SUMMARY NOTE

Dated 25 September 2017

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:
€45,000,000 4% Secured Bonds 2027
of a nominal value of €100 per Bond issued at par (the "Secured Bonds")

Stivala Group Finance p.l.c.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA WITH COMPANY REGISTRATION NUMBER C 82218

with the joint and several Guarantee* of Carmelo Stivala Group Limited (C 62625)

ISIN: MT0001601203

*Prospective investors are to refer to the Guarantee contained in Annex III of the Securities Note and sections 4.7 and 4.8 of the Registration Document for a description of the Guarantee and the Collateral. Reference should also be made to the sections entitled "Risk Factors" cont ained in 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 Secured Bonds and the Guarantee provided by the Guarantor.

Sponsor & Manager	Security Trustee	Legal Counsel	Registrar
CHARTS WEALTH MANAGEMENT • CORPORATE BROKING	CSB GROUP	CAMILLERI PREZIOSI ADVOCATES	MALTA STOCK EXCHANGE plc

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 INSTRUMENTS.

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 INSTRUMENT. 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.

APPROVED BY THE DIRECTORS

Michael Stivala | Carlo Stivala | Ivan Stivala | Martin John Stivala | Ann Marie Agius | Francis Gouder | Joseph Brincat

IMPORTANT INFORMATION

THIS SUMMARY NOTE CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION IN RELATION TO STIVALA GROUP FINANCE P.L.C. IN ITS CAPACITY AS ISSUER AND CARMELO STIVALA GROUP 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 OR ITS DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH 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, ITS 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 SECURED 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 ANY FINANCIAL INSTRUMENTS AND SECURITIES ISSUED BY THE ISSUER.

ALL THE ADVISORS TO THE ISSUER HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER 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 SECURED BONDS PURSUANT TO THE PROSPECTUS SHALL SUBMIT TO THE JURISDICTION OF THE MALTESE COURTS, WITHOUT LIMITING IN ANY MANNER THE RIGHT OF THE ISSUER TO BRING ANY ACTION, SUIT OR PROCEEDING, IN ANY OTHER COMPETENT JURISDICTION, ARISING OUT OF OR IN CONNECTION WITH ANY PURCHASE OF SECURED 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.

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, 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 by the Authorised Financial Intermediaries**

Prospective investors are hereby informed that:

i. for the purposes of any subscription for Secured Bonds through any of the Authorised Financial Intermediaries and any subsequent resale, placement or other offering of Secured Bonds by such Authorised Financial 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 or placement or other offering of Secured Bonds, provided this is limited only:

   a. in respect of Secured Bonds subscribed for through Authorised Financial Intermediaries during the Offer Period;
   b. to any resale or placement of Secured Bonds subscribed for as aforesaid taking place in Malta;
   c. to any resale or placement of Secured 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 Secured Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary shall be responsible to provide information to 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 (B.19) The legal and commercial name of the Issuer is Stivala Group Finance p.l.c. The legal and commercial name of the Guarantor is Carmelo Stivala Group Limited.

B.2 (B.19) The Issuer was registered in Malta in terms of the Act on 21 August 2017 as a public limited liability company. The Issuer is domiciled in Malta. The Guarantor was registered in Malta in terms of the Act, on 14 November 2013 as a private limited liability company. The Guarantor is domiciled in Malta.

B.4b (B.19) The following is an overview of the most significant recent trends affecting the Issuer and the Guarantor and the market in which the Group operates:

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

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

The following is a brief synopsis of the significant trends affecting the key areas of operation of the Group:

The Group's business model remains primarily reliant on the acquisition of real estate for development or re-development and the subsequent operation of that real estate as either (a) 3 star hotel assets, hostels; or (b) residential and commercial property for lease to third parties. In addition, the Group's assets and their operation are concentrated in Malta and are accordingly intimately dependent on the tourism industry and property rental market in Malta.

Hospitality [1]*:*
Tourism in Malta has in recent years been performing at a strong level and this trend continued in 2016 and in the initial half of 2017. Inbound tourist trips from January to December 2016 amounted to 1.99 million, an increase of 10.2% when compared a year earlier. Within the collective accommodation establishments, the 5 star and 4 star hotels gained 10,878 guests (+2.8%) and 30,779 guests (+4.5%) respectively in 2016 when compared to a year earlier, while there was a decrease of 24,042 guests (-5.7%) in the 3 star category. Other establishments (comprising guesthouses, hostels and tourist villages) registered a year-on-year increase of 20.0% from 57,028 guests in 2015 to 68,461 guests in 2016. Notwithstanding the decline in tourists seeking accommodation in the 3 star category, the Group's performance for 2016 was positive and above the reported industry averages.

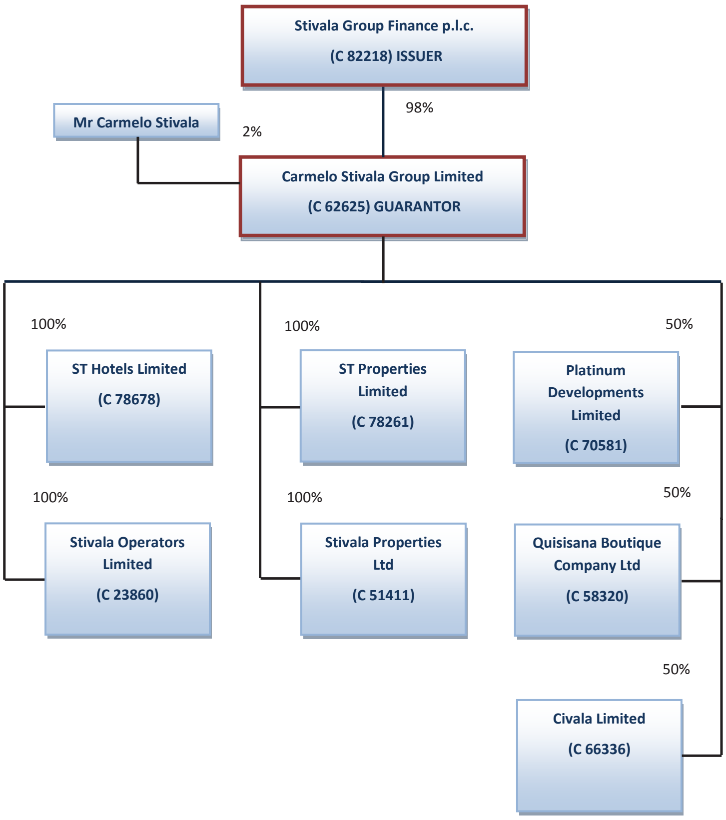
Inbound tourist trips from January to June 2017 reached 990,182, an increase of 19.3% over the same period in 2016. Total guests residing in collective accommodation establishments, in the first six months of 2017, amounted to 848,806, an increase of 14.4% over the prior comparable period. Guests in 3 star hotels between January to June 2017 increased by 27.0%, when compared to the same period in 2016, to 223,176 guests. Other establishments (comprising guesthouses, hostels and tourist villages) registered an increase of 21.5% to 36,121 guests in the first six months of 2017 (January to June 2016: 29,733 guests). The afore-stated positive trend was also reflected in the Group's performance results for the period under review.

Leases of commercial and residential units:
National statistics relating to leases of commercial property and residential units in Malta are currently not captured and therefore it is more difficult to gauge the health of this sector. Notwithstanding the lack of such data, general business sentiment and the continued drive to promote Malta as a regional hub for the provision of business related services has continued to generate a positive trend in the commercial property sector, in particular office space. In addition, Malta's highly skilled and competitive labour costs have also been vital in sustaining this success. This view is substantiated when assessing the lack of availability of large office and commercial space, as well as, the number of projects earmarked for development and which are set to commence in the near future.

The recent growth in a number of sectors in Malta - particularly in the financial, gaming and hospitality sectors - has resulted in an influx of foreign workers to the country, which in turn has increased the demand for residential accommodation. As a consequence, rents for residential units in Malta have gradually increased in the past few years and this trend is expected to continue at least in the near to medium term.

The above-mentioned positive trend in the rental market for residential units was also experienced by the Group and is well positioned to continue to benefit from such demand given that most of its residential properties are situated in the Gzira/Sliema area, which is a highly desirable location in Malta. Income from leases of retail units has also increased on an annual basis and is set to maintain a trend of moderate but consistent year-on-year growth. The Group intends to further expand its portfolio of residential units for rental purposes through acquisition and/or further development of its own properties.

B.5 (B.19) The organisational structure of the Group is depicted below:



*The remaining 50% of Platinum Developments Limited is held by Bastille Malta Trustees Limited as trustee.
*The remaining 50% of Quisisana Boutique Company Limited is held by Edward Calleja (432870M).
*The remaining 50% of Civala Limited is held by John Cilia (262857M).
*Stivala Operators Limited and Stivala Properties Ltd are intended to be liquidated in the near future.

[1] www.nso.gov.mt; Malta Tourism Authority Report 2016.

B.9 (B.19) The financial information set out below has been extracted from the pro forma forecast consolidated financial statements of the Group. The Group in its current state has only been in existence since 5 September 2017 following a rationalisation exercise. The pro forma information presents what Stivala Group Finance p.l.c.'s consolidated financial statements would have looked like had the Group existed in its current form, comprising all its current constituent components, for the forecast period 1 January 2017 to 31 December 2017.

No adjustments to the results, financial position and cash flow statements of the constituent sub-groups were necessary for the purposes of arriving at the pro forma forecast consolidated financial statements except solely to reflect the entries necessary in any process of accounting consolidation.

STIVALA GROUP FINANCE P.L.C.
Condensed Pro Forma Forecast Consolidated Income Statement
for the year ending 31 December 2017

	€'000
Revenue	9,452
EBITDA[1]	4,979
Profit for the year	3,795
Gains on property revaluation, net of tax	97,365
Total comprehensive income	101,160

[1] *EBITDA - Earnings before Interest, Tax, Depreciation and Amortisation.*

STIVALA GROUP FINANCE P.L.C.
Condensed Pro Forma Forecast Consolidated Statement of Financial Position
as at 31 December 2017

	€'000
ASSETS	
Non-current assets	190,373
Current assets	9,187
Total assets	**199,560**
EQUITY	
Capital and reserves	121,040
LIABILITIES	
Non-current liabilities	70,963
Current liabilities	7,557
	78,520
Total equity and liabilities	**199,560**

Revenue for the financial year ending 31 December 2017 is expected to amount to €9.5 million, €7.0 million of which is forecasted to be generated by ST Hotels Limited (being the company which took over the operations of Stivala Operators Limited), and the remaining €2.5 million is projected from ST Properties Limited (being the recipient company of the business activities previously conducted by Stivala Properties Ltd). EBITDA for FY2017 is projected to amount to €5.0 million. After taking into account depreciation & amortisation of €1.1 million, operating profit is anticipated to amount to €3.9 million.

During FY2017, the Group changed its policy on accounting for properties from book value to fair market value. As a consequence, a net property revaluation gain of €97.4 million is being recognised in other comprehensive income. The Group's pro forma total comprehensive income for the year ending 31 December 2017 is forecasted at €101.1 million.

The Group's statement of financial position as at 31 December 2017 is projected to comprise total assets of €199.6 million, primarily made up of immovable property as to €189.8 million, other assets of €4.8 million and cash balances amounting to €4.4 million. Equity is expected to amount to €121.0 million, of which €97.4 million consists of the revaluation reserve. Total liabilities are set to amount to €78.5 million and should mainly comprise the issuance of Bonds of €45 million, other loans amounting to €15.1 million, deferred tax liabilities totalling €10.8 million and trade & other payables of €6.9 million. The gearing ratio (being net debt/net debt and shareholders' equity) as at 31 December 2017 is projected at 31.5%.

B.10 (B.19) Not Applicable: the audit reports on the audited financial statements for the years ended 31 December 2014 to 2016 of the Guarantor do not contain any material qualifications.

B.12 (B.19) 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.

The historical financial information of the Guarantor is set out in the audited financial statements for each of the financial years ended 31 December 2014 to 2016. Save for the restructuring process described hereinafter, there were no significant changes to the financial or trading position of the Guarantor since the end of the financial period to which its last audited financial statements relate.

Extracts of the historical annual financial information of the Guarantor referred to above are set out below:

CARMELO STIVALA GROUP LIMITED
Condensed Income Statement

for the year ended 31 December	2014 (14 mths) €'000	2015 (12 mths) €'000	2016 (12 mths) €'000
Revenue	200	185	185
EBITDA[1]	180	167	122
Total comprehensive income	265	994	184

[1]*EBITDA - Earnings before Interest, Tax, Depreciation and Amortisation.*

CARMELO STIVALA GROUP LIMITED
Condensed Statement of Financial Position

as at 31 December	2014 €'000	2015 €'000	2016 €'000
ASSETS			
Non-current assets	1,930	4,181	24,786
Current assets	3,674	7,646	3,173
Total assets	**5,604**	**11,827**	**27,959**
EQUITY			
Capital and reserves	**266**	**1,260**	**1,445**
LIABILITIES			
Non-current liabilities	3,495	6,895	11,763
Current liabilities	1,843	3,672	14,751
Total liabilities	**5,338**	**10,567**	**26,514**
Total equity and liabilities	**5,604**	**11,827**	**27,959**

Carmelo Stivala Group Limited was incorporated in November 2013 to acquire and dispose of property (mainly, commercial and residential units and hotels). Prior to November 2013, all Group properties were acquired by C. Stivala & Sons Limited (C 4510). During the reviewed years, the operation of owned properties was managed by Stivala Operators Limited and Stivala Properties Ltd. In the third quarter of 2017, C. Stivala & Sons Limited was merged into Carmelo Stivala Group Limited, such that all properties of the Stivala Group are now owned by the Guarantor.

In FY2015, the Guarantor generated revenue of €0.2 million (FY2014: €0.2 million) and registered an operating profit of €0.1 million (FY2014: €0.2 million). In the same financial year, profit on disposal of investments amounted to €0.7 million (FY2014: €2,000), while dividends receivable amounted to €0.3 million (FY2014: €0.1 million). Profit for FY2015 amounted to €1.0 million (FY2014: €0.3 million).

In FY2016, revenue generated by the Guarantor amounted to €0.2 million (FY2015: €0.2 million). Due to the impact of depreciation and amortisation of €0.6 million, the Guarantor reported an operating loss of €0.5 million (FY2015: operating profit of €0.1 million). Profit on disposal of investments in FY2016 amounted to €0.6 million (FY2015: €0.7 million) and dividends receivable in the same year amounted to €0.3 million (FY2015: €0.3 million). The Guarantor reported a profit for FY2016 of €0.2 million (FY2015:€1.0 million).

As at 31 December 2016, non-current assets of the Guarantor amounted to €24.8 million, consisting primarily of the Sliema Hotel situated at The Strand, Sliema, which was acquired in May 2016. Equity as at 31 December 2016 amounted to €1.4 million, whilst bank borrowings and related party balances totalled €25.6 million.

The financial information overleaf represents combined (rather than consolidated) historical financial information of the Guarantor for the years ended 31 December 2014, 31 December 2015 and 31 December 2016, as not all companies within the Group were subsidiaries of a unitary holding company. Combined financial statements serve a similar purpose to consolidated financial statements, to present financial data appertaining to a group of companies as if the companies concerned constitute a single enterprise.

CARMELO STIVALA GROUP LIMITED
Extracts from the Combined Income Statement
for the year ended 31 December

	2014 €'000	2015 €'000	2016 €'000
Revenue	6,557	7,377	9,590
EBITDA[1]	3,568	2,934	6,714
Total comprehensive income	2,083	2,206	4,353

[1]*EBITDA - Earnings before Interest, Tax, Depreciation and Amortisation.*

CARMELO STIVALA GROUP LIMITED
Extracts from the Combined Statement of Financial Position
as at 31 December

	2014 €'000	2015 €'000	2016 €'000
ASSETS			
Non-current assets	21,851	27,255	48,984
Current assets	4,280	7,540	4,293
Total assets	**26,131**	**34,795**	**53,277**
EQUITY			
Capital and reserves	**13,292**	**15,498**	**19,850**
LIABILITIES			
Non-current liabilities	7,612	11,342	24,940
Current liabilities	5,227	7,955	8,487
Total liabilities	**12,839**	**19,297**	**33,427**
Total equity and liabilities	**26,131**	**34,795**	**53,277**

The revenue and profitability as reported in the combined income statement primarily reflects the performance of the operating Subsidiaries, Stivala Operators Limited and Stivala Properties Ltd. Revenue has increased over the reviewed period from €6.6 million in FY2014 to €9.6 million in FY2016, principally due to the initiation of operations of the Sliema Hotel in FY2016. Profit for the year improved from €2.1 million in FY2014 to €2.2 million in FY2015 and €4.4 million in FY2016.

The combined statement of financial position as at 31 December 2016 comprises total assets of €53.3 million, primarily made up of immovable property and improvements amounting to €45.6 million. Such assets were recorded on a historical cost basis. As at 31 December 2016, total borrowings amounted to €29.7 million and capital & reserves amounted to €19.9 million.

B.13 (B.19) Not Applicable: neither the Issuer nor the Guarantor is aware of any recent events which are to a material extent relevant to the evaluation of their solvency.

B.14 (B.19) The Issuer was set up on 21 August 2017 as the ultimate parent company of the Group and as the principal vehicle for further expansion of the Group's hospitality business and mixed use developments. The Issuer does not itself carry on any trading activities apart from the raising of capital and advancing thereof to the Guarantor for the purpose of the latter pushing said funds downwards to its subsidiaries, as and when the demands of their business so require. Accordingly, for the fulfilment of its obligations towards Bondholders, the Issuer is economically dependent on the Group. The Issuer has an authorised share capital of €500,000 and an issued share capital of €300,000, which is 100 per cent paid up. The ownership of the Issuer is described in Element B.16 below.

Following a share transfer agreement dated 5 September 2017, the Issuer now holds 98 per cent of the shares in the Guarantor which in turn holds the shares in the underlying operating Subsidiaries. The remaining two per cent of the shares in the Guarantor are held by the Group's founder, Mr Carmelo Stivala (847533M). The Group now owns its real estate and properties primarily through the Guarantor, which is engaged principally in acquiring and developing the real estate of the Group. The Guarantor is dependent for its cash flows upon the profitability of the operations and performance of its subsidiaries.

B.15 (B.19) The principal objects of the Issuer are set out in clause 3 of the Issuer's Memorandum of Association. These include, but are not limited to, the carrying on the business of a finance and investment company in connection with the ownership, development, operation and financing of the business activities of the Group whether in Malta or overseas, and for such purpose: (i) to lend or advance money or otherwise give credit to any company now or hereinafter forming part of the Group, with or without security and otherwise on such terms as the directors may deem expedient; and (ii) to invest and deal with the moneys of the companies and any company now or hereinafter forming part of the Group in or upon such investments and in such manner as the directors may, from time to time, deem expedient.

The Guarantor is incorporated and registered as a private limited liability exempt company in terms of the Act. The memorandum and articles of association of the Guarantor are registered with the Registrar of Companies. The principal objects of the Guarantor are set out in clause 3 of the memorandum of association of the Guarantor, and these include to acquire and dispose of, by any title valid at law, movable or immovable property, and any rights thereon, whether for commercial or other purposes and to hold the property so acquired, and the consideration for any acquisition or disposal can be by credit or in cash or in kind, including the allotment of shares or debentures of the company, credited as paid up in full or in part as need be; to invest, lease, hire, grant by way of emphyteutical concession or in any other manner employ, improve, manage or develop any of its assets as may from time to time be determined, and to subscribe for, purchase or otherwise acquire, take hold, dispose of or otherwise deal in all kinds of securities including shares, stocks, debentures, debenture stock, bonds, notes, options, and interests in all kinds of companies, corporations, entities, partnerships or other body of persons as the board of directors may determine, and to manage and administer any of the aforementioned property or any other property permitted by law.

B.16 (B.19) The Issuer is fully owned by Carmelo Stivala Trustee Limited which is in turn wholly held by Bastille Malta Trustees Limited. The latter holds the shares in Carmelo Stivala Trustee Limited in its capacity as trustee of two separate groups of trusts, referred to as Group A trusts and Group B trusts. The trusts falling within the ambit of Group A trusts have been set up for the beneficial interest of each of the respective four Stivala brothers Martin John, Ivan, Michael and Carlo. The Group B trusts are composed of a further four trusts which have been set up for the benefit of each of the Stivala brothers as beneficiaries together with their direct descendants and families.

The Issuer holds 98 per cent of the shares in the Guarantor. The remaining two per cent of the shares in the Guarantor are held by the Group's founder, Mr Carmelo Stivala (847533M).

B.17 Not Applicable: Neither the Issuer nor the Guarantor has sought the credit rating of an independent rating agency, and there has been no assessment by any independent rating agency of the Secured Bonds issued by the Issuer.

B.18 (B.19) For the purposes of the Guarantee, the Guarantor irrevocably and unconditionally guarantees to the Security Trustee, for the benefit of the Bondholders, 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 Secured Bonds as and when the same shall become due under any of the foregoing, it will pay to the Security Trustee on demand the indebtedness to the Security Trustee.

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 Secured Bonds.

SECTION C SECURITIES

C.1 The Issuer shall issue an aggregate of €45,000,000 in Secured Bonds having a face value of €100 per bond, subject to a minimum holding of €2,000 in Secured Bonds. The Secured 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 Secured Bonds will have the following ISIN:MT0001601203. The Secured Bonds shall bear interest at the rate of 4% per annum.

C.2 The Secured Bonds are denominated in Euro (€).

C.5 The Secured 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, pursuant to the Securities Note, attached to the Secured Bonds, including the right to:
(i) the repayment of capital;
(ii) the payment of interest;
(iii) the benefit of the Collateral through the Security Trustee, as explained in Element E.3(3) below;
(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 Secured Bonds emanating from the Prospectus.

Following the issue of the Bonds and application of the proceeds, the Security Trustee for the benefit of Bondholders will have the benefit of a first-ranking special hypothec over the Security Property for the full amount of €45,000,000 and interests thereon. In addition to the above, the Security Trustee for the benefit of Bondholders will have the benefit of a pledge over the proceeds from any insurance policy required under clause 5(1)(h) of the Security Trust Deed. Also, the Secured Bonds shall be guaranteed, in respect of both the interest and the principal amount due, by the Guarantor in terms of the Guarantee.

C.9 The issue and allotment of the Secured Bonds is conditional upon: (i) the Secured Bonds being admitted to the Official List of the MSE; and (ii) the Collateral being constituted in favour of the Security Trustee, in accordance with the provisions of the Security Trust Deed. Subject to the Bond Issue becoming unconditional, the Secured Bonds shall bear interest from and including 18 October 2017 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 Secured Bonds will be repayable in full upon maturity on the redemption date unless the Secured Bonds are previously re-purchased and cancelled. The first interest payment will be effected on 18 October 2018 (covering the period 18 October 2017 to 17 October 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. The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Secured Bonds 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 Secured Bonds.

C.11 The Listing Authority has authorised the Secured Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 25 September 2017. Application has been made to the MSE for the Secured Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List. The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 30 October 2017 and trading is expected to commence on 31 October 2017.

SECTION D RISKS

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

Holding of a Secured 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 Secured Bonds. Prospective Investors are warned that by investing in the Secured Bonds they may be exposing themselves to significant risks that may have the consequence of losing a substantial part of or 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.

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

An investment in the Issuer and the Secured Bonds may not be suitable for all recipients of the Prospectus and Authorised Financial Intermediaries are to determine the suitability or otherwise of prospective investors' investment in the Secured 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 Secured Bonds – there may be other risks which are not mentioned in this summary.

i. Risks relating specifically to the Issuer and its business:

The Issuer has a limited trading record and history of operations. It was set up in August 2017 primarily to raise finance for the Group to acquire and develop properties in accordance with the Group's business strategy. The Issuer is substantially a start-up operation with all the attendant risks that start-ups normally entail. These risks include, but are not limited to, a lack of financial stability.

ii. Risks relating to the Group and its business:

General
The Issuer is the ultimate parent company of the Group and given its recent incorporation, does not itself have any trading history. The Group, through the Guarantor and the operational subsidiaries, has a long trading history in the acquisition, development and management of real estate developments that consist principally of hotels, hostels, residential, office and retail property. The Group is exposed to the real estate market as well as to the array of competitive pressures in the operation and management of the hospitality, residential and retail markets.

The Group's assets and their operation are concentrated in Malta and are intimately dependent on the Maltese tourism industry and property rental market.

Risks relating to the political, economic and social environment in which the Group operates
The Group's assets and operations are all situated in Malta. Accordingly, the Group is generally exposed to the economic and political conditions prevalent in Malta, thereby rendering the Group's operations overly exposed to the social, political and economic stability in Malta, which, in the event of downward trend could have a material adverse impact on the operations of the Group and the value of its assets. Such over-exposure to the Maltese market could render investment in the Group riskier than investments in more geographically diversified operations.

The Group's reliance on non-proprietary software systems and third-party information technology providers
To varying degrees, the Group is reliant upon technologies and operating systems (including IT systems) developed by third parties for the running of its business, and is exposed to the risk of failure in such systems. Disruption to those technologies or systems and/or lack of resilience in operational availability could adversely affect the efficiency of the Group's business, financial condition and/or operating results.

The Group's key senior personnel and management have been and remain material to its growth
The Group believes that its growth is largely 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 the members of this team were unable or unwilling to continue in their present position, the Group might not be able to replace them within the short term, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Litigation risk
All industries, including the real estate development industry, are subject to legal claims, with or 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.

The Group's insurance policies
Historically, the Group has maintained insurance at levels it determines to be appropriate in light of the cost of cover and the risk profiles of the business in which it operates. With respect to losses for which the Group is covered by its policies, it may be difficult and may take time to recover such losses from insurers and 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 nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates.

Risks relative to changes in laws
As with any business, the Group is at risk to changes in laws and regulations and the timing and effects of changes in the laws and regulations to which it is subject, including changes in the interpretation thereof which cannot be predicted. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Prospectus upon the business and operations of Group Companies.

The Group may not be able to realise the benefits it expects from investments made in its properties under development
The Group's business consists of the acquisition, development and operation of real estate projects. Property acquisition and development projects are subject to various specific risks, including the inability to source adequate opportunities, cost overruns, insufficiency of resources to complete the projects, sales transactions not materialising at the prices and the tempo envisaged resulting in a liquidity strain, rental of commercial areas not being effected at the prices and within the timeframes envisaged, higher interest costs, and the erosion of revenue generation. If these risks were to materialise, they would have an adverse impact on the Issuer's revenue generation, cash flows and financial performance.

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

Furthermore, the Group is subject to various counter-party risks, including the risk of counter-party default. Such parties may default or fail to perform on their obligations to the Group due to insolvency, lack of liquidity, market or economic downturns, operational failure or other reasons beyond the Group's control. If such risks, many of which are common to the real estate industry, were to materialise, they could have an adverse impact on the Group's revenue generation, cash flows and financial performance.

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

The Group may not be able to obtain the capital it requires for the development or improvement of existing or new properties on commercially reasonable terms, or at all
The Group may not be able to secure sufficient financing for its current and future investments. Failure to obtain, or delays in obtaining, the capital required to complete current or future developments and refurbishment projects on commercially reasonable terms, may limit the Group's growth and materially and adversely affect its business, financial condition, results of operations and prospects.

The Group's indebtedness could adversely affect its financial position
The Group has a material amount of debt and may incur additional debt in connection with its future growth in terms of acquisitions and developments. Consequently. a portion of the Group's generated cash flows will be required to make principal and interest payments on the Group's debt. Furthermore, any borrowings under bank credit facilities will likely be at variable interest rates, which could cause the Group to be vulnerable to increases in interest rates.

The agreements regulating the Group's bank debt may impose significant financial covenants on the Group, the covenants of which could limit the Group's ability to obtain future financing, make capital expenditure, withstand a future downturn in business or economic conditions generally or otherwise inhibit the ability to conduct necessary corporate activities.

The Group may be exposed to certain financial risks which the Group may be unable to effectively hedge against
The Group's activities potentially expose it to a variety of financial risks, including market risk (principally interest rate risk and fair value risk), credit risk and risks associated with the unpredictability of financial markets, all of which could have adverse effects on the financial performance of the Group.

iii. Risks relating to the operations of the Issuer and the Guarantor

Risks relating to the hospitality industry

The Group's hospitality operations and the results thereof are subject to a number of external factors that could adversely affect its business, many of which are common to the hotel industry and beyond the Group's control, including the following: changes in travel patterns, any increase in or the imposition of new taxes on air travel and fuel, and cutbacks and stoppages on Malta-bound airline routes; changes in laws and regulations on employment, the preparation and sale of foods and beverages, health and safety, alcohol licensing, environmental concerns, fiscal policies, zoning and development, and the related costs of compliance; the impact of increased threats of terrorism or actual terrorist events, impediments to means of transportation, extreme weather conditions, natural disasters, travel-related accidents, outbreaks of diseases and health concerns, or other factors that may affect travel patterns and reduce the number of business and leisure travellers; increases in operating costs due to inflation, employment costs, workers' compensation and healthcare related costs, utility costs, increased taxes and insurance costs; and the termination, non-renewal and/or the renewal on less favourable terms of agreements entered into with tour operators.

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

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

The Group's hospitality operations are also susceptible to strong and increasing local and global competition, influenced by a variety of determining factors. The level of competition is subject to increase, and such increase or even saturation in the supply of accommodation may negatively impact the Group's sales revenue and profitability in the hospitality sector.

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

Material risks relating to real estate development may affect the economic performance and value of any of the Group's projects

There are a number of factors that commonly affect the real estate development industry, many of which are beyond the Group's control, and which could adversely affect the economic performance and value of the Group's projects. Such factors include: changes in global economic conditions particularly in the European Union; changes in the general economic conditions in Malta; general industry trends, including the cyclical nature of the real estate market; changes in local market conditions, such as an oversupply of similar properties, a reduction in demand for real estate or change of local preferences and tastes; possible structural and environmental problems; acts of nature, such as earthquakes and floods, that may damage any of the properties or delay development thereof; and increased competition in the market segment in which the Group operates may lead to an oversupply of residential or commercial properties in such markets, which could lead to a lowering of rental rates and a corresponding reduction in revenue of the Group.

Any of the factors described above could have a material adverse effect on the Group's business, its financial condition and prospects and accordingly on the repayment of the Bond and interest thereon.

The Group may be exposed to environmental liabilities attaching to real estate property

The Group may become liable for the costs of removal, investigation, or remediation of any hazardous or toxic substances that may be located on, or in or which may have migrated from, a property owned or occupied by it, which costs may be substantial. The Group may also be required to remove or remedy any hazardous substances that it causes or knowingly permits at any property that it owns or may in future own. Laws and regulations, which may be amended over time, may also impose liability for the presence of certain materials or substances or the release of certain materials or substances into the air, land or water or the migration of certain materials or substances from a real estate investment, including asbestos, and such presence, release or migration could form the basis for liability to third parties for personal injury or other damages. These environmental liabilities, if realised, could have a material adverse effect on the Group's business, financial condition, and results of operations.

Currency fluctuations and other regional economic developments may have a material adverse effect on the Group's business, financial condition and results of operations

The Group's operations are exposed, in the case of transactions not denominated in Euro, to foreign currency risk on transactions, receivables and borrowings that are denominated in a currency other than Euro. As a result, exchange gains or losses may arise on the realisation of amounts receivable and the settlement of amounts payable in foreign currencies.

The Group's financial statements, which are presented in Euro, can be affected by foreign exchange fluctuations through both translation risk and transaction risk.

A significant portion of the Group's operating expenses are fixed, which may impede them from reacting quickly to changes in its revenue
A significant portion of the Group's costs are fixed and the Group's operating results are vulnerable to short-term changes in revenues. The Group's inability to react quickly to changes in revenue by reducing operating expenses could have a material adverse effect on its respective business, financial condition and results of operations.

Liquidity risk
The lack of liquidity and alternative uses of real estate investments could significantly limit the Group's ability to respond to adverse changes in the performance of its properties thereby potentially harming their respective financial condition. Furthermore, the Group's strategy to retain properties for rental income rather than to sell one or more of its properties, in a timely fashion, may be a limiting factor in its ability to respond to changing economic, financial and investment conditions.

The real estate market is affected by many factors that are beyond the Issuer's and Guarantor's control.

Development risk
The Group may be subject to risks associated with the development of the real estate acquired by it, including the risk relating to project financing, planning permits, delays, cost over-run, risk of insufficiency of resources, risk of licensing transactions not being effected at the prices and timeframes envisaged, higher interest costs, erosion of revenue generation and the possibility of legal disputes. If these risks were to materialise, they could have an adverse and material effect on the Group's financial condition and the results of its operations.

In addition, for the timely completion of development projects, the Group may place certain reliance on counterparties such as architects, engineers, contractors and sub-contractors, engaged in the demolition, excavation, and construction and finishing of developments. Such counterparties may fail to perform or default on their obligations due to the Group for a variety of reasons which are beyond the Group's control. Failure of such counterparties to perform their obligations owed to the Group could, in turn, materially adversely affect the financial condition of the Group and its future prospects. In addition, the inability of the Group to develop and maintain relationships with highly skilled, competent and reliable counterparties could have a material adverse effect on the Group's development projects.

iv. Risks inherent in Property Valuations

The valuation of property is inherently subjective, due to, among other things, the individual nature of each property and the assumptions upon which the valuation is carried out. Accordingly, there can be no assurance that the valuation referred to in this Prospectus reflects actual values that could be achieved on a sale, even where any such sale were to occur shortly after the valuation date. Actual values may be materially different from any future values that may be expressed or implied by forward-looking statements set out in the valuation or anticipated on the basis of historical trends, as reality may not match the assumptions made. There can be no assurance that such valuation of property will reflect actual market values.

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

An investment in the Secured Bonds involves certain risks, including those set out below in this section. In deciding whether to make an investment in the Secured 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. There can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Nor can there be any assurance that an investor will be able to sell or otherwise trade in the Secured Bonds at or above the Bond Issue Price or at all. A public trading market depends on a number of factors over which the Issuer has no control.

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

iii. A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Secured 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 Secured Bonds prevailing from time to time.

v. The Secured Bonds, as and when issued and allotted, shall constitute the general, direct and unconditional obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Secured Bonds by the Guarantor. The Secured Bonds shall at all times rank *pari passu* without any priority or preference among themselves but, in respect of the Issuer and the Guarantor they shall rank with priority or preference over all unsecured indebtedness of the Issuer and the Guarantor, if any. In view of the fact that the Secured Bonds are being guaranteed by the Guarantor on a joint and several basis, the Security Trustee, for the benefit of itself and the Bondholders, shall be entitled to request the Guarantor to pay both the interest due and the principal amount under said Secured Bonds if the Issuer fails to meet any amount, when due in terms of the Prospectus.

The joint and several Guarantee also entitles the Security Trustee to take action against the Guarantor without having to first take action against the Issuer. The strength of this undertaking on the part of the Guarantor and therefore, the level of recoverability by the Security Trustee from the Guarantor of any amounts due under any of the Secured Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor. The Guarantee is further

supported by the Collateral over the Security Property. Whilst this grants the Security Trustee a right of preference and priority for repayment over the Security Property, there can be no guarantee that the value of the Security Property over the term of the Secured Bond 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 Security Property. If such circumstances were to arise or subsist at the time that the Security Interests are to be enforced by the Trustee, it could have a material adverse effect on the recoverability of all the amounts that may be outstanding under the Secured Bonds.

Notwithstanding that the Bonds constitute the general, direct, unconditional and secured obligations of the Issuer and the Guarantor, 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 and the Guarantor which may rank with priority or preference to the Security Interests.

vi. **The issue and allotment of the Secured Bonds is conditional upon the Secured Bonds being admitted to the Official List and on the Security Interest being constituted in favour of the Security Trustee. In the event that either of the aforesaid conditions is not satisfied, the Security Trustee shall return the Bond Issue proceeds to Bondholders.**

vii. **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.**

viii. **The Terms and Conditions of the Bond Issue are based on the requirements of the Listing Rules of the Listing Authority, the Companies Act and the Commission Regulation EC No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council 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 Maltese law or administrative practice after the date of the Prospectus.**

SECTION E OFFER

E.2b The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €44,380,000, will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

i. an amount of *circa* €9,129,000 of the proceeds from the Secured Bonds will be used to re-finance outstanding Group banking facilities with FimBank p.l.c. and Bank of Valletta p.l.c., which funds were originally principally utilised to acquire various properties and for capital expenditure purposes;

ii. the amount of €9,000,000 will be used to finance the acquisition of 196, Main Street, St Julian's and development thereof into a block of luxury residential apartments;

iii. the amount of *circa* €11,448,000 is to be utilised for the purpose of acquiring nine apartments, nineteen garages and the remaining undivided share of an office at Qui Si Sana Boutique Apartments, Qui Si Sana Road, Sliema.

Although it is strongly anticipated that a promise of sale will be concluded shortly after the issuance of the Secured Bonds, in the event that such promise of sale is not signed, the Security Trustee undertakes to utilise the funds earmarked for the acquisition of the aforementioned remaining half of Qui Si Sana Boutique Apartments, Sliema for the purpose of refinancing an existing loan with APS Bank Limited, which as at 31 August 2017 amounted to €9,569,000. In such case, the Security Trustee shall, for the purposes of the Security Property granted in terms of this Bond Issue and at its discretion, substitute the un-acquired portion of Qui Si Sana Boutique Apartments with another immovable property owned by the Group, subject to an independent architect's property valuation report confirming that the value of the property being substituted and added to the immovable properties constituting the Security Property is at least equal to the value of the intended purchase of the remaining residential apartments and garages at Qui Si Sana Boutique Apartments;

iv. an amount of *circa* €7,706,200 will be utilised for the purpose of acquiring the property situated at Marguerite Mangion Street, St Julian's;

v. an amount of €4,500,000 shall be used to develop the proposed Azur Hotel, a 101 room hotel in Gzira; and

vi. the remaining balance of the net Bond Issue proceeds equivalent to *circa* €2,596,800 shall be applied towards the costs of acquisition of other properties in accordance with the Group's business development strategy and/or to fund part of the Group's ongoing capital expenditure on own properties.

All proceeds from the Bond Issue shall be held by the Security Trustee pending perfection of the Collateral to secure the Secured Bonds. In terms of the Prospectus and Security Trust Deed, the Security Trustee shall not release any of the Bond Issue proceeds other than such amount as is required to settle the payment specified in para (i) above, until such time as the Collateral is duly constituted in favour of the Security Trustee, in accordance with the provisions of the Security Trust Deed.

The issue and allotment of the Secured Bonds is conditional upon: (i) the Secured Bonds being admitted to the Official List; and (ii) the Collateral being constituted in favour of the Security Trustee in accordance with the provisions of the Security Trust Deed. In this respect and with reference to the amounts to be utilised for the purposes of acquiring the aforementioned immovable property not yet owned by the Group, the Bond proceeds shall only be realised upon the execution and registration of a notarial deed pursuant to which title to the said immovable property is transferred to the Guarantor in a manner satisfactory to the Security Trustee.

In the event that either of the aforesaid conditions is not satisfied, the Security Trustee shall return Bond Issue proceeds to the Bondholders.

E.3 The Issuer and the Guarantor have entered into placement agreements with Authorised Financial Intermediaries, whereby the Issuer and the Guarantor bound themselves to allocate the Secured Bonds to such Authorised Financial Intermediaries. The Authorised Financial Intermediaries in turn bound themselves to subscribe to a specified amount of Bonds subject to, and conditional upon, the Bonds being admitted to the Official List of the Malta Stock Exchange.

The following is a synopsis of the general terms and conditions applicable to the Secured 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. *Form, Denomination and Title*

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

2. *Interest*

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

3. *Status of the Secured Bonds and Security*

The Bonds shall constitute the general, direct and unconditional obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves. In respect of the Guarantor, the Secured Bonds shall rank with priority or preference over all other present and future unsecured obligations of the Guarantor, save for such exceptions as may be provided by applicable law. The payment of the principal under the Bonds and interest thereon shall be secured by a first-ranking special hypothec over the Security Property which the Guarantor has agreed to constitute in favour of the Security Trustee for the benefit of Bondholders. Also, the Secured Bonds shall be guaranteed, in respect of both the interest and the principal amount due, by the Guarantor in terms of the Guarantee.

4. *Payments*

Payment of the principal amount of a Secured Bond will be made in Euro by the Issuer to the person in whose name such Secured Bonds are registered, with interest accrued up to 18 October 2027 (the "Redemption Date"), by means of direct credit transfer into such bank account as the Bondholder may designate from time to time. Such payment shall be effected within seven days of the Redemption Date. Payment of interest on a Secured Bond will be made to the person in whose name such Secured Bond is registered at the close of business fifteen days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time. Such payment shall be effected within seven days of the Interest Payment Date.

5. *Redemption*

Unless previously purchased and cancelled, the Secured Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 18 October 2027.

6. *Events of Default*

Pursuant to the Trust Deed, the Security Trustee may in its absolute and uncontrolled discretion, and shall upon the request in writing of not less than 75% in value of the Bondholders, declare the Secured Bonds to have become immediately due and repayable at their principal amount together with accrued interest, upon the happening of any of the following events: (i) the Issuer shall fail to pay any interest and/or principal on any Secured Bond when due; or (ii) the Issuer shall be in breach of any material obligation contained in the Prospectus; or (iii) a judicial process is levied against any part of the Issuer's property and is not discharged within one month; or (iv) the Issuer stops to pay its debts or ceases or threatens to cease to carry on its business; or (v) the Issuer or the Guarantor is unable to pay its debts within the meaning of article 214(5) of the Act; or (vi) a judicial or provisional administrator is appointed upon the whole or any part of the property of the Issuer or the Guarantor; or (vii) an order is made or an effective resolution is passed for winding up of the Issuer or the Guarantor; or (viii) the Issuer or the Guarantor substantially changes the object or nature of business as currently carried on; or (ix) the Issuer or the Guarantor commits a material breach of any of the covenants or provisions contained in the Trust Deed; or (x) the security constituted by any charge upon the whole or any part of the undertaking or assets of the Issuer or the Guarantor shall become enforceable; or (xi) any representation or warranty made or deemed to be made is or proves to have been incorrect in the sole opinion of the Security Trustee; or (xii) any default occurs relating to any financial indebtedness of the Issuer or the Guarantor in excess of €1 million; or (xiii) any consent required by the Issuer or the Guarantor in connection with the Group's projects is substantially modified in the sole opinion of the Security Trustee; or (xiv) it becomes unlawful at any time for the Issuer or the Guarantor to continue with the development of the Group's projects; or (xv) the Issuer or the Guarantor repudiates the Bonds and/or the Trust Deed; or (xvi) all or a material part of the ownership interests in the Issuer or the Guarantor are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government.

7. *Transferability of the Secured Bonds*

The Secured 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 Secured Bonds and to any applicable laws and regulations. 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 Issuer. The Issuer will not register the transfer or transmission of Secured Bonds for a period of 15 days preceding the due date for any payment of interest on the Secured Bonds.

8. *Register of Bondholders*

Certificates will not be delivered to Bondholders in respect of the Secured Bonds in virtue of the fact that the entitlement to Secured 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 Secured 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.

9. *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 Secured 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 Secured Bonds) or upon such terms as the Issuer may determine at the time of their issue, provided that no issue may be made that would rank senior to the Secured Bonds in respect of the Security Property.

10. *Meetings of Bondholders*

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

11. *Governing Law and Jurisdiction*

The Secured 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 Secured 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 subscription for Secured Bonds by Authorised Financial Intermediaries, and any fees payable in connection with the Bond Issue to Charts Investment Management Service Limited as Sponsor and Manager, so far as the Issuer is aware no person involved in the Bond 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 €620,000.

EXPECTED TIME-TABLE OF THE BOND ISSUE

1. Offer Period	27 September 2017 to 18 October 2017
2. Private Placement date	18 October 2017
3. Commencement of interest on the Secured Bonds	18 October 2017
4. Expected date of constitution of Security	27 October 2017
5. Expected date of notification of registration	30 October 2017
6. Expected date of admission of the securities to listing	30 October 2017
7. Expected date of commencement of trading in the securities	31 October 2017