 MALTA TAX ON INTEREST

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is otherwise instructed by a Bondholder or if the Bondholder does not fall within the definition of “recipient” in terms of article 41(c) of the Income Tax Act (Chapter 123 of the laws of Malta), interest shall be paid to such



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person net of a final withholding tax, currently at the rate of 15% of the gross amount of the interest, pursuant to article 33 of the said Income Tax Act. Bondholders who do not fall within the definition of a “recipient” do not qualify for the said rate and should seek advice on the taxation of such income as special rules may apply.

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

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

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

7.3 EXCHANGE OF INFORMATION

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

7.4 MALTESE TAXATION ON CAPITAL GAINS ON TRANSFER OF THE BONDS

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

7.5 DUTY ON DOCUMENTS AND TRANSFERS

In terms of article 50 of the Financial Markets Act (Chapter 345 of the laws of Malta), in view of the fact that the Bonds constitute financial instruments of a company quoted on a regulated market Exchange, as is the MSE, redemptions and transfers of the Bonds are exempt from Maltese duty.



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8 TERMS AND CONDITIONS OF THE BOND ISSUE

- 8.1 The issue and allotment of the bonds is conditional upon the bonds being admitted to the official list. In the event that the bonds are not admitted to the official list any application monies received by the issuer will be returned without interest by direct credit into the applicant's bank account indicated by the applicant on the relative application form. If no such bank account number is provided, or in the event that bank account details on the application form are incorrect or inaccurate, such returns will be made by means of a cheque mailed to the applicant's address (or, in the case of joint applications, the address of the first named applicant) indicated in the application form.
- 8.2 The issuer has not established an aggregate minimum subscription level for the bond issue.
- 8.3 It is the responsibility of investors wishing to apply for the bonds to inform themselves as to the legal requirements of so applying, including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.
- 8.4 The contract created by the issuer's acceptance of an application filed by a prospective bondholder shall be subject to all the terms and conditions set out in this securities note and the memorandum and articles of association of the issuer.
- 8.5 Any person, whether natural or legal, shall be eligible to submit an application and any one (1) person, whether directly or indirectly, should not submit more than one (1) application form. If an application form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have duly bound his principal, or the relative corporation, corporate entity, or association of persons, and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such representative may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public if so required by the issuer and/or the sponsor, manager & registrar, but it shall not be the duty or responsibility of the sponsor, manager & registrar or issuer to ascertain that such representative is duly authorised to appear on the application form and bind the applicant.
- 8.6 In the case of joint applications, reference to the applicant in these terms and conditions is a reference to each of the joint applicants, and liability therefor is joint and several.
- 8.7 Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or the legal guardian/s and accompanied by a public registry birth certificate of the minor in whose name and for whose benefit the application form is submitted. Any bonds allocated pursuant to such an application shall be registered in the name of the minor as bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the application form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
- 8.8 The bonds have not been and will not be registered under the securities act of 1933 of the United States of America and, accordingly, may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.



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- 8.9 No person receiving a copy of the prospectus or an application form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such application form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such application form could lawfully be used without contravention of any registration or other legal requirements.
- 8.10 It is the responsibility of any person outside Malta wishing to make any application to satisfy himself/herself/itself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- 8.11 Subject to all other terms and conditions set out in the prospectus, the issuer reserves the right to reject, in whole or in part, or to scale down, any application, including multiple or suspected multiple applications, and to present any cheques and/or drafts for payment upon receipt. the right is also reserved to refuse any application which in the opinion of the issuer is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. only original application forms will be accepted and photocopies/facsimile copies will not be accepted.
- 8.12 Save where the context requires otherwise or where otherwise defined therein, terms defined in the prospectus bear the same meaning when used in these terms and conditions, in the application forms, in any of the annexes and in any other document issued pursuant to the prospectus.
- 8.13 The issuer has not sought assessment of the bonds by any independent credit rating agency.
- 8.14 Subject to all other terms and conditions set out in the prospectus, the issuer reserves the right to revoke the issue at any time before the closing of the issue period. the circumstances in which such revocation might occur are expected to be exceptional, for example where a significant change in market conditions occurs.
- 8.15 The bonds will be issued in multiples of €1,000. the minimum subscription amount of bonds that can be subscribed for by all applicants is €2,000.
- 8.16 For the purposes of the prevention of money laundering and funding of terrorism regulations, 2008, as amended from time to time, all appointed authorised intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in articles 1.2(d) and 2.4 of the “code of conduct for members of the malta stock exchange” appended as appendix iv to chapter 3 of the malta stock exchange bye-laws, irrespective of whether the said appointed authorised intermediaries are malta stock exchange members or not. such information shall be held and controlled by the malta stock exchange in terms of the data protection act (chapter 440 of the laws of malta) for the purposes and within the terms of the malta stock exchange data protection policy as published from time to time.
- 8.17 By completing and delivering an application form, the applicant:
- i. agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the Guarantor and the issue of the Bonds contained therein;



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- ii. warrants that the information submitted by the Applicant in the Application Form is true and correct in all respects and in the case where an MSE account number is indicated in the Application Form, such MSE account number is the correct account of the Applicant. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the Application Form and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;
- iii. authorises the Sponsor, Manager & Registrar and the Directors to include his/her/its name or, in the case of joint Applications the first named Applicant, in the register of debentures of the Issuer in respect of the Bonds allocated to such Applicant and further authorises the Issuer and the MSE to process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Chapter 440 of the laws of Malta). The Applicant has the right to request access to and rectification of the personal data relating to him/her/it as processed by the Issuer and/or the MSE. Any such requests must be made in writing and sent to the Issuer at the address indicated in the Prospectus. The requests must further be signed by the Applicant to whom the personal data relates;
- iv. confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer, the Guarantor or the issue of the Bonds other than what is contained in the Prospectus and, accordingly, agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
- v. agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her/its remittance and any verification of identity as required by the Prevention of Money Laundering Act (Chapter 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
- vi. agrees to provide the Sponsor, Manager & Registrar and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;
- vii. warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her/its Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Sponsor, Manager & Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bonds or his/her/its Application;
- viii. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- ix. represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) and that he/she/it is not accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the "United States") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- x. agrees that Calamatta Cuschieri Investment Services Limited will not, in their capacity of Sponsor, Manager & Registrar, treat the Applicant as their customer by virtue of such Applicant making an Application for the Bonds, and that Calamatta Cuschieri Investment Services Limited will owe the Applicant no duties or responsibilities concerning the price of the Bonds or their suitability for the Applicant;
- xi. agrees that all documents in connection with the issue of the Bonds and any returned monies, including refunds of all unapplied Application monies, if any, will be sent at the Applicant's own risk and may be sent, in the case of documents, by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form and in the case of monies by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form;



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- xii. renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds;
- xiii. irrevocably offers to purchase the number of Bonds specified in his/her/its Application Form (or any smaller number for which the Application is accepted) at the Bond Issue Price subject to the Prospectus, the terms and conditions thereof and the Memorandum and Articles of Association of the Issuer;
- xiv. warrants that his/her/its remittance will be honoured on first presentation and agrees that if such remittance is not so honoured he/she/it will not be entitled to receive a registration advice, or to be registered in the register of debentures or to enjoy or receive any rights in respect of such Bonds unless and until payment in cleared funds for such Bonds is received and accepted by the Issuer and/or the Sponsor, Manager & Registrar (which acceptance shall be made in the absolute discretion of the Issuer and/or the Sponsor, Manager & Registrar and may be on the basis that the Issuer and/or the Sponsor, Manager & Registrar is indemnified against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of such remittance to be honoured on first presentation) and that, at any time prior to unconditional acceptance by the Issuer and/or the Sponsor, Manager & Registrar of such late payment in respect of such Bonds, the Issuer and/or the Sponsor, Manager & Registrar may (without prejudice to other rights) treat the agreement to allocate such Bonds as void and may allocate such Bonds to some other person, in which case the Applicant will not be entitled to any refund or payment in respect of such Bonds (other than return of such late payment);
- xv. agrees that all Applications, acceptances of applications and contracts resulting therefrom will be governed by, and construed in accordance with, Maltese law and that he/she/it submits to the exclusive jurisdiction of the Maltese Courts and agrees that nothing shall limit the right of the Issuer to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of applications and contracts in any other manner permitted by law in any court of competent jurisdiction;
- xvi. warrants that if he/she signs the Application Form on behalf of another party or on behalf of a corporation or corporate entity or association of persons, he/she has due authority to do so and such person, corporation, corporate entity or association of persons will also be bound accordingly, and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions;
- xvii. warrants that he/she is not under the age of eighteen (18) years or if he/she is lodging an Application in the name and for the benefit of a minor, warrants that he/she is the parent/s or legal guardian/s of the minor;
- xviii. confirms that, in the case of a joint Application entered into in joint names, the first named Applicant shall be deemed the holder of the Bonds; and
- xix. agrees that, in all cases, any refund of unallocated Application monies, if any, will be sent to the Applicant by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form. No interest shall be due on refunds. The Issuer shall not be responsible for any changes, loss or delay in transmission. If no such bank account number is provided, or in the event that bank account details on the Application Form are incorrect or inaccurate, such refund will be made by means of a cheque mailed to the Applicant's address (or, in the case of joint Applications, the address of the first named Applicant) indicated in the Application Form.



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9 ADDITIONAL INFORMATION

The Financial Analysis Summary dated 30 January 2017 has been included in Annex C of this Securities Note in the form and context in which it appears with the authorisation of Calamatta Cuschieri Investment Services Limited of Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta, which has given and has not withdrawn its consent to the inclusion of said report herein.

Calamatta Cuschieri Investment Services Limited does not have any beneficial interest in the Issuer or the Guarantor. The Issuer confirms that the Financial Analysis Summary has been accurately reproduced and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.



VON DER HEYDEN GROUP

ANNEX B

GUARANTEE

TIMAN INVESTMENTS HOLDINGS LIMITED - C 63335

(the "Guarantor")

To All Bondholders:

Reference is made to the issue of €25,000,000 4.4% unsecured bonds due 2024 (the "**Bonds**") by Von der Heyden Group Finance p.l.c. [C 77266] (the "**Issuer**") pursuant to and subject to the terms and conditions contained in a prospectus to be dated 30 January 2017 (the "**Prospectus**").

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

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

Signed and executed on this the 20th day of January 2017, after approval of the board of directors of Timan Investments Holdings Limited.

NATURE, SCOPE AND TERMS OF THE GUARANTEE

1. Nature of the Guarantee

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

2. Scope of the Guarantee

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

3. Information about the Guarantor

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

4. Terms of the Guarantee

4.1 Guarantee

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



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4.2 Continuing obligations

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

4.3 Repayment to the Issuer

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

4.4 Indemnity

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

4.5 Status of Guarantee

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

4.6 Power to execute

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

4.7 Deposit and production of the Guarantee

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

4.8 Subrogation

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



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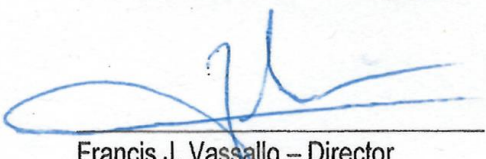
4.9 Governing law and jurisdiction


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

Signed:



Sven von der Heyden – Director
for and on behalf of
Timan Investments Holdings Limited

Javier Errejon Sainz de la Maza - Director
for and on behalf of
Timan Investments Holdings Limited

Francis J. Vassallo – Director
for and on behalf of
Timan Investments Holdings Limited

Adriana Camilleri Vassallo, for and on behalf of
FJV Management Limited - Director
for and on behalf of
Timan Investments Holdings Limited



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ANNEX C

FINANCIAL ANALYSIS SUMMARY



VON DER HEYDEN GROUP

FINANCIAL ANALYSIS SUMMARY
Von der Heyden Group Finance p.l.c.
30th January 2017



Calamatta Cuschieri
YOUR PARTNER IN FINANCIAL SERVICES



VON DER HEYDEN GROUP



FINANCIAL ANALYSIS SUMMARY Von der Heyden Group Finance p.l.c.

The Directors
Von der Heyden Group Finance p.l.c.,
Palazzo Spinola Business Centre
46, St. Christopher Street
Valletta, VLT1464
30th January 2017

Dear Sirs,

Von der Heyden Group Finance p.l.c. – Financial Analysis Summary

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

The purpose of the financial analysis is that of summarising key financial data appertaining to Von der Heyden Group Finance p.l.c. ("the issuer"). The data is derived from various sources or is based on our own computations as follows:

- (a) The forecast data for the financial years ending 31st December 2017 to 31st December 2018 have been provided by management.
- (b) Our commentary on the results of Von der Heyden Group Finance p.l.c. ("the Group") and on its financial position is based on the explanations set out by the Issuer in the Prospectus.
- (c) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions set out in Part 4 of the Analysis.
- (d) The principal relevant market players listed in Part 3 of the document have been identified by management. Relevant financial data in respect of competitors has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

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

Yours sincerely

Nick Calamatta - Director



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FINANCIAL ANALYSIS SUMMARY Von der Heyden Group Finance p.l.c.

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1. Information about the Issuer

1.1 Issuer and Guarantor's key activities and structure

Von der Heyden Group Finance plc ("VDHGF"), company registration number C 77266, is a limited liability company registered in Malta on 15th September 2016. It is intended that VDHGF will serve as the financing vehicle of the Group. The issued share capital is held by:

Timan Investment Holdings ("TIH") 249,999 A Ordinary shares; and

FJV Management Limited 1 B Ordinary share.

The ultimate beneficial owners of TIH are described in further detail below.

TIH, the guarantor of the debt securities, has company registration number C 63335 and is a limited liability company registered in Malta on 31st December 2013 as a continuing business from the Netherlands (previously Timan Investments Holdings B.V.) under Companies Act 1995. The principal activity of TIH is to hold for capital growth and income generation, investments in subsidiary and associated entities. TIH also currently provides financing to Group and related entities. The Group is involved in real estate development, real estate leasing, hotel management, and hospitality and has operations in Germany, Poland, Spain and Malta.

Currently the authorised share capital of TIH consists of 50,000,000 ordinary shares, comprising 20,000,000 ordinary A Shares of Euro 1 each and 30,000,000 Ordinary B shares of Euro 1 each. The issued share capital is Euro 3,804,641 divided into 3,249,924 ordinary A shares of Euro 1 each and 554,717 ordinary B shares of Euro 1 each and is held as follows:

Von der Heyden Group Holdings S.A.R.L. 3,249,924 A Ordinary shares (85.42%) of Euro 1 each fully paid up; and

Trusthigh Holdings Limited 554,717 B Ordinary shares (14.58%) of Euro 1 each fully paid up.

In terms of its Memorandum and Articles of Association, the Guarantor is controlled by Von der Heyden Group Holdings S.A.R.L and, accordingly, the Group is ultimately controlled by Mr. Sven Von Der Heyden. The Group's parent company is TIH. TIH's principal Malta registered subsidiaries are VDHGF and IBB Hotel Management Europe Ltd ("IHME"). As at 4th October 2016, the Group had 25 subsidiary entities and 6 associated entities registered in Germany, Poland, Spain and Holland.

Group associated entities include Bogenhausener Tor Immobilien GmbH ("BTI") that is involved in the development of the Bavaria Towers Munich project and Andersia Retail Sp. z o.o. ("AR") that is involved in the future development of Andersia Silver, an office building in Poznan, Poland.

Where the Group owns and manages a hotel, it normally sets up a property holding entity and a separate hotel operating entity. Where the Group operates a hotel, it normally sets up a hotel operating company. Hotels, whether owned and managed or just managed, are all managed under the IBB brand. Spanish and German hotels are currently managed by IBB Management 2007 S.L. ("IMSL") whilst the Polish hotels are managed by IBB Polska Sp. z o.o. ("IPSZ"). These two hotel management companies offer services like a common booking



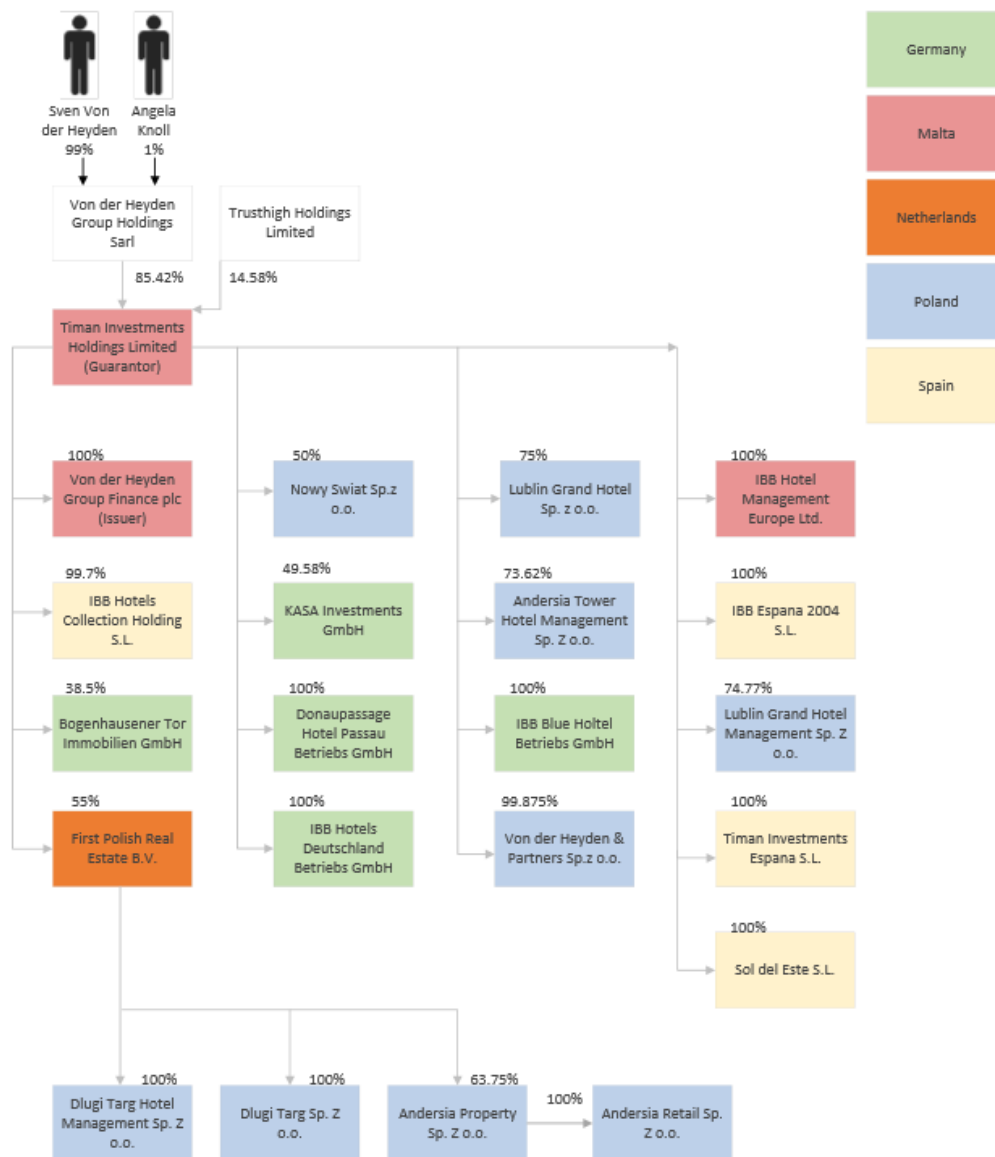
VON DER HEYDEN GROUP



FINANCIAL ANALYSIS SUMMARY Von der Heyden Group Finance p.l.c.

online platform and marketing. In future, the management of IBB Hotels Collection will be centralised under IHME.

The Group's complete organisation chart is set out below:





1.2 History of the Group

The Group was founded in 1989 and has completed investment programmes in real estate markets with a market value of approximately over Euro 350 million. The Group employs approximately 272 people. The Group has representative offices or investments in Warsaw, Poznan, Lublin, Gdansk, Amsterdam, Berlin, Leipzig, London, Mahón (Menorca), Madrid, Munich, Malta and Luxembourg and also has conducted or still conducts business in Atlanta, Dresden and New York. The Group has established itself as a niche boutique player targeting top quality results developing high quality office buildings, owning and managing hotel and residential properties in Europe and specifically in Germany, Poland and Spain.

The Group's business activities are currently organised primarily across two lines of business:

Property development; and

Hotel management.

Property development

The property development business line includes the identification and development of sites for office, retail, and mix use commercial or residential purposes. The property development business also includes development of hotels that are owned or managed by the Group. The Group has been involved in development projects in:

- Germany – including the Bavaria Towers Munich development;
- Poland – including the Liberty Corner Warsaw development and the Andersia Square Poznan development; and
- Spain – including the Cugó Gran Menorca boutique hotel development (see hotel management below).

Individual property developments are described in further detail in section 1.4.1.

Hotel management

The hotel management business line includes the management of hotels under the IBB Hotel Collection brand, in Germany, Poland, and Spain. Certain hotels under management are also currently owned by the Group. As at FY15, the Group had 8 hotels under management including 3 owned and managed hotels. Hotels under management are discussed in more detail in section 1.4.1.



VON DER HEYDEN GROUP



FINANCIAL ANALYSIS SUMMARY
Von der Heyden Group Finance p.l.c.

1.3 Directors and Executive Management

BOARD OF DIRECTORS - ISSUER

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

Name	Designation
Sven von der Heyden	Executive Director, Chairman
Robert Hendrik Rottinghuis	Executive Director, CEO
Francis J. Vassallo	Independent, Non-Executive Director
Kevin Deguara	Independent, Non-Executive Director
Robert Aquilina	Independent, Non-Executive Director

The business address of all of the Directors is the registered office of the Issuer. Below is a short curriculum vitae of each of the Directors.

Sven von der Heyden

Mr von der Heyden is the founder and Chairman of the Group, responsible for its overall direction and strategy. Prior to the setting up of the Group in 1989, Mr von der Heyden was an institutional bond dealer. He was also a co-founder, the main shareholder as well as chairman of the Supervisory Board of the Iberia Motor Company S.A., the general exclusive importer of Seat cars in Poland, sold in 1998 with a revenue of €150 million. Mr von der Heyden has won various personal and project awards, including "Personality of the Year 2002" award granted by the readers of Construction Journal Poland, "Preservation of Historical Buildings" award granted to Mr von der Heyden by the Polish Minister of Culture in 2002 and multiple "Building of the Year" and "CEE Best Projects" awards in recognition of projects carried into effect by the Group over the years. Mr von der Heyden is resident in Malta since January 2014.

Robert Hendrik Rottinghuis

Mr Rottinghuis joined the Group in September 2016 as an executive director and member of the management board, responsible for corporate governance, compliance, corporate finance and business development, after having serviced the Group in different roles working with corporate services providers and banks for over 10 years. Mr Rottinghuis also held the position of managing director of United International Management Malta and director in its Luxembourg office, primarily servicing private equity and real estate investment funds. Mr Rottinghuis holds a Master in Business Administration degree.

Francis J. Vassallo



VON DER HEYDEN GROUP



FINANCIAL ANALYSIS SUMMARY Von der Heyden Group Finance p.l.c.

Mr Vassallo, founder of the Francis J. Vassallo & Associates Group, is a former Governor of the Central Bank of Malta. He occupied several senior positions during his 25-year international career with Chase Manhattan Bank New York, during which time he was a member of the board of several Chase subsidiaries in Luxembourg, the Channel Islands and in Spain. Between 1987 and 1991, Mr Vassallo was general manager of Chase Manhattan Bank in Spain and responsible for the setting-up of private banking and capital markets. He was then appointed general manager of Chase Private Bank in Switzerland, where he remained in office until September 1993. Back in Malta, and prior to founding the Francis J. Vassallo & Associates Group, Mr Vassallo was appointed Governor of the Central Bank of Malta during the crucial time of the introduction into Maltese legislation of the financial services package, which office he held until 1997. Mr Vassallo is a Professed Knight of the Sovereign Military Order of St. John of Jerusalem, has been awarded the National Order of Merit by the President of Malta and the Order of Isabel La Catolica by the King of Spain. He was also appointed Special Envoy to the previous Malta administration to negotiate double taxation agreements with Latin American countries.

Kevin Deguara

Mr Deguara has a long term background in the real estate sector in Malta, having been actively involved within this industry for over 16 years. He is co-owner in the companies that operate the Remax offices in Blue Harbour in Ta' Xbiex and Remax City in Valletta. In respect of both said companies Mr Deguara also acts as money laundering reporting officer, as well as the person certified for their Financial Intelligence Analysis Unit obligations. In addition, he serves as a board member of the Remax & Friends Foundation which is a charitable foundation set up by Remax Malta to support various organisations and charities. Mr Deguara has studied business studies, accounts and economics as well as various leadership and management courses within the real estate sector.

Robert Aquilina

Mr Aquilina joined the Salvo Grima Group in 1973, being appointed as director in the following year. As from 1988 he served as managing director of the company and in 2003 was appointed as its Chairman and CEO. In line with the company's retirement policy on April 30, 2016 he stepped down as its CEO and remained Salvo Grima's Chairman, a position he continues to occupy to date. Mr Aquilina holds selected board member mandates in various national and international companies, as well as multiple memberships of leading logistics and shipping associations. Furthermore, since 1983 he has been a member of the Malta Chamber of Commerce and in 2016 became Chairman of the newly set up Logistics Business section. Mr Aquilina was also a founding member of the Airport Tax Free Association (ATFA) and Duty Free Port Shops Association, Malta and internationally served on the International Marine Purchasing Association (IMPA) for many years as vice president and council member.



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FINANCIAL ANALYSIS SUMMARY
Von der Heyden Group Finance p.l.c.

BOARD OF DIRECTORS - GUARANTOR

TIH has a board consisting of four directors, comprising:

Name	Designation
Sven von der Heyden	Executive Director
Javier Errejon Sainz de la Maza	Executive Director
Francis J. Vassallo	Independent, Non-Executive Director
FJV Management Limited	Independent, Non-Executive Director

Below is a short CV about directors not part of the issuer and other key members of the Group's senior executive team.

Mr. Javier Errejon Sainz de la Maza – Executive Director

Mr Errejon joined the Group in September 2006 as its Chief Financial Officer and member of the management board responsible for finance. Prior to that he occupied several senior positions, including that of head of analysis and management control of Aldeasa S.A. and controller and financial management of Grupo Ferrovial. With a bachelor in law and a Master of Business Administration degree from IESE Business School, Mr Errejon is also a professor teaching finance and business valuation at various universities and business schools in Spain and other countries.

Mr. Adam Karol Trybusz – Head of Real Estate Development Poland Von der Heyden Group.

Mr Trybusz joined the Group in 1996 and is responsible for its real estate development projects in Poland, several of which have been award winning projects. Mr Trybusz holds a Master degree from the Faculty of Computer Science and Management in Wroclaw University of Technology and is a member of the Royal Institute of Chartered Surveyors (RICS).

Mr. Vladimir Saal – Chief Executive Officer of IBB Hotel Collection

Mr. Saal joined the Von der Heyden Group in 2009 and is responsible for its hotel operations and development. Prior to that he held several positions as general manager of leading hotels in Germany.

Ms. Carolin Schraishuhn – Head of Financial Controlling Von der Heyden Group

Ms. Schraishuhn joined the Von der Heyden Group in 2014 and is responsible for financial controlling. Prior to that she held the position of head of finance and controlling for a German stock listed company as well as one of the youngest audit manager ever in Ernst & Young.

Ms. Kinga Koninska – Head of PR & Marketing Von der Heyden Group

Ms. Koninska joined the Von der Heyden Group in 1997 after graduating from university and is responsible for PR & Marketing of the entire Group.



Mr Adrian Sciberras – Head of Controlling of IBB Hotel Collection

Mr Sciberras joined the Group in 2016 and is responsible for financial controlling at its hotel division, headquartered in Malta. Prior to joining the Group, Mr Sciberras' prior positions held include that of financial controller at Transport Malta, chief financial officer at Gozo Channel Co Ltd as well as several positions within the private sector in Malta. He holds a bachelor in accounting and an executive master in business administration from the University of Malta.



VON DER HEYDEN GROUP



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1.4 Major assets owned by the group

The following table provides a list of the principal assets and operations owned by the respective Group companies as at the date of the Prospectus:

OWNING COMPANY	NAME OF PROPERTY	LOCATION	DESCRIPTION	% OWNERSHIP
Andersia Retail Sp. z o.o.	Andersia Silver	Poland	Property owner	42.5%
Andersia Tower Hotel Management Sp. z o.o.	IBB Andersia Hotel	Poland	Hotel management and operation	73.62%
Bogenhausener Immobilien GmbH	Tor Bavaria Towers	Germany	Property owner of the Blue Tower	38.5%
Długi Targ Sp. z o.o.	IBB Hotel Długi Targ	Poland	Property owner	50%
Długi Targ Hotel Management Sp. z o.o.	IBB Hotel Długi Targ	Poland	Hotel management and operation	50%
Donaupassage Hotel Passau Betriebs GmbH	IBB Hotel Passau City Centre and IBB Hotel Passau Süd	Germany	Hotel management and operation	100%
IBB Blue Hotel Betriebs GmbH	IBB Blue Hotel Berlin-Airport	Germany	Hotel management and operation	100%
IBB España 2004 S.L.	IBB Recoletos Coco Salamanca	Spain	Hotel management and operation	100%
IBB Hotel Collection Holding S.L. (formerly Asturme S.L.)	IBB Hotel Paradis Blau	Spain	Property owner	99.7%
IBB Hotels Deutschland Betriebs GmbH	IBB Hotel Ingelheim, IBB Hotel Kempten Allgäutower and IBB Hotel Paderborn	Germany	Hotel management and operation (future projects)	100%
IBB Hotel Management Europe Ltd	IBB Hotel Valletta Merkanti	Malta	Hotel management and operation (future project)	100%
KASA Investments GmbH	8 residential buildings located in Leipzig, Berlin and Plauen (Germany) totalling 5,937sqm	Germany	Property owner	49.58%
Lublin Grand Hotel Sp. o.o.	IBB Grand Hotel Lublinianka	Poland	Property owner	75%
Lublin Grand Hotel Management Sp. o.o.	IBB Grand Hotel Lublinianka	Poland	Hotel management and operation	74.77%
Nowy Świat Sp. z o.o.	Nowy Świat Atrium	Poland	Property owner (future project)	50%
Sol del Este S.L.	IBB Hotel Paradis Blau	Spain	Hotel management and operation	100%
Tíman Investments España S.L.	IBB Hotel Cugó Gran	Spain	Property owner & Hotel management and operation	100%
Von der Heyden & Partners Sp. z o.o.	Plot of undeveloped land in Węgorzewo, Poland measuring 8,361m2	Poland	Property owner	99.875%



1.4.1 Further details about projects and assets owned by the Group

1.4.1.1 Completed Office developments

Prima Court

Project- eight-storey office building located in the centre of Warsaw, a project with an investment value of €18.2 million.

Highlight- A class 'A' office building in Poland, was the first office building in Poland to be entirely leased before construction works began.

Ks. Skorupki 4

Project- a class 'A' office building, with 7,200 m² gross area and 4,000 m² of net usable area and is located in the centre of Warsaw, Poland with an investment value of €14.5 million.

Highlight - was the first building in Poland that was sold turn-key off-plan prior to the start of construction works.

Liberty Corner

Project- class 'A+' office building in Poland located in the heart of Warsaw with an investment value of €21 million.

Highlight - The building comprises modern building management systems and was the first building in Poland built with pre-stressed slabs instead of structural columns which allows a flexibility in space arrangement within the building. Liberty Corner received many prestigious awards, among others: 'Building of the Year 2003' First Prize in the most prestigious contest "Budowa Roku 2003" ("Building of the Year 2003").

Poznań Financial Centre

Project – The first of three constructions developed by the Group at Anders' Square in Poznan, Poland. It is a class 'A' office building with an investment value of €45.5 million and was the first public-private partnership in Poznań in joint venture with the City of Poznań.

Highlight - PFC was granted numerous awards, among others: 'The Most Intelligent Building 2001', second place in the 'Building of the Year 2000' award in the "Construction of the Year 2000".

Andersia Tower

Project - the second stage of the Group's development of the Anders' Square in Poznań in joint venture with the City of Poznań, having an investment value of €84 million. Andersia Tower is a mixed-use development building of 35,000m² which includes office space, hotel space and retail functions, together with an underground two-storey car park.



Highlight - Andersia Tower received prestigious awards like: 'Building of the Year 2007' and 'CEE Best Project Awards 2008' first place in the 'Best Hotel Development Project 2008' category in a competition organized by the CEPIF (Central Eastern European Property and Investment Fair).

Andersia Business Centre

Project – third phase of the Anders Square in joint venture with the City of Poznań, a project with investment value of €39 million.

Highlight - Comprising of 14,000m² gross area and a net usable area of 11,200m² and an underground car park with 140 parking places, is a five-storey business centre.

Residential development in Leipzig, Berlin and Plauen (Germany)

The Group also owns, through its subsidiary company KASA Investments GmbH, a residential property development consisting of 8 residential buildings located in Leipzig, Berlin and Plauen (Germany) with a total surface area of 5,937m² and a current market value of €3.9 million. All buildings are being rented out and have been marked for gradual divestment given the favourable German real estate market at the moment.

Undeveloped land in Węgorzewo (Poland)

The Group also owns, through its subsidiary company Von der Heyden & Partners Sp. z o.o., a plot of undeveloped land in Węgorzewo, Poland. The land in question is held in freehold ownership and consists of eleven registered sub-plots totalling 8,361m² and has a current market value of €133,000. The required permits to develop detached residential houses have recently been obtained by the Group.

1.4.1.2 Office development projects in the pipeline

Bavaria Towers

With a projected investment value of €154 million, the Bavaria Towers forms part of the most spectacular development project in the Bavarian capital in a strategic location in Munich. Situated in the Bogenhausen district on the eastern edge of Munich, the Bavaria Towers project will create a stunning new gateway to the city.

The Bavaria Towers building complex comprises a total of four pentagonal high-rises that account for 77,651m² of total gross rental area, two central underground car parks with a total of 960 spaces.

The project consists of: Blue Tower (18 storeys, 72.3m high, 24,347m² gross rental area, 300 parking spaces), White Tower (15 storeys, 53.6m high, 15,150m² gross rental area, 140 parking spaces), Sky Tower (20 storeys, 83.6m high, 26,246m² gross rental area, 380 parking spaces) and Star Tower (9 storeys, 46.1m high, 11,908m² gross rental area, 140 parking spaces).

The plot belongs to a German registered company, Bogenhausener Tor Immobilien GmbH, of which the Guarantor is 38.5% shareholder, held in co-ownership with Luxembourg based Atlant Capital. Zurich Insurance acquired the future Sky Tower and Star Tower on a forward-funding basis, in confirmation of the strong reputation which the Group enjoys.



The White Tower and Blue Tower are currently being constructed and are due to obtain certification in accordance with the Leadership in Energy and Environmental Design (LEED) Gold sustainability standard. The 54m high White Tower building was already rented before construction on a twenty year lease, to H-Hotels AG that will operate a 4-star Ramada hotel comprising 345 state-of-the art rooms. Furthermore, in December 2015 shortly after the start of construction, the White Tower building was sold to Swiss Life Insurance Group and is one of the Group's largest hotel transactions to date. Completion is estimated for spring 2018. For more information visit: www.bavaria-towers.de/en

1.4.1.3 Prospective office development projects

Andersia Silver

Andersia Silver, with a planned investment value of €110 million in Poznań, Poland, will be the fourth and final development phase of the contemplated structure at the Anders Square in Poznań which will comprise of two towers to be developed in two stages.

Andersia Silver, with an expected height of 116 metres, will be the highest building in Poznań, previously being Andersia Tower which was 105.2 metres. All necessary planning permits for this project have already been obtained.

Full project and construction completion is expected prior to the end of 2020.

Nowy Świat Atrium

Nowy Świat Atrium, having a planned investment value of €24 million, is to be realised in a 50-50 joint venture with GLL Real Estate Partners and will be located in the very heart of Warsaw at Nowy Świat 5 Street, close to the Warsaw Stock Exchange, Liberty Corner and the most exclusive retail area in Warsaw.

The project, until now financed with equity and intercompany loans, is currently on hold due to planning and permission procedures, being more complicated than anticipated. In case the development is not possible in the foreseeable future the current shareholders intend to sell their interest in this property.

1.4.1.4 Completed hotel development and refurbishment projects

IBB Grand Hotel Lublinianka renovation

Project - IBB Grand Hotel Lublinianka is a 4-star hotel in the centre of Lublin, Poland, which consisted in a 5,700m² renovation project of an investment value of €11.7 million, completed in 2002.

Highlight - Grand Hotel Lublinianka is the most recognized and one of the most iconic and award-winning buildings in the city of Lublin, dating back to 1899. It has won the "Best Overall Development 2002" award granted by Construction Journal Poland.

IBB Andersia Hotel

Project - IBB Andersia Hotel is a 4-star hotel located in the Andersia Tower (more information on this development project is set out in sub-section 1.4.1.1 above) which was completed in August 2007, right in the



centre of Poznań, surrounded by prestigious buildings, including Poznań Financial Centre, Andersia Business Centre and Stary Browar Shopping Mall.

Highlight - It is a modern deluxe hotel which offers 171 rooms and suites with an executive floor, retail outlets, restaurants, conference centre, banquet and ball rooms which can host up to 800 people.

IBB Hotel Cugó Gran

The IBB Hotel Cugó Gran, an exclusive 5-star hotel located in a 250-acre estate in Menorca, Spain, has been meticulously restored by the Group and is today one of the Group's flagship properties.

1.4.1.5 Hotel development and refurbishment projects in the pipeline

IBB Długi Targ

The Długi Targ development project (with an estimated development budget of €11 million) is based on refurbishment and conversion of three historical semi-detached city houses into a unique 90 room hotel with a total area of approximately 4,500m². The building will also have prime retail space on the ground floor of approximately 1,000m².

The IBB Hotel Długi Targ in Gdańsk, Poland is scheduled to open in late summer 2017 and will be managed by the Group's IBB Hotel Collection.

Długi Targ Hotel project will be the Group's first development project in Gdańsk and the Group is actively observing the local market for further opportunities in the region.

1.4.1.6 Hotel operations

The Group manages its hotels through its brand IBB Hotel Collection (www.ibbhotels.com). The locally registered entity IBB Hotel Management Europe Ltd acts as the franchisor company, franchising each Group franchisee company in the different jurisdictions where hotel operations are located. IBB Hotel Collection currently operates nine 3-star to 5-star hotels.

Apart from operating IBB Grand Hotel Lublinianka and IBB Andersia Hotel in Poland, IBB Hotel Collection also operates one 4-star hotel and two 3-star hotels in Germany, as well as three hotels in Spain: one 5-star hotel, one 4-star hotel and one 3-star hotel.

Hotel operations in Germany

Both **IBB Hotel Passau City Centre** and **IBB Hotel Passau Süd** are operated by the Group through its subsidiary company Donaupassage Hotel Passau Betriebs GmbH, of which the Guarantor is the sole shareholder.

IBB Hotel Passau City Centre is a 4-star 129 room hotel located in the heart of a picturesque city at the convergence of the three rivers Donau, Ilz and Inn.

IBB Hotel Passau Süd is a 3-star hotel located only 3km away from the historical city centre of Passau. The hotel offers 63 elegant rooms and 2 apartments, as well as a conference area that may host up to 85 guests.



The Group also operates IBB Blue Hotel Berlin-Airport in Germany, through its subsidiary company, IBB Blue Hotel Betriebs GmbH, of which the Guarantor is sole shareholder. IBB Blue Hotel Berlin-Airport is a 3-star hotel which offers a comfortable stay in a convenient location – ten minutes away from Brandenburg Berlin Airport. This hotel forms part of the IBB Hotel Collection “Blue” brand, reserved for 3-star hotels providing high quality services in most attractive locations at affordable prices. The hotel comprises 84 double rooms, the ‘Blue Lobby’ bar, one bistro and two meeting rooms.

Hotel operations in Spain

IBB Recoletos Coco Salamanca, a 4-star hotel, is located close to Plaza de Toros in Salamanca - a UNESCO World Heritage city. The hotel was re-opened in 2014 under the operation of the Group’s IBB Hotel Collection through its subsidiary company IBB España 2004 S.L., of which the Guarantor is sole shareholder. The property offers 74 elegant, fully equipped double rooms, 6 single rooms and 2 superior rooms with en-suite hydro-massage shower rooms. The hotel comprises a terrace bar on the ground floor, an external swimming pool and a private car park.

IBB Hotel Paradis Blau is a 3-star hotel located in Calan Porter, a very famous village in the island of Menorca known for its picturesque beaches and caves. After the termination of a lease agreement with an external operator, the Group refurbished the hotel in summer 2014 and added this hotel to its management portfolio. The hotel offers 59 renovated rooms, a bar and a swimming pool located on the terrace and is under the operation of the Group’s IBB Hotel Collection through its subsidiary company Sol del Este S.L., of which the Guarantor is the sole shareholder. Apart from operating this hotel, the Group currently also wholly-owns the hotel through its subsidiary company IBB Hotel Collection Holding S.L.; however, given that this hotel does not fit the criteria of IBB Hotel Collection’s expansion plans, the Group is contemplating the sale of this property.

IBB Hotel Cugó Gran is said to be the gem in the Group’s portfolio. It is a meticulously restored old Menorcan farmhouse which provides guests with the services of a 5-star hotel having the privacy of a luxury villa. Situated in a 250-acre estate, the villa features spacious interiors and terraces, a 25-metre outdoor pool in exquisitely landscaped gardens, its own vineyard, as well as a gym and massage treatment room. Cugó Gran is for exclusive use and can be booked for a minimum three or seven night stay. IBB Hotel Cugó Gran is wholly owned and operated by the Group through its subsidiary company, Timan Investments España S.L. For more information visit: www.cugogranmenorca.com.



1.4.1.7 Hotel operations in the pipeline

IBB Cugo Grand Harbour

IBB Cugo Grand Harbour is a recent project of IBB Hotel Collection, signed and announced in January 2017. It will be based in the former headquarters of the Malta Labour Party, the wedge-shaped Sheer Bastion also known under the name “il-Macina” located in Senglea, Malta. The historic building, consisting of 21 spacious double rooms and suites once fully refurbished, will offer stunning views on the capital Valletta, as well as Fort St. Angelo. Additional facilities will include a café bar on ground floor, a terrace with exclusive use and outside pool on the second floor, as well as an area which is designated for use as a spa. Furthermore, there will be a roof-top terrace and restaurant. The Group will operate this hotel under a management and operating agreement which was entered into on 13 January 2017 through its subsidiary company IBB Hotel Management Europe Ltd, which, in turn, is wholly-owned by the Guarantor. The Group aims to have this hotel operating in August 2017, subject to a punctual delivery of the building.

IBB Hotel Valletta Merkanti

IBB Hotel Valletta Merkanti is a recent project of IBB Hotel Collection, signed and announced in November 2016. It will offer 18 double rooms in a stunning fully refurbished Valletta palazzo in Old Theatre Street, facing the Piazza Merkanti in the downtown city centre of Malta’s historic capital Valletta. Additional facilities will include a restaurant, a bar and coffee shop. The Group aims to have this hotel operating in December 2017, subject to a punctual delivery of the building.

IBB Hotel Ingelheim

IBB Hotel Ingelheim is a recent project of IBB Hotel Collection, announced in October 2015. It will offer 103 double rooms and 6 studios with a 3-star superior standard. Additional facilities will include a boardroom hosting up to 12 guests, a breakfast restaurant, a bar and coffee shop. The hotel is located in the downtown city centre of Ingelheim called Neue Mitte, 300m from the train station and 3km from a motorway exit (A60). The Group aims to have this hotel operating in summer 2017.

IBB Hotel Kempten

IBB Hotel Kempten Allgäutower is a recent project of the IBB Hotel Collection with expected opening in the spring of 2017. Once fully operational, it will offer 100 rooms. The hotel is located in a modern building in the city centre of Kempten, in the south of Germany, close to the shopping area and train station of the old town.

IBB Hotel Paderborn

IBB Hotel Paderborn is another recent project of the IBB Hotel Collection with expected opening in the spring of 2017 which, once fully operational, will offer 50 rooms. The hotel is located in a modern building in the city centre of Paderborn, in the west of Germany, close to the shopping area, university and train station.

All prospective developments will be financed by the Group through equity, shareholder loans or bank financing.



2. Review of the business

The European Commission forecasts that economic growth in Europe is expected to continue at a moderate pace, as recent labour market gains and rising private consumption are being counterbalanced by a number of hindrances to growth and the weakening of supportive factors. The predicted growth levels are still well below the peak years of 2007-2008 which is also expected by the Group's senior management to have an impact on the pace at which the Group's hotel revenues and rental income may grow in the coming year(s).

Furthermore, inflation in the Euro area was very low in the first half of the year 2016 due to falling oil prices, but started to pick up in the third and fourth quarter of 2016 as the impact of past price decreases began to wear off. Inflation is envisaged to climb moderately above 1% in 2017, as oil prices are assumed to rise. In addition to that, it is expected that the European Central Bank will limit its stimulus package in the medium to long run and will gradually phase it out once inflation approaches its 2 percent goal. The directors of the Issuer and Guarantor anticipate that this will have an impact on interest rates throughout Europe, which are expected to gradually rise resulting in a higher cost of (construction and investment) debt financing for the Group's new development and investment projects.

The Group recently secured its first hotel lease in Malta, with another 2 or 3 local projects in its pipeline. Depending on the number of hotels that can be opened in Malta in 2017 and onwards, the creation of economies of scale and, therefore, lower average operating costs per hotel, will likely have an impact on the overall profitability of the Group. In addition to that, the planned openings of several boutique hotels in Valletta by other hotel operators provides for a competitive hotel market with subsequent downward pressure on occupancy and revenue levels.

Save for the matters disclosed in this Financial Analysis Summary, there has been no material adverse change in the prospects of the Guarantor since the date of its last published audited consolidated financial statements dated 31 December 2015.

At the time of publication of this Financial Analysis Summary, the Issuer and the Guarantor consider that their respective future performance is intimately related to the performance of the Group. The Issuer and Guarantor consider that generally they shall be subject to the normal business risks associated with the industries in which the Group and subsidiary companies are involved and operate as disclosed in this Financial Analysis Summary, and, barring unforeseen circumstances, do not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of their respective businesses and that of the Group, at least up to the end of the next financial year.



3. The Bond Issue and Projects Concerned

The issuer is proposing the issuance of debt securities with a total notional value of Euro 25 million unsecured bonds repayable in 2024 with a fixed coupon and a nominal value of Euro 1,000 per debt security to be issued at par. The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €24,625,000, will be used by the Issuer for the following purposes:

3.1 Use of Proceeds

1. Real estate development and investments

- An amount of Euro 1,750,000 of the net Bond Issue proceeds shall be advanced, pursuant to a loan agreement, by the Issuer to Bogenhausener Tor Immobilien GmbH in connection with the Bavaria Towers development project to finance cash deposit for bank financing and investment expenses (said entity is owned as to 38.5% by the group).
- an amount of Euro 4,000,000 of the net Bond Issue proceeds shall be advanced, pursuant to loan agreements, by the Issuer to APS and ARS in connection with the Andersia Silver development project for investment purposes and to fulfil expected equity requirements, in such proportion between each of said entities as shall be determined at the time of funding for the project being confirmed; for its real estate development projects the Group has as a general investment rule that it anticipates to double its equity in a period of 3 to 4 years (Andersia Retail Sp. z o.o., which is the entity which owns the said Andersia Silver property, is owned as to 42.5% by the Group)
- an amount of Euro 936k of the net Bond Issue proceeds shall be advanced, pursuant to a loan agreement, by the issuer to LGHS to fund the refurbishment of the third floor of the IBB Grand Hotel Lublinianka and to purchase the remaining 25% of the shares currently held in LGHS, the owner of the IBB Grand Hotel Lublinianka, pursuant to which said entity would become wholly-owned by the Group (note that said entity is owned as to 75% by the Group)
- an amount of Euro 250k of the net Bond Issue proceeds shall be advanced, pursuant to a loan agreement, by the issuer to DTS to be applied to the Długi Targ development project (said entity is owned 50% by the group)
- an amount of Euro 1 million of the net Bond Issue proceeds shall be advanced, pursuant to a loan agreement, by the issuer to VDHGH which will, in turn, invest said funds in a 50-50 joint venture Maltese company to be incorporated for the purpose of developing of an office building in Valletta, Malta, with a total expected investment volume of Euro 5 million (of which Euro 2 million will be contributed by way of equity, with the Group contributing 50% of said amount, and Euro 3 million being raised through bank financing);
- an amount of Euro 3.2 million of the net Bond Issue proceeds shall be advanced, pursuant to loan agreements, by the issuer to Group companies for the purpose of part-funding other prospective development projects in Malta and Europe. For the purpose of identifying such development projects, the Group shall fully adhere to the parameters established in terms of its business development strategy described in further detail in sub-section [6.5] of the Registration Document. With respect to the afore-mentioned Euro 3.2 million the Group's executive management team shall aim to acquire /develop / invest in attractively priced commercial properties located in European countries. Furthermore, in accordance with the principle of generating sustainable income for the issuer, the Group's executive management team shall select commercial properties that have an anticipated high



level of tenancy, in the case of office developments, and/or room rate occupancy, in the case of hotel management operations, as the case may be, in keeping with the Group's current occupancy rates.

2. Investment in hotel expansion

- An amount of Euro 1,383,000 of the net Bond Issue proceeds shall be advanced, pursuant to loan agreements, by the issuer to Group hotel operating companies to be applied to working capital facilities for the period 2017 to 2019, specifically and principally in respect of the proposed expansion of the IBB Hotel Collection in Europe (including Malta) concerning, in the immediate, the IBB Hotel Ingelheim (Euro 350k), the IBB Hotel Kempten (Euro 150k) and the IBB Hotel Paderborn (Euro 200k)
- an amount of Euro 1,895,000 of the net Bond Issue proceeds shall be advanced, pursuant to loan agreements, by the issuer to Group hotel operating companies to be applied to rental deposits for the period 2017 – 2019, specifically and principally in respect of the proposed expansion of the IBB Hotel Collection in Europe (including Malta) concerning, in the immediate, the IBB Hotel Ingelheim (Euro 350k), the IBB Hotel Kempten (Euro 200k) and the IBB Hotel Paderborn (Euro 120k)

3. Refinancing

- an amount of Euro 10 million of the net Bond Issue proceeds shall be used to carry into effect a refinancing of intra Group receivables and in return also a complete repayment of any direct debt of the guarantor, thereby freeing the guarantor of its receivables towards Group companies and further reinforcing its position as a pure holding company.

4. Other purposes

- The remaining balance of the net Bond Issue proceeds in an amount of Euro 211,000 shall be used for the Group's general corporate funding requirements in Malta, including operational costs.



4. Performance Review

The Issuer was incorporated on 15th September 2016 and, accordingly, has no trading record or history of operations. Furthermore, the Issuer itself does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company solely for the needs of the Group, and, as such, its assets are intended to consist primarily of loans issued to Group companies. For the purpose of this document we shall review the performance of the guarantor which constitutes the entire group of companies. The Guarantor's historical financial information for the three financial years ended 31 December 2013, 2014 and 2015, as audited by RSM Malta, is set out in the audited consolidated financial statements of the Guarantor.

4.1 Significant Transactions

Disposal of ABC- ABC was the entity through which the Group held its interest in Phase 3 of the Andersia development, the Andersia Business Centre.

The Andersia development was undertaken as a joint venture with the City of Poznan as a 15% passive shareholder that made the freehold land available for development and involved the development of this land over four phases:

Phase 1 – Poznan Financial Centre
Phase 3 – Andersia Business Centre

Phase 2 – Andersia Towers
Phase 4 – Andersia Silver (in progress)



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4.2 Income Statement

Income statements for the years ended 31 December	2013	2014	2015	1H2015	1H2016
	€000	€000	€000	€000	€000
Revenue	11,950	13,377	13,373	8,158	6,908
Cost of sales	(13,812)	(12,527)	(13,934)	(9,082)	(6,344)
Gross (loss) / profit	(1,862)	849	(562)	(924)	564
Other operating income	410	580	406	100	12
Operating (loss) / profit	(1,452)	1,429	(156)	(824)	576
Investment income	4,714	1,018	574	668	135
Fair value movements	13	(908)	2,347	2,396	496
EBITDA	3,275	1,539	2,765	2,240	1,207
Impairment of goodwill	-	-	(1,240)	(1,240)	-
Finance costs	(3,128)	(3,206)	(914)	(946)	(604)
Depreciation	(1,778)	(907)	(435)	(424)	138
(Loss) / Profit before tax	(1,630)	(2,574)	175	(370)	466
Income tax	408	133	68	199	23
(Loss) / Profit for the year	(1,222)	(2,441)	243	(172)	442
Source: Audited accounts					
Gross Profit Margin	-15.58%	6.35%	-4.20%	-11.33%	8.16%
Operating Profit Margin	-12.15%	10.68%	-1.16%	-10.10%	6.34%
Net Margin	-10.23%	-18.25%	1.82%	-2.11%	6.40%
Return on Capital Employed	-1.54%	1.51%	-0.27%	-0.89%	0.99%
Return on Assets	-1.16%	-2.33%	0.35%	-0.17%	1.31%
Interest Coverage Ratio	N/A	0.45	N/A	N/A	0.73

The principal revenue stream of the Group is income generated from accommodation fees from its managed hotels and food and beverage revenue from these hotels. Accommodation revenue increased during FY2015 by approximately €1.0 million driven by the opening of the second hotel in Passau, IBB Hotel Passau Süd, and the IBB Hotel Cugó Gran in Menorca. Leasing revenue streams in FY2015 decreased due to the disposal of the Andersia Business Centre. The most significant hotel management revenue streams are derived from the two managed hotels in Poland, primarily the IBB Andersia Hotel and the IBB Grand Hotel Lublinianka. Revenues from the hotel management operations in Germany, where the Group managed two hotels in Passau as at FY2015, increased to approximately 29% of total revenue during FY2015 following the opening of the IBB Hotel Passau Süd.

Cost of sales primarily comprises operating expenses and staff costs, primarily incurred by the hotel management business line. Cost of sales increased by 11% during FY2015 to approximately €13.9 million due to an increase of 27% in wages and salaries, which increase was mainly driven by the opening of the two new

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managed hotels during FY2015. FY2015 cost of sales were also impacted by exchange translation losses of approximately €200,000 and professional fees amounting to approximately €400,000 in relation to key projects that should not be recurring.

Investment income primarily comprises interest income and gains on sale of assets. FY2013 includes a gain of approximately €2.7 million relating to the sale of the previously Group-owned IBB Erfurt Hotel.

Fair value movements comprise fair value adjustments to significant associated entities. The FY2015 fair value movement of approximately €2.4 million was due to the revaluation of Bogenhausener Tor Immobilien GmbH, which entity holds the Group's interest in the Bavaria Towers development.

Goodwill of approximately €1.2 million was impaired during FY2015 relating to goodwill recognised on the acquisition of IBB Hotel Erfurt GmbH & Co. KG. The goodwill arose in the past from the acquisition by the Group of IBB Hotel Erfurt, resulting from the fact that the purchase price was higher than the fair value of the assets and liabilities. The hotel asset though was divested by the entity and the goodwill in its books depreciated.

Depreciation and amortisation constantly decreased during the period following the sale of buildings during FY2013 and FY2014 and the deconsolidation of Andersia Business Centre Sp. z o.o. during FY2015. Andersia Business Centre Sp. z o.o. was the entity through which the Group held its 85% interest in phase 3 of the Andersia Place development, a joint venture with the City of Poznan, consisting of the development and construction of Andersia Business Centre. As mentioned previously, after successful completion and leasing of the building, the shares in Andersia Business Centre Sp. z o.o. were sold to a third party in June 2015.

The Group generated €3.3 million in earnings before interest, tax, depreciation and amortisation in FY2013, €1.5 million in FY2014 and €2.8 million in FY2015 representing an EBITDA margin of 26% in FY2013, 11% in FY2014 and 20% in FY2015.

Operating losses amounted to €1.5 million in FY2013, whilst operating profits of €1.5 million were disclosed in FY2014. FY2015 performance was impacted by the significant operational losses incurred in the first year of opening of the IBB Hotel Cugó Gran and the IBB Hotel Passau Süd.



VON DER HEYDEN GROUP



FINANCIAL ANALYSIS SUMMARY Von der Heyden Group Finance p.l.c.

4.3 Financial Position

Statements of financial position as at 31 December	2013	2014	2015	1H2015	1H2016
	€000	€000	€000	€000	€000
Assets					
Non-current assets					
Intangible assets	1,301	1,292	46	55	43
Property plant and equipment	76,585	72,760	45,097	73,430	45,193
Investment properties	421	-	-	-	-
Loans and receivables	14,021	15,300	8,185	16,652	11,421
Financial assets	2,586	1,688	3,984	4,027	4,491
Deferred tax	244	1,399	766	1,769	750
Total non-current assets	95,158	92,438	58,078	95,933	61,899
Current assets					
Inventories	709	78	100	83	142
Trade and other receivables	4,045	4,358	7,641	3,662	2,478
Current income tax assets	103	174	86		4
Available for sale financial assets	253	59	4	4	0
Cash and cash equivalents	5,364	7,609	3,171	3,364	3,128
Total current assets	10,475	12,279	11,003	7,113	5,752
Total assets	105,633	104,717	69,081	103,046	67,651
Equity and liabilities					
Equity					
Share capital	3,250	3,805	3,805	3,805	3,805
Share premium account	-	4,445	4,445	4,445	4,445
Other reserves	13,919	14,308	12,123	11,780	12,119
Currency translation reserve	298	1,202	1,115	1,043	807
Retained earnings	9,338	3,282	3,255	7,191	3,670
Non-controlling interest	14,407	12,390	10,839	14,990	10,867
Total equity	41,212	39,432	35,582	43,253	35,712
Non-current liabilities					
Borrowings	48,107	50,511	18,472	44,295	18,959
Deferred tax liabilities	4,424	4,852	3,503	4,850	3,460
Provisions for other liabilities and charges	317	118	199	59	78
Total non-current liabilities	52,848	55,480	22,174	49,204	22,497
Current liabilities					
Trade and other payables	4,758	4,277	2,400	4,544	2,203
Current income tax liability	-	159	94	294	94
Borrowings	6,815	5,369	8,831	5,752	7,144
Total current liabilities	11,573	9,805	11,325	10,589	9,442
Total liabilities	64,421	65,285	33,499	59,793	31,939
Total equity and liabilities	105,633	104,717	69,081	103,046	67,651
<i>Source: Audited Accounts</i>					
Current Ratio	0.91	1.25	1.01	0.67	0.61
Net Debt/Total Assets Ratio	51.99%	53.36%	39.52%	44.48%	28.63%
Net Debt/Equity Ratio	120.25%	122.42%	76.73%	105.98%	54.24%



VON DER HEYDEN GROUP



FINANCIAL ANALYSIS SUMMARY Von der Heyden Group Finance p.l.c.

The consolidated Group includes 25 subsidiaries and 6 associates in various countries. Associates are carried at fair value in the Group balance sheet. The FY2013 and FY2014 Group accounts include the consolidation of a significant subsidiary, Andersia Business Centre Sp. z o.o.. As stated above, the Group divested its shares in Andersia Business Centre Sp. z o.o. during FY2015 and the entity was deconsolidated. The deconsolidation of Andersia Business Centre Sp. z o.o. (assets of approximately €30.5 million and borrowings of approximately €26.1 million) impacts the comparability of the Group's consolidated financial position for FY2015.

Group assets primarily consist of land and buildings comprising hotels that are owned by the Group (64% of property, plant and equipment) and land held for redevelopment. Both items are consolidated, primarily comprising the Andersia Silver project (34% of property, plant and equipment in FY2015). Land and buildings are carried at the revalued amounts and approximately €12 million of revaluation reserves are carried in equity representing revaluation amounts to FY2015. The Group's participation in its most significant development is held in Bogenhausener Tor Immobilien GmbH, an associated entity that is not consolidated but carried at fair value as a financial asset. The FY2015 valuation of Bogenhausener Tor Immobilien GmbH amounted to €3.1 million which represents a very conservative value for the project taking into account the potential of the real estate market in the city of Munich. The Group's other principal assets are loans to unconsolidated related parties amounting to approximately €12.8 million and cash and equivalents. The most significant loan in an amount of €4.5 million is to Bogenhausener Tor Immobilien GmbH.

Group borrowings of €27 million in FY2015 are primarily due to banks (51%), other third parties (37%) and related parties (12%). The Group organises its borrowings on a non-recourse basis within the principal asset owning subsidiaries, meaning that the Guarantor is free from guarantees in relation to borrowings of its subsidiaries.



VON DER HEYDEN GROUP



FINANCIAL ANALYSIS SUMMARY Von der Heyden Group Finance p.l.c.

4.4 Cash Flow Statement Review

Cash flow statements for the years ended 31 December	2013	2014	2015
Cash flows from operating activities			
Net cash used in operations	(1,107)	(1,915)	(3,606)
Cash flows from investing activities			
Movement in loans	982	(497)	4,599
Interest received	-	1,137	567
Movement in intangible assets	(1,243)	(11)	(13)
Movement in tangible assets	(1,434)	2,856	27,423
Movement in investment properties	(142)	46	-
Movement in financial assets	6,756	(11)	51
Movement in available for sale financial assets	-	175	36
Exchange rate movements	(3,181)	1,312	(504)
Net cash from investing activities	1,739	5,008	32,160
Cash flows from financing activities			
Issue of shares	-	5,000	-
Movement in borrowings	1,861	3,213	(28,752)
Dividends paid	(304)	(3,600)	(3,500)
Interest paid	(3,128)	(3,206)	(914)
Net cash (used in) / from financing activities	(1,571)	1,407	(33,166)
Net movement in cash and cash equivalents	(940)	4,500	(4,613)
Cash and equivalents at beginning of year	2,585	1,645	6,145
Cash and cash equivalents at end of year	1,645	6,145	1,532
Source: Audited accounts			

Notes:

Normalisation adjustment

Note: the audited cash flow statement as at FY15 was adjusted to reclassify the loan to BTI of Euro 4.6 million from short term to long term, impacting cash flows from operations and net movement in loans to related parties.

Operating activities

- Cash used in operating activities (which includes net taxation paid), decreased significantly from Euro 1.9 million during FY14 to Euro 1 million cash from operations during FY15 due to a significant improvement in profit before tax. We note that the profit before tax includes the fair value movements from the revaluation of financial assets amounting to Euro 2.5 million and are a non cash movement the reversal of which impacts cash used in operations.

Investing activities

- The increase in cash from investing activities during FY15 includes the impact of the sale of ABC, specifically in proceeds from sale in tangible assets



- Cash flows from investing activities reflect the foreign exchange differences for translation of tangible, intangible and other assets denominated in foreign currency and translated at the balance sheet date. PLN decreased in value by 0.2% during FY15 resulting a negative exchange difference
- Cash outflows for the purchase of tangible assets averaged Euro 1.9 million per annum for the period reviewed

Financing activities

- Cash flows used in financing activities increased significantly during FY15 due to the impact of the sale of ABC
- The Group paid dividends of Euro 3.5 million (note includes Euro 500k still due to TH Limited at FY15) during FY15 and Euro 3.6 million during FY14
- Cash inflows from financing activities during FY14 were impacted by the issue of new shares the proceeds of which generated Euro 5 million
- TIH disclosed cash inflow of Euro 4.3 million in FY14 on the sale of the Roemerbad Hotel and Euro 3 million from the sale of properties held by KIG.



5. Projected Financials

The Guarantor's financial projections were prepared to reflect a base scenario where the Group successfully obtained alternative funding, which funding was used to:

- Repay certain of its current external borrowings;
- Refinance intra Group funding;
- Provide further equity financing for its two current main property development projects (Bavaria Towers and Andersia Silver which development is scheduled to commence during FY18);
- Finance a significant expansion of the hotel management business; and
- Undertake further smaller scale development projects

The main assumptions underpinning the financial projections are the completion and the contemplated exit multiples of Bavaria Towers and Andersia Silver.

Management remain confident that completion risk can be effectively managed and that their experience demonstrates a proven track record of undertaking and exiting property development projects.

The hotel management expansion plan is directed towards concluding lease agreements to manage hotels with a phased growth strategy that is conservative in the first three years of operations. Management remain confident that they will identify the required number of suitable premises and locations to lease and operate in order to achieve the expansion plan.



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FINANCIAL ANALYSIS SUMMARY Von der Heyden Group Finance p.l.c.

5.1 Projected Income Statement

The projected Income Statement and Statement of financial position of the Guarantor presented in this section and section 5.2 represent management's financial projections pertaining to the Group for the current year and FY2018.

€000	FY17	FY18
Revenue	18,644	28,712
Cost of sales	(18,156)	(27,257)
Gross Profit	488	1,455
Other operating income	50	51
Operating Profit	538	1,506
Investment Income	643	847
Profit on sale of associate	-	2,951
Profit on sale of subsidiary	-	-
Fair value movements	600	-
EBITDA	1,781	5,304
Finance Costs	(1,799)	(2,095)
Depreciation	(513)	(462)
Profit before tax	(531)	2,748
Income tax Expense	-	(163)
Loss/Profit for the year	(531)	2,584
<i>Gross Profit Margin</i>	2.62%	5.07%
<i>Operating Profit Margin</i>	2.89%	5.25%
<i>Net Margin</i>	-2.85%	9.0%
<i>Return on Capital Employed</i>	-1.47%	7.04%
<i>Return on assets</i>	-0.62%	2.33%
<i>Interest Coverage Ratio</i>	0.30	0.72
<i>Source: Management Information</i>		

The financial statements of FY17 and FY18 would not yet fully reflect the returns from the investments of the capital employed until the key projects are finalised. FY17 is expected to be a transition year, which will then improve drastically from 2018 onwards.



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FINANCIAL ANALYSIS SUMMARY Von der Heyden Group Finance p.l.c.

5.2 Projected Balance Sheet

Statements of financial position as at 31 December	FY17	FY18
	€000	€000
Assets		
Non-current assets		
Intangible assets	43	43
Property plant and equipment	47,779	74,075
Investment properties	-	-
Loans and receivables	19,066	14,709
Financial assets	5,291	893
Deferred tax	750	750
Total non-current assets	72,930	90,471
Current assets		
Inventories	128	122
Trade and other receivables	2,380	2,332
Current income tax assets	4	4
Available for sale financial assets	-	-
Cash and cash equivalents	9,768	17,804
Total current assets	12,280	20,262
Total assets	85,210	110,733
Equity and liabilities		
Equity		
Share capital	3,805	3,805
Share premium account	4,445	4,445
Other reserves	12,919	12,919
Currency translation reserve	807	807
Retained earnings	3,260	5,845
Non-controlling interest	10,867	10,867
Total equity	36,103	38,687
Non-current liabilities		
Borrowings	42,823	65,803
Deferred tax liabilities	3,460	3,460
Provisions for other liabilities and charges	78	78
Total non-current liabilities	46,362	69,342
Current liabilities		
Trade and other payables	2,116	2,074
Current income tax liability	94	94
Borrowings	536	536
Total current liabilities	2,746	2,704
Total liabilities	49,108	72,045
Total equity and liabilities	85,210	110,733
Current Ratio	4.47	7.49
Net Debt/Total Assets Ratio	39.42%	43.83%
Net Debt/Equity Ratio	93.04%	125.46%
<i>Source: Management Information</i>		



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FINANCIAL ANALYSIS SUMMARY Von der Heyden Group Finance p.l.c.

5.3 Projected Capital Position

The following table sets out the capitalisation and indebtedness of the Group as at 30 June 2016 and the estimate after reflecting the issue of the Bonds:

Capitalisation and indebtedness of the Group as at 30th June 2016

Bank and other borrowings		26,103
Cash and cash equivalents		(3,128)
Net third party debt as at 30th June 2016		22,975
Funding:		
Bond issue	25,000	
Refinancing of Group receivables	(10,000)	
		15,000
		37,975
Equity as at 30th June 2016		35,712

Gearing ratio (Debt/Total Assets) after bond issue 52%

Gearing ratio (Debt/Equity) after bond issue 106%

Gearing (Debt/Total Assets) was calculated as net debt after bond issue divided by the aggregate equity and net third party debt.

Gearing (Debt/Equity) was calculated as net debt after bond issue divided by the aggregate equity.

5.4 Projected Cashflow Statement

Cash flow statements for the years ended 31 December	2017	2018
Cash flows from operating activities		
Net cash used in operations	1,150	1,518
Cash flows from investing activities		
Movement in loans	(7,645)	4,357
Interest received	643	847
Movement in intangible assets	-	7,350
Movement in tangible assets	(3,099)	(26,758)
Movement in investment properties	-	-
Movement in financial assets	-	-
Movement in available for sale financial assets	-	-
Exchange rate movements	-	-
Net cash from investing activities	(10,100)	(14,368)
Cash flows from financing activities		
Issue of shares	-	-
Movement in borrowings	16,756	22,980
Dividends paid	-	-
Interest paid	(1,799)	(2,095)
Net cash (used in) / from financing activities	14,957	20,885
Net movement in cash and cash equivalents	6,006	8,035
Cash and equivalents at beginning of year	3,762	9,768
Cash and cash equivalents at end of year	9,768	17,804
Source: Management Information		



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FINANCIAL ANALYSIS SUMMARY Von der Heyden Group Finance p.l.c.

5.5 Key Assumptions Used in forecasts

IBB Hotel expansion

	Germany	Poland	Spain	Malta
Rooms	100	140	100	20
Occupancy	67%	65%	65%	65%
Annual increase in occupancy	2.50%	2.50%	2.50%	2.50%
Average room rate (ARR)	65	60	60	180
Annual increase in ARR	2.50%	2.50%	2.50%	2.50%
Days Open	365	365	365	365
Revenue Rooms (EUR)	1,590	1,993	1,424	854

Germany Poland Spain Malta

Real estate Developments and Investments

	Bavaria Towers	Andersia Silver	Other
Annual Rental Income	€6.5 million	€7.5 million	n/a
Exit Multiple	22	16	2
Year of Sale	FY18	FY20	3-4 years after investment
Expected Sale Price	€144 million	€120 million	



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FINANCIAL ANALYSIS SUMMARY Von der Heyden Group Finance p.l.c.

6. Comparables

The purpose of the table below compares the proposed debt issuance of the group to other debt instruments with similar duration. One must note that given the material differences in profiles and industries, the risks associated with the Group's business and that of other issuers is therefore also different.

Security	Yield to Maturity (%)	Interest Cover	Total Assets	Net Asset Value	Gearing Ratio
6% Pendergardens Developments plc Secured € 2022 Series II	3.94%	3.63	58.0	11,734.0	61.9%
5.8% International Hotel Investments plc 2023	4.49%	1.45	1,159.6	608.3	36.5%
6% AX Investments Plc € 2024	3.79%	2.88	206.0	111.5	36.7%
5.3% Mariner Finance plc Unsecured € 2024	4.33%	2.82	67.7	25.8	61.8%
5% Tumas Investments plc Unsecured € 2024	3.69%	4.62	175.6	80.4	42.9%
4.4% Von der Heyden Group Finance 2024	4.40%	N/A	69.0	36.0	39.5%
5.75% International Hotel Investments plc Unsecured € 2025	4.95%	1.45	1,159.6	608.3	36.5%
4.5% Hili Properties plc Unsecured € 2025	3.78%	1.50	90.9	26.3	71.3%
5.25% Central Business Centres plc Unsecured € 2025 S2T1	4.43%	1.63	30.0	18.3	38.5%
4.25% Corinthia Finance plc Unsecured € 2026	3.57%	1.13	1,357.9	641.0	41.8%
4% MIDI plc Secured € 2026	4.35%	2.64	187.5	71.3	37.6%
4% International Hotel Investments plc Secured € 2026	3.74%	1.45	1,159.6	608.3	36.5%
Average of Comparables	4.10%				

The debt to equity ratio or gearing ratio demonstrates the degree to which the capital employed in a business is funded by external borrowings as compared to shareholders' funds.

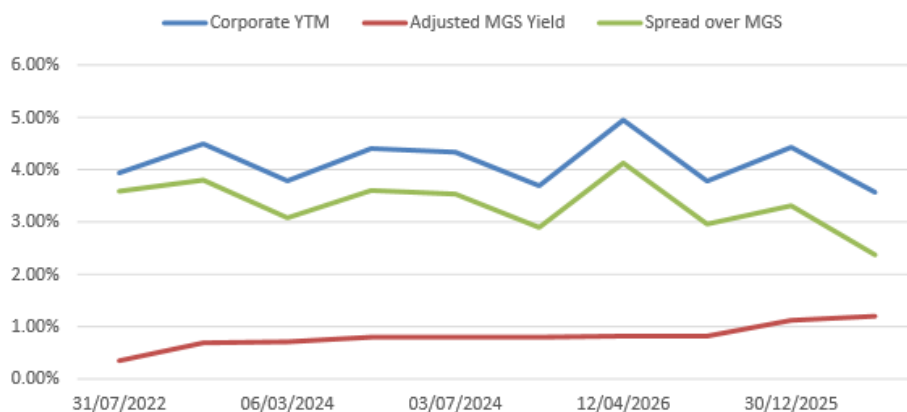


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FINANCIAL ANALYSIS SUMMARY Von der Heyden Group Finance p.l.c.

Yield Curve Analysis



As at 23rd January 2017, the average spread over the Malta Government Stock (MGS) for corporates with maturity range of 5-8 years was 308 basis points. The new VDH bond is being priced with a 4.4% coupon issued at par, meaning a spread of 365 basis points over the equivalent MGS, and therefore at a significant premium to the average on the market.



7. Glossary and Definitions

Income Statement	
Revenue	Total revenue generated by the Group from its business activities during the financial year, that is, from its real estate development and hotel operations
Operating Expenses	Operating expenses include the cost of real estate developments and hotel operations
EBITDA	EBITDA is an abbreviation 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.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.
Profitability Ratios	
Operating profit margin	Operating profit margin is operating income or EBITDA as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Profit before Tax (PBT)	Profit before Tax is the profit is achieved during the financial year after deducting all relevant expenses including interest expenses. This however does not include tax expense.
Efficiency	
Return on Equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.
Equity Ratios	
Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date
Cash Flow Statement	
Cash flow from operating activities	Cash generated from the principal revenue-producing activities of the Company.
Cash flow from investing activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Company.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Company.
Balance Sheet	
Non-current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group allocates the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was purchased. Such



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FINANCIAL ANALYSIS SUMMARY Von der Heyden Group Finance p.l.c.

	assets include intangible assets (goodwill on acquisition), investment properties, and property, plant & equipment.
Current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group allocates the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was purchased. Such assets include intangible assets (goodwill on acquisition), investment properties, and property, plant & equipment.
Current assets	Current assets are all assets of the Company, which are realisable within one year from the balance sheet date. Such amounts include inventory, accounts receivable, cash and bank balances.
Current liabilities	All liabilities payable by the Company within a period of one year from the balance sheet date, and include accounts payable and short-term debt.
Net debt	Borrowings before unamortised issue costs less cash and cash equivalents.
Non-current liabilities	The Company's long-term financial obligations that are not due within the present accounting year. The Company's non-current liabilities include bank borrowings and bonds.
Total equity	Total equity includes share capital, reserves & other equity components, and retained earnings.
Financial Strength Ratios	
Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company's operating profit of one period by the company's interest expense of the same period.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity.



VON DER HEYDEN GROUP

ANNEX D APPLICATION FORM



VON DER HEYDEN GROUP

APPLICATION FORM

€25,000,000 4.4% Unsecured Bond 2024

Von Der Heyden Group Finance plc

Application No. _____

APPLICANT			
<input type="checkbox"/> Non-Resident		<input type="checkbox"/> Minor (under 18)	
<input type="checkbox"/> Corporate		<input type="checkbox"/> CIS	
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME / REGISTERED NAME	
ADDRESS			
		POST CODE	
MSE A/C NO. (if applicable)		I.D. CARD / PASSPORT / COMPANY REG. NO.	
E-MAIL ADDRESS		TEL NO.	MOBILE NO.
Already Registered for e-Portfolio <input type="checkbox"/>		Please register me for e-Portfolio <input type="checkbox"/>	Please do NOT register me for e-Portfolio <input type="checkbox"/>
ADDITIONAL (JOINT) APPLICANTS (please use additional application form if space is not sufficient)			
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	
		I.D. CARD / PASSPORT NO.	
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	
		I.D. CARD / PASSPORT NO.	
MINOR'S PARENTS/LEGAL GUARDIANS (See Note 4) (to be completed ONLY if the Applicant is a minor)			
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	
		I.D. CARD / PASSPORT NO.	
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	
		I.D. CARD / PASSPORT NO.	
E I/We apply to purchase and acquire the amount set out below			
AMOUNT IN FIGURES €		AMOUNT IN WORDS	
Von der Heyden Group Finance p.l.c. €25,000,000 Unsecured 4.4% Bonds 2024 at the Bond Issue Price (at par) pursuant to the Prospectus dated 30 th January 2017 (minimum €2,000 and in multiples of €1,000 thereafter) and guaranteed by Timan Investments Holdings Limited			
RESIDENT - WITHHOLDING TAX DECLARATION (to be completed ONLY if the Applicant is a Resident of Malta)			
<input type="checkbox"/> I/We elect to have Final Withholding Tax deducted from my/our interest.			
<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).			
NON-RESIDENT DECLARATION FOR TAX PURPOSES (to be completed ONLY if the Applicant is a Non-Resident)			
TAX COUNTRY		TOWN OF BIRTH	
T.I.N. (Tax Identification Number)		COUNTRY OF BIRTH	
PASSPORT/NATIONAL I.D. CARD NUMBER		ISSUE DATE	
<input type="checkbox"/> I/We am/are NOT Resident in Malta but I/we am/are Resident in the European Union.			
<input type="checkbox"/> I/We am/are NOT Resident in Malta and I/we am/are NOT Resident in the European Union.			
INTEREST, REFUND AND REDEMPTION MANDATE (completion of this panel is mandatory)			
BANK		IBAN	
I/We have fully understood the instructions for completing this Application Form, and am/are making this Application on the basis of the Prospectus, and subject to its Terms and Conditions (as defined therein) which have been explained to me/us, and which I/we fully accept.			
Signature/s of Applicant/s (All parties are to sign in the case of a joint Application)		Financial Intermediary	
		Date	
(both parents or legal guardian/s are/is to sign if Applicant is a minor) (All parties are to sign in the case of a joint Application)			
AUTHORISED FINANCIAL INTERMEDIARY'S STAMP		AUTHORISED FINANCIAL INTERMEDIARY'S CODE	



INSTRUCTIONS SHEET

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 30th January 2017

1. This Application is governed by the Terms and Conditions of Application contained in the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the same meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS.
3. Applicants are to insert full personal details in Panel B. In the case of an application by more than one person (including husband and wife) full details of all individuals – including I.D. Card Numbers – must be given in Panels B and C but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 7 below).

Upon submission of an Application Form, Bondholders who do not have an online e-portfolio account will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to Secured Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Those Bondholders who opt not to avail themselves of this facility should indicate such on the Application Form. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.

4. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. The relative box in Panel A must also be marked appropriately. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
5. Applicants who are Non-Resident in Malta for tax purposes must indicate their passport number in Panel B and complete Panel G. The relative box in Panel A must also be marked appropriately.
6. In the case of a body corporate, the name of the entity exactly as registered, and the registration number are to be inserted in Panel B. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
7. **APPLICANTS WHO ALREADY HOLD SECURITIES ON THE MSE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL B. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM. IF DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MSE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF, A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE EFFECTED.**
8. The amount applied for must be in multiples of €1,000 subject to a minimum application of €2,000. The Applicant must ensure that the relative Application Form is accompanied by payment of the full price of the amount of Bonds applied for. Payment of the amount, must be made in Euro in cleared funds to "The Registrar – Von der Heyden Group Finance p.l.c.". In the event that the cheque accompanying the Application Form is not honored on the first presentation the Issuer and the Registrar reserve the right to invalidate the relative Application.
9. Only Applicants who hold an official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have Final Withholding Tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of Final Withholding Tax), but he/she will be obliged to declare interest so received on his/her tax return. Authorised entities applying in the name of a Prescribed Fund (having indicated their status in the appropriate box in Panel A) will have Final Withholding Tax, currently 10%, deducted from interest payments.
10. In terms of Section 7 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of 'recipient' in terms of article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), Interest shall be paid to such a person net of final withholding tax (currently 15%) of the gross amount of interest, pursuant to Article 33 of the Tax Act (Cap. 123 of the Laws of Malta).
11. If any Application is not accepted, after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies of the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in the application form. Interest or redemption proceeds will be credited to the account designated or as otherwise amended by the Bondholder/s during the term of the Bond.
12. European Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments requires all payors established in the EU which pay interest to an individual resident in another EU Member State, to report the interest payment to the tax authorities of the Member State in which the payor is established. If the Applicant's permanent residential address is in an EU Member State or in another country to which the said Directive applies (called a "specified territory") then the interest paid will be reported.
13. Completed Application Forms are to be delivered to any of the Financial Intermediaries listed in Annex D of the Securities Note during normal office hours by not later than 12 noon on the 3rd March 2017. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not being received by the closing date indicated above. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of the Bonds as contained in the Prospectus. Any applications received by the Registrar after 12 noon on the 3rd March 2017 will be rejected.
14. By completing and delivering an Application Form you (as the Applicant(s)):
 - a. acknowledge that the Issuer may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta);
 - b. acknowledge that the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. acknowledge that you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and addressed to the Issuer. The request must be signed by yourself as the Applicant to whom the personal data relates.

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



VON DER HEYDEN GROUP

ANNEX E

AUTHORISED INTERMEDIARIES

Calamatta Cuschieri Investment Services Ltd	Ewropa Business Centre, Triq Dun Karm Birkirkara, BKR 9034	25688688
Jesmond Mizzi Financial Advisors Ltd	67/3, South Street, Valletta VLT 1105	23265690
Michael Grech Financial Investment Services Ltd.	The Brokerage, St. Marta Street, Victoria VCT2550	2258 000