

# SUMMARY NOTE

Dated 8<sup>th</sup> April 2019

This Summary Note is issued in accordance with the provisions of Chapter 4 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended by Commission Delegated Regulation (EU) No. 486/2012 of the 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.

In respect of an issue of

**€12 million 4% Secured Bonds 2029**

of a nominal value of €100 per Bond issued at par by



**SP FINANCE**

SP FINANCE P.L.C. a public limited liability company registered in Malta with company registration number C 89462  
with the joint and several Guarantee\* of Sea Pebbles Limited (C 6138)

\*Prospective investors are to refer to the Guarantee contained in Annex A of the Securities Note forming part of the Prospectus and sub-section 2.5 of the Registration Document for a description of the Guarantee and the Security. Reference should also be made to the sections entitled "Risk Factors" contained in this Summary Note, the Registration Document and the Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the Guarantee provided by the Guarantor.

**ISIN: MT0002181205**

Legal Counsel



Sponsor, Manager & Registrar



Security Trustee

alterDomus\*

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

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

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

Joseph Casha

Josephine Casha  
on behalf of Josephine Casha, Alex Perici-Calascione,  
Mark Grech and Reuben Debono

## IMPORTANT INFORMATION

THIS SUMMARY NOTE CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION IN RELATION TO SP FINANCE P.L.C. IN ITS CAPACITY AS ISSUER AND SEA PEBBLES LIMITED AS GUARANTOR. THIS DOCUMENT INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH: (A) THE COMPANIES ACT, (CAP. 386 OF THE LAWS OF MALTA) AND COMMISSION REGULATION (EC) NO. 809/2004 OF 29 APRIL 2004 IMPLEMENTING DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS INFORMATION CONTAINED IN PROSPECTUSES AS WELL AS THE FORMAT, INCORPORATION BY REFERENCE AND PUBLICATION OF SUCH PROSPECTUSES AND DISSEMINATION OF ADVERTISEMENTS (AS AMENDED BY COMMISSION DELEGATED REGULATION (EU) NO. 486/2012 OF 30 MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF 4 JUNE 2012, COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF 30 APRIL 2013, COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014 AND COMMISSION DELEGATED REGULATION (EU) NO. 2016/301 OF 30 NOVEMBER 2015); AND (B) THE RULES AND REGULATIONS APPLICABLE TO THE ADMISSION OF SECURITIES ON THE OFFICIAL LIST OF THE MSE.

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 BONDS OF THE ISSUER OTHER THAN THOSE CONTAINED IN THE PROSPECTUS 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, THEIR RESPECTIVE DIRECTORS OR ADVISORS.

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

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY AND THE MSE, AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES. APPLICATION HAS BEEN MADE TO THE MSE FOR THE BONDS TO BE ADMITTED TO THE OFFICIAL LIST OF THE MSE. **A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISOR.**

THE CONTENTS OF THE ISSUER'S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S WEBSITE DO NOT FORM PART OF THIS DOCUMENT. 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.

ALL THE ADVISORS TO THE ISSUER AND GUARANTOR HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND GUARANTOR IN RELATION TO THIS PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY TOWARDS ANY OTHER PERSON. NONE OF THE ADVISORS ACCEPT ANY RESPONSIBILITY TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE CONTENTS OF, AND ANY INFORMATION CONTAINED IN, THE PROSPECTUS, ITS COMPLETENESS OR ACCURACY OR ANY OTHER STATEMENT MADE IN CONNECTION THEREWITH.

THE DIRECTORS OF THE ISSUER CONFIRM THAT WHERE INFORMATION INCLUDED IN THIS PROSPECTUS HAS BEEN SOURCED FROM A THIRD PARTY, SUCH INFORMATION HAS BEEN ACCURATELY REPRODUCED, AND AS FAR AS THE DIRECTORS OF THE ISSUER ARE AWARE AND ARE ABLE TO ASCERTAIN FROM INFORMATION PUBLISHED BY THAT THIRD PARTY, NO FACTS HAVE BEEN OMITTED WHICH WOULD RENDER THE REPRODUCED INFORMATION INACCURATE OR MISLEADING.

THE VALUE OF INVESTMENTS CAN RISE OR FALL AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. IF YOU NEED ADVICE WITH RESPECT TO THE BOND ISSUE, YOU SHOULD CONSULT A LICENSED STOCKBROKER OR AN INVESTMENT ADVISOR LICENSED UNDER THE INVESTMENT SERVICES ACT, CAP. 370 OF THE LAWS OF MALTA.

THIS DOCUMENT AND ALL AGREEMENTS, ACCEPTANCES AND CONTRACTS RESULTING THEREFROM SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF MALTA, AND ANY PERSON ACQUIRING ANY BONDS PURSUANT TO THE PROSPECTUS SHALL SUBMIT TO THE JURISDICTION OF THE MALTESE COURTS, WITHOUT LIMITING IN ANY MANNER THE RIGHT OF THE ISSUER AND/OR GUARANTOR TO BRING ANY ACTION, SUIT OR PROCEEDING, IN ANY OTHER COMPETENT JURISDICTION, ARISING OUT OF OR IN CONNECTION WITH ANY PURCHASE OF BONDS, OR AGREEMENT, ACCEPTANCE OR CONTRACT RESULTING HEREFROM, OR THE PROSPECTUS AS A WHOLE.

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

**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.**

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This Summary Note is prepared in accordance with the requirements of the Regulation.

Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

Except where the context otherwise requires, the capitalised words and expressions used in this Summary Note shall bear the meanings assigned to them in the Registration Document and the Securities Note forming part of the Prospectus, as the case may be.

## **SECTION A INTRODUCTION AND WARNINGS**

A.1 Prospective investors are hereby warned that:

- i. this summary is being provided to convey the essential characteristics and risks associated with the Issuer and the securities being offered pursuant to this document. This part is merely a summary and therefore should only be read as an introduction to the Prospectus. It is not and does not purport to be exhaustive and investors are warned that they should not rely on the information contained in this summary in making a decision as to whether to invest in the securities described in this document. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor;
- ii. where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of Malta, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and
- iii. civil liability attaches only to those persons who have tabled the summary including any translation thereof, and who applied for its notification, but only if the summary, when read together with the other parts of the Prospectus, is misleading, inaccurate or inconsistent; or does not provide key information in order to aid investors when considering whether to invest in such securities.

A.2 Consent required in connection with the use of the Prospectus during the Issue Period by Authorised Intermediaries

Prospective investors are hereby informed that:

- i. for the purposes of any subscription for Bonds by Authorised Intermediaries during the Issue Period and any subsequent resale, placement or other offering of Bonds by such Authorised Intermediaries 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 this Prospectus (and accepts responsibility for the information contained therein) 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 through Authorised Intermediaries during the Issue Period;
  - 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.
- ii. **in the event of a resale, placement or other offering of Bonds by an Authorised Intermediary, 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.**

## **SECTION B ISSUER AND GUARANTOR**

B.1 The legal and commercial name of the Issuer is SP Finance p.l.c. The legal and commercial name of the Guarantor is Sea Pebbles Limited.

B.2 The Issuer was registered in Malta in terms of the Act on the 19 November 2018 and converted to a public limited liability company on the 23 January 2019 and is domiciled in Malta. The Guarantor was registered in Malta in terms of the Act on 15 November 1982 as a private limited liability company and is domiciled in Malta.

B.4b The following is an overview of the most significant recent trends affecting the Issuer and the Sea Pebbles Group:

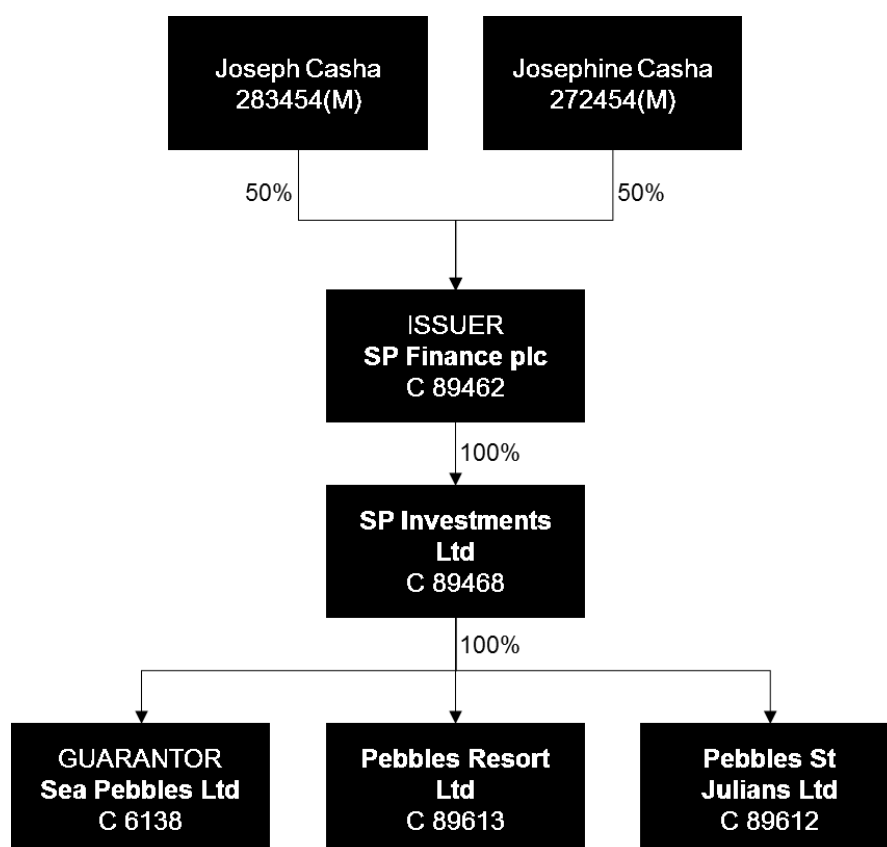
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In view of the Issuer's purpose of acting as a financing company to the Group, its business is limited to the raising of capital for the financing of capital projects and the loaning of such capital to Group subsidiary companies, the collection of interest from Group entities and the settlement, in turn, of interest payable on capital raised from third parties, in the circumstances via the issue of listed bonds. The Issuer is dependent on the business prospects of the Sea Pebbles Group and, therefore, the trend information relating to the Sea Pebbles Group has a material effect on its financial position and prospects.

At the time of publication of the Prospectus, the Sea Pebbles Group considers that generally it shall be subject to the normal business risks associated with the hospitality industry in Malta in which it operates and, barring unforeseen circumstances, does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material adverse effect on its business or upcoming prospects, at least with respect to the next twelve (12) months. However, investors are strongly advised to carefully read the risk factors disclosed in the Prospectus.

The tourism industry in Malta has been progressively growing over the years, benefiting from a surge in tourism with records broken year-on-year. During 2017, tourist arrivals reached 2.3 million, an increase of 15.7% over the previous years. Hotel accommodations benefited from the increasing number of tourists coming to Malta over the recent years, which translated into higher number of guests and occupancy.

B.5 The organisational structure of the Sea Pebbles Group is illustrated in the diagram below as at the date of the Prospectus:



The role of SP Investments Limited within the Group will be to ensure the optimal mode of investments into subsidiaries, which will enable a consistent flow of funds from the parent to operational subsidiaries without being negatively impacted by the different project timings. In this regard, the Issuer will invest all of the net Bond Issue proceeds amounting to circa €11,650,000 as preference shares in SP Investments Limited, which preference shares will be non-voting, cumulative preference shares that will carry a coupon of 0.1% above the coupon rate of the Bonds, which is at a rate of 4.1%. In terms of the Memorandum and Articles of Association of SP Investments Limited, said preference shares shall be redeemable within a period of up to thirty (30) years of their allotment. SP Investments Limited shall have the right to redeem all or part of said preference shares on any date it chooses within the aforesaid thirty-year period with the mutual consent of the Issuer as the holder of the preference shares in question. Provided that the directors of each of the Issuer and SP Investments Limited have undertaken that the redemption of any of said preference shares is to occur subject to the proceeds thereof being held by the Issuer for redemption of the Bonds. SP Investments Limited will, in turn, invest the following amounts into its subsidiaries as follows: (i) €3,000,000 as Ordinary shares in Pebbles Resort Limited; (ii) €600,000 as Ordinary shares in

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Pebbles St Julians Limited; and (iii) €3,750,000 as Ordinary shares and €3,750,000 as an interest free loan in the Guarantor. The balance in an amount of circa €550,764 will be retained by SP Investments Limited as general corporate funding to be loaned interest free to its subsidiaries as and when required. Further details on said proposed flows of funds are set out in sub-section E.2b below.

- B.9 *Not Applicable*: the Registration Document does not contain any profit forecasts or estimates.
- B.10 *Not Applicable*: the audit reports on the audited financial statements of the Guarantor for the financial years 2015, 2016 and 2017 do not contain any material qualifications.
- B.12 As at the date hereof, the Issuer has no financial information to report. Accordingly, it is not in a position to assert whether there has been a material adverse change since the date of publication of its latest financial statements. There has been no material adverse change in the prospects of the Guarantor since the date of its last published audited financial statements.

There were no significant changes to the financial or trading position of the Guarantor since the date up to which the latest audited financial statements were prepared. The financial information set out below is extracted from the audited financial statements of the Guarantor for the financial years ended 31 December 2015 to 2017 and management accounts for the period ended 31 August 2018:

### Condensed statement of comprehensive income:

Extracts from Statement of comprehensive income	FY15	FY16	FY17	8M FY17	8M FY18
	€'000	€'000	€'000	€'000	€'000
Revenue	925	1,284	1,372	910	1,030
EBITDA	683	768	904	584	1,015
Profit before tax	421	466	590	377	809

Source: Audited IFRS Financial Statements; Management Accounts

### Condensed statement of financial position:

Extracts from statement of financial position	FY15	FY16	FY17	8M FY17	8M FY18
	€'000	€'000	€'000	€'000	€'000
Total non-current assets	15,533	16,284	20,539	16,390	23,645
Total current assets	976	898	398	367	1,137
<b>Total assets</b>	<b>16,509</b>	<b>17,183</b>	<b>20,937</b>	<b>16,757</b>	<b>24,783</b>
Total equity	13,844	14,165	15,990	13,917	19,638
Total liabilities	2,665	3,017	4,947	2,839	5,144
<b>Total equity and liabilities</b>	<b>16,509</b>	<b>17,183</b>	<b>20,937</b>	<b>16,757</b>	<b>24,783</b>

Source: Audited IFRS Financial Statements; Management Accounts

### Condensed cash flow statement:

Extracts of Cash flow statement	FY15	FY16	FY17	8M FY17	8M FY18
€'000	€'000	€'000	€'000	€'000	€'000
Net cash flows from operating activities	118	812	1,026	813	-70
Cash flows from investing activities	469	-915	-371	-218	450
Cash flows from financing activities	-321	161	-1,019	-912	-377
<b>Net movement in cash and cash equivalents</b>	<b>266</b>	<b>58</b>	<b>(364)</b>	<b>(317)</b>	<b>3</b>
Cash and cash equivalents at start of year	75	341	399	399	35
<b>Cash and cash equivalents at end of year</b>	<b>341</b>	<b>399</b>	<b>35</b>	<b>82</b>	<b>38</b>

Source: Audited IFRS Financial Statements; Management Accounts

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- B.13 *Not Applicable*: neither the Issuer nor the Guarantor are aware of any recent events which are to a material extent relevant to the evaluation of their solvency.
- B.14 The Issuer was incorporated on 19 November 2018 as a private limited liability company, registered in terms of the Companies Act with company registration number C 89462, and subsequently changed its status to a public company with effect from 23 January 2019. The Issuer is domiciled in Malta, having its registered office at 89, The Strand, Sliema, Malta. The Issuer, which was set up and established to act as a finance company, is mainly dependent on the business prospects of the Sea Pebbles Group. The Issuer operates exclusively in and from Malta.
- B.15 The principal objects of the Issuer are set out in clause 4 of the Issuer's Memorandum of Association. The principal object of the Issuer is to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, movable and immovable property or other assets, including but not limited to securities and other financial interests. The issue of bonds falls within the objects of the Issuer.
- The Guarantor was established in 1982 with the principal object of carrying on all or any of the business of hotel keepers, hotel managers or operators, and to manage and operate one or more hotels and guest houses. The Guarantor is empowered in terms of its Memorandums of Association to secure and guarantee any debt, liability or obligation of any third party.
- B.16 The Issuer is fully-owned by Joseph Casha and Josephine Casha. The Issuer has an authorised and issued share capital of €250,000 divided into 250,000 Ordinary shares of €1 each, which are subscribed to and allotted as fully paid up shares as to 125,000 Ordinary shares of €1 each held by Joseph Casha and 125,000 Ordinary shares of €1 each held by Josephine Casha. The Guarantor has an authorised and issued share capital of €465,874.60 divided into 200,000 Ordinary shares of €2.329373 each, which are subscribed to and allotted as fully paid up shares, all of which are held by SP Investments Limited (C 89468). The ultimate controlling beneficial owners of the Sea Pebbles Group are Joseph Casha (50%) and Josephine Casha (50%).
- B.17 *Not Applicable*: neither the Issuer nor the Guarantor have sought the credit rating of an independent rating agency, and there has been no assessment by any independent rating agency of the Bonds issued by the Issuer.
- B.18 For the purposes of the Guarantee, the Guarantor irrevocably and unconditionally guarantees 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 and conditions of the Bonds as and when the same shall become due under any of the foregoing, the Guarantor will pay to such Bondholder on written demand the amount payable by the Issuer to such Bondholder. The obligations of the Guarantor under the Guarantee shall remain in full force and effect until no sum remains payable to any Bondholder pursuant to the issue of the Bonds.

## SECTION C SECURITIES

- C.1 The Issuer shall issue an aggregate of €12,000,000 in Bonds having a face value of €100 per bond, subject to a minimum holding of €2,000 in Bonds. 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. On admission to trading the Bonds will have the following ISIN: MT0002181205 . The Bonds shall bear interest at the rate of 4% per annum.
- C.2 The Bonds are denominated in Euro (€).
- C.5 The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.
- C.8 A Bondholder shall have such rights as are attached to the Bonds, including: (i) the payment of interest; (ii) the repayment of capital; (iii) the benefit of the Collateral through the Security Trustee; (iv) ranking with respect to other indebtedness of the Issuer and the Guarantor; (v) seeking recourse from the Guarantor pursuant to the Guarantee, in case of failure by the Issuer to pay any sum payable by it to Bondholders pursuant to the Terms and Conditions of the Bonds; (vi) the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and (vii) enjoy all such other rights attached to the Bonds emanating from the Prospectus.

The Bonds, as and when issued and allotted, shall constitute the general, direct and unconditional obligations of the Issuer, guaranteed jointly and severally by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other outstanding and unsecured debt of the Issuer, present and future, if any, save for such exceptions as may be provided by applicable law, and with first ranking and priority over the Collateral. Furthermore, subject to the negative pledge clause, 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. As at the date of the Prospectus, the Issuer does not have any subordinated indebtedness.

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The Collateral shall be held by the Security Trustee for the benefit of the Bondholders, and accordingly, the Bonds shall rank with priority or preference over other present and future unsecured obligations of the Guarantor. Notwithstanding the aforesaid, privileges or similar charges accorded by law in specific situations may arise during the course of the business of each of the Issuer and Guarantor which may rank with priority or preference to the Bonds and/or the Collateral, as applicable. It is further noted that in terms of the Security Trust Deed, the Security Trustee may pay itself out of the trust fund all sums owing to it in respect of the remuneration costs, charges, expenses or interest or by virtue of any indemnity from the Company to which it is entitled under the Security Trust Deed or by law or by virtue of any release or indemnity granted to it, and all such sums as aforesaid shall be so retained and paid in priority to the claims of the Bondholders and shall constitute an additional charge upon the property charged with the Collateral.

The outstanding aggregate amount of Group bank facilities to be re-financed pursuant to the Bond Issue is €2,499,236 as at the date of the Prospectus. Once the said outstanding bank facilities are refinanced through the application of Bond Issue proceeds as stated in section E.2b below, the Security Property will, through the appropriate cancellations, reductions and/or waivers (as applicable), be released from all charges currently encumbering the Security Property, and such charges shall effectively be replaced by the Collateral being created in favour of the Security Trustee for the benefit of Bondholders.

- C.9 The Bonds shall bear interest from and including 3<sup>rd</sup> May 2019 at the rate of 4% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The nominal value of the Bonds will be repayable in full upon maturity on the redemption date unless the Bonds are previously re-purchased and cancelled. The first interest payment will be affected on 3<sup>rd</sup> May 2020 (covering the period 3<sup>rd</sup> May 2019 to 2<sup>nd</sup> May 2020). 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. 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% per annum. The remaining component of Element C.9 is Not Applicable, given that no representative of debt security holders has been appointed.
- C.10 *Not Applicable*: there is no derivative component in the interest payments on the Bonds.
- C.11 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 8<sup>th</sup> April 2019. 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. The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 5<sup>th</sup> May 2019 and trading is expected to commence on 8<sup>th</sup> May 2019.

## SECTION D RISKS

### D.2 Key information on the key risks specific to the Issuer:

**Holding of a Bond involves certain risks. 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 acquire Bonds. Prospective Investors are warned that by investing in the Bonds they may be exposing themselves to significant risks that may have the consequence of losing a substantial part of all of their investment.**

**This document contains statements that are, or may be deemed to be, "forward-looking statements", which relate to matters that are not historical facts and which may involve projections of future circumstances. They appear in a number of places throughout the Prospectus and include statements regarding the intentions, beliefs or current expectations of the Issuer and/or its' Directors. These forward-looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the Issuer's Directors. No assurance is given that the future results or expectations will be achieved.**

**Prospective investors are advised to read the Prospectus in its entirety and, in particular, the sections entitled "Risk Factors" in the Registration Document and Securities Note, for an assessment of the factors that could affect the Issuer's and the Guarantor's future performance. In the light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in the Prospectus may not occur.**

**The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds will be repayable in full upon maturity, unless the Bonds are previously re-purchased and cancelled.**

**An investment in the Issuer and the Bonds may not be suitable for all recipients of the Prospectus and Authorised Intermediaries are to determine the suitability or otherwise of prospective investors' investment in the Bonds before making an investment decision. The risk factors set out below are a summary of the principal risks associated with an investment in the Issuer and the Bonds – there may be other risks which are not mentioned in this summary.**

i. Risks relating to the Issuer's reliance on the Sea Pebbles Group

The Issuer was incorporated on 19 November 2018 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 purpose of part-financing the needs of the Sea Pebbles Group – presently, the operation of hotels and entertainment establishments – and, as such, its assets are intended to consist primarily of loans issued to Sea Pebbles Group companies.

The Issuer is dependent on the business prospects of the Sea Pebbles Group and, consequently, the operating results of the Sea Pebbles Group have a direct effect on the Issuer's financial position. Therefore, the risks intrinsic in the business and operations of Sea Pebbles Group companies have a direct effect on the ability of the Issuer to meet its obligations in connection with the payment of interest on the Bonds and repayment of principal when due. Accordingly, the risks of the Issuer are indirectly those of the Sea Pebbles Group and, in turn, all risks relating to the Sea Pebbles Group are the risks relevant to the Issuer.

Specifically, in so far as the Bonds are concerned, the Issuer is principally dependent, including for the purpose of servicing interest payments on the Bonds and the repayment of the principal amount on Redemption Date, on the receipt of interest payments and loan repayments from Sea Pebbles Group companies.

ii. Risks relating to the Sea Pebbles Group (including the Guarantor) and its business:

Risks relative to the hotel industry generally

The Sea Pebbles Group is involved in mixed use real estate developments that consist principally of hotels and restaurants. Such hospitality operations are subject to external factors, many of which are common to the hospitality operating industry and beyond the Sea Pebbles Group's control, including: (i) market and economic conditions generally; (ii) susceptibility to local competition; (iii) fluctuations in the price of real estate; (iv) the impact of increased threats of terrorism, piracy, extreme weather conditions, natural disasters, travel-related accidents and outbreaks of health concerns; and (v) increases in operating costs.

Risks relative to operations

The Sea Pebbles Group's hospitality and restaurants operations depend on its ability to establish and maintain relationships with third party suppliers, at attractive rates, in respect of which the Sea Pebbles Group will face substantial competition from its competitors and may be subject to factors beyond the control of the Sea Pebbles Group. The hotel industry globally is characterised by strong and increasing competition. Many of the Group's current and potential competitors may have longer operating histories, greater name recognition, larger customer bases and greater financial and other resources than the Group. Severe competition in Malta and changes in economic and market conditions could adversely affect the Group's business and operating results.

Risks inherent in the operation of hotels and restaurants

The operation of hotels and restaurants carries inherent risks, including the possibility of natural disasters, the spread of contagious disease, industrial action, travel-related accidents, terrorist activity and war, and the targeting of hotels and popular tourist destinations in particular, which have, in the past, had a significant negative impact on the hotel industry globally and such events could have a similarly negative impact on the industry in the future. Events such as the aforementioned could directly or indirectly affect travel patterns and reduce the number of business and leisure travellers and reduce the demand for hotel accommodation at the Group's hotels.

Cost overruns and delays in completing the Projects and the acquisition of the Target Properties

The Projects being undertaken by the Group are susceptible to certain risks inherent in real estate development, most notably the risk of completing such Projects within their respective scheduled completion dates and within the budgeted cost. If either or both of these risks were to materialise they could have a significant impact on the financial condition of each of Pebbles Resort Limited and Pebbles St Julians Limited and, ultimately therefore, the ability of the Issuer to meet its obligations under the Bonds. In particular, the risks of delays and cost overruns could cause actual sales revenues and costs to differ from those projected and which are affected, amongst others, by factors attributable to counter-parties, general market conditions, and competition which are beyond the Sea Pebbles Group's control.

Delays in the time scheduled for completion of the Projects may also cause significant delays in the tempo of the revenues forecasted by the Sea Pebbles Group generated from such Projects, which can have a significant adverse impact on the Sea Pebbles Group's financial condition and cash flows. Similarly, if the Projects were to incur significant cost overruns that were not anticipated, the Sea Pebbles Group may have difficulties in sourcing the funding required for meeting such cost overruns and, therefore, may risk not completing the Projects, which shall have a material adverse impact on the cash flows generated from sales of hotel rooms and a material adverse impact on the financial condition of each of



Pebbles Resort Limited and Pebbles St Julians Limited and, ultimately therefore, the ability of the Issuer to meet its obligations under the Bonds.

**Fluctuations in the value of real estate**

The fair market value of real estate increases or decreases depending on a number of factors, including general economic and market conditions affecting the real estate industry, changes in the general economic conditions in Malta, changes in local market conditions, such as an oversupply of similar properties; possible structural and environmental problems; acts of nature, such as earthquakes and floods, that may damage any of the properties or delay development thereof; and increased competition in the market segment in which the Sea Pebbles Group operates may lead to an oversupply of restaurant and hotel properties in such markets, which could lead to a lowering of prices and a corresponding reduction in revenue of the Sea Pebbles Group from the Projects.

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

Obtaining planning permits, from the competent planning and environment authorities, on a timely basis, is of key importance to the Sea Pebbles Group's business. There can be no certainty that any given application for the development of the Pebbles St Julians Hotel will result in planning consent being granted, or that if granted, will not be on unduly onerous terms, which, if occurring across a number of developments, may materially and adversely affect Sea Pebbles Group's business. Furthermore, local and national planning policies are subject to change, which could consequently impact the Sea Pebbles Group's development strategy.

**The Sea Pebbles Group may be exposed to risks relative to its insurance policies**

Although the Group maintains insurance at levels determined to be appropriate in the light of the cost of cover and the risk profiles of the business in which the Group operates, there can be no assurance that its insurance coverage will be sufficient, or that insurance proceeds will be paid on a timely basis to the Group. In addition, the Group may not be able to recover the full amount from the insurer. No assurance can be given that the Group's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates. As a result, any loss or disruption to any of the Group's operations may have a material adverse effect on the Group's business, results of operations and financial condition.

**Litigation risk**

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

**Reliance on key senior personnel and management**

The Sea Pebbles Group believes that its growth will, in part, be attributable to the efforts and abilities of the Directors and members of its executive management team and other key personnel. If one or more of these individuals were unable or unwilling to continue in their present position, the Sea Pebbles Group might not be able to replace them within the short term, which could have an adverse effect on the Sea Pebbles Group's business, financial condition and results of operations.

**Liquidity risk**

In view of the fact that the Group is, in part, a property holding organisation, coupled with the fact that property is a relatively illiquid asset, such illiquidity may affect the Group's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely manner and at satisfactory prices in response to changes in economic, real estate, market or other conditions. These factors could have an adverse effect on the Group's financial condition and results.

**D.3 Key information on the key risks specific to the Bonds:**

An investment in the Bonds involves certain risks, including those set out below in this section. In deciding whether to make an investment in the Bonds, prospective investors are advised to carefully consider, with their own independent financial and other (including tax, accounting, credit, legal and regulatory) professional advisors, the following risk factors (not listed in order of priority) and other investment considerations, together with all the other information contained in the Prospectus.

- i. 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. 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. 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.

- ii. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.
- iii. 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.
- iv. 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. If such changes take place they could have an adverse effect on the market price for the Bonds.
- v. Even after the Bonds are admitted to trading on the MSE, the Issuer is required to remain in compliance with certain requirements relating, *inter alia*, to the free transferability, clearance and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the Listing Authority has the authority to suspend trading or listing of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The Listing Authority may discontinue the listing of the Bonds on the MSE. Any such trading suspensions or listing revocations / discontinuations could have a material adverse effect on the liquidity and value of the Bonds.
- vi. In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bond Issue it shall call a meeting of Bondholders. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.
- vii. The Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and secured 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 jointly and severally. The Bonds shall be secured by the Collateral and, accordingly, shall rank with priority or preference over other present and future unsecured obligations of the Issuer. Notwithstanding that the Bonds constitute the general, direct, unconditional and secured obligations of the Issuer, as guaranteed by the Guarantor, they may rank after causes of preference which may arise by operation of law. There can be no guarantee that privileges accorded by law in specific situations will not arise during the course of the business of each of the Company and the Guarantor which may rank with priority or preference over the Collateral. In view of the fact that the Bonds are being guaranteed by the Guarantor on a joint and several basis, the Bondholders shall be entitled to request the Guarantor to pay both the interest due and the principal amount under said Bonds if the Company fails to meet any amount when due in terms of the Prospectus. The joint and several Guarantee also entitles the Bondholders to take action against the Guarantor without having to first take action against the Company. The strength of this undertaking on the part of the Guarantor and, therefore, the level of recoverability by the Bondholders from the Guarantor of any amounts due under any of the Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor.
- viii. The Bond Issue is supported by the Collateral that is to be granted in favour of the Security Trustee for the benefit and in the interest of Bondholders. Whilst the Security Trustee is to be granted a right of preference and priority for repayment over the Collateral, there can be no guarantee that the value of the Collateral over the term of the Bonds will be sufficient to cover the full amount of interest and principal outstanding under the Bonds. This may be caused by a number of factors, not least of which general economic factors that could have an adverse impact on the value of the relevant Collateral, specifically the value of the Security Property. If such circumstances were to arise or subsist at the time that the Collateral is to be enforced by the Security Trustee, it could have a material adverse effect on the recoverability of all the amounts that may be outstanding under the Bonds. There can be no guarantee that privileges accorded by law in specific situations will not arise during the course of the business of each of the Issuer, the Guarantor and other Group companies which may rank with priority or preference to the Collateral.
- ix. 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.
- x. By acquiring Bonds, a Bondholder is considered to be bound by the terms of the Trust Deed as if he/she/it had been a party to it. The Trust Deed contains a number of provisions which prospective investors ought to be aware of prior to acquiring the Bonds. For instance, in terms of the Trust Deed (i) the Security Trustee is not bound to take any such steps or proceedings or take any other action to enforce the security constituted by the Collateral unless the Security Trustee shall have been indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages and expenses which it may incur by so

doing; and (ii) the Security Trustee may pay itself out of the trust fund all sums owing to it in respect of the remuneration costs, charges, expenses or interest or by virtue of any indemnity from the Company to which it is entitled under the Trust Deed or by law or by virtue of any release or indemnity granted to it and all such sums as aforesaid shall be so retained and paid in priority to the claims of the Bondholders and shall constitute an additional charge upon the property charged with the Collateral.

## SECTION E OFFER

E.2b The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €11,650,000, will be invested by the Issuer in SP Investments Limited as non-voting, cumulative preference shares in said latter entity with a gross coupon rate of 4.1% and shall be utilised by SP Investments Limited for the following purposes, in the amounts and order of priority set out below:

- i. an amount of €2,500,000 will be used for the purpose of funding the acquisition of the Apartments by the Guarantor (as set out in sub-section 5.3 of the Registration Document);
- ii. an amount of €2,500,000 will be used for the purpose of funding the acquisition of the Guesthouse by the Guarantor (as set out in sub-section 5.3 of the Registration Document);
- iii. an amount of €2,499,236 will be used for the purpose of repaying an outstanding financing facility taken out with HSBC Bank (Malta) plc, which facility was originally used to finance, among others, (a) the settlement of debts related to the development, finishing and furnishing of the premises at 90, The Strand, Sliema, (b) the reallocation of the Sea Pebbles Bar and Restaurant, (c) the development of 11, 12, 13, St. Agatha Street, Sliema into 6 residential units and 7 garages in a finished state and (d) the refurbishment of the Sea Pebbles Aparthotel;

*The net Bond Issue proceeds to be channelled through the Guarantor in connection with paragraphs (i), (ii) and (iii) immediately above shall be invested by SP Investments Limited in the Guarantor in part by way of equity injection in an amount of €3,750,000 worth of Ordinary shares and, in part, by way of an interest free loan to the Guarantor in an amount of €3,750,000;*

- iv. an amount of €3,000,000 will be used to finance the refurbishment and upgrade of the San Pawl's Hotel (as set out in sub-section 5.3 of the Registration Document), which amount is to be invested by SP Investments Limited in Pebbles Resort Limited by way of equity injection in a corresponding amount of €3,000,000 worth of Ordinary shares;
- v. an amount of €600,000 will be used to finance the development of the Pebbles St Julians Hotel (as set out in sub-section 5.3 of the Registration Document), which amount is to be invested by SP Investments Limited in Pebbles St Julians Limited by way of equity injection in a corresponding amount of €600,000 worth of Ordinary shares<sup>1</sup>; and
- vi. the remaining balance of circa €550,764 of the net Bond Issue proceeds will be retained by SP Investments Limited to be used for the general corporate funding purposes of the Group, to be loaned interest free to Group subsidiaries as and when required.

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 above which shall not have been raised through the Bond Issue shall be financed from the Group's general cash flow and/or bank financing.

**The issue and allotment of the Bonds is conditional upon: (i) the Bonds being admitted to the Official List; (ii) the Collateral being constituted in favour of the Security Trustee in accordance with the provisions of the Security Trust Deed; and (iii) the Guarantee being granted in terms of Annex A to the Securities Note. In the event that any one or more of the aforesaid conditions is not satisfied, the Security Trustee shall, through the Sponsor, Manager & Registrar, return the proceeds of the Bond Issue to the Bondholders.**

E.3 The Issuer has reserved the full amount of the Bond Issue for subscription by Authorised Intermediaries participating in the Intermediaries' Offer. In this regard, the Issuer shall 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 aggregate amount of €12,000,000 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

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<sup>1</sup> The dividend policy of all subsidiaries under SP Investments Limited will be to establish 100% dividend pay-out, where applicable.

## SP Finance plc – Summary Note

Intermediary will bind itself to subscribe for, a number of Bonds subject to the Bonds being admitted to trading on the Official List.

The following is a synopsis of the general terms and conditions applicable to the Bonds. A Bondholder is deemed to have invested only after having received, read and understood the contents of the Prospectus, including the full terms and conditions contained in the annexes thereto:

### 1. Collateral

Security for the fulfilment of the Issuer's obligations in terms of the Bond Issue is to be granted in favour of the Security Trustee for the benefit of Bondholders, by way, *inter alia*, of the granting of the Collateral. The Guarantor, in addition to its undertaking to jointly and severally guarantee the punctual performance by the Company of the Bond Obligations under and in terms of the Guarantee, shall grant the following security rights in favour of the Security Trustee for the benefit of Bondholders:

- a first ranking special hypothec over the Security Property for the amount of €13,824,000 and interests thereon in favour of the Security Trustee, for the benefit of Bondholders as beneficiaries, in its capacity as trustee of the SP Finance Bond 2029 Trust pursuant to the terms of the Security Trust Deed and the Deed of Hypothec; and
- a pledge over the proceeds from the Insurance Policy in favour of the Security Trustee in its capacity as trustee of the SP Finance Bond 2029 Trust pursuant to the terms of the Security Trust Deed.

The security shall be constituted in favour of the Security Trustee for the benefit of all Bondholders from time to time registered in the CSD. The Collateral will be vested in the Security Trustee for the benefit of the Bondholders in proportion to their respective holding of Bonds.

Following the Bond Issue, the Security Trustee shall retain all Bond Issue net proceeds until the Collateral has been duly perfected and the Malta Stock Exchange has confirmed that the Bonds will be admitted to the Official List of the Malta Stock Exchange. The Bonds shall not be included on the Official List of the Malta Stock Exchange unless the Collateral has been perfected.

In the event that the Issuer or the Guarantor commits any of the Events of Default, including default on the part of the Issuer of its obligations to repay any Bonds (together with interest and charges thereon), the Security Trustee shall have the authority to enforce the Collateral.

### Process for creation of the Collateral and release of Bond Issue proceeds to the Issuer:

The net Bond Issue proceeds shall be transferred to the Security Trustee on or around 3<sup>rd</sup> May 2019. Part of the net Bond Issue proceeds to be allocated to the bank refinancing referred to in sub-section E.2b (iii) above shall, as outlined in the Security Trust Deed, be released by the Security Trustee on condition that: (i) it receives appropriate assurance that publication and registration of the necessary notarial deeds for the cancellation of the existing charges over the Security Property, and the simultaneous publication and registration of the Deed of Hypothec pursuant to which all security over the Security Property for the benefit of Bondholders is to be duly perfected and registered, will be effected once the outstanding bank facilities are refinanced through the application of Bond Issue proceeds; (ii) the pledge on proceeds from the Insurance Policy is duly and properly executed; and (iii) confirmation that the Bonds will be admitted to the Official List by no later than 5<sup>th</sup> May is communicated to the Security Trustee.

With reference to item (i) above:

(I) the Guarantor shall appear on a notarial deed to repay the outstanding loan due to HSBC Bank (Malta) plc, which as at the date of the Prospectus amounted to €2,499,236. The Security Trustee shall appear on the notarial deed to effect payment and to obtain, if possible, subrogation into the rights of the bank which provided the original finance. Pursuant to this deed, the Security Trustee would be in a position to obtain the Collateral over the Security Property which, as at the date hereof, secures the existing bank funding; and (II) the Issuer, the Guarantor and the Security Trustee will simultaneously enter into another notarial deed (the Deed of Hypothec) pursuant to which the Guarantor shall constitute a first ranking special hypothec over the Security Property.

Following registration of the notarial deeds described in (I) and (II) above and the presentation to the Security Trustee of the appropriate notes of hypothec, and upon the Bonds being admitted to the Official List, the Security Trustee shall release the remaining balance of the net Bond Issue proceeds to be applied for the purposes specified in sub-section E.2b above.

### 2. Form, Denomination and Title

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. The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Bonds will be issued for a minimum of €2,000 per individual Bondholder. Authorised Intermediaries subscribing to the

## SP Finance plc – Summary Note

Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €2,000 to each underlying client. Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided in the Securities Note.

### 3. Interest

Details of interest payable on the Bonds are provided in Element C.9 of this Summary Note.

### 4. Status of the Bonds

The Bonds, as and when issued and allotted, shall constitute the general, direct and unconditional obligations of the Issuer, shall be secured by means of the Collateral granted in terms of the Security Trust Deed and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantor jointly and severally. The Bonds shall at all times rank *pari passu*, without any priority or preference among themselves, but shall rank with priority or preference in relation to all other present and future unsecured obligations of the Issuer, if any, save for such exceptions as may be provided by applicable law, and with first ranking and priority over the Security Property.

### 5. Payments

Payment of the principal amount of a Bond will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to 3<sup>rd</sup> May 2029 (the "Redemption Date"), by means of direct credit transfer into such bank account as the Bondholder may designate from time to time. Such payment shall be affected within seven (7) days of the Redemption Date. Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time. Such payment shall be affected within seven (7) days of the Interest Payment Date.

### 6. Redemption

Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 3<sup>rd</sup> May 2029.

### 7. Events of Default

Pursuant to the Security Trust Deed, the Security Trustee may in its absolute and unfettered discretion, and shall upon the request in writing of not less than 65% of the Primary Beneficiaries, by notice in writing to the Issuer and the Guarantor declare the Bonds to have become immediately due and repayable at their principal amount, together with any accrued interest, upon the happening of any of the following events ("Events of Default"):

- i. if the Issuer 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 by any Bondholder and/or by the Security Trustee; and/or
- ii. if the Issuer shall fail to pay the principal amount of a Bond on the date fixed for its redemption and such failure shall continue for thirty (30) days after written notice thereof shall have been given to the Issuer by any Bondholder and/or by the Security Trustee; and/or
- iii. if the Issuer shall fail 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 and/or by the Security Trustee; and/or
- iv. if the Issuer and/or the Guarantor commits a breach of any of the covenants or provisions contained in the Security Trust Deed to be observed and performed on their respective parts and the said breach still subsists for thirty (30) days after having been notified by the Security Trustee; and/or
- v. if 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 and/or of the Guarantor; and/or
- vi. if 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; and/or
- vii. if the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; and/or
- viii. if in terms of section 214(5) of the Act, a Court order or other judicial process is levied or enforced upon or sued out against any part of the property of the Issuer and/or the Guarantor and is not paid out, withdrawn or discharged within one (1) month; and/or
- ix. if a judicial or provisional administrator is appointed upon the whole or any part of the property of the Issuer or Guarantor, and such appointment is certified by the Security Trustee to be prejudicial, in its opinion, to the Bondholders; and/or
- x. if the security constituted by any hypothec, pledge or charge upon the whole or any part of the undertaking or assets of the Issuer or Guarantor shall become enforceable and steps are taken to enforce the same and the taking of such steps shall be certified in writing by the Security Trustee to be, in its opinion, prejudicial to the Bondholders; and/or
- xi. if any representation or warranty made or deemed to be made or repeated by or in respect of the Issuer or Guarantor is or proves to have been incorrect in any material respect in the sole opinion of the Security Trustee; and/or

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- xii. if the Issuer or Guarantor repudiates, or does or causes or permits to be done any act or thing evidencing an intention to repudiate, the Bonds and/or the Security Trust Deed; and/or
- xiii. if all, or in the sole opinion of the Security Trustee, a material part, of the undertakings, assets, rights, or revenues of or shares or other ownership interests in the Issuer or Guarantor are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government; and/or
- xiv. if there shall have been entered against the Issuer and/or the Guarantor 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 three million Euro (€3,000,000) 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; and/or
- xv. if any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness of the Issuer and/or of the Guarantor in excess of three million Euro (€3,000,000) or its equivalent at any time.

### 8. *Transferability of the Bonds*

The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time. All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations. The costs and expenses of affecting 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. The Issuer will not register the transfer or transmission of Bonds for a period of 15 days preceding the due date for any payment of interest on the Bonds or the due date for redemption.

### 9. *Register of Bondholders*

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 by the CSD. There will be entered in such electronic register the names, addresses, identity card numbers, registration numbers 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.

### 10. *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.

### 11. *Meetings of Bondholders*

The Terms and Conditions of the Bonds may be amended or waived with the approval of the Bondholders at a meeting called for that purpose by the Issuer.

### 12. *Governing Law and Jurisdiction*

The Bonds shall be governed by and shall be construed in accordance with Maltese law. Any legal action, suit, action or proceeding against the Issuer and/or the Guarantor arising out of or in connection with the Bonds shall be brought exclusively before the Maltese Courts and the Bondholder shall be deemed to acknowledge that it is submitting to the exclusive jurisdiction of the Maltese Courts as aforesaid.

- E.4 Save for the possible 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.
- E.7 Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €350,000 and shall be borne by the Issuer. The amount of the expenses will be deducted from the proceeds of the Issue, which, accordingly, will bring the estimated net proceeds from the Bond Issue to €11,650,000. There is no particular order of priority with respect to such expenses.

## EXPECTED TIME-TABLE OF THE BOND ISSUE

<b>1</b>	Application Forms made available	17 <sup>th</sup> April 2019
<b>2</b>	Intermediaries' Offer period	17 <sup>th</sup> April 2019 (from 08:30 CET) to 2nd May 2019 (by 12:00 CET)
<b>3</b>	Announcement of basis of acceptance	3 <sup>rd</sup> May 2019
<b>4</b>	Issue date of the Bonds	3 <sup>rd</sup> May 2019
<b>5</b>	Commencement of interest	3 <sup>rd</sup> May 2019
<b>6</b>	Expected date of admission of the Bonds to listing	5 <sup>th</sup> May 2019
<b>7</b>	Expected dispatch of allotment advices and refunds (if any)	4 <sup>th</sup> May 2019
<b>8</b>	Expected date of commencement of trading in the Bonds	8 <sup>th</sup> May 2019