BASE PROSPECTUS

Dated 17 November 2026

This document is a Base Prospectus issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules published by the MFSA and in accordance with the provisions of the Prospectus Regulation in respect of a

SECURED BOND ISSUANCE PROGRAMME OF A MAXIMUM OF €75,000,000

by

STIVALA GROUP FINANCE P.L.C.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF MALTA
WITH COMPANY REGISTRATION NUMBER C 82218

with the joint and several Guarantee* of

CARMELO STIVALA GROUP LIMITED

A PRIVATE LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF MALTA
WITH COMPANY REGISTRATION NUMBER C 62625

*Prospective investors are to refer to the Guarantee contained in Annex I of this Base Prospectus for a description of the Guarantee. Reference should also be made to the section entitled "Risk Factors" contained in this Base Prospectus for a discussion of certain risk factors which should be considered by prospective investors in connection with, *inter alia*, the Guarantee provided by the Guarantor.

Sponsor	Manager & Registrar	Security Trustee	Legal Counsel
MZ INVESTMENTS	BOV Bank of Valletta	Bastille Malta Trustees	MAMO TCV ADVOCATES

THIS BASE PROSPECTUS HAS BEEN APPROVED BY THE MFSA, AS THE COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MFSA HAS AUTHORISED THE ADMISSIBILITY OF THE SECURED BONDS ISSUED FROM TIME TO TIME UNDER THE PROGRAMME AS LISTED FINANCIAL INSTRUMENTS. THIS MEANS THAT THE MFSA HAS APPROVED THIS BASE PROSPECTUS AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY AS PRESCRIBED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT, HOWEVER, BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER, OR THE QUALITY OF THE SECURED BONDS THAT ARE THE SUBJECT OF THIS BASE PROSPECTUS. IN PROVIDING THIS AUTHORISATION, THE MFSA DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN SECURED BONDS, AND SUCH AUTHORISATION SHOULD NOT BE DEEMED, OR BE CONSTRUED, AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SECURITIES OF THE ISSUER.

THE MFSA ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THIS BASE PROSPECTUS OR THE APPLICABLE FINAL TERMS, MAKES NO REPRESENTATIONS AS TO THEIR 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 THIS BASE PROSPECTUS AND APPLICABLE FINAL TERMS, INCLUDING ANY LOSSES INCURRED BY INVESTING IN SECURITIES OF THE ISSUER.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN THE SECURED BONDS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF THE ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OWN FINANCIAL ADVISOR.

APPROVED BY THE DIRECTORS



Michael Stivala

signing in his capacity as director of the Issuer and on behalf of each of
Martin John Stivala, Ivan Stivala, Jean Paul Debono, Ann Marie Agius and Francis Gouder

TABLE OF CONTENTS

1. DEFINITIONS 6

2. OVERVIEW OF THE PROGRAMME 8

3. RISK FACTORS 9
- 3.1 GENERAL 9
- 3.2 FORWARD-LOOKING STATEMENTS 10
- 3.3 RISKS RELATING TO THE ISSUER AND ITS BUSINESS 10
- 3.4 RISKS RELATING TO THE GROUP AND ITS BUSINESS 10
- 3.5 RISKS RELATING TO THE TOWNSQUARE INVESTMENT 16
- 3.6 RISKS RELATING TO THE SECURED BONDS 17
- 3.7 RISKS RELATING TO THE GUARANTEE AND THE COLLATERAL 18
- 3.8 RISKS INHERENT IN PROPERTY VALUATIONS 18

4. RESPONSIBILITY, AUTHORISATION STATEMENT, AND CONSENT FOR USE 19
- 4.1 PERSONS RESPONSIBLE 19
- 4.2 AUTHORISATION STATEMENT 19
- 4.3 CONSENT FOR USE OF BASE PROSPECTUS 19

5. IDENTITY OF ADVISORS AND AUDITORS 20
- 5.1 ADVISORS 20
- 5.2 AUDITORS 20
- 5.3 SECURITY TRUSTEE 20

6. INFORMATION ABOUT THE ISSUER AND THE GUARANTOR 20
- 6.1 KEY INFORMATION ABOUT THE ISSUER 20
- 6.2 KEY INFORMATION ABOUT THE GUARANTOR 21
- 6.3 HISTORICAL DEVELOPMENT OF THE GROUP 21
- 6.4 ORGANISATIONAL STRUCTURE OF THE GROUP 22
- 6.5 THE ISSUER 23
- 6.6 THE GUARANTOR 23
- 6.7 ST TOWNSQUARE GROUP 23

7. BUSINESS OVERVIEW OF THE GROUP 24
- 7.1 PRINCIPAL ACTIVITIES AND MARKETS 24
- 7.2 OVERVIEW OF THE BUSINESS OF THE GROUP 24
- 7.3 DEVELOPMENT STRATEGY 26
- 7.4 PRINCIPAL INVESTMENT 27

8. THE SECURITY 27
- 8.1 THE GUARANTEE 27
- 8.2 THE COLLATERAL 27
- 8.3 THE SECURITY TRUST DEED 28

9. TREND INFORMATION 28
- 9.1 MALTA ECONOMIC UPDATE 28
- 9.2 MALTA TOURISM AND HOSPITALITY 29
- 9.3 MALTA PROPERTY MARKET 31

10. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES 33
- 10.1 THE BOARD OF DIRECTORS OF THE ISSUER 33
- 10.2 *CURRICULA VITAE* OF THE DIRECTORS OF THE ISSUER 33
- 10.3 THE BOARD OF DIRECTORS OF THE GUARANTOR 33
- 10.4 *CURRICULA VITAE* OF THE DIRECTORS OF THE GUARANTOR 34
- 10.5 SENIOR MANAGEMENT OF THE ISSUER 34
- 10.6 SENIOR MANAGEMENT OF THE GUARANTOR 34
- 10.7 POTENTIAL CONFLICTS OF INTEREST 34
- 10.8 EMPLOYEES 34

11. BOARD PRACTICES 35
- 11.1 AUDIT COMMITTEE 35
- 11.2 COMPLIANCE WITH CORPORATE GOVERNANCE 35

12. ADDITIONAL INFORMATION 36
- 12.1 SHARE CAPITAL OF THE ISSUER 36
- 12.2 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE ISSUER 36
- 12.3 SHARE CAPITAL OF THE GUARANTOR 36
- 12.4 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE GUARANTOR 36

13. FINANCIAL INFORMATION CONCERNING THE ISSUER'S AND THE GUARANTOR'S ASSETS AND LIABILITIES, FINANCIAL POSITION, AND PROFITS AND LOSSES 37
13.1 HISTORICAL FINANCIAL INFORMATION - ISSUER 37
13.2 HISTORICAL FINANCIAL INFORMATION - GUARANTOR 40

14. LEGAL AND ARBITRATION PROCEEDINGS 41

15. MATERIAL CONTRACTS 41

16. PROPERTY VALUATION REPORTS 41

17. TERMS AND CONDITIONS 41
17.1 GENERAL TERMS AND CONDITIONS 41
17.2 ANCILLARY TERMS AND CONDITIONS 42
17.3 REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND ESTIMATED TOTAL EXPENSES 45
17.4 STATUS AND RANKING OF THE SECURED BONDS 45
17.5 EVENTS OF DEFAULT 45
17.6 RIGHTS OF BONDHOLDERS 46
17.7 TRANSFERABILITY OF THE SECURED BONDS 47
17.8 PAYMENTS 47
17.9 YIELD 47
17.10 REDEMPTION 48
17.11 BONDHOLDERS' MEETINGS 48
17.12 FURTHER ISSUES 49
17.13 NOTICE TO BONDHOLDERS 49
17.14 GOVERNING LAW AND JURISDICTION 49

18. FORM OF FINAL TERMS 49

19. TAXATION 52
19.1 MALTA TAX ON INTEREST 52
19.2 MALTESE TAXATION OF CAPITAL GAINS ON TRANFERS OF THE SECURED BONDS 52
19.3 DUTY ON DOCUMENTS AND TRANSFERS 53
19.4 EXCHANGE OF INFORMATION 53

20. THIRD PARTY INFORMATION, STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST 54
20.1 THIRD PARTY INFORMATION 54
20.2 EXPERT REPORTS 54

21. AUTHORISATION, LISTING AND ADMISSION TO TRADING 54

22. DOCUMENTS AVAILABLE FOR INSPECTION 55

ANNEX I – GUARANTEE 56

ANNEX II – FINANCIAL ANALYSIS SUMMARY 60

IMPORTANT INFORMATION

THIS BASE PROSPECTUS CONTAINS INFORMATION ON: (I) STIVALA GROUP FINANCE P.L.C. IN ITS CAPACITY AS ISSUER, CARMELO STIVALA GROUP LIMITED IN ITS CAPACITY AS GUARANTOR, AND THE BUSINESS OF THE GROUP OF WHICH THEY FORM PART, AND (II) THE SECURED BOND ISSUANCE PROGRAMME, IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES, THE ACT, AND THE PROSPECTUS REGULATION.

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 THIS BASE PROSPECTUS AND THE APPLICABLE FINAL TERMS OTHER THAN THOSE CONTAINED IN THIS BASE PROSPECTUS, THE APPLICABLE FINAL TERMS, AND IN THE DOCUMENTS REFERRED TO IN THIS BASE PROSPECTUS AND THE APPLICABLE FINAL TERMS, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER, THE DIRECTORS, OR ITS ADVISORS.

THE MFSA ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THIS BASE PROSPECTUS AND APPLICABLE FINAL TERMS, MAKES NO REPRESENTATIONS AS TO THEIR 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 THIS BASE PROSPECTUS OR ANY APPLICABLE FINAL TERMS.

IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THIS BASE PROSPECTUS AND THE APPLICABLE FINAL TERMS AND ANY PERSON WISHING TO APPLY FOR THE BONDS TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE INVESTORS 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.

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

SAVE FOR THE OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE BONDS AND, OR THE DISTRIBUTION OF THIS BASE PROSPECTUS AND APPLICABLE FINAL TERMS (OR ANY PART THEREOF) AND, OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, NO BONDS MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS BASE PROSPECTUS, THE APPLICABLE FINAL TERMS, NOR ANY ADVERTISMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS BASE PROSPECTUS AND, OR THE APPLICABLE FINAL TERMS MAY COME MUST INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THIS BASE PROSPECTUS, THE APPLICABLE FINAL TERMS, AND THE OFFERING AND SALE OF THE BONDS.

THIS BASE PROSPECTUS, THE APPLICABLE FINAL TERMS, AND, OR ANY OTHER DOCUMENT PRODUCED IN RELATION TO THE ISSUER, AND, OR THE BONDS AND, OR THE PROGRAMME AND, OR THE OFFERING, SALE, OR DELIVERY OF THE BONDS MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN SUCH DOCUMENTS IS ACCURATE AND COMPLETE SUBSEQUENT TO THEIR RESPECTIVE DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OR PERFORMANCE OF THE ISSUER OR THE GROUP SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE MATTERS CONTAINED IN THE AFOREMENTIONED DOCUMENTS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

THE BASE PROSPECTUS IS VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE HEREOF. THE ISSUER IS NOT OBLIGED TO PUBLISH A SUPPLEMENT TO THIS BASE PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES WHICH ARISE FOLLOWING THE LAPSE OF THE PERIOD OF VALIDITY OF THIS BASE PROSPECTUS, PROVIDED THAT THE ISSUER SHALL NOT BE OBLIGED TO SUPPLEMENT THIS BASE PROSPECTUS SHOULD THE AFORESAID SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES, OR MATERIAL INACCURACIES ARISE OR ARE NOTED FOLLOWING, IN THE CASE OF EACH SERIES AND, OR TRANCHE OF BONDS ISSUED UNDER THE APPLICABLE FINAL TERMS, THE LATER OF THE CLOSING OF THE OFFER PERIOD OR THE TIME WHEN TRADING ON THE OFFICIAL LIST BEGINS. THE MFSA IS NOT REQUIRED TO APPROVE THE INDIVIDUAL FINAL TERMS (AND SUMMARIES THEREOF) THAT MAY BE ISSUED PURSUANT TO THIS BASE PROSPECTUS FROM TIME TO TIME IN RESPECT OF ONE OR MORE SERIES AND, OR TRANCHES OF BONDS.

A COPY OF THIS BASE PROSPECTUS HAS BEEN SUBMITTED TO THE MFSA IN SATISFACTION OF THE CAPITAL MARKETS RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS, AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES AT THE MALTA BUSINESS REGISTRY IN ACCORDANCE WITH THE ACT.

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

ALL THE ADVISORS TO THE ISSUER AND THE GUARANTOR NAMED IN THIS BASE PROSPECTUS UNDER THE HEADING "ADVISORS" IN SECTION 5.1 OF THIS BASE PROSPECTUS HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR, AS APPLICABLE, IN RELATION TO THIS BASE PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY, OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THIS BASE PROSPECTUS, ANY SUPPLEMENT THEREOF, ANY APPLICABLE FINAL TERMS, OR ANY OTHER DOCUMENT ENTERED INTO IN RELATION TO THE PROGRAMME.

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

THE DIRECTORS CONFIRM THAT WHERE INFORMATION INCLUDED IN THIS BASE PROSPECTUS HAS BEEN SOURCED FROM A THIRD PARTY, SUCH INFORMATION HAS BEEN ACCURATELY REPRODUCED AND AS FAR AS THE DIRECTORS 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 GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THIS BASE PROSPECTUS AND THE APPLICABLE FINAL TERMS AS A WHOLE AND SHOULD CONSULT THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISORS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS.

1. DEFINITIONS

In this Base Prospectus, the following capitalised words and expressions shall bear the following meanings, except where the context otherwise requires:

Act	the Companies Act (Cap. 386 of the laws of Malta);
Applicant/s	any person or persons who apply to subscribe for the Secured Bonds;
Application/s	any application to subscribe for the Secured Bonds made by an Applicant/s;
Authorised Financial Intermediary/ies	the financial intermediary/ies whose details shall be annexed to the applicable Final Terms;
Base Prospectus	this document in its entirety, together with any supplement(s);
Bond Issue	the issue of the Secured Bonds pursuant to the Programme;
Bondholder/s	a holder of Secured Bonds;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
Capital Markets Rules	the capital markets rules issued by the MFSA in terms of the Financial Markets Act (Cap. 345 of the laws of Malta), as may be amended from time to time;
CSD	the Central Securities Depository of the Malta Stock Exchange, having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Collateral	the first-ranking special hypothec to be granted by the Gurarantor in favour of the Security Trustee for the benefit of the Bondholders over the Security Property;
Delegated Regulation	Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards format, content, security and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Commission Regulation (EC) 809/2004;
Directors or **Board of Directors**	the directors of the Issuer whose names are set out in section 10.1 of this Base Prospectus;
Euro or **€**	the lawful currency of the Republic of Malta;
Final Terms	the final terms issued by the Issuer from time to time in the form set out in this Base Prospectus;
Group or **Stivala Group**	the Issuer and its direct and/or indirect Subsidiaries from time to time;
Guarantee	the joint and several guarantee provided by the Guarantor, appended to this Base Prospectus as Annex I;
Guarantor	Carmelo Stivala Group Limited, a company registered under the laws of Malta with company registration number C 62625 and having its registered office at ST Group Head Office, Novotel Hotel, Level 2, 60, Triq Sir Frederick C. Ponsonby, Gzira GZR 1070, Malta;
Interest	the applicable rate of interest on a Tranche of Secured Bonds, as specified in the applicable Final Terms;
Interest Commencement Date/s	the Issue Date or such other date/s as may be specified in the applicable Final Terms;
Interest Payment Date/s	the date/s specified in the applicable Final Terms for when interest on the relevant Tranche falls due;
Issue Date/s	the date of issue of a Tranche of Secured Bonds, as specified in the applicable Final Terms;
Issue Price	the issue price in respect of each Tranche of Secured Bonds, as set out in the relevant Final Terms;
Issuer or **Company**	Stivala Group Finance p.l.c., a company registered under the laws of Malta with company registration number C 82218 and having its registered office at ST Group Head Office, Novotel Hotel, Level 2, 60, Triq Sir Frederick C. Ponsonby, Gzira GZR 1070, Malta;
Malta Stock Exchange or **MSE**	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Manager & Registrar	Bank of Valletta p.l.c., a public limited liability company registered in Malta with company registration number C 2833 and registered office at 58, Zachary Street, Valletta VLT 1130, Malta;
MFSA	the Malta Financial Services Authority, appointed as the competent authority to approve prospectuses for the purposes of the Financial Markets Act (Cap. 345 of the laws of Malta);
Official List	the list prepared and published by the MSE as its official list in accordance with the MSE Bye-Laws;
Programme	the secured bond issuance programme of up to €75,000,000 being made by the Issuer pursuant to this Base Prospectus;
Prospectus Regulation	Regulation (EU) No. 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended from time to time;
Redemption Date	the date of redemption of Secured Bonds under a Tranche, as specified in the applicable Final Terms;

Redemption Value	the nominal amount of each Secured Bond to be paid on the Redemption Date;
Secured Bonds or **Bonds**	the bonds to be issued by the Issuer in terms of the Programme;
Security Property	collectively, ST Tower, ST Business Centre and ST Valletta View Apartments;
Security Property Valuation Report	the property valuation report issued by Perit Ian Cutajar of Falzon & Cutajar Architects & Civil Engineers in respect of the Security Property;
Security Trustee	Bastille Malta Trustees Limited, a private limited liability company registered under the laws of Malta with company registration number C 25994 and registered office at The Core, Triq il-Wied ta' L-Imsida, Msida MSD 9021, Malta;
Security Trust Deed	means the security trust deed to be entered into between the Security Trustee, the Issuer and the Guarantor;
Series or **Series of Bonds**	one or more Tranches, which are expressed to be consolidated and forming a single series and identical in all respects, except for the issue amount, the Issue Date, and possibly, the Interest, the Interest Commencement Date and the first Interest Payment Date;
Sponsor	M.Z. Investment Services Limited, a private limited liability company registered in Malta, with company number C 23936 and registered office at 63, MZ House, St. Rita Street, Rabat RBT 1523, Malta. M.Z. Investment Services Limited is authorised to act as Sponsor - Main Market by the Malta Financial Services Authority pursuant to Article 12B of the Financial Markets Act (Cap. 345 of the laws of Malta);
ST Business Centre	the immovable property known as ST Business Centre, located at 120, The Strand, Gzira GZR 1027, Malta, consisting of a block of nine (9) storeys of offices and overlying roof level, excluding the tenement situated at the intermediate level of the said block, which is internally unnumbered and accessible from the common entrance of the said block, and includes a garden at the back of the said block which is accessible from the said tenement itself. Further information on the ST Business Centre is provided in the Security Property Valuation Report incorporated by reference into this Base Prospectus;
ST Group Capital Investments Ltd	a company registered under the laws of Malta with company registration number C 116298 and having its registered office at ST Group Head Office, Novotel Hotel, Level 2, 60, Triq Sir Frederick C. Ponsonby, Gzira GZR 1070, Malta;
ST Hotels Ltd	a company registered under the laws of Malta with company registration number C 78678 and having its registered office at ST Group Head Office, Novotel Hotel, Level 2, 60, Triq Sir Frederick C. Ponsonby, Gzira GZR 1070, Malta;
ST Properties Ltd	a company registered under the laws of Malta with company registration number C 78261 and having its registered office at ST Group Head Office, Novotel Hotel, Level 2, 60, Triq Sir Frederick C. Ponsonby, Gzira GZR 1070, Malta;
ST Tower	the immovable property known as ST Tower, situated at Testaferrata Street, corner with Enrico Mizzi Street, Ta' Xbiex, XBX 1405, Malta, consisting of a tower block of twenty three (23) storeys of mixed use including garaging facilities and offices. Further information regarding ST Tower is provided in the Security Property Valuation Report incorporated by reference into this Base Prospectus;
ST Townsquare Group	ST Townsquare Group Ltd and its direct and indirect Subsidiaries;
ST Townsquare Group Ltd	a company registered under the laws of Malta with company registration number C 116329 and having its registered office at ST Group Head Office, Novotel Hotel, Level 2, 60, Triq Sir Frederick C. Ponsonby, Gzira GZR 1070, Malta;
ST Valletta View Apartments	the immovable property known as ST Valletta View Apartments, situated at 154, The Strand, Gzira GZR 1027, Malta consisting of a block of eight (8) storeys of mixed use including shops, offices and residential apartments Further information on ST Valletta View Apartments is provided in the Security Property Valuation Report incorporated by reference into this Base Prospectus;
Subsidiary	means an entity over which the parent has control, whether directly or indirectly through one or more intermediate entities. The term "**Subsidiaries**" shall collectively refer to the said entities;
Terms and Conditions	the terms and conditions of the Secured Bonds contained in section 17 of this Base Prospectus, as supplemented by the applicable Final Terms;
Townsquare Site	the property described in further detail in section 7.4 of this Base Prospectus;
Townsquare Property Valuation Report	the property valuation report issued by Perit Ian Cutajar of Falzon & Cutajar Architects & Civil Engineers in respect of the Townsquare Site; and
Tranche or **Tranche of Bonds**	a tranche of Secured Bonds which may from time to time be issued by the Issuer, in accordance with the provisions of this Base Prospectus and the applicable Final Terms.

Unless it appears otherwise from the context:

a. words importing the singular shall include the plural and *vice versa*;
b. words importing the masculine gender shall include the feminine gender and *vice versa*;
c. the word "*may*" shall be construed as permissive and the word "*shall*" shall be construed as imperative;
d. all references in this Base Prospectus to "*Malta*" shall be construed as defined in article 124 (1) of the Constitution of Malta;
e. any phrase introduced by the terms "*including*", "*include*", "*in particular*" or any similar expression is illustrative only and does not limit the sense of the words preceding those terms; and
f. any reference to a law, legislative act, and, or other legislation shall mean that particular law, legislative act and, or legislation as in force at the time of issue of this Base Prospectus.

2. OVERVIEW OF THE PROGRAMME

This overview must be read as an introduction to this Base Prospectus. Any decision to invest in any Secured Bonds should be based on a consideration of this Base Prospectus as a whole including the documents incorporated by reference. The overview hereunder does not purport to be complete and is taken from, and is qualified in its entirety by the remainder of this Base Prospectus and, in relation to the terms and conditions of any Tranche of Secured Bonds, the applicable Final Terms.

This overview constitutes a general description of the Programme for the purposes of article 25(1) of the Delegated Regulation. Words and expressions defined in this Base Prospectus have the same meanings in this overview.

Issuer:	Stivala Group Finance p.l.c.
Issuer Legal Entity Identifier (LEI):	213800A1PC5JJQ42YB81
Sponsor:	M.Z. Investment Services Limited
Manager & Registrar:	Bank of Valletta p.l.c.
Description:	Secured Bond Issuance Programme
Risk factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Secured Bonds issued in terms of the Programme. These are set out under "Risk Factors" in section 3 below and include, among others, risks relating to Issuer and the Group, risk related to the suitability of the Secured Bonds for investors and risks relating to the security.
Programme size:	Up to €75,000,000
Issuance in Tranches:	Secured Bonds may be issued in one or more Tranches, on different Issue Dates. Tranches may be issued and offered under the Programme for a period of up to 12 months from the date of approval of the Base Prospectus. Application will be made in respect of the admission to trading of individual Tranches on the Official List.
Final Terms:	Each Tranche that may be issued under the Programme will be issued on the terms set out in the Terms and Conditions as completed by the relevant Final Terms. Copies of the Final Terms will be published on the webites of the Issuer (https://stivalagroup.com/?page_id=21) and the MFSA.
Distribution:	The Secured Bonds may be distributed by way of offers to the public, placement agreements, and, or intermediaries' offers via Authorised Financial Intermediaries, for their own account, or on account of their underlying clients. The method of distribution of each Tranche will be stated in the applicable Final Terms. Subject to the restrictions and conditions set out in this Base Prospectus, the categories of prospective investors to which the Secured Bonds are intended to be offered are retail and non-retail investors in Malta. There are no restrictions on the free transferability of the Secured Bonds.
Status of the Secured Bonds:	The Secured Bonds, as and when issued and allotted, 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 Guarantee shall constitute a direct and unconditional obligation of the Guarantor, and the Guarantor's obligations under the Guarantee shall rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor, and with first ranking and priority over the Security Property.
Form:	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 by the CSD on behalf of the Issuer.
Denomination:	All Secured Bonds issued under the Programme will have a denomination of €100.
Currency:	Euro (€).
Redemption Date/s:	The redemption date for each Tranche of Secured Bonds will be determined by the Issuer and specified in the relevant Final Terms.
Issue Price:	The Issue Price shall be set out in the relevant Final Terms.
Interest:	Interest on the Secured Bonds shall be set out in the relevant Final Terms.
Taxation:	Unless the Issuer is instructed by a Bondholder to receive the interest gross of any withholding tax, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 123 of the laws of Malta), interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% (10% in the case of certain types of collective investment schemes – in this case there is no option to receive the interest gross of the withholding tax) of the gross amount of the interest, pursuant to article 33 of the Income Tax Act. Bondholders who do not fall within the definition of a "recipient" do not qualify for the said rate and should seek advice on the taxation of such income as special rules may apply. For further information, see section 19 of this Base Prospectus, entitled "*Taxation*".

Listing and admission to trading:	The MFSA has authorised the Programme as admissible to listing on the Official List pursuant to the Capital Markets Rules by virtue of a letter dated 17 November 2026. Application will be made to list each Tranche of the Secured Bonds on the Official List and to be admitted to trading on the regulated market of the MSE.
Governing law:	The Secured Bonds, all the rights and obligations of the Bondholder and the Issuer, and any non-contractual obligations arising out of or in connection therewith, will be governed by, and construed in accordance with, Maltese law.
Jurisdiction:	The Maltese courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Secured Bonds.
Underwriting:	The Secured Bonds will not be underwritten.
No credit rating:	No credit rating will be obtained in respect of any of the Secured Bonds.
Use of proceeds:	The particular identified use of proceeds for each Tranche of Secured Bonds shall be as set out in the applicable Final Terms. It is, however, the Issuer's intention to apply the net proceeds of the Secured Bonds towards partially financing the acquisition of the Townsquare Site and the initial development works thereon.
Security Trustee:	Bastille Malta Trustees Limited
Collateral:	The Secured Bonds will be secured by the Collateral, as described in further detail in section 8 of this Base Prospectus.
Guarantee:	Payment of principal amount and interest due in respect of the Secured Bonds will be guaranteed by Carmelo Stivala Group Limited in accordance with the terms of the Guarantee.

3. RISK FACTORS

3.1 GENERAL

PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISORS THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THIS BASE PROSPECTUS AND APPLICABLE FINAL TERMS, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER AND, OR THE SECURED BONDS.

SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY, OR MAY NOT, OCCUR AND NEITHER THE ISSUER NOR THE GUARANTOR ARE IN A POSITION TO EXPRESS A VIEW ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

THE RISK FACTORS BELOW ARE DIVIDED INTO: (I) RISKS RELATING TO THE ISSUER AND ITS BUSINESS; (II) RISKS RELATING TO THE GROUP, INCLUDING THE GUARANTOR, AND ITS BUSINESS; (III) RISKS RELATING TO THE TOWNSQUARE INVESTMENT; (IV) RISKS RELATING TO THE SECURED BONDS; (V) RISKS RELATING TO THE SECURITY; AND (VI) RISKS RELATING TO PROPERTY VALUATIONS. IN TURN, THE RISKS RELATING TO THE GROUP, INCLUDING THE GUARANTOR AND ITS BUSINESS HAVE BEEN CATEGORISED UNDER THE FOLLOWING MAIN CATEGORIES, ACCORDING TO WHETHER THE RISK FACTORS RELATE TO: (I) ECONOMIC AND FINANCIAL RISKS; (II) BUSINESS AND OPERATIONAL RISKS; AND (III) LEGAL, REGULATORY, AND COMPLIANCE RISKS.

THE RISK FACTOR FIRST APPEARING UNDER EACH SUB-CATEGORY CONSTITUTES THAT RISK FACTOR WHICH THE DIRECTORS HAVE ASSESSED TO BE THE MOST MATERIAL RISK FACTOR UNDER SUCH SUB-CATEGORY AS AT THE DATE OF THIS BASE PROSPECTUS. SUBSEQUENT RISK FACTORS IN THE SAME SUB-CATEGORY ARE NOT RANKED IN ORDER OF MATERIALITY OR PROBABILITY OF OCCURRENCE. IN MAKING THEIR ASSESSMENT OF MATERIALITY, THE DIRECTORS HAVE EVALUATED THE COMBINATION OF: (I) THE PROBABILITY THAT THE RISK FACTOR OCCURS; AND (II) THE EXPECTED MAGNITUDE OF THE ADVERSE EFFECT ON THE FINANCIAL CONDITION AND PERFORMANCE, OPERATIONAL PERFORMANCE, AND BUSINESS AND, OR TRADING PROSPECTS OF THE GROUP, IF THE RISK FACTOR WERE TO MATERIALISE. WHERE A RISK FACTOR MAY BE CATEGORISED IN MORE THAN ONE CATEGORY, SUCH RISK FACTOR ONLY APPEARS ONCE IN THE MOST RELEVANT CATEGORY OR SUB-CATEGORY FOR SUCH RISK FACTOR.

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS ADVERSE EFFECT ON THE ISSUER'S AND, OR GROUP'S FINANCIAL RESULTS, FINANCIAL CONDITION, OPERATIONAL PERFORMANCE, AND BUSINESS AND, OR TRADING PROSPECTS, AS WELL AS THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE SECURITIES ISSUED BY IT FROM TIME TO TIME, INCLUDING ITS OBLIGATIONS UNDER THE SECURED BONDS. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS AS AT THE DATE OF THIS BASE PROSPECTUS, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER AND, OR THE GROUP FACES OR COULD FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE DIRECTORS ARE NOT CURRENTLY AWARE OF, OR THAT THE DIRECTORS CURRENTLY DEEM IMMATERIAL, INDIVIDUALLY OR CUMULATIVELY, MAY WELL RESULT IN A MATERIAL ADVERSE IMPACT ON THE ISSUER'S AND, OR GROUP'S FINANCIAL RESULTS, FINANCIAL CONDITION, OPERATIONAL PERFORMANCE, AND BUSINESS AND, OR TRADING PROSPECTS.

THIS BASE PROSPECTUS AND THE APPLICABLE FINAL TERMS, THE DOCUMENTATION INCORPORATED BY REFERENCE HEREIN, AND, OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE SECURED BONDS ISSUED BY THE ISSUER: (I) IS NOT INTENDED TO PROVIDE THE BASIS FOR ANY CREDIT OR OTHER EVALUATION; (II) IS NOT AND SHOULD NOT BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER, THE GUARANTOR, THEIR DIRECTORS, ANY OF THE ADVISORS LISTED IN SECTION 5.1 BELOW, OR ANY OF THE AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS BASE PROSPECTUS, THE DOCUMENTATION INCORPORATED BY REFERENCE HEREIN, OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY SECURITIES ISSUED BY THE ISSUER, INCLUDING THE BONDS, AND, THEREFORE, PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN EVALUATION OF ALL RISK FACTORS, AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS BASE PROSPECTUS; AND (III) CONTAIN STATEMENTS THAT ARE, OR MAY BE DEEMED TO BE, "*FORWARD LOOKING STATEMENTS*".

3.2 FORWARD-LOOKING STATEMENTS

Forward-looking statements can be identified by the use of forward-looking terminology, including the terms "*believes*", "*estimates*", "*forecasts*", "*projects*", "*anticipates*", "*expects*", "*envisages*", "*intends*", "*may*", "*will*", or "*should*" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places within this Base Prospectus and include statements regarding the intentions, beliefs, or current expectations of the Issuer and, or the Guarantor's directors concerning, amongst other things, the Group's strategy and business plans, financial condition and performance, results of operations, liquidity, prospects, investments, and the markets in which the Group operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may, or may not occur, in the future. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Issuer's and, or the Guarantor's and, or the Group's actual operational results, financial condition and performance, and trading prospects may differ materially from the impression created by the forward-looking statements contained in this Base Prospectus. In addition, even if the operational results, financial condition and performance, and trading prospects of the Issuer and, or the Guarantor and, or the Group are consistent with the forward-looking statements contained in this Base Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to, those factors identified under section 3 of this Base Prospectus headed "Risk Factors" and elsewhere in this Base Prospectus.

All forward-looking statements contained in this Base Prospectus are made only as at the date hereof. Subject to applicable legal and regulatory obligations, the Issuer, the Guarantor, and their respective directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

3.3 RISKS RELATING TO THE ISSUER AND ITS BUSINESS

As further described in section 6 of this Base Prospectus, the Issuer was set up as the finance and investment arm of the Group, with one of its purposes being that of financing or re-financing the funding requirements of the business of the Group.

As a holding and investment company, the the Issuer's main assets consist of shares held in ST Group Capital Investments Ltd. As such, the Issuer's only revenue-generating activity is the receipt of dividends from ST Group Capital Investments Ltd, whose ability to declare and pay such dividends is in turn dependant on the operational results, financial position and financial performance of primarily, the various Subsidiaries. The Issuer is thus economically dependant on the Group as a whole. Consequently, any adverse change in the operational results, financial position or financial performance of any company within the Group, including as a result of conditions affecting the sectors in which the Group operates, could have a material adverse effect on the Issuer's ability to meet its obligations under the Secured Bonds.

The ability of ST Group Capital Investments Ltd and the other Subsidiaries within the Group to distribute dividends is dependent on their respective cash flows and earnings, which may be affected by, among other things: (i) changes in applicable laws and regulations; (ii) the terms of agreements to which the relevant Subsidiary is or may become party, including agreements governing its existing indebtedness, if any; (iii) risks of delays in the completion of development projects; (iv) a slowdown in the economic conditions of the Maltese market; and (v) other factors beyond the control of the relevant entity.

Moreover, the declaration of a dividend by any Group entity is dependent upon, amongst other factors, the assessment by the board of directors of the relevant entity of the prevailing market outlook and future investment requirements, any debt servicing obligations, working capital requirements and the relevant entity's cash flow position. In terms of the Act, dividends, including preferential dividends, may only be paid out of profits available for distribution, and the directors are under a fiduciary duty not to recommend a distribution where they consider that doing so would not be in the company's best interests. Any of the foregoing could limit the payment of dividends to the Issuer or, where a dividend is paid, the quantum thereof. Consequently, any such limitation could have a material adverse effect on the Issuer's ability to meet its obligations under the Secured Bonds.

3.4 RISKS RELATING TO THE GROUP AND ITS BUSINESS

The Issuer is the holding, finance and investment company of the Group. The Group 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 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) hotel assets and 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. Accordingly, the prospects of the Group should be considered in the light of the risks and difficulties generally encountered by companies operating in similar markets and industry sectors in Malta.

3.4.1 Risks relating to the hospitality and leisure businesses of the Group

3.4.1.1 Risks common to the hospitality industry

The Group's hospitality and leisure operations and the results thereof are subject to a number of internal and external factors that could adversely affect its business, many of which are common to the hospitality and leisure industries and beyond the Group's control.

The following factors may have a negative impact on the hospitality and leisure sectors of the Group's business:

a) changes in travel patterns or seasonal variations, as well as consumer preferences concerning price, quality, location, and type of hospitality packages;
b) any increase in, or the imposition of, new taxes or surcharges or other expenses relating to air travel and fuel, and cutbacks and stoppages on airlines or sea travel routes bound for Malta, as well as the imposition of travel restrictions, bans or other measures by the relevant authorities which could have a bearing on the number of visitors arriving at such destinations;
c) changes in laws and regulations, including those concerning the management and operation of hotels and other hospitality outlets, employment, catering and entertainment establishments, health and safety, alcohol licensing, environmental concerns, fiscal policies and zoning and development, and the related costs of compliance;
d) increases in operating costs due to general market conditions, inflation, employment costs, workers' compensation and healthcare related costs, utility costs, increased taxes and insurance costs which could impact margins and could therefore impact the viability (or otherwise) of the operations of the Group;
e) socio-demographical changes (ageing markets, family life-cycles, and changing structures), and economical changes (recessions, increase in oil prices and exchange rates);
f) changes in the sales terms and conditions of main sales channels, the respective fees and commissions payable to online travel agents;
g) the termination, non-renewal and, or the renewal on less favourable terms of agreements entered into with local or international intermediaries, or other material agreements such as management or operation agreements, services agreements, travel agent or platform booking agreements, and other distribution channel agreements; and
h) increased competition from providers of alternative accommodation, including web-based booking channels that allow private accommodation to be made available by private individuals or via online peer-to-peer platforms, and other hospitality models such as bed and breakfasts (B&Bs), room-sharing and flexi-renting, and short-term lets of private property which may be offered at competitive rates.

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 or profitability, 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 including accommodation rates, packages variety, quality, availability, reliability, after-sales service and logistics, and the fluctuations in demand for private and shared accommodation alternatives. The level of competition is subject to increase, and such increase or even saturation in the supply of accommodation may negatively impact the Group's sales revenue and profitability in the hospitality sector.

In addition, many of 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.

3.4.1.2 Risks associated with currency fluctuations and the reference currency of the Group's principal tourist markets

Fluctuations in international currencies may make Malta as a vacation destination less attractive than others, which could have an effect on the operating performance of the Group. The Group enjoys a varied tourist market, including jurisdictions which use currencies other than the Euro. A prolonged and weakened position, or a weakening of the major currencies used in said jurisdictions may negatively impact the ability of the Group's hospitality accommodation properties to attract customers from these strategically important target tourist markets. Such risk is similarly applicable in the case of other currencies susceptible to significant fluctuation.

3.4.1.3 Risks associated with franchise agreements

The Group has, over the years, entered into a number of franchise agreements. In view of the nature of franchising and the franchise arrangements in place, the long-term success of the Group's franchised operations will depend, to a significant extent, on, among other things:

a) the ability of the Group to develop and pursue appropriate marketing strategies in order to maintain and enhance the name recognition, reputation and market perception of the franchised brands, and to introduce and develop new products;
b) the goodwill associated with the franchised brands trademarks;
c) a continued cooperative franchise relationship of the Group with its franchisors. While the majority of franchise agreements entered into by the Group are long-term in nature, typically ranging between ten and twenty years, and generally extendable or renewable for a further five to ten years, and while every effort is expected to be made to maintain a positive relationship with the franchisors, there can be no assurance that events or circumstances in the future will not adversely affect those relationships or that the franchisors will not enforce their respective contractual rights in a manner that is adverse to the Group. In particular, there is no guarantee that the franchisors will not exercise their right to terminate the agreements prior to the expiry of their term, nor that the Group will be successful in securing renewals or extensions of the franchise agreements;
d) the scope of the Group's exclusivity rights. While the Group holds exclusivity rights within a designated area in Malta under the franchise agreements, such exclusivity is subject to certain limitations and reservations; and
e) the continued vitality of the franchised brands and the success, quality and management of the franchisors' overall systems. Any adverse changes in the franchisors' own statuses and performances may materially adversely affect the Group's financial and operational position and performance. Furthermore, as the operations of the franchisors are international, the success of the franchisors is susceptible to regional economic, political, legal, security and social conditions, which may vary considerably between one region and another. Any adverse changes to the aforementioned conditions may adversely impact the franchisors, and in turn adversely impact the Group and its business.

3.4.1.4 Risks associated with relations with suppliers

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

3.4.1.5 Competition risk

The hospitality and leisure industries are characterised by high levels of competition and saturation, influenced by a variety of factors, including pricing, service, location, quality, availability, variety, and advertising. The Group is affronted with constant and ever-increasing competition from establishments of varying form in both the hospitality and leisure spaces. Accordingly, the success of the Group's establishments and activities is dependent on its ability to maintain and enhance its relative competitive strength. In part, this success is dependent on its ability to timely address consumers' shifting trends, such as increased health conscientiousness, or its ability to address particular niches. Furthermore, the Group may be adversely affected should any of its competitors change their concepts or pricing to compete more directly with the Group or the options offered by the Group.

3.4.2 Risks relating to the real estate business of the Group

3.4.2.1 Risks common to the property development and construction industry

As detailed in section 7 of this Base Prospectus, the Group's business encompasses, amongst others, the acquisition, development and operation of real estate projects comprising hotels, hostels, offices and retail spaces. Specifically, the Group has expressed its intention to embark on the development of the Townsquare Site into a mixed-use real estate project including retail, office space and residential units. Consequently, the Group is subject to several specific risks common to activities in the property development and construction industry, including:

a) the risk of insufficiency or lack of availability of resources to complete the development projects in the manner or within the timeframes envisaged;
b) the risk of cost overruns and unexpected increases in project execution costs;
c) the risk of rental or sales transactions not being effected at the prices and within the timeframes envisaged, which may lead to difficulty in obtaining payment from third parties as well as risks of ultimate unfeasibility of development projects;
d) general industry trends, including the cyclical nature of the real estate market, economic depressions, change in market conditions including an oversupply of similar properties, a reduction in demand for real estate, changes in local preferences and tastes, and increased competition in the areas where the development projects are located;
e) delays or refusals in obtaining all necessary zoning, land use, building, development, modifications, occupancy and other required permits and authorisations, including such permits and authorisations from the planning and environment protection authorities, together with legal complexities, and inconsistencies and inaccuracies in the land registrations systems;
f) the risk of not recouping costs associated with property surveys, valuation reports, title and environmental investigations, if a proposed investment were not to proceed to completion after such costs have been incurred;
g) covenants, conditions, restrictions, and easements relating to the properties or their use, whether arising out of law or by way of contractual arrangement;

h) laws, rules, and regulations, including in relation to acquisition, development, construction, planning, zoning, environmental protection, health and safety, financing, taxation, fiscal policies, insurance, and trade restrictions which may impact the development sector;

i) high levels of activity in the sector may place a strain on the availability of human and other capital resources required to undertake and complete the development projects that the Group is committed to, or may wish to undertake, from time to time; and

j) government restrictions concerning the free movement of people and goods, which might result in delays or changes in terms of established trade supply routes, changes in macro-economic conditions, as well as market and regulatory changes affecting the construction and property development processes.

The occurrence of any of the risk factors described above could have a material adverse effect on the Group's business, financial condition, and results of operations, including the increase in projected costs and completion times.

3.4.2.2 Risks relating to the renovation and refurbishment of existing properties

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" such as earthquakes, hurricanes, floods or fires, 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 as prospective lessees defaulting on their obligations with the Group. Such parties (which may include both third parties as well as related 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 which are 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.

3.4.2.3 Risks relating to the engagement and, or the involvement of third parties in connection with the Group's operations in the property sector and associated counterparty risks

The Group places a degree of reliance on third parties such as architects, contractors and sub-contractors, and suppliers engaged in the valuation, demolition, excavation, and, or finishing of developments. This gives rise to counterparty risk in those instances where such counterparties (which may include both third parties as well as related parties) do not perform in line with the Group's expectations and in accordance with their contractual obligations due to, among other reasons, their insolvency, lack of liquidity, market or economic downturns, operational failure or other reasons which are beyond the Group's control. Such default could have a material adverse impact on any development project of the Group, including the ability of the Group to complete projects within stipulated deadlines or with the necessary specifications, failure of which may result in loss of revenue and reduced profitability of the Group. In addition, the Group's ability to source third-party contractors or sub-contractors having the sector-specific expertise or resources necessary to bid for, undertake, and successfully complete development projects could have an adverse effect on the Group's competitive positioning in the property development market. If these risks were to materialise, this would have an adverse impact on the Group's business, its financial condition, results of operations, and prospects.

3.4.2.4 Risks associated with ability to obtain necessary planning and development permits and maintaining ongoing compliance therewith

Securing planning approvals by the competent planning and environment authorities in a timely manner is of key importance to the Group's property development activities. There can be no certainty that any given planning application will result in planning approvals being granted, or that if granted, will not be on unduly onerous or restrictive terms. Delays, objections or successful appeals relating to planning approvals may also necessitate adjustments to project plans, which may result in increased development costs and, or reduced revenues estimated to be generated. Furthermore, a change in local and national planning policies could impact the Group's development strategy. All of the aforesaid could adversely affect the Group's projections, revenue, and profit.

3.4.2.5 Risks associated with the lease of real estate

The Group's business model is significantly reliant on the revenues generated from the lease of units forming part of its property portfolio. This reliance exposes the Group to a number of risks which may adversely affect its financial performance and ability to meet its obligations under the Secured Bonds. There can be no assurance that the Group will be able to secure or retain tenants on terms that are commercially favourable or consistent with historical occupancy rates. Market conditions, tenant preferences and competitive pressures may affect the Group's ability to maintain or improve occupancy levels. Furthermore, the financial stability of tenants may deteriorate over time due to macroeconomic factors, sector-specific downturns, or individual business failures. Defaults by tenants or early terminations of lease agreements could result in a material reduction in rental income. This may necessitate the injection of additional capital or seeking alternative financing to cover operational shortfalls or service debt obligations. In light of these risks, prospective investors should carefully consider the potential volatility in lease income and its impact on the Issuer's financial condition, liquidity, and overall business prospects.

3.4.3 Economic and financial risks

3.4.3.1 Risks associated with the exposure to the economic conditions of the Maltese market

The Group's business activities and operations are all situated in Malta. Accordingly, the Group is susceptible to the economic trends that may from time to time be felt in Malta, including fluctuations in consumer demand, financial market volatility, inflation, the property market, interest rates, exchange rates, direct and indirect taxation, wage rates, utility costs, government spending and budget priorities, and other general market, economic, and social factors. Negative economic factors and trends in Malta, particularly those having an effect on the tourism, services, and the property construction and development industries, would have, in turn, a negative impact on the business of the Group.

In particular, even though the Maltese economy has been performing well in recent years, characterised by healthy and steady economic growth and low unemployment levels, any deterioration in the economy or market segments thereof, whether actual or perceived, could adversely affect the financial performance and condition of the Group. Challenging economic and sociopolitical conditions could reduce demand for the Group's product and service offerings, increase expenses, lower disposable income, increase impairments, and negatively impact the value of security interests or collateral constituted under its financing or other contractual arrangements (in particular, land and property values). Moreover, prolonged periods of sociopolitical uncertainty, unrest and, or government deadlock could, in turn, have a negative effect on the demand for the Group's product and service offering, which could have a material adverse effect on the results of its operations and its financial performance and condition. The Group's business, results of operation, financial condition or prospects may also be affected by such financial, economic, and socio-political developments in or affecting the Maltese market.

3.4.3.2 Risks associated with the Group's financing and investment strategies

The Group's activities potentially expose it to a variety of financial risks associated with the unpredictability inherent in financial markets, including market risk (such as the risk associated with fluctuations in fair values of investments), credit risk (the risk of loss by the Group due to its debtors not respecting their commitments), and interest rate risk (such as the risk of potential changes in the value of financial assets and liabilities in response to changes in the level of market interest rates and their impact on cash flows). Any downturn or weakness in the capital markets or banking environment may limit the Group's ability to raise capital for completion of projects. Failure to obtain, or delays in obtaining, the capital required to complete current or future projects on commercially reasonable terms, including increases in borrowing costs or decreases in loan availability, may limit the Group's growth and adversely affect its business, financial condition, results of operations, and prospects.

3.4.3.3 Risks associated with the Group's indebtedness

The Group has a material amount of debt, amounting to *circa* €102 million as at 30 June 2026, and it may, from time to time, incur additional debt for the purpose of refinancing indebtedness as well as to fund future growth in terms of acquisitions and developments.

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

A number of the Group's bank facilities may be secured by special hypothecs over the Group's property, general hypothecs over present and future assets, guarantees by companies within the Group, pledges over cash balances, and specific insurance policies. Defaults under financing agreements could lead to the enforcement of security over property owned by the Group, where applicable, and, or cross-defaults under other financing agreements.

3.4.4 Business and operational risks

3.4.4.1 Risk of loss of key senior personnel and specialist personnel

The Group believes that its growth is partially attributable to the efforts and abilities of the directors and members of its executive management team and other key or specialist personnel, including its project management personnel, sector-specific experts and professionals and other personnel, and upon its ability to attract, develop, and retain such key personnel to manage and grow the Group's business.

The Group's inability to attract, develop and retain key and highly skilled and qualified personnel with sector-specific experience and expertise or leadership capabilities, could have an adverse effect on its relationships with stakeholders and the operational results, financial position, and, or the growth prospects and strategic objectives of the business of the Group. Furthermore, if one or more of such persons currently or in future employed by the Group were unable or unwilling to continue in their position, particularly if such members are lost to competitors of the Group, 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.

Moreover, the Group's inability to train and motivate its key personnel to meet the evolving trends in the industries and markets in which the Group operates could cause a decrease in the overall quality, efficacy, and efficiency of such personnel. Such consequences could adversely affect the Group's business, results of operations, or cash flows. Additionally, unless skills are supported by a sufficient infrastructure to enable knowledge and skills to be passed on, the Group risks losing accumulated knowledge if key employees leave.

3.4.4.2 Risks relating to the Group's exposure to claims and litigation inherent in the Group's operations

All industries in which the Group operates in are subject to legal claims, with or without merit. Litigation is expensive, time-consuming, and may divert management's attention away from the operation of the business of the Group. In addition, the Group cannot be certain that its insurance coverage will be sufficient to cover one or more substantial claims. Adverse publicity from such allegations, claims, or proceedings may also adversely affect the turnover generated by the Group, its goodwill, and trading prospects, regardless of whether such allegations or claims are true or whether the Group is ultimately held liable. Furthermore, it is possible that if complaints, claims, or legal proceedings such as the aforementioned were to be brought against a direct competitor of the Group, the latter could also be affected due to the adverse publicity brought against, and concerns raised in respect of, the industry in general.

No assurance can be given that disputes which could have such effect would not arise in the future. Exposure to litigation or fines imposed by regulatory authorities may affect the Group's reputation even though the monetary consequences may not be significant.

3.4.4.3 Risks relating to the failure to implement sustainable and, or environmental, social, and governance considerations in the Group's business model

There is a growing expectation for businesses to ensure that they conduct their business in a sustainable and environmentally responsible manner, including by taking proactive measures to reduce their carbon footprint, maximise the use of recycled and recyclable or biodegradable materials, reduce the use of plastic, and increase the use of alternative and sustainable means of design and construction. This trend is not only drawn from a growing concern surrounding the depletion of the natural environment and natural resources, the adverse effects of climate change, and the consequential negative effects of unsustainable practices, but also from legal and regulatory requirements.

Additionally, with an increased emphasis on environmental, social, and governance (**"ESG**") considerations at a global level, the implementation of sustainable factors in the Issuer's business model is expected to come under increased scrutiny by investors, regulators, and the public at large. ESG considerations for the purposes of the Group's business may include, but are not limited to, energy performance, energy and resource efficiency, waste management, energy and water use, the use of renewables, as well as social and employment considerations of workers and the health and safety thereof.

The failure of the Group to ensure that it satisfies environmental and sustainability laws and regulations, or meet market pressures and consumer expectations concerning sustainability could in future, in the event of introduction of measures aimed at fostering increased sustainability and environmental protection, have a material adverse effect on the Group's business, financial condition, and, or results of operations, including a loss of business or business retention, exposure to regulatory fines, and the inability of the Group to obtain the necessary permits or other authorisations to carry out its business operations, projects, or investments.

3.4.4.4 Risks relating to the Group's insurance cover

Historically, the Group has maintained insurance at levels determined by the Group to be appropriate in light of the cost of cover, the nature and volume of its activities, its legal and contractual minimum insurance cover obligations and commitments, and the risk profiles of the business sectors in which the Group operates. With respect to losses for which the Group is covered by its policies, it may prove challenging, and may take time, to recover such losses from insurers. In addition, the Group may not be able to recover the full amount from the insurer, including but not limited to procedural restrictions or formalities, or due to substantive exclusions, exemptions, limitations on coverage, de minimis liability coverage limitations, prescriptive time periods and limitations, reporting or other disclosure requirements, licensing or other authorisation or registration requirements, breach of restrictive covenants or undertakings, breach of warranties and, or representations, as well as restrictions or formalities relating to the initiation of, and control over, litigation, investigations, or other proceedings relating thereto. Furthermore, its insurance policies may be pledged or otherwise granted as security in favour of third-party financiers or other third parties and the Group may not be able to recover amounts thereunder where such security subsists.

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. In addition, changes in legislation or judicial interpretation, or the issuance or alteration of directives, orders or other measures (whether interim or otherwise), by the relevant authorities (including but not limited to governmental departments or authorities, planning and development authorities, health and safety authorities, environmental authorities, among others) may impact the ability to recoup losses under insurance coverage held by the Group. Furthermore, the actions or inactions of employees or other officials of the Group, or of any of its contractors, sub-contractors, outsourcing parties, or other third-parties engaged by the Group from time to time, may affect the ability of the Group to successfully make a claim under its insurance policies.

3.4.4.5 Risks relating to reliance on non-proprietary software systems and third-party information technology providers

To varying degrees, the Group is increasingly dependent on the proper and uninterrupted operations of its computer systems, information processing and management systems software and telecommunications networks, electronic communication networks, access to the internet, as well as the systems and services of other third parties (collectively the "**I.T. Systems**") that are necessary to carry out its business. Its operational activities may become subject to a failure, disruption, or other interruption in its I.T. Systems. Such event may arise as a result of various factors that may be out of the control of the Group, as a result of (without limitation) natural disasters, electricity outages, and, or technical malfunctions which could be malicious (including, but not limited to, the risks of increasingly sophisticated cyber-attacks such as malware attacks, ransomware, phishing, hacking, or any other form or type of cyber-attack, data theft, or other unauthorised use of data), due to errors, negligence, or force majeure. In addition, service level agreements, business continuity plans, and disaster recovery plans intended to ensure continuity and stability of these systems may not necessarily prove sufficient to avoid any type of disruption to the Group's business.

A failure or disruption in the I.T. Systems that support the Group's business could lead to loss of control over its online reservation systems, critical business, project information, or systems, and adversely impact its ability to operate. The Group may additionally be unable to develop or acquire competitive I.T. Systems capable of meeting its business requirements and, or may lack sufficient resources to invest in I.T. Systems that will allow it to compete with its competitors and efficiently protect information and operating systems. Any of the foregoing risks could have a material adverse effect on the Group's business, results of operations, financial condition, and prospects.

3.4.5 Legal, regulatory and compliance risks

3.4.5.1 Risks relating to the collection, processing, and storage of personal data

Whenever personal data is collected, processed, and stored by the Group, the activity conducted is subject to the rules governing the processing of personal data in terms of the Data Protection Act (Cap. 586 of the laws of Malta), subsidiary legislation issued thereunder, and the General Data Protection Regulation (EU) 2016/679. The Group is subject to a number of obligations concerning the processing of personal data under such regulation which if breached, could result in the Group being liable to fines that could affect its financial position. To this end, the Group has appointed a Group Data Protection Officer who is the liaising person for data subjects and the regulator.

Breach of data privacy legislation could result in the Group being subject to claims by its customers, for infringement of privacy rights. Should any such claims be brought, the Group could face administrative proceedings (including criminal proceedings) initiated against it by data protection regulators which could result in substantial penalties being imposed. In addition, any inquiries made, or proceedings initiated by the relevant regulator, could lead to negative publicity which could materially adversely affect its reputation and, as a result, its business, earnings and, or financial condition. The more restricted ability to collect and use personal data in a way that is of commercial use to the Group could also adversely impact the Group's business.

3.4.5.2 Risks relating to the regulatory environment in which the Group operates

The Group operates in a complex regulatory environment, as a result of which it is subject to a vast array of rules and regulations, including but not limited to the requirements prescribed by the Occupational Health and Safety Authority Act (Cap. 424 of the laws of Malta), the Work Place (Minimum Health and Safety requirements for Work at Construction Site) Regulations (subsidiary legislation 424.36), the Development Planning Act (Cap. 552 of the laws of Malta), the Environmental Management Construction Site Regulations (subsidiary legislation 552.09), the Building Regulation Act (Cap. 513 of the laws of Malta), and the Avoidance of Damage to Third Party Property Regulations (subsidiary legislation 623.06) as each may be amended or otherwise supplemented from time to time, as well as other rules and regulations generally relating and applicable to the hospitality and leisure industry, catering and entertainment establishments, the leasing of real estate and property construction and development, among others. The regulatory environment in which the Group operates is constantly evolving, with the introduction of new rules and regulations, or the amendment or overhaul of existing ones.

The inability of the Group to meet its ongoing regulatory and legal requirements, whether in whole or in part, or the inability of the Group to equip itself to comply with forthcoming legislation or regulation in a timely and suitable manner, may expose the Group to the risk of regulatory sanctioning, including but not limited to, the imposition of public reprimands, administrative or punitive fines or penalties, temporary suspension of activities, or even revocation of licences, permits, or other authorisations, whether in whole or in part. In addition, lack of compliance with legal and regulatory requirements may negatively affect the reputation and goodwill of the Group and may result in a loss of existing or potential business and, or a weakened competitive advantage. If any of these risks were to materialise, they could have a material adverse effect on the operational results and financial performance and position of the Group.

3.4.5.3 Risks relating to health and safety

The Group's business lines are subject to compliance with a number of national and international health and safety standards. Failure to comply with such standards or practices could expose the Group to third-party claims which could in turn have a material adverse effect on its business and profitability. With respect to development projects, the Group is exposed to the risk of injuries both to staff of Group companies and third-party contractors working on site. These could potentially lead to claims against the Group by employees, sub-contractors, or third parties. With respect to hospitality and the leisure business lines, there is a constant need to protect the safety and security of the hotel guests or customers, employees, and assets against natural and man-made threats. These include, but are not limited to, exceptional events such as extreme weather, civil or political unrest, violence and terrorism, serious and organised crime, fraud, employee dishonesty, cybercrime, pandemics, fire and day-to-day accidents, incidents and petty crime which impact the guest or employee experience, could cause loss of life, sickness or injury and result in compensation claims, fines from regulatory bodies, litigation and impact reputation. Serious incidents or a combination of events could escalate into a crisis which, if managed poorly, could further expose the Group and its brands to significant reputational damage.

3.5 RISKS RELATING TO THE TOWNSQUARE INVESTMENT

As further described in section 7.4 of this Base Prospectus, the net proceeds from the Bond Issue are envisaged to be applied towards part-financing the acquisition of the Townsquare Site and part-financing the development thereof.

The Townsquare Site is earmarked for development by the Group into a mixed-use real estate project including, *inter alia*, retail, office space and residential units. In this respect, the Group will be subject to a number of specific risks normally encountered in similar developments, set out in further detail in section 3.4.2 of this Base Prospectus. Such risks include the risk of delays in obtaining the necessary planning permissions, the risk of cost overruns, the risk of construction delays, and the risk of insufficiency of resources to complete the project. Furthermore, the Group will be subject to various counter-party risks, such as contractors and subcontractors

engaged in the construction and finishing of the subject development defaulting or failing to perform on their obligations to the Group due to insolvency, lack of liquidity, market or economic downturns, operational failure or other reasons which are beyond the Group's control. If such risks, or any of them, were to materialise, they could have an adverse impact on the Group's revenue generation, cash flows and financial performance.

Following the entry into the deed of purchase and acquisition of the Townsquare Site, a balance of fifty-five million five hundred thousand euro (€55,500,000) shall remain due and payable to the vendors. Such balance shall be settled by way of annual deferred payments. In warranty of the payment of the annual deferred payments, the vendors shall, on the deed of purchase and acquisition, reserve in their favour the special privilege accorded by law in terms of article 2010 of the Civil Code (Cap. 16 of the laws of Malta) for an amount equivalent to the balance of the consideration. The privilege shall be reduced proportionately upon the settlement of each deferred payment.

Accordingly, the Townsquare Site shall remain subject to the special privilege until the balance of the consideration has been paid in full.

3.6 RISKS RELATING TO THE SECURED BONDS

3.6.1 Suitability

An investment in the Secured Bonds may not be suitable for all recipients of the Base Prospectus and applicable Final Terms and prospective investors are urged to consult an investment advisor licensed under the Investment Services Act (Cap. 370 of the laws of Malta) as to the suitability or otherwise of an investment in the Secured Bonds before making an investment decision. In particular, investors should consult with an investment advisor with a view to ascertaining that the respective investor:

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

An informed investment decision can only be made by investors after they have read and fully understood the risk factors associated with an investment in the Secured Bonds and the inherent risks associated with the Group's business.

3.6.2 No prior market for the Secured Bonds

Prior to the Programme and admission of the Secured Bonds to listing and trading, there has been no public market for the Secured Bonds within or outside Malta. Due to the absence of any prior market for the Secured Bonds, there can be no assurance that the price of the Secured Bonds will correspond to the price at which the Secured Bonds will trade in the market. The market price of the Secured Bonds could be subject to significant fluctuations in response to numerous factors, including the occurrence of any of the risk factors identified in section 3 of this Base Prospectus.

3.6.3 Subsequent changes in interest rate and potential impact of inflation

The Secured Bonds are fixed rate debt securities. Investment in the Secured Bonds involves the risk that subsequent changes in market interest rates may adversely affect the market value of the Secured Bonds. Investors should be aware that because of the way yield is typically calculated by market participants, the price of fixed income securities (such as the Secured Bonds) tends to move in a way that is inversely proportional to changes in interest rates. Accordingly, when prevailing market interest rates are rising, the prices that market participants will generally be willing to pay for the Secured Bonds can be expected to decline. Conversely, if market interest rates are declining, secondary market prices for the Secured Bonds can generally be expected to rise. Moreover, fixed rate debt securities with a longer period to maturity will tend to reflect a greater degree of secondary market price volatility relative to movements in market interest rates when compared to fixed rate debt securities with a shorter remaining life.

The coupon payable on the Secured Bonds is a nominal interest rate. The real interest rate is computed by subtracting inflation from the nominal interest rate, the result of which indicates the real return on the Secured Bond coupons. In a period of high inflation, an investor's real return on the Secured Bonds will be lower than the Secured Bonds' nominal interest rate and thus undermine an investor's expected return. Furthermore, an increase in inflation may result in a decrease in the traded price of the Secured Bonds on the secondary market.

3.6.4 Orderly and liquid secondary market

The existence of an orderly and liquid market for the Secured Bonds depends on a number of factors, including but not limited to the presence of willing buyers and sellers of the Secured Bonds at any given time and the general economic conditions in the market in which the Secured Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer and the Guarantor have no control. There can be no assurance that continued or increased volatility and disruption in the capital markets will not impair the saleability of the Secured Bonds in the secondary markets. Accordingly, there can be no assurance that an active secondary market for the Secured Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to trade in the Secured Bonds at all.

3.6.5 Future public offers

No prediction can be made about the effect which any future public offerings of the Issuer's securities (including but not limited to the effects arising out of a change in the cash flow requirements of the Issuer or other commitments of the Issuer vis-à-vis the new security holders), or any takeover or merger activity involving the Issuer (including but not limited to a delisting, in full or in part, of the Secured Bonds), will have on the market price of the Secured Bonds prevailing from time to time.

3.6.6 Currency of reference

A Bondholder will bear the risk of any adverse fluctuations in exchange rates between the currency of denomination of the Secured Bonds (€) and the Bondholder's currency of reference, if different. Such adverse fluctuations may impair the return of investment of the Bondholder in real terms after taking into account the relevant exchange rate.

3.6.7 Continuing obligations

After the Secured Bonds are admitted to trading on the Official List, the Issuer must remain in compliance with certain requirements. The MFSA has the authority to suspend trading of the Secured Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or of the integrity or reputation of the market. Furthermore, the MFSA may discontinue the listing of the Secured Bonds if, *inter alia*, it is satisfied that, owing to special circumstances, normal regular dealings in the Secured Bonds are no longer possible, or upon the request of the Issuer or the MSE. Any such trading suspensions or listing revocations or discontinuations described above, could have a material adverse effect on the liquidity and value of the Secured Bonds.

3.6.8 Amendments to the Terms and Conditions

The Terms and Conditions contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. In the event that the Issuer wishes to amend any of the Terms and Conditions it shall call a meeting of Bondholders in accordance with the provisions of section 17 of this Base Prospectus. 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.

3.6.9 Changes in law

The Terms and Conditions are based on Maltese law in effect as at the date of this Base 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 this Base Prospectus.

3.7 RISKS RELATING TO THE GUARANTEE AND THE COLLATERAL

3.7.1 Risks relating to the Guarantee

The Guarantor shall grant a corporate guarantee, pursuant to which it will bind itself to pay the principal amount and interest due under the Secured Bonds on a joint and several basis with the Issuer. The Security Trustee, for the benefit of the Bondholders, shall be entitled to request the Gurantor to pay both the interest due and the principal amount under the Secured Bonds on first demand, if the Issuer fails to meet any amount, when due in terms of the Base Prospectus, in accordance with the terms of the Guarantee. The strength of the undertakings given in the Guarantee and, accordingly, 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. Accordingly, the Security Trustee may not be able to recover the full amount of principal and interest outstanding under the Secured Bonds by virtue of the enforcement of the Guarantee should the Guarantor's financial position and operational performance be adversely impacted throughout the term of the Secured Bonds.

3.7.2 Risks relating to the Collateral

The Secured Bonds shall be secured by the Collateral. 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 Bonds will be sufficient to cover the full amount of interest and principal outstanding under the Secured 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 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 Secured Bonds.

3.8 RISKS INHERENT IN PROPERTY VALUATIONS

The valuation of property is inherently subjective, due to, among other things, the nature of the subject property and the assumptions upon which the valuation is carried out. Accordingly, there can be no assurance that the valuations referred to in this Base Prospectus reflect 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.

4. RESPONSIBILITY, AUTHORISATION STATEMENT, AND CONSENT FOR USE

4.1 PERSONS RESPONSIBLE

The Directors, whose details appear under section 10.1 of this Base Prospectus, are responsible for the information contained in this Base Prospectus. To the best of the knowledge and belief of the Directors, who have all taken reasonable care to ensure such is the case, the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

4.2 AUTHORISATION STATEMENT

This Base Prospectus has been approved by the MFSA as the competent authority in Malta for the purposes of the Prospectus Regulation. The MFSA has only approved this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and the Capital Markets Rules and such approval should not be considered as an endorsement of the Issuer and, or the Guarantor and, or the Secured Bonds (as the subjects of this Base Prospectus). Investors should make their own assessment as to the suitability of investing in the Secured Bonds.

4.3 CONSENT FOR USE OF BASE PROSPECTUS

For the purposes of any Application for Secured Bonds in terms of this Base Prospectus and the relevant Final Terms 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 Regulation, the Issuer consents to the use of this Base Prospectus and relevant Final Terms (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 consent is limited only:

a) in respect of Secured Bonds subscribed for through (or otherwise placed by) Authorised Financial Intermediaries during such periods as set out in the relevant Final Terms when a subscription of Secured Bonds is possible; and, or
b) any resale or placement of the Secured Bonds taking place in Malta.

None of the Issuer, the Guarantor, the Sponsor, Manager & Registrar, nor any of their respective advisors take any responsibility for any of the actions of any Authorised Financial Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale, placement, or other offering of the Secured Bonds.

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

In the event of a resale, placement or other offering of the 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.

Any resale, placement or other offering of the Secured Bonds to an investor by an Authorised Financial Intermediary will be made in accordance with any terms and other arrangements in place between such Authorised Financial Intermediary and such investor including as to price, allocations and settlement arrangements. Where such information is not contained in the Base Prospectus and, or the relevant Final Terms, it will be the responsibility of the relevant Authorised Financial Intermediary at the time of such resale, placement or other offering to provide the investor with that information and none of the Issuer, the Guarantor, the Sponsor, nor the Manager & Registrar, have any responsibility or liability for such information.

Any Authorised Financial Intermediary using this Base Prospectus and the relevant Final Terms in connection with a resale, placement or other offering of the Secured Bonds subsequent to the Bond Issue on the conditions set out herein shall publish on its website a notice to this effect.

Any new information with respect to Authorised Financial Intermediaries unknown at the time of the publication of the Base Prospectus or the relevant Final Terms will be made available by the Issuer through a company announcement which will be made available on the Issuer's website: https://stivalagroup.com/?page_id=21. Company announcements issued by the Issuer will also be available on the MSE's Official Appointed Mechanism: https://www.borzamalta.com.mt/officially-appointed-mechanism

5. IDENTITY OF ADVISORS AND AUDITORS

5.1 ADVISORS

The persons listed hereunder have advised and assisted the Directors in the drafting and compilation of this Base Prospectus, but they do not make any representation or statement unless otherwise expressly stated in this Base Prospectus, and each of them disclaims any responsibility for any representations and other statements made in this Base Prospectus.

Legal Counsel	Mamo TCV Advocates 103, Palazzo Pietro Stiges, Strait Street, Valletta VLT 1436, Malta
Sponsor	M.Z. Investment Services Limited 63, MZ House, St. Rita Street, Rabat RBT 1523, Malta
Manager & Registrar	Bank of Valletta p.l.c. 58, Zachary Street, Valletta VLT 1130, Malta
Financial Advisors	NOUV MT Advisory Ltd NOUV MRO, Frank Galea Street, Zebbug ZBG 9019, Malta

5.2 AUDITORS

Name:	HLB CA Falzon
Address:	Central Office Building, Block A, Level 1, Mosta Road, Lija LJA 9016, Malta

The annual statutory financial statements of the Issuer and the Guarantor for the financial years ended 31 December 2025, 31 December 2024 and 31 December 2023 were audited by HLB CA Falzon. HLB CA Falzon is a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act (Cap. 281 of the laws of Malta) and a practicing certificate to act as auditors. The Accountancy Board registration number of HLB CA Falzon is AB/26/84/106.

5.3 SECURITY TRUSTEE

Name:	Bastille Malta Trustees Limited
Address:	The Core, Triq il-Wied ta' L-Imsida, Msida MSD 9021, Malta

Bastille Malta Trustees Limited is licensed by the MFSA to act as a trustee in terms of the Trusts and Trustees Act (Cap. 331 of the laws of Malta).

6. INFORMATION ABOUT THE ISSUER AND THE GUARANTOR

6.1 KEY INFORMATION ABOUT THE ISSUER

Full legal and commercial name of the Issuer	Stivala Group Finance p.l.c.
Registered address	ST Group Head Office, Novotel Hotel, Level 2, 60, Triq Sir Frederick C. Ponsonby, Gzira GZR 1070, Malta
Place of registration and domicile	Malta
Company registration number	C 82218
LEI	213800A1PC5JJQ42YB81
Date of registration	21 August 2017
Legal form	The Issuer is lawfully existing and registered as a public limited company in terms of the Act
Telephone number	+356 2264 1516
Email	info@stivalagroup.com
Website	https://stivalagroup.com/?page_id=21

There are no recent events particular to the Issuer which are, to a material extent, relevant to the evaluation of the Issuer's solvency.

Unless it is specifically stated herein that particular information is incorporated by reference into this Base Prospectus, the contents of the Issuer's website or any other website directly or indirectly linked to the Issuer's website, or any other website referred to herein, do not form part of this Base Prospectus. Accordingly, no reliance ought to be made by any investor on any information or other data contained in such website as a basis for a decision to invest in the Secured Bonds.

6.2 KEY INFORMATION ABOUT THE GUARANTOR

Full legal and commercial name of the Guarantor	Carmelo Stivala Group Limited
Registered address	ST Group Head Office, Novotel Hotel, Level 2, 60, Triq Sir Frederick C. Ponsonby, Gzira GZR 1070, Malta
Place of registration and domicile	Malta
Company registration number	C 62625
LEI	485100TMXES7BTK86K85
Date of registration	14 November 2013
Legal form	The Guarantor is lawfully existing and registered as a private exempt limited company in terms of the Act
Telephone number	+356 2264 1516
Email	info@stivalagroup.com
Website	https://stivalagroup.com/?page_id=21

There are no recent events particular to the Guarantor which are, to a material extent, relevant to the evaluation of the Guarantor's solvency.

Unless it is specifically stated herein that particular information is incorporated by reference into this Base Prospectus, the contents of the Guarantor's website or any other website directly or indirectly linked to the Guarantor's website, or any other website referred to herein, do not form part of this Base Prospectus. Accordingly, no reliance ought to be made by any investor on any information or other data contained in such website as a basis for a decision to invest in the Secured Bonds.

6.3 HISTORICAL DEVELOPMENT OF THE GROUP

The Group's business dates back to 1979, when Carmelo Stivala founded C. Stivala & Sons Limited with the object of providing construction and real estate development services to personal and corporate customers.

Over the years, the Group has evolved from a traditional construction and contracting enterprise to a real estate development business through the acquisition of real estate, the development of the acquired sites using the Group's in-house expertise and their subsequent operation through the leasing of commercial and residential units and the provision of hotel and hostel accommodation.

The Group's strategy was further diversified in 1998 when Stivala Operators Limited was set up with the primary purpose of managing and operating the Group's hotels, hostels and short-let accommodation. As from January 2017, the operations of Stivala Operators Limited were taken over by ST Hotels Ltd, which, to date, is engaged in the management and operation of the Group's hotels, hostels and short-let apartments. Around the same time, ST Properties Ltd was also set up. As at the date of this Base Prospectus, ST Properties Ltd is engaged in the long-term sub-leasing of the commercial and residential properties of the Group.

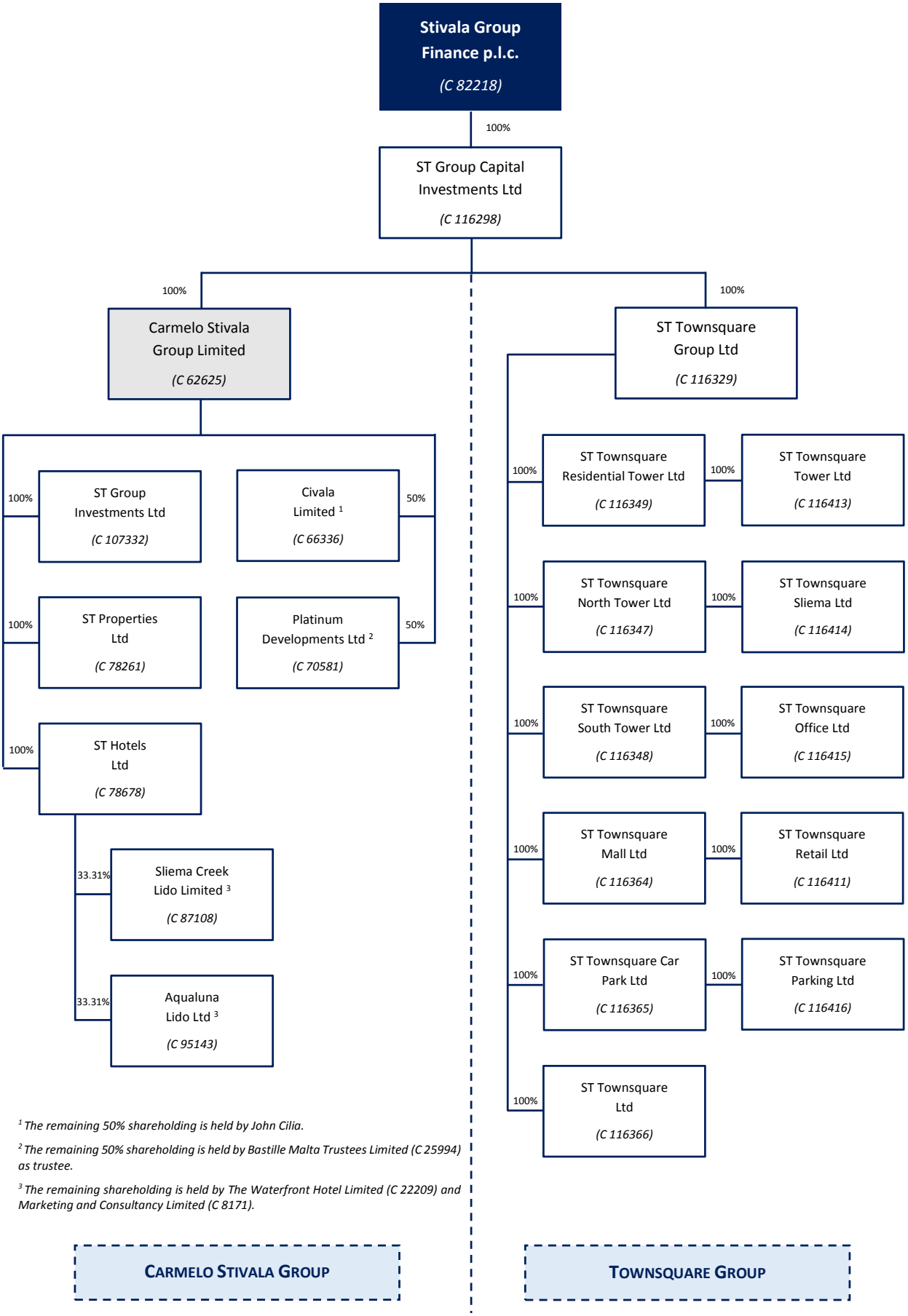
In 2023, ST Group Investments Limited (C 107332) was established for the purposes of owning and managing the intellectual and intangible property of the Group, namely the 'ST Hotels' and 'ST Properties' brands.

During the first half of 2026, the Group implemented a structural re-organisation. On the 22 June 2026, ST Group Capital Investments Ltd was incorporated. Subsequently, the Issuer transferred to ST Group Capital Investments Ltd its entire shareholding in Carmelo Stivala Group Limited (the Guarantor), such that ST Group Capital Investments Ltd became the sole shareholder of Carmelo Stivala Group Limited.

ST Townsquare Group Ltd was established on the 24 June 2026 as a wholly-owned subsidiary of ST Group Capital Investments Ltd. This was followed by the incorporation of the various entities forming part of the ST Townsquare Group.

6.4 ORGANISATIONAL STRUCTURE OF THE GROUP

The organisational structure of the Group is illustrated in the diagram below, which, *inter alia*, shows the position of the Issuer and the Guarantor within the Group. The Subsidiaries, as well as associated companies are also identified.



[1] The remaining 50% shareholding is held by John Cilia.

[2] The remaining 50% shareholding is held by Bastille Malta Trustees Limited (C 25994) as trustee.

[3] The remaining shareholding is held by The Waterfront Hotel Limited (C 22209) and Marketing and Consultancy Limited (C 8171).

6.5 THE ISSUER

The Issuer was incorporated on 21 August 2017 to act as a financing and investment arm of the Group. The Issuer's principal activity is the financing and re-financing of the funding requirements of the Group. On the date of this Base Prospectus, the Issuer is primarily dependent on the operations and performance of its direct and indirect Subsidiaries.

The Issuer is ultimately owned by Martin John Stivala, Ivan Stivala and Michael Stivala together with their direct descendants and families.

Pursuant to a prospectus dated 25 September 2017, the Issuer issued €45,000,000 4% Secured Bonds due for redemption in 2027 (ISIN: MT0001601203). The proceeds of the said bond issue were applied towards the re-financing of various banking facilities and the acquisition and development of various properties.

By virtue of a prospectus dated 18 July 2019, the Issuer issued €15,000,000 3.65% Secured Bonds due for redemption in 2029 (ISIN: MT0001601211). The proceeds of the said bond issue were applied, *inter alia*, towards the acquisition of new property and the re-financing of an existing banking facility.

6.6 THE GUARANTOR

Carmelo Stivala Group Limited, the Guarantor of the Secured Bonds, is a wholly-owned subsidiary of the Issuer, held via ST Group Capital Investments Ltd. The Guarantor's principal activities comprise real estate ownership and development, hospitality operations and long-term letting.

The Guarantor is the sole shareholder of ST Hotels Ltd, ST Properties Ltd and ST Group Investments Ltd.

ST Hotels Ltd is primarily engaged in the operation and management of the Guarantor's portfolio of hotels, hostels and short-let apartments, namely, Novotel Hotel, a four-star hotel comprising 293 rooms, three-star ST Azur Hotel (comprising 177 rooms), ST Bayview Hotel (comprising 156 rooms) and ST Alavits Hotel (comprising 86 rooms) and ST Blubay Apartments (comprising 109 units) and ST Valletta View Apartments (comprising 42 units). Furthermore, ST Hotels Ltd holds a 33.3% shareholding in Sliema Creek Lido Limited (C 87108) and Aqualuna Lido Ltd (C 95143), both of which are engaged in the operation and management of Aqualuna, a beachclub and lido situated in Gzira, Malta.

ST Properties Ltd is principally involved in the long-term leasing and sub-leasing of the commercial and residential properties owned by the Guarantor. Its commercial portfolio mainly comprises restaurants, educational institutions, retail outlets and office space, including the ST Balluta Business Centre in Balluta Bay, St. Julian's, the ST Business Centre in Gżira, the ST Charlie's Business Centre in Msida, and the ST Tower in Ta' Xbiex.

ST Group Investments Limited owns and manages the intellectual and intangible property of the Group, namely the 'ST Hotels' and 'ST Properties' brands.

Associated Companies
Carmelo Stivala Group Limited holds a 50% equity interest in each of Platinum Developments Ltd (C 70581) and Civala Limited (C 66336). Platinum Developments Ltd owns and leases three residential units and one office located on the Sliema Seafront. Civala Limited owns a 900m^2 site earmarked for the future development of a five-storey car park and overlying office space.

6.7 ST TOWNSQUARE GROUP

The ST Townsquare Group comprises ST Townsquare Group Ltd and its direct and indirect subsidiaries.

ST Townsquare Group Ltd was established as a private limited liability company on the 24 June 2026. It serves as the sole shareholder of each of ST Townsquare North Tower Ltd, ST Townsquare South Tower Ltd, ST Townsquare Residential Tower Ltd, ST Townsquare Mall Ltd, ST Townsquare Car Park Ltd and ST Townsquare Ltd. Further details regarding these companies are provided in the table below.

The ST Townsquare Group has been structured on a two-tier basis whereby each intermediate company is intended to hold title to and develop the relevant component of immovable property forming part of the Townsquare Site, whilst the respective wholly-owned subsidiary is intended to lease, operate and manage the building, once completed, on a day-to-day basis. The table below sets out the companies within the ST Townsquare Group, their respective registration details and principal intended purpose:

Company	Registration No.	Purpose
ST Townsquare North Tower Ltd	C 116347	Ownership and development of an office building within the Townsquare Site
ST Townsquare Sliema Ltd	C 116414	Manager and lessee of the office building owned by ST Townsquare North Tower Ltd
ST Townsquare South Tower Ltd	C 116348	Ownership and development of an office building within the Townsquare Site
ST Townsquare Office Ltd	C 116415	Manager and lessee of the office building owned by ST Townsquare South Tower Ltd
ST Townsquare Residential Tower Ltd	C 116349	Ownership and development of residential tower within the Townsquare Site
ST Townsquare Tower Ltd	C 116413	Manager and lessee of residential tower owned by ST Townsquare Residential Tower Ltd
ST Townsquare Mall Ltd	C 116364	Ownership and development of retail areas within the Townsquare Site
ST Townsquare Retail Ltd	C 116411	Manager and lessee of retail space owned by ST Townsquare Mall Ltd
ST Townsquare Car Park Ltd	C 116365	Ownership and development of the car park within the Townsquare Site
ST Townsquare Parking Ltd	C 116416	Management and operation of the car park owned by ST Townsquare Car Park Ltd
ST Townsquare Ltd	C 116366	Common parts owner and condominuim management company

7. BUSINESS OVERVIEW OF THE GROUP

7.1 PRINCIPAL ACTIVITIES AND MARKETS

The Group's core business activities and operations are focused in Malta.

7.2 OVERVIEW OF THE BUSINESS OF THE GROUP

7.2.1 Business Overview

The Issuer was established as the holding company and finance arm of the Group and is the principal vehicle for further expansion of the Group's hospitality business and mixed-use developments. The Group's main business is the acquisition of real estate, principally in the Gzira, Msida University Heights, Sliema, St Julian's and Ta' Xbiex areas, for long term investment purposes. Once acquired, the Group engages in the development or re-development of the properties and their conversion into residential or commercial properties. The majority of real estate is retained by the Group for use in the Group's hospitality operations or for the generation of rental revenues, both from short-term and long-term letting.

The Group has the following main areas of activity:

- **Ownership of real estate and development** – comprises the identification and acquisition of sites or properties that can be developed for subsequent operation, either as part of the Group's hospitality operations or for residential or commercial letting.
- **Hospitality operations** – comprises the operation of hotels, hostels and apartments providing short-term accommodation.
- **Long-term letting operations** – comprises the letting over the longer term of commercial properties and residential properties owned by the Group.

As at the date of this Base Prospectus, Group revenue and earnings are derived primarily from the operation of owned hotels, hostels and short-term let apartments through ST Hotels Ltd. The balance of revenue is generated by ST Properties Ltd and comprises rental income from commercial and long-term let residential properties. On a more limited basis, the Group also develops residential and commercial properties for subsequent resale.

7.2.2 Ownership of Real Estate

The Group owns its immovable properties primarily through Carmelo Stivala Group Ltd, being the Guarantor of the Secured Bonds. The said properties are managed and operated by the two entities that, to date, have served as the Group's principal holding and operating companies, namely, ST Hotels Ltd and ST Properties Ltd.

ST Hotels Ltd is engaged in the operation and management of the Group's hotels, hostels and short-let apartments, namely, the Novotel Hotel, the ST Azur Hotel, the ST Bayvew Hotel, the ST Alavits Hotel and the ST Blubay Apartments and ST Valletta View Apartments.

ST Properties Ltd is principally engaged in the long-term sub-leasing of commercial and residential properties owned by the Guarantor. Its commercial portfolio mainly comprises restaurants, educational institutions, retail outlets and office space, including, ST Balluta Business Centre in Balluta Bay, ST Charlie's Business Centre in Msida, ST Tower in Ta' Xbiex and ST Business Centre in Gzira.

The real estate portfolio of the Group is included in the audited consolidated financial statements of the Issuer as at 31 December 2025, more specifically in the statement of financial position under the headings "Property, plant and equipment" and "Investment property". As at 31 December 2025, the carrying value of real estate amounted to €431.5 million (FY2024: €390.9 million).

The fair value of the freehold buildings as at 31 December 2025 is based on a valuation carried out by an independent architect on 31 December 2025 for properties pledged to secure borrowings and for the consideration of wear and tear. The Group assessed that there were no conditions that would significantly increase or decrease the fair value of assets determined on 31 December 2025.

A brief description of Group properties in the course of development or held for future development is provided below:

Mövenpick Hotel, Sliema (*redevelopment of the ST Sliema Hotel*)

Following the demolition of the 70-room ST Sliema Hotel, pursuant to development permit PA 4896/23, the Group is developing a 16-floor, 165-room hotel at an estimated cost of *circa* €13 million. In connection with this development, the Group has entered into a franchise agreement to operate the said hotel under the "**Mövenpick**" brand. The new hotel is expected to be completed during the first quarter of 2027.

Montana Hotel, Gzira

The Group has obtained a permit for the development of a 265-room Montana Hostel (PA 5538/19). The project is currently on hold.

Proposed home for the elderly, Gzira

This property consists of a block of apartments and various small houses having an aggregate site area of *circa* 632sqm. The Group plans to redevelop the site into a home for the elderly having 244 beds in accordance with planning application PA6204/17. Whilst the development permit has been approved, no date has been established for the commencement of this project.

Bayview Hotel, Gzira

The Group also has plans for the extension and redevelopment of the Bayview Hotel and surrounding properties, which will include an additional 4 floors bringing the proposed 5-star hotel to a total of 496-rooms, in terms of planning application PA 00873/26. The proposed development remains subject to the applicable planning procedures and necessary approvals.

7.2.3 Hospitality Operations

Set out below is the statement of total comprehensive income extracted from the audited financial statements of ST Hotels Ltd for the financial years indicated hereunder, which are available for inspection as provided in section 22 of this Base Prospectus.

ST Hotels Ltd **Statement of total comprehensive income** **For the financial year 31 December**	**2023** **€'000**	**2024** **€'000**	**2025** **€'000**
Accomodation	*14,227*	*17,043*	*19,802*
Food and beverage	*1,340*	*1,473*	*1,548*
Other hotel services	*487*	*218*	*218*
Rental income	*2,124*	*2,294*	*1,793*
Revenue	**18,178**	**21,028**	**23,361**
Cost of sales	(6,559)	(7,723)	(9,038)
Royalty charge	(8,180)	(10,035)	(10,900)
Gross profit	**3,439**	**3,270**	**3,423**
Other net operating costs	(2,927)	(2,105)	(2,689)
EBITDA	**512**	**1,165**	**734**
Depreciation & amortisation	(5,047)	(5,489)	(5,589)
Operating loss	**(4,535)**	**(4,324)**	**(4,855)**
Dividend income	223	277	288
Net finance costs	(3,169)	(3,313)	(3,024)
Loss before tax	**(7,481)**	**(7,360)**	**(7,591)**
Taxation	892	8,329	4,379
Profit / (loss) for the year	**(6,589)**	**969**	**(3,212)**
Total comprehensive income / (expense)	**(6,589)**	**969**	**(3,212)**

As at 31 December 2025, the Group owned and operated (through ST Hotels Ltd) four hotels: ST Bayview Hotel (156 rooms, 3-star), ST Azur Hotel (177 rooms, 3-star), ST Alavits Hotel (86 rooms, 3-star) and Novotel Hotel (293 rooms, 4-star). In Q1 2025, the 70-room ST Sliema Hotel was demolished for the development of the Mövenpick Hotel, while the 293-room Novotel Hotel commenced operations in Q3 2025. As such, rooms in operation in FY2025 totalled 712 rooms (+47%, y-o-y).

The Group owns various apartments, branded ST Blubay Apartments (FY25: 109 units; FY24: 122 units) and ST Valletta View Apartments (FY25: 42 units; FY24: 39 units), which are let on a short-term basis. The apartments are managed by ST Hotels Ltd.

During FY2025, the operational performance of ST Hotels Ltd continued to improve from the prior year. Furthermore, ST Hotels Ltd benefited from the opening of the 293-room 4-star Accor-branded Novotel Hotel in Q3 2025. Revenue generated from hotel operations amounted to €21.6 million in FY25, an increase of €2.9 million (+16%) from FY2024. ST Hotels Ltd generated an additional €1.8 million from rentals (FY2024: €2.3 million).

As from FY2023, ST Hotels Ltd has started being charged a royalty fee for the use of the brand name "ST" and in the last financial year (FY25), such charge amounted to €10.9 million. The proprietor of the brand name is ST Group Investments Ltd, a sister company. In consequence, ST Hotels Ltd reported a loss after tax of €3.2 million in FY25 compared to a profit of €1.0 million a year earlier.

7.2.4 Property Rentals

Set out below is the statement of total comprehensive income extracted from the audited financial statements of ST Properties Ltd for the financial years so indicated, which are available for inspection as provided in section 22 of this Base Prospectus.

ST Properties Ltd **Statement of total comprehensive income** **For the financial year 31 December**	**2023** **€'000**	**2024** **€'000**	**2025** **€'000**
Commercial	*5,845*	*6,131*	*7,114*
Residential	*1,784*	*1,857*	*2,015*
Revenue	**7,629**	**7,988**	**9,129**
Cost of sales	(847)	(2,075)	(2,572)
Gross profit	**6,782**	**5,913**	**6,557**
Other net operating income	834	894	1,092
Profit before tax	**7,616**	**6,807**	**7,649**
Taxation	(2,137)	(2,409)	(3,690)
Profit for the year	**5,479**	**4,398**	**3,959**
Total comprehensive income	**5,479**	**4,398**	**3,959**

Long lets of residential and commercial Group properties to third parties are administered by ST Properties Ltd. Such leases typically involve rental periods exceeding six months. Commercial properties principally comprise restaurants, educational institutions, retail outlets and office space. Residential properties relate to apartments which are rented out on a long-term basis.

In FY2025, revenue generated by ST Properties Ltd amounted to €9.1 million, an increase of €1.1 million (+14%) from the prior year (FY2024: €8.0 million). The y-o-y growth is mainly attributable to the addition as of 1 January 2025 of ST Tower to the property portfolio of the Company. Total comprehensive income for the year amounted to €4.0 million (FY2024: €4.4 million).

7.3 DEVELOPMENT STRATEGY

The Group's business strategy focuses on achieving positive and sustainable financial and operational results together with long-term appreciation in the value of the Group's real estate portfolio.

In implementing the Group's development strategy, the Directors aim to identify and acquire real estate in Malta, particularly in the Sliema, Gzira, Msida University Heights and St Julian's area, which they believe has the potential to be re-developed and subsequently operated at sustainable operational yields in the hospitality sector or longer term commercial or residential leases.

The Group has been successful in leveraging its experience and expertise in identifying appropriate sites for development and particularly in applying its knowhow of the construction industry to develop those sites. The Directors believe that the deployment of the Group's own experience and resources, through its construction and project management arm that undertakes all necessary construction and finishing works of own developments, allow it significant advantages to complete the development and re-development of projects within controlled budgets and tight delivery dates. This reduces the risk of counter-party default, cost overruns and time delays and enables the Group to retain the development phase of its projects within its own control and strategic priorities.

The Group's operations focus principally on the hospitality segment and the letting of commercial and residential units of the Group's own properties. In the hospitality sector, the Group aims to continue to provide services at the Group's hotels in line with the expectations of customers typically seeking accommodation in 3 star hotels as well as in hostels and similar accommodation. The Group aims at adopting and implementing strategies that allow it the flexibility to adapt to changing market conditions particularly in the hospitality sector by rendering its operations in the 3 star hotel segment and its operations in the short-term letting of tourist accommodation as inter-changeable as possible to be able to meet the demands of customers seeking tourist accommodation in this market segment, thus aiming to enhance overall occupancy levels and average room rates.

The Directors believe that the commercial and residential letting segment of the Group's business can deliver further growth and generate additional bottom-line results to the Group at marginal increased costs, through further investment in new projects. In this context, the Group believes that current market conditions should support further investment in this segment by continuing to target investments in under-performing properties for re-development in real-estate projects aimed for leases or retail outlets or longer-term accommodation.

From a cost perspective, improved results are being achieved through the implementation of cost-control and energy-efficient measures in Group properties, particularly with increased operational efficiency. These are predominantly evident in the procurement of goods through the increased purchasing power of the Group in Malta and the consolidation and rationalisation of decision making within the Group that on the one hand obviates the need for overly complex and costly management and governance structures and on the other allow greater operational efficiency within the Group.

The Group's strategic plans involve owning and holding real estate for investment purposes; the primary objective being the generation of income from the rental of properties or to generate income from their operations, in particular, in the case of property used for short-letting and tourist accommodation, more specifically, the hotels, hostels and guest houses owned by the Group. Other property is rented out on a long-term basis either for residential purposes, as offices or for retail activities. The Group is continuously seeking to acquire more properties including hotels or guest houses.

7.4 PRINCIPAL INVESTMENT

The Group, through one or more entities forming part of the ST Townsquare Group intends to acquire a site known as "Townsquare" situated in Tigné and Qui-Si-Sana, Sliema, Malta (the "**Townsquare Site**"). The Townsquare Site measures *circa* twelve thousand seven hundred and fifty square metres (12,750 sqm) and includes, amongst others, the site occupied by the former Malta Union Club, Villa Drago and its surrounding lands and gardens and the Townsquare site offices situated at 11, Triq Tigné, Sliema.

Further details regarding the Townsquare Site and its location are provided in the Townsquare Property Valuation Report incorporated by reference into this Base Prospectus.

The promise of sale agreement in respect of the Townsquare Site was initially entered into on the 27 June 2022 by an entity related to the Group. It was subsequently amended and restated by means of an Amended and Restated Promise of Sale Agreement dated 23 March 2026 (and further supplemented by a number of supplementary agreements entered into after that date). Prior to the execution of the final deed of purchase and acquisition, it is envisaged that the said related entity transfers all of its rights, title and interest under the promise of sale agreement to the relevant acquiring entities forming part of the ST Townsquare Group.

The total consideration payable for the acquisition of the Townsquare Site is one hundred and three million, five hundred thousand euro (€103,500,000). Following the payment of a deposit of eight million euro (€8,000,000) on account of the total price, the remaining consideration of ninety-five million five hundred thousand euro (€95,500,000) will be settled as follows: forty million euro (€40,000,000) on the signing of the deed of sale and purchase; fifteen million euro (€15,000,000) by way of deferred payments in each of November 2027, November 2028, November 2029; and a final deferred payment of ten million five hundred thousand euro (€10,500,000) payable in November 2030.

The Townsquare Site is earmarked for development into a mixed-use real estate project including residential units, carpark, residential amenity facilities, office accommodation, retail space, landscaped external areas and associated infrastructure.

The Group intends to apply the net proceeds from the Bond Issue, amounting to *circa* €73,500,000 owards part-financing the acquisition of the Townsquare Site and part-financing the construction, development and finishing of property to be developed over the Townsquare Site. Futher details on the use of proceeds are set out in section 17.3 of this Base Prospectus and in the relevant Final Terms.

8. THE SECURITY

The Bondholders shall have the benefit of the Guarantee and the Collateral over the Security Property, as explained in further detail below:

8.1 THE GUARANTEE

In terms of the Guarantee, the Guarantor shall jointly and severally with the Issuer, unconditionally and irrevocably guarantee to the Security Trustee, for the benefit of all holders of Secured Bonds issued under the Programme, the payment of any indebtedness (including amounts due by way of principal and interest) or any balance thereof at any time due or owing under the Secured Bonds to the Security Trustee in the event that the Issuer fails to pay any sum payable by it to the Bondholders pursuant to the terms of the Secured Bonds as and when same shall become due.

The Guarantee is a continuing guarantee for the whole amount due or owing under the Secured Bonds from time to time or which may at any time become due or owing under the Secured Bonds by the Issuer, but the amount due by the Guarantor to the Security Trustee for the benefit of the Bondholders under the Guarantee shall be up to and shall not be in excess of €75,000,000 (seventy-five million Euro), apart from interests due up to the date of payment and costs and expenses relating to the protection, preservation, collection or enforcement of the Security Trustee's rights against the Issuer and/or Guarantor which shall be additional to the maximum sum hereinabove stated.

A copy of the Guarantee is included in Annex I to this Base Prospectus.

8.2 THE COLLATERAL

The Secured Bonds shall be secured by, and the Bondholders shall have the benefit of a first-ranking special hypothec to be granted by the Guarantor in favour of the Security Trustee for the benefit of the Bondholders (irrespective of the Series or Tranche of Secured Bonds) over:

Security Property	Property Valuation as at 30 Oct'26
ST Tower	€48,000,000
ST Business Centre	€22,000,000
ST Valletta View Apartments	€10,000,000
	€80,000,000

The Security Property has been valued at €80,000,000 (in aggregate). A copy of the Security Property Valuation Report, drawn up by an independent architect and providing more details with regard to each of the properties constituting the Security Property is incorporated by reference into this Base Prospectus.

The Collateral shall be constituted in favour of the Security Trustee for the benefit of all holders of Secured Bonds issued pursuant to the Programme registered on the register of Bondholders maintained by the CSD, irrespective of the Series or Tranche under which such Secured Bonds are issued and irrespective of their date/s of issue. The Collateral will secure the claim of the Security Trustee, for the benefit and in the interest of the Bondholders, for the repayment of the principal and interest under the Secured Bonds by a preferred claim over the Security Property.

8.3 THE SECURITY TRUST DEED

The Issuer and the Guarantor have agreed to enter into a Security Trust Deed with the Security Trustee which sets out, *inter alia*, the covenants of the Issuer, with the joint and several guarantee of the Guarantor, to pay the interest under the Secured Bonds and to redeem them at their Redemption Value on the Redemption Date; and the powers and functions enjoyed by the Security Trustee under the Security Trust Deed (for the benefit of the Bondholders). Pursuant to the Security Trust Deed, the Security Trustee receives the Guarantee and the Collateral, to be held on trust for the benefit of the Bondholders in proportion to their respective holding of Secured Bonds.

The Security Trust Deed also regulates the manner in which the Security Trustee shall release the proceeds of the Secured Bonds. The Security Trustee shall not release the net proceeds corresponding to a Tranche of Secured Bonds until the admission thereof to the Official List of the MSE, provided that, in respect of the first Tranche of Secured Bonds issued under the Programme, the Security Trustee shall not release the proceeds unless and until it receives appropriate assurance that the Collateral has been duly consitituted, perfected and registered. With respect to subsequent Tranche/s, the Security Trustee shall release the proceeds attributable thereto upon the admission of the relative Tranche of Secured Bonds to the Official List of the MSE and upon receipt of appropriate assurance that the Collateral remains in force and effect. Subject to the foregoing, the Bond Proceeds shall be released to the Issuer in a dedicated bank account.

The Security Trustee may take proceedings to enforce the security even though it is not itself a creditor under the Secured Bonds. The Security Trustee shall have no payment obligations to Bondholders under the Secured Bonds which remain exclusively the obligations of the Issuer and, pursuant to the Guarantee, of the Guarantor.

A person becomes a beneficiary under the trust once it is registered as a Bondholder in the register maintained by the CSD. The register is conclusive evidence of each Bondholder's entitlement. The terms of the Security Trust Deed bind each Bondholder registered in the register of bondholders maintained by the CSD as if it were a party to the deed and had covenanted to observe and be bound by its provisions. A Bondholder's beneficial interest ends when it ceases to be registered, or when the Secured Bonds are redeemed and the interest on them is paid.

A copy of the Security Trust Deed is available for inspection as set out in section 22 of this Base Prospectus.

9. TREND INFORMATION

The Directors are of the view that the Issuer, the Guarantor and the Group shall, generally, be subject to the normal business risks associated with the hospitality and leisure and property market in Malta and barring unforeseen circumstances, do not anticipate any likely material adverse effect on the Issuer's, the Guarantor's and Group's prospects, at least for the next 12 months.

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

There has been no material adverse change in the prospects of the Issuer since 31 December 2025, the date of the last published audited consolidated financial information. There has been no significant change in the financial performance of the Group since 31 December 2025, the date of the last published audited consolidated financial information.

9.1 MALTA ECONOMIC UPDATE[1]

According to the Central Bank of Malta's August 2026 forecasts covering the period up to 2028, Malta's economy continues to show strong growth and buoyant activity against an external environment still characterised by uncertainty related to developments in the Middle East. As disruptions to supply chains remain concentrated in the region and commodity prices have evolved broadly in line with previous estimates, the outlook for economic growth in Malta remains robust with real GDP growth expected at 3.8% in 2026 from 4.0% in 2025. Some lagged impact from geopolitical tensions is expected to materialise in 2027 as growth is envisaged at 3.6%. GDP growth is projected to pick up to 3.8% in 2028 as effects from global spillovers gradually fade away.

[1] **Source**: European Commission, Directorate-General for Economic and Financial Affairs, '*European Economic Forecast, Spring 2026*', 21 May 2026, available at: https://economy-finance.ec.europa.eu/document/download/34538512-fff6-451a-8bbc-4c8d60e4d132_en?filename=ip327_en.pdf.

Private consumption growth is set to pick up to 4.3% in 2026 from 3.6% in 2025, and should maintain a slightly slower rate of expansion of 4.1% in each of 2027 and 2028. Growth in private consumption is expected to be supported by the recent revisions in income tax brackets which would boost disposable income growth and savings. Disposable income is also expected to be supported by some easing in inflationary pressures.

Real government consumption is projected to grow by 3.2% in 2026 from 5% in 2025, followed by increases of 3.6% and 3.1% in 2027 and 2028, respectively. This profile is mainly driven by outlays on compensation of employees and intermediate consumption. The latter reflects significant, albeit declining, growth in outlays by extra budgetary units and on contractual services. Meanwhile, the forecast growth in employee compensation reflects the implementation of ongoing collective agreements covering most of the general government sector.

Growth in overall investment is projected to pick up in 2026 after a sharp slowdown in 2025, and to moderate in 2027. This is partly driven by the path of EU-funded government investment, as all projects financed through the EU's Recovery and Resilience Facility ("**RRF**") are expected to be completed by 2026. This decline is expected to offset growth in private investment. Overall gross fixed capital formation is expected to be upheld by private investment in 2028.

Private investment is expected to increase in 2026 following a decline in 2025. This partly reflects the impact of Budget 2026 incentives aimed at stimulating investment. In 2027 and 2028, growth in private investment is expected at slightly over 4.0% driven by non-dwelling investment. Meanwhile, government investment is projected to increase by 17% in 2026, mostly driven by higher RRF-financed projects, as well as other large-scale initiatives, notably the second electricity interconnector. Growth is then expected to drop in 2027, once these projects are completed. In 2028 government investment is expected to grow only marginally.

Export growth is set to moderate over the 2026-2028 forecast period, reflecting the expected easing of growth in foreign demand. Slower growth in services exports is also expected following an extended period of robust growth. Nevertheless, overall export growth is set to remain above growth in external demand throughout the 2026-2028 forecast period, partly due to continued strong growth in tourism activity. On the other hand, goods exports are set to recover slightly in 2026 following a sharp decline in 2025. Growth in goods exports is set to be lower than the envisaged growth in external demand in 2027 and 2028, in line with recent trends and increasing competitive pressure outside the EU.

Import growth is expected to increase to 4.8% in 2026 from 4.4% in 2025 as goods imports are projected to recover from a decline in 2025 whilst imports of services are set to grow at a slower rate. The dynamics of imports are partly affected by those of government investment, which are set to decline in 2027.

The labour market remains strong and demand for labour is envisaged to stay high. However, employment growth is expected to moderate over the 2026-2028 forecast period, driven by the projected easing in economic growth and an expected improvement in productivity. Inflows of foreign workers are also expected to slow down due to recent labour migration measures. As a result, employment growth is projected at 2.9% in 2026 (2025: 4.1%) and is set to moderate gradually to 2.3% by 2028.

Based on the Harmonised Index of Consumer Prices ("**HICP**"), inflation is projected to decrease to 2.2% in 2026 from 2.4% in 2025, reflecting a decline in food inflation. Inflation is set to increase slightly to 2.45 in 2027 due to inflationary pressures arising from prevailing geopolitical situations which are expected to peak in 2027, whilst easing steadily to 2.2% in 2028. Services inflation is set to remain above its historical average although it is expected to gradually slow down throughout the 2026-2028 forecast period. Non-energy industrial goods inflation is expected to moderate in 2026 standing at 0.7%, whilst increasing to 1.2% and 1.1% in 2027 and 2028, respectively. Overall food inflation is set to stand at 2.6% in 2026 and increase to 3.2% in 2027 and 2028, in line with expected developments in international commodity prices. Energy prices are projected to remain at current levels throughout the 2026-2028 forecast period, reflecting the Government's commitment to keep such prices stable. In this regard, it is expected that outlays on energy support measures rise in 2026, due to the increase in commodity prices following the start of the war in Iran. This would be the first time that outlays are set to increase since 2022, before spending to decline as a share of GDP from 2027 onwards.

The fiscal deficit is expected to decline to around 1.9% of GDP in 2026 from 2.2% in 2025, and to narrow further in 2027 to 1.7% and 1.6% in 2028. This is due to the declining profile of capital expenditure throughout the 2026-2028 forecast period, and a lower share of energy support measures in GDP. Tax revenue is set to grow at or just below nominal GDP. Meanwhile, the share of expenditure in GDP is driven by dynamic growth in the largest current spending items – mainly compensation of employees and intermediate consumption – and declining levels of capital expenditure in 2026 and 2027 partly due to the completion of major EU-funded projects by 2027.

The structural budget deficit is projected to narrow from 2.4% of GDP in 2025 to 2.2% in 2026, and to 1.9% in each of 2027 and 2028. The largest year-on-year improvement is set to take place in 2027, driven by the forecast profile of energy support measures, which are not considered to be of a temporary nature and therefore affect the estimated structural position. Overall, the debt-to-GDP ratio is projected to decline from 46.4% in 2025 to 46.1% in 2026 before eventually reaching 44.2% by 2028.

9.2 MALTA TOURISM AND HOSPITALITY[2]

The Maltese tourism and hospitality sector registered a robust expansion in 2025, with inbound tourist volumes increasing by 12.87% to a new record of 4.02 million compared to 3.56 million in 2024. This growth in arrivals also translated into a strong uplift in total nights, which advanced by 11% to 25.44 million from 22.92 million in the prior year. Total expenditure by inbound tourists increased at an even faster pace, rising by 18.62% to €3.90 billion compared to €3.29 billion in 2024, thereby pushing the key expenditure metrics higher.

[2] **Source**: (i) National Statistics Office, '*Inbound Tourism: December 2025'*, 12 February 2026, available at https://nso.gov.mt/inbound-tourism-december-2025/; (ii) Central Bank of Malta, '*Real Economy Indicators: Tourism – Inbound Tourism by Nationality*', 17 February 2026, available at: https://www.centralbankmalta.org/real-economy-indicators; and (iii) Malta Hotels & Restaurants Association, '*Hotel Performance Survey by Deloitte Malta*', 20 February 2026, available at: https://www.deloitte.com/content/dam/assets-zone2/mt/en/docs/services/consulting/2026/dt_mt_hotel_performance_2025_q4_and_full_year.pdf.

In fact, total expenditure per inbound tourist increased by 5.09% to €970.67 from €923.64 in 2024. Similarly, on a per night basis, expenditure per inbound tourist rose by 6.86% to €153.48 from €143.63 in 2024. Concurrently, the average length of stay extended its declining trend, falling to 6.32 nights from 6.43 nights in 2024, further indicating that the overall increase in total nights spent was underpinned by the stronger growth in tourist arrivals.

In terms of source markets, the share of inbound tourists originating from the EU moderated to 65.42% in 2025, equivalent to 2.63 million tourists, from 67.19% in 2024, equivalent to 2.39 million tourists. Within this segment, inbound tourists from the Euro area declined more materially, with the relative share decreasing to 48.04%, equivalent to 1.93 million tourists, from 52.49% in 2024, equivalent to 1.87 million tourists. Conversely, the non-Euro area expanded to 17.38%, equivalent to 0.70 million tourists, from 14.70% in 2024, equivalent to 0.52 million tourists. Meanwhile, the share of inbound tourists originating from outside the EU climbed to 34.58% in 2025, equivalent to 1.39 million tourists, from 32.81% in 2024, equivalent to 1.17 million tourists. The share of the UK market strengthened to 20.92%, equivalent to 0.84 million tourists, from 19.76% in 2024, equivalent to 0.70 million tourists. Likewise, the share of inbound tourists from other non-EU markets increased to 13.66%, equivalent to 0.55 million tourists, from 13.05% in 2024, equivalent to 0.46 million tourists.

An analysis of the demographic profile of inbound tourists indicates moderate shifts across age cohorts. The share of tourists aged up to 24 years declined to 22.09%, equivalent to 0.89 million tourists, from 24.18% in 2024, equivalent to 0.86 million tourists. The 25-44 years age bracket also contracted to 35.48%, equivalent to 1.43 million tourists, from 36.60% in 2024, equivalent to 1.30 million tourists. Conversely, the 45-64 years cohort increased to 31.81%, equivalent to 1.28 million tourists, from 29.54% in 2024, equivalent to 1.05 million tourists. Likewise, the share of inbound tourists aged 65 years and more rose to 10.61%, equivalent to 0.43 million tourists, from 9.68% in 2024, equivalent to 0.34 million tourists.

In relation to the organisation of stay, the share of package travel increased to 25.95% of inbound tourists, equivalent to 1.04 million tourists, from 24.91% in 2024, equivalent to 0.89 million tourists. The share of non-package travel correspondingly declined to 74.05%, equivalent to 2.98 million tourists, from 75.09% in 2024, equivalent to 2.68 million tourists.

Regarding visitor frequency, first-time tourists accounted for 78.88% of arrivals in 2025, equivalent to 3.17 million tourists, compared to 79.08% in 2024, equivalent to 2.82 million tourists. The share of repeat tourists increased to 21.12%, equivalent to 0.85 million tourists, from 20.92% in 2024, equivalent to 0.75 million tourists. Within this category, the share of those visiting once a year rose to 16.43%, equivalent to 0.66 million tourists, from 16.08% in 2024, equivalent to 0.57 million tourists. In contrast, the share of repeat inbound tourists visiting more than once a year declined to 4.69%, equivalent to 0.19 million tourists, from 4.84% in 2024, equivalent to 0.17 million tourists.

The duration profile of visits also exhibited moderate adjustments, consistent with the decline in the overall average length of stay observed during 2025. The share of inbound tourists staying between 1 and 3 nights declined to 23.19%, equivalent to 0.93 million tourists, from 23.76% in 2024, equivalent to 0.85 million tourists. Similarly, stays of 7 nights or more declined to 37.94%, equivalent to 1.53 million tourists, from 38.78% in 2024, equivalent to 1.38 million tourists. On the other hand, the 4 to 6 nights category increased its share to 38.87%, equivalent to 1.56 million tourists, from 37.46% in 2024, equivalent to 1.33 million tourists.

With respect to accommodation patterns, collective accommodation accounted for 60.71% of inbound tourists in 2025, equivalent to 2.44 million tourists, compared to 61.01% in 2024, equivalent to 2.17 million tourists.[3] Accordingly, the share of private accommodation increased to 39.29%, equivalent to 1.58 million tourists, from 38.99% in 2024, equivalent to 1.39 million tourists.[4] However, when analysed in terms of total nights spent by inbound tourists, collective accommodation expanded its share to 53.05%, equivalent to 13.49 million nights, from 52.58% in 2024, equivalent to 12.05 million nights. Consequently, the share of private accommodation declined to 46.95%, equivalent to 11.94 million nights, from 47.42% in 2024, equivalent to 10.87 million nights. Such trends suggest that although a slightly smaller proportion of tourists opted for collective accommodation, those who did so stayed for relatively longer periods compared with the prior year.

Within collective accommodation, a survey conducted by Deloitte Malta on behalf of the Malta Hotels & Restaurants Association showed that hotel performance strengthened in 2025, both from a revenue generation capacity as well as from a pricing dynamics perspective. In the four-star category, occupancy increased to 82.60% from 80.50% in 2024. Similarly, five-star occupancy improved to 71% in 2025 from 69.60% in the prior year. Average daily rates also registered growth across the principal hotel categories in 2025, with ADR in the four-star segment rising by 4.73% to €115.20, from €110 in 2024, whilst ADR in the five-star category increased by 4.38% to €219.30, from €210.10 in the prior year.

JANUARY TO JUNE 2026 PERFORMANCE

The Maltese tourism and hospitality sector maintained a strong growth trajectory during the first half of 2026. Inbound tourist volumes increased by 18.06% to 2.13 million from 1.81 million in H1 2025, while total nights rose by 10.12% to 11.75 million from 10.67 million. Total expenditure by inbound tourists advanced by 14.80% to €1.80 billion from €1.56 billion in the corresponding period in 2025.

Notwithstanding the increase in aggregate tourist expenditure, expenditure per inbound tourist declined by 2.76% to €842.29 from €866.21 in H1 2025. This reflected the comparatively faster growth in tourist volumes relative to expenditure. Conversely, expenditure per night increased by 4.25% to €152.80 from €146.57, as the average length of stay extended its downward trend, decreasing to 5.51 nights from 5.91 nights in H1 2025. Accordingly, the increase in total nights was principally driven by the strong rise in inbound tourist arrivals rather than longer stays. Package expenditure per tourist declined to €774.69 from €803.43 in H1 2025, while non-

[3] Collective accommodation comprises hotels, guesthouses, hostels, tourist villages, holiday complexes, bed and breakfast units, as well as campsites.
[4] Private accommodation comprises other rented accommodation (such as holiday furnished premises, host families, marinas, paid-convents, rented yachts, and student dormitories) and non-rented accommodation (mainly private residences).

package expenditure per tourist fell to €440.15 from €454.05. Other expenditure per tourist also moderated to €315.14 from €319.50.

The duration profile of visits also changed in line with the reduction in the overall average length of stay. The proportion of tourists staying between one and three nights increased to 28.26% from 26.94%, while the share staying between four and six nights rose to 41.90% from 40.52%. Conversely, tourists staying for seven nights or more accounted for 29.85% of arrivals, down from 32.53% in H1 2025.

In terms of source markets, the share of inbound tourists originating from the EU declined to 65.78% in H1 2026 from 66.42% in the corresponding period of 2025. Within this segment, the share attributable to the Euro area contracted more materially to 45.88% from 48.73%. In contrast, the non-Euro area increased its share to 19.89% from 17.69%. Meanwhile, the proportion of inbound tourists originating from outside the EU rose to 34.22% from 33.58%. The UK market remained broadly stable, accounting for 20.84% of inbound tourists compared to 20.71% in H1 2025, while the share of other non-EU markets increased to 13.38% from 12.87%.

An analysis of the demographic profile of inbound tourists indicates limited changes across most age cohorts. Tourists aged up to 24 years accounted for 19.18% of arrivals in H1 2026, broadly unchanged from 19.15% in the corresponding period of 2025. Similarly, the share of the 25-44 years cohort edged down to 36.42% from 36.63%. Conversely, the proportion of tourists aged between 45 and 64 years increased to 33.20% from 32.30%, while the share of tourists aged 65 years or more declined to 11.21% from 11.92%.

In relation to the organisation of stay, the share of package travel decreased to 26% of inbound tourists from 26.52% in H1 2025. Correspondingly, non-package travel increased its share to 74% from 73.48%. Regarding visitor frequency, first-time tourists accounted for 77.79% of arrivals in H1 2026, compared to 79.37% in the corresponding period of 2025. The share of repeat tourists consequently increased to 22.21% from 20.63%. Within this category, the proportion of tourists visiting once a year rose to 17.40% from 15.69%. In contrast, the share of repeat tourists visiting more than once a year declined marginally to 4.80% from 4.94%.

With respect to accommodation patterns, collective accommodation accounted for 62.08% of inbound tourists in H1 2026, compared to 63.54% in the corresponding period of 2025. Accordingly, the share of tourists using private accommodation increased to 37.92% from 36.46%. However, when analysed in terms of total nights, collective accommodation expanded its share to 56.91% from 56.32%, while private accommodation declined to 43.09% from 43.68%.

9.3 MALTA PROPERTY MARKET[5]

The Maltese residential real estate sector registered another year of expansion in 2025, characterised by continued price appreciation, a significant increase in construction-related approvals, and further growth in concluded transactions.

From a pricing perspective, the CBM Property Prices Index – which is based on the advertised sale prices of apartments, maisonettes, terraced houses, and other types of dwellings – increased by 4.33% to 189.55 points in 2025 from 181.68 points in 2024. Apartment prices rose by 1.57%, whilst maisonettes outperformed with an increase of 3.73%. In contrast, prices of terraced houses declined by 1.31%, whilst other types of dwellings fell by 2.45%.

The NSO Residential Property Price Index – which is based on actual transactions involving apartments, maisonettes, and terraced houses – also confirmed a firm upward trajectory in property values. Indeed, the index advanced by 5.97% to 100 points from 94.37 points in 2024, as apartment prices increased by 5.74% whilst maisonettes rose by 6.01%. Overall, both the CBM Property Prices Index and the NSO Residential Property Price Index increased at a faster pace than inflation, which stood at 2.41% in 2025.

Activity in building permits increased markedly during 2025, reflecting a substantial strengthening in development momentum. The total number of issued building permits rose by 34.20% to 2,213 from 1,649 in 2024. Malta accounted for the majority of permits, increasing by 36.28% to 1,848, whilst in Gozo, the number of building permits rose by 24.57% to 365 from 293 in 2024. At district level in Malta, the strongest percentage growth was recorded in the South Eastern district, where permits surged by 45.69% to 338, followed by the Northern district with an increase of 43.18% to 378 permits. The Western district also registered a sharp rise of 37.43% to 246 permits, whilst Southern Harbour grew by 36.73% to 309 permits. Elsewhere, the Northern Harbour district posted a robust increase of 26.81% to 577 permits in 2025. Meanwhile, the average number of approved new dwellings per building permit increased to 5.57 in 2025 from 5.29 in 2024, indicating an increase in the average scale or density of developments year-on-year.

The strong increase in the number of building permits issued led to an even larger rise in the number of approved new dwellings as this rose by 41.41% to 12,325 in 2025 from 8,716 in 2024. By type of property, apartments remained dominant and increased by 43.90% to 8,889, thereby accounting for the largest share of the total increase. Maisonettes also recorded a pronounced growth of 37.42% to 1,076. Similarly, penthouses and terraced houses advanced by 35.87% and 23.67% to 1,856 and 350, respectively, whilst other type of property increased by 43.93% to 154.

From a district perspective, the South Eastern region recorded the strongest growth in new dwelling approvals, rising to 2,027 in 2025, equivalent to an increase of 72.22%. The Southern Harbour district followed with an increase of 46.43% to 1,640, whilst the Northern

[5] **Sources:** (i) National Statistics Office ("NSO"), '*Residential Property Transactions*', 11 March 2026, available at https://nso.gov.mt/wp-content/uploads/Residential-Property-Transactions.xlsx; (ii) NSO, '*Residential Permits and Dwellings*', 6 March 2026, available at https://nso.gov.mt/wp-content/uploads/Residential-Permits-and-Dwellings-.xlsx; (iii) NSO, '*Residential Property Price Index*', 7 April 2026, available at https://nso.gov.mt/wp-content/uploads/Residential-Property-Price-Index.xlsx; and (iv) CBM, '*Real Economy Indicators: Prices – Property Prices Index based on Advertised Prices (base 2015=100)*', 3 March 2026, available at: https://www.centralbankmalta.org/site/Subscriber%20Categories/Real%20Economy%20Indicators/house_prices.xlsx?rnd=20260408105012&revcount=1562&revcount=2169.

region rose by 39.67% to 2,278. Meanwhile, the Northern Harbour and the Western districts also registered growth of more than 30% in the number of new dwelling approvals, to 3,509 (+38.75%) and 1,104 (+32.37%), respectively, whilst in Gozo, new dwelling approvals increased by 24% to 1,767.

In terms of final deeds of sale, the total number of contracts concluded in 2025 increased by 5.98% to 13,351 from 12,598 in 2024. However, the total value of final deeds increased at a faster rate of 13.93% to €4.02 billion from €3.53 billion in 2024, which lifted the average value per deed of sale by 7.50% to €301.273 from €280,243 in the prior year.

At district level, the number of final deeds of sale in Malta increased by 6.57% to 11,678. The strongest percentage growth was recorded in the Western district, where final deeds rose by 18.79% to 1,397. The South Eastern region followed, with an increase of 9.03% to 1,908, whilst the Northern Harbour district recorded a growth of 5.88% to 3,779. Similarly, the number of final deeds relating to residential property in the Southern Harbour region increased by 4.18% to 2,067, whilst a more modest increase of 1.94% to 2,527 was recorded in the Northern district. Meanwhile, in Gozo, final deeds edging up by 2.01% to 1,673 from 1,640 in 2024.

JANUARY TO JUNE 2026 PERFORMANCE

The Maltese residential property market maintained positive momentum during the first half of 2026. The CBM Property Prices Index increased by 2.97% year-on-year in Q1 2026 to 193 points. The increase was driven by apartments (+5.47%) and maisonettes (+4.09%), while prices for terraced houses (-1.08%) and other property (-3.12%) declined. Similarly, the NSO Residential Property Price Index rose by 6.71% to 104.19, from 97.64 in H1 2025. Apartment prices rose by 6.89%, while maisonettes advanced by 5.32%.

A total of 1,043 building permits were issued during H1 2026, representing a modest increase of 1.96% from 1,023 permits in the corresponding period of 2025. Of these, 881 permits related to Malta, up by 3.53% from 851, while permits issued in Gozo and Comino declined by 5.81% to 162, from 172. The Northern Harbour district recorded the strongest increase, with permits rising by 19.03% to 319, from 268. The South Eastern district recorded a 7.53% increase to 157 permits, from 146, while the Northern district registered a more moderate 2.41% rise to 170, from 166. In contrast, building permits declined in both the Southern Harbour (-9.59%) and Western (-17.60%) districts to 132 (H1 2025: 146) and 103 (H1 2025: 125) permits, respectively. Although the overall number of permits increased only marginally, development density rose considerably as the average number of approved new dwellings per building permit increased to 5.88, from 5.05 in H1 2025, representing an increase of 16.44%.

The number of new dwellings approved during H1 2026 increased substantially to 6,136 units, from 5,170 units in H1 2025, representing year-on-year growth of 18.68% and an absolute increase of 966 units. Apartments continued to dominate approved residential supply. A total of 4,424 apartments were approved during the first half of 2026, up by 19.96% from 3,688 in H1 2025. Apartments therefore accounted for around 72% of all approved new dwellings. The number of approved penthouses increased by 18.49% to 923, from 779, while maisonettes rose by 13.68% to 540, from 475. The strongest percentage growth was however recorded in terraced houses, for which approvals increased by 28.21% to 200 units, from 156 in H1 2025. Conversely, approvals for other property types declined by 31.94% to 49 units, from 72.

The geographical distribution of approved dwellings showed a particularly pronounced concentration of new development in the Northern Harbour district in H1 2026, as this rose by 68.09% to 2,202 units, from 1,310 in H1 2025. This represented an increase of 892 units and accounted for the majority of the overall year-on-year rise in approved residential supply. The South Eastern district also recorded strong growth, with approved dwellings increasing by 23.62% to 916, from 741. Approvals in the Northern district increased by 17.81% to 1,098 units, from 932. Conversely, development activity weakened in the Southern Harbour (-7.36%) and Western (-32.41%) districts, where the number of approved dwellings declined to 717 (H1 2025: 774) and 438 (H1 2025: 648) units, respectively. Approved dwellings in Gozo and Comino remained unchanged at 765 units.

Demand for residential property remained firm during H1 2026. The number of POSA increased to 7,621, from 7,277 in the comparable period of 2025, representing growth of 4.73%. More significantly, the aggregate value of POSA increased by 18.65% to €2.99 billion, from €2.52 billion. As the increase in value materially exceeded that in the number of agreements, the average value per POSA rose by 13.18% to €391,786, from €346,173 in H1 2025.

Completed residential property transactions also increased during H1 2026. The number of final deeds of sale rose by 6.63% to 6,819, from 6,395 in H1 2025. At the same time, the aggregate value of final deeds increased by 16.72% to €2.18 billion, from €1.87 billion. The average value per deed of sale increased by 9.47% to €320,252, from €292,557 in H1 2025. Transaction volumes increased across most districts. In Malta, final deeds rose by 6.70% to 5,960, from 5,586. The Northern district recorded the strongest growth, with transactions increasing by 20.02% to 1,373, from 1,144. Final deeds in the Southern Harbour district increased by 10.69% to 1,108, from 1,001, while the South Eastern district recorded growth of 4.50% to 952 deeds, from 911. On the other hand, activity within the Northern Harbour district remained unchanged at 1,864 deeds, while transactions in the Western district edged down by 0.45% to 663. Meanwhile, final deeds in Gozo and Comino increased by 6.18% to 859, from 809.

The number of individual properties transacted through final deeds increased by 6.63% to 7,415 properties, from 6,954 in H1 2025. Apartments remained the largest residential property category by transaction volume. A total of 2,691 apartments were transacted during H1 2026, representing a 5.04% increase from 2,562 in H1 2025. Transactions involving penthouses increased more strongly by 15.19% to 417, from 362, while maisonette transactions increased by 2.05% to 697, from 683. Transactions involving houses and garages also increased by 17.01% and 9.65% to 1,025 (H1 2025: 876) and 1,681 (H1 2025: 1,533), respectively. In contrast, the number of plots of land transacted declined by 23.49% to 430, from 562.

Market data relating to commercial property in Malta (which includes industrial, logistics, warehousing, retail, hospitality and a predominant portion in the office asset class) is not available and thus makes it more difficult to gauge the health of this sector. The Group's commercial property portfolio principally comprises office space and commercial outlets located in the areas of Gzira, Sliema and St Julians. In the last financial year, the Group registered high occupancy rates across its portfolio and demand for its properties remains positive.

10. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES

10.1 THE BOARD OF DIRECTORS OF THE ISSUER

The Board of Directors is principally responsible for the general governance of the Issuer, for setting its strategic aims, for its proper administration and management and for the general supervision of its affairs. Its responsibilities include the oversight of the Issuer's internal control procedures and financial performance, and the review of the Issuer's business risks, thus ensuring such risks are adequately identified, evaluated, mitigated, and managed, whilst opportunities are maximised and pursued appropriately.

The Memorandum of Association of the Issuer provides that the Board of Directors shall be composed of not less than two (2) and not more than ten (10) directors. As at the date of this Base Prospectus, the Board of Directors comprises six (6) directors, of whom three (3) serve as executive directors and three (3) serve as independent non-executive directors, as set out below:

Name	Designation	Date of Appointment
Ivan Stivala	Executive Chairman	21/08/2017
Michael Stivala	Executive Director and Chief Executive Officer	21/08/2017
Martin John Stivala	Executive Director	21/08/2017
Jean Paul Debono	Independent Non-Executive Director	21/04/2022
Ann Marie Agius	Independent Non-Executive Director	25/08/2017
Francis Gouder	Independent Non-Executive Director	25/08/2017

The company secretary of the Issuer is Antoinette Scerri.

The business address of the Directors and the company secretary is the same as that of the Issuer.

10.2 *CURRICULA VITAE* OF THE DIRECTORS OF THE ISSUER

Ivan Stivala Ivan Stivala began working with the Group approximately 25 years ago and currently serves as Executive Chairman of the Issuer and Executive Director of the Guarantor. Mr Stivala is responsible for the management of the Group's major property finishing works across office blocks, hotel and apartment developments.

Michael Stivala Michael Stivala has been actively involved in the Group's business for over 25 years and serves as Chief Executive Officer of the Issuer, Executive Director of the Guarantor as well as director of a number of Group companies. Mr Stivala is responsible for leading the Group's strategic direction and growth and overseeing the day-to-day operations and management of the Group's hotels and hostels. Mr Stivala also serves as President of the Malta Developers Association, which represents the interests of property developers at a national level.

Martin John Stivala Martin John Stivala's experience in the Group extends over 30 years. He currently serves as Executive Director of the Issuer and of the Guarantor. His main responsibilities are the management of the Group's construction works relating to the Group's various projects involving office blocks, hotels and apartments.

Jean Paul Debono Jean Paul Debono is a Certified Public Accountant and Practicing Auditor. He brings extensive expertise in accounting, tax, and advisory services. With a rich history of serving diverse clients globally, he plays a pivotal role in guiding businesses through decision-making, corporate structure, finance, and strategic expansion in Malta. He is the founder of Quazar, a multi-disciplinary firm offering audit, accounting, tax and advisory services. As a distinguished member of ACCA, The Malta Institute of Accountants and The Malta Institute of Taxation, Mr Debono upholds the highest professional standards. Mr Debono holds non-executive directorship roles with various companies and licensed entities.

Ann Marie Agius Dr Ann Marie Agius is a Notary Public by profession. Her main practice areas apart from her notarial practice are trusts, fiduciaries, estate planning, corporate and contract law. Dr Agius worked for a number of years in the Wealth Management/Trust Department of one of Malta's major banks having been entrusted with legal and compliance duties. She has also worked with the Malta Financial Services Authority for a number of years before returning to her private practice.

Francis Gouder Francis X Gouder began his career at Barclays Bank DCO (later Mid-Med Bank and HSBC Bank Malta p.l.c.). For a short period of time, he was seconded to Lohombus Corporation. At HSBC Bank Malta p.l.c., Mr Gouder was responsible for the efficient running of all HSBC branches forming part of southern Malta. In May 2009, Mr Gouder joined BNF Bank p.l.c. as consultant to the executive committee and head of executive banking. Francis X Gouder presently holds several non-executive directorships on listed entities.

10.3 THE BOARD OF DIRECTORS OF THE GUARANTOR

The board of directors of the Guarantor is principally responsible for the overall governance of the Guarantor and its subsidiaries, setting their strategic direction, ensuring their effective administration and management, and exercising general supervision over their affairs. Its responsibilities include the oversight of the Guarantor's internal control procedures and financial performance, and the review of the business risks of the Guarantor and its subsidiaries, with a view to ensuring that such risks are properly identified, evaluated, mitigated, and managed, whilst opportunities are duly recognised and pursued.

The Memorandum of Association of the Guarantor provides that its board of directors shall be composed of not less than two (2) and not more than ten (10) directors. As at the date of this Base Prospectus, the board of directors of the Guarantor consists of the following three (3) directors who are entrusted with the overall strategic direction and management of the Guarantor:

Name	Designation	Date of Appointment
Ivan Stivala	Executive Director	06/09/2017
Michael Stivala	Executive Director	06/09/2017
Martin John Stivala	Executive Director	06/09/2017

The company secretary of the Guarantor is Antoinette Scerri.

The business address of the directors and the company secretary of the Guarantor is the same as that of the Guarantor.

10.4 *CURRICULA VITAE* OF THE DIRECTORS OF THE GUARANTOR

The *curricula vitae* of the directors of the Guarantor are set out in section 10.2 above.

10.5 SENIOR MANAGEMENT OF THE ISSUER

The business of the Issuer is managed by the Board of Directors. The Issuer does not separately employ any senior management. The Directors believe that the present organisational structure is adequate for the current activities of the Issuer. The Directors will maintain this structure under continuous review to ensure that it meets the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

10.6 SENIOR MANAGEMENT OF THE GUARANTOR

The Board of Directors of the Guarantor is supported by the following members of the senior management team who are responsible for executing the Guarantor's and the Group's strategy, overseeing day-to-day operations, and ensuring effective management of resources:

Name	Designation
Domenico Marsala	Group Financial Controller
Yain Patel	General Manager – ST Hotels Ltd
Tristan Stivala	General Manager – ST Properties Ltd

10.7 POTENTIAL CONFLICTS OF INTEREST

As at the date of this Base Prospectus, each of the three (3) executive Directors of the Issuer, namely Ivan Stivala, Michael Stivala and Martin John Stivala also serve as directors and officers of the Guarantor and of a number of Group companies, and as such are susceptible to conflicts between the potentially diverging interests of the different members of the Group, particularly in connection with transactions involving the Issuer and companies forming part of the Group. The three executive Directors are also the ultimate beneficial owners of the Group together with their direct descendants and families.

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

Given the potential existence of lender-borrower relationships between the Issuer and companies forming part of the Group, situations may arise which may give rise to conflicts between the potentially diverging interests of members of the Group. In these situations, the Directors are required to act in accordance with the majority decision of those Directors who are not conflicted in the relevant matter and, were necessary, in line with the advice of external legal counsel.

The Audit Committee of the Issuer is tasked with ensuring that any potential conflicts of interest relating to the Directors are handled in the best interests of the Issuer. In terms of the Act, any Director who, in any way, whether directly or indirectly has an interest in a contract or a proposed contract or in any transaction or arrangement (whether or not constituting a contract) with the company on whose board he/she sits, is required to declare the nature of his or her interest to the company's board of directors.

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

10.8 EMPLOYEES

The Issuer does not have any employees of its own. As at 31 December 2025, the Group employed 19 staff members in management and administration (2024: 19 employees) and 139 staff members in operational activities (2024: 152 employees).

11. BOARD PRACTICES

11.1 AUDIT COMMITTEE

The Audit Committee's primary objective is to assist the Board in fulfilling its oversight responsibilities in dealing with issues of risk, control and governance and review of financial reporting processes, financial policies and internal control structures. Although the Audit Committee is set up at the level of the Issuer, its tasks are also related to the activities of various Group companies.

The Board has set formal terms of reference of the Audit Committee, which establish its composition, role and function, the parameters of its remit as well as the basis of the processes that it is required to comply with. The Audit Committee is a sub-committee of the Board and is directly responsible and accountable to the Board.

The Audit Committee is responsible for, *inter alia*, the oversight of the conduct of the external audit and acts to facilitate communication between the Board, management, and the external auditors. The Audit Committee is also expected to deal with and advise the Board of Directors on its monitoring responsibility over the financial reporting processes, financial policies and internal control structures and on the preservation of the Issuer's assets by assessing the Issuer's risk environment and determining how to deal with those risks.

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

The Audit Committee is made up entirely of independent non-executive Directors, namely, Mr Francis Gouder, Dr Ann Marie Agius and Mr Jean Paul Debono. The Chairman of the Audit Committee, appointed by the Board, is entrusted with reporting to the Board on the workings and findings of the Audit Committee. Mr Francis Gouder occupies the role of Chairman and is considered by the Board to be the independent non-executive Director competent in accounting and, or auditing in accordance with the Capital Markets Rules.

11.2 COMPLIANCE WITH CORPORATE GOVERNANCE

The Issuer declares its full support of the Code of Principles of Good Corporate Governance forming part of the Capital Markets Rules (the "**Code**") and undertakes to fully comply with the Code to the extent that this is considered complementary to the size, nature and operations of the Issuer.

The Issuer is confident that the application of the Code has resulted, and is expected to continue to result, in positive effects accruing to the Issuer, its management and organisational set-up, its corporate strategy and its day-to-day activities.

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

Principle 4: Responsibilities of the Board
The Board has not formally developed a succession policy for the future composition of the Board of Directors as recommended by Code Provisions 4.2.7. In practice, however, the Board is actively engaged in succession planning and involved in ensuring that appropriate schemes to recruit and motivate employees and senior management are in place.

Principle 7: Evaluation of the Board's Performance
The Board of Directors has not appointed a committee for the purpose of undertaking an evaluation of the Board's performance in accordance with the requirements of Code Provision 7.1. The Board of Directors believes that the size of the Issuer and the Board of Directors itself does not warrant the establishment of a committee specifically for the purpose of carrying out a performance evaluation of its role. Whilst the requirement under Code Provision 7.1 might be useful in the context of larger companies having a more complex set-up and a larger Board, the size of the Board of Directors is such that it should enable it to evaluate its own performance without the requirement of setting up an ad hoc committee for this purpose. The Board of Directors retain this matter under review from year to year.

Principle 8B: Nomination Committee
The Board of Directors has not established a Nomination Committee in view of the fact that the procedure for the appointment of directors is set out in the Articles of Association of the Issuer. The utility and possible advantages of having a Nomination Committee is reviewed from time to time, and the Borad may, if the need arises, make recommendations to the shareholders accordingly.

12. ADDITIONAL INFORMATION

12.1 SHARE CAPITAL OF THE ISSUER

As at the date of this Base Prospectus, the authorised share capital of the Issuer is €500,000 divided into 500,000 ordinary shares of a nominal value of one Euro (€1.00) each. The Issuer's issued share capital is made up of 258,804 ordianary shares, subscribed for as follows:

Name and address of shareholder	Number of ordinary shares held
Carmelo Stivala Trustee Limited (C 78323) ST Group Head Office Novotel Hotel, Level 2 60, Triq Sir Frederick C. Ponsonby, Gzira, GZR 1070, Malta	86,268 ordinary shares of €1.00 each, fully paid up; 86,268 ordinary shares of €1.00 each, fully paid up; 86,268 ordinary shares of €1.00 each, fully paid up;

The shares of the Issuer are not listed on the Malta Stock Exchange or any other regulated exchange, and no application for such listing has been made to date. All the shares in issue are held by the shareholder, Carmelo Stivala Trustee Limited, acting as trustee. The ultimate beneficial owners of the Issuer are Martin John Stivala, Ivan Stivala and Michael Stivala, together with their direct descendants and families.

To the best of the Issuer's knowledge, there are no arrangements in place as at the date of this Base Prospectus which may, at a subsequent date, result in a change in control of the Issuer.

12.2 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE ISSUER

The Memorandum and Articles of Association of the Issuer are registered with the Registrar of Companies at the Malta Business Registry.

A full list of the objects for which the Issuer is established is set out in clause three (3) of the Issuer's Memorandum of Association. These objects and powers include:

(a) 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 Issuer's 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 Issuer's 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 hereinafter forming part of the Issuer's group in or upon such investments and in such manner as the directors may, from time to time, deem expedient;

(b) borrowing or raising unlimited sums of money in such manner as the Issuer may think fit and in particular by the securitisation of any receivables or other assets of the Issuer, by the issue of bonds, debentures, commercial paper, notes or other instruments creating or acknowledging indebtedness, and offering same on sale to the public and securing the repayment of any money borrowed or raised and any interest payable thereon by the hypothecation or the creation of any other charge upon the whole or part of the moveable and immovable property of the Issuer, present or future; and

(c) issuing bonds, commercial paper or other instruments creating or acknowledging indebtedness and the sale or offer thereof to the public.

12.3 SHARE CAPITAL OF THE GUARANTOR

As at the date of this Base Prospectus, the authorised and issued share capital of the Guarantor is €60,004,872, divided into 4,872 ordinary shares of a nominal value of one Euro (€1.00) each, 45,000,000 class 'A' Redeemable Preference shares of a nominal value of one Euro (€1.00) each and 15,000,000 class 'B' Redeemable Preference shares of a nominal value of one Euro (€1.00) each. All shares in issue are fully paid up. The issued share capital of the Guarantor is wholly held by ST Group Capital Investments Ltd.

The shares of the Guarantor are not listed on the Malta Stock Exchange or any other regulated exchange, and no application for such listing has been made to date.

To the best of the Issuer's and the Guarantor's knowledge, there are no arrangements in place as at the date of this Base Prospectus which may, at a subsequent date, result in a change in control of the Guarantor.

12.4 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE GUARANTOR

The Memorandum and Articles of Association of the Guarantor are registered with the Registrar of Companies at the Malta Business Registry. The main and ancillary activities for which the Guarantor is established are set out in clause three (3) of the Guarantor's Memorandum of Association.

The Guarantor's main object is that of acquiring and disposing of, by any title valid at law, movable and immovable property, and any rights thereon, whether for commercial or other purposes, and of holding the property so acquired, for a consideration in credit, in cash or in kind, including the allotment of shares or debentures of the Guarantor, credited as paid up in full or in part as need be.

Its ancillary activities include, *inter alia*, the power 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; 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; and to act as surety for and to guarantee the payment of monies or the performance of any contract or obligation of any third party even by the hypothecation of property, present or future.

13. FINANCIAL INFORMATION CONCERNING THE ISSUER'S AND THE GUARANTOR'S ASSETS AND LIABILITIES, FINANCIAL POSITION, AND PROFITS AND LOSSES

13.1 HISTORICAL FINANCIAL INFORMATION - ISSUER

The table below provides a cross-reference list to key sections of the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2023, 31 December 2024 and 31 December 2025, and the unaudited interim consolidated financial statements of the Issuer for the six months ended 30 June 2026. The audited financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and endorsed by the European Union. The afore-mentioned financial statements are incorporated by reference in this Base Prospectus and may be accessed at the following hyperlink: https://stivalagroup.com/?page_id=21

	FY2023 Page number	FY2024 Page number	FY2025 Page number	1H26 Page Number
Independent auditor's report	20 - 27	22 - 29	21 - 28	N/A
Consolidated statement of comprehensive income	28 - 29	30 - 31	29 - 30	5
Consolidated statement of financial position	30 - 31	32 - 33	31 - 32	3 - 4
Consolidated statement of changes in equity	32 - 34	34 - 36	33 - 35	6
Consolidated statement of cash flows	35 - 36	37 - 38	36 - 37	7
Notes to the Consolidated financial statements	37 - 97	39 - 99	38- 100	8 - 11

There has been no significant change in the financial performance and, or financial position of the Issuer since the end of the financial period to which the last interim financial information relates.

The tables and discussion included in this section 13.1 contain certain alternative performance measures (as defined by the European Securities and Markets Authority), including EBITDA (earnings before interest, tax, depreciation and amortisation), which the Group's management and other competitors in the industry use. These non-IFRS financial measures are presented as supplemental information as: (i) they represent measures which the Directors believe may be relevant for certain investors, securities analysts, and other parties in assessing the Group's operating and financial performance, and may contribute to a fuller understanding of the Group's cash generation capacity and the growth of its business; and (ii) they may be used by the Group's management as a basis for strategic planning and forecasting.

Stivala Group Finance p.l.c.
Consoldiated Statement of Total Comprehensive Income

	for the year ended 31 December			for the 6-mth period ended 30 June	
	2023 Audited €'000	2024 Audited €'000	2025 Audited €'000	2025 Unaudited €'000	2026 Unaudited €'000
Hotel operations	*16,054*	*18,734*	*21,568*	*8,003*	*13,548*
Rental income	*9,753*	*10,282*	*10,922*	*6,100*	*5,187*
Sale of real estate	*7,208*	*460*	*500*	*2,300*	*-*
Revenue	**33,015**	**29,476**	**32,990**	**16,403**	**18,735**
Cost of sales	(7,205)	(8,198)	(9,568)	(5,517)	(4,137)
Gross profit	**25,810**	**21,278**	**23,422**	**10,886**	**14,598**
Net operating costs	(2,370)	(1,744)	(2,652)	(1,209)	(818)
EBITDA	**23,440**	**19,534**	**20,770**	**9,677**	**13,780**
Depreciation and amortisation	(1,766)	(5,931)	(2,601)	(2,374)	(3,042)
Profit on recognition of intangible asset	36,500	30,000	-	-	-
Decrease in provision for expected credit losses	4,462	4,683	2,338	-	-
Provision for expected credit losses	(1,036)	(486)	(1,998)	(450)	(225)
Operating profit	**61,600**	**47,800**	**18,509**	**6,853**	**10,513**
Dividends receivable	223	277	287	42	115
Change in fair value of investment property	15,351	209	4,513	-	-
Share in profit / (loss) of associates	7	26	(154)	22	68
Net finance costs	(4,137)	(4,380)	(4,232)	(2,334)	(2,244)
Profit before tax	**73,044**	**43,932**	**18,923**	**4,583**	**8,452**
Taxation	(4,215)	6,400	1,420	(392)	(95)
Profit for the year	**68,829**	**50,332**	**20,343**	**4,191**	**8,357**
Other comprehensive income:					
Movement in revaluation of property, net of tax	9,249	-	11,785	-	-
Total comprehensive income	**78,078**	**50,332**	**32,128**	**4,191**	**8,357**

Revenue in **FY2025** amounted to €33.0 million, an increase of €3.5 million (+12%) from the prior year. The y-o-y increase is mainly due to the commencement of operations of the new 293-room Novotel Hotel in Gzira, but the Group reported an improvement in performance from all operational sectors (hospitality, commercial leasing and residential rental sectors). In addition, the Group generated €0.50 million from the sale of property (FY2024: €0.46 million).

As a result, the Group's EBITDA increased y-o-y by €1.2 million (+6%).

In FY2025, the fair value of investment properties increased by €4.5 million (FY2024: +€0.2 million), while the provision for expected credit losses was reduced by €2.3 million (FY2024: €4.7 million).

Operating profit and profit before tax declined in FY2025 when compared to FY2024 and FY2023, mainly due to the recognition of intangible assets in the prior years. In FY2024, profitability was positively impacted by the valuation of the Group's brand "ST Properties" and recognition of a gain of €30 million. In FY2023, the Group undertook a valuation exercise of its brand "ST" and recognised the amount to €36.5 million in the income statement.

During FY2025, the Group recognised an uplift in property values, net of deferred tax, in comprehensive income of €11.8 million (FY2024: nil). Overall, total comprehensive income for the year amounted to €32.1 million compared to €50.3 million in the prior year.

Revenue in **1H26** amounted to €18.7 million, an increase of €2.3 million (+14%) from the comparable period (1H25). Hotel operations improved by €5.5 million (+69%) mainly on account of the new 293-room Novotel Hotel in Gzira which commenced operations in Q3 2025. On the expenditure side, operating costs decreased by €1.8 million to €5.0 million. During the period, the Group continued its review of operational processes and resources to enhance cost controls and improve operational efficiencies.

As a result, the Group's EBITDA increased by 42% from €9.7 million in 1H25 to €13.8 million in 1H26, and total comprehensive income for the six-month period amounted to €8.4 million compared to €4.2 million in 1H25.

Stivala Group Finance p.l.c.
Consolidated Statement of Financial Position

	31 Dec'23 Audited €'000	31 Dec'24 Audited €'000	31 Dec'25 Audited €'000	30 Jun'26 Unaudited €'000
ASSETS				
Non-current assets				
Intangible assets	36,510	66,540	66,644	66,644
Right-of-use asset	204	152	109	135
Investment property	213,444	221,191	229,966	229,966
Property, plant & equipment	180,630	183,160	220,385	217,345
Investment in associates	280	306	151	219
Deferred taxation	10,240	16,756	18,494	18,494
	441,308	**488,105**	**535,749**	**532,803**
Current assets				
Inventory, trade and other receivables	11,609	3,153	5,279	4,972
Property held-for-sale	2,920	4,236	2,436	2,436
Other financial assets	13,095	13,671	10,785	8,842
Cash and cash equivalents	730	1,455	6,596	6,794
	28,354	**22,515**	**25,096**	**23,044**
Total assets	**469,662**	**510,620**	**560,845**	**555,847**
EQUITY				
Capital and reserves				
Share capital	255	259	259	259
Revaluation and other reserves	261,161	261,353	277,289	277,290
Retained earnings	67,112	97,251	109,294	117,651
	328,528	**358,863**	**386,842**	**395,200**
LIABILITIES				
Non-current liabilities				
Debt securities	59,790	59,850	59,910	59,790
Bank borrowings	27,145	33,258	35,560	30,013
Lease liabilities	172	129	94	94
Other non-current liabilities	30,410	33,630	48,050	46,198
	117,517	**126,867**	**143,614**	**136,095**
Current liabilities				
Bank overdraft	2,859	1,666	2,225	34
Bank and related party borrowings	8,452	7,693	15,822	12,038
Lease liabilities	53	43	35	35
Trade and other payables	10,799	15,456	12,275	12,438
Other current liabilities	1,454	32	32	7
	23,617	**24,890**	**30,389**	**24,552**
Total liabilities	**141,134**	**151,757**	**174,003**	**160,647**
Total equity and liabilities	**469,662**	**510,620**	**560,845**	**555,847**

In the consolidated statement of financial position, the Group's total assets as at **31 December 2025** amounted to €560.8 million (2024: €510.6 million), predominantly composed of investment property and property, plant & equipment. The y-o-y increase of €50.2 million mainly included net additions and uplifts to investment property and property, plant & equipment (+€46 million).

Non-current liabilities as at 31 December 2025 amounted to €143.6 million (2024: €126.9 million), comprising debt securities of €59.9 million (2024: €59.9 million), bank loans of €35.6 million (2024: €33.3 million) and other non-current liabilities (which comprises deferred taxation) of €48.1 million (2024: €33.6 million).

Current liabilities amounted to €30.4 million (2024: €24.9 million) and include trade and other payable, current portion of bank, other borrowings and lease liabilities, overdraft facilities and other liabilities.

As at **30 June 2026**, the Group's equity increased by €8.4 million on account of the accumulated earnings for the six-month period, while total liabilities decreased by €13.4 million, mainly reflected in a decrease of €11.5 million in short and long-term borrowings. Total assets of the Group decreased by €5.0 million to €555.8 million as at 30 June 2026.

Stivala Group Finance p.l.c.
Consolidated Statement of Cash Flows

	for the year ended 31 December			for the 6-mth period ended 30 June	
	2023	2024	2025	2025	2026
	Audited	Audited	Audited	Unaudited	Unaudited
	€'000	€'000	€'000	€'000	€'000
Net cash from operating activities	64,680	56,158	22,207	9,043	8,899
Net cash used in investing activities	(56,483)	(48,134)	(30,435)	(2,730)	2,911
Net cash from / (used in) financing activities	(10,416)	(6,106)	18	1,930	(11,612)
Net movement in cash and cash equivalents	**(2,219)**	**1,918**	**(8,210)**	**8,243**	**198**
Expected credit loss on cash in banks	-	-	2	-	-
Cash and cash equivalents at beginning of year	90	(2,129)	(211)	(211)	6,596
Cash and cash equivalents at end of year	**(2,129)**	**(211)**	**(8,419)**	**8,032**	**6,794**

During **FY2025**, the Group generated €22.2 million in net cash from operating activities compared to €56.2 million in the prior year. In FY2024, operating activities were positively impacted by the recognition of the 'ST Properties' brand amounting to €30 million.

Net cash used in investing activities amounted to €30.4 million in FY2025 (FY2024: €48.1 million) and mainly comprised the acquisition of intangible asset of €4.2 million (FY2024: €30.0 million) and property acquisitions and development of €25.9 million (FY2024: €17.7 million). Capital expenditure in FY2025 related to the various projects of the Group (mainly Movenpick Hotel, Novotel Hotel and Business Centre, Gzira).

Net cash inflows relating to financing activities amounted to €18,000 (FY2024: outflows of €6.1 million). During the year, net drawdowns from bank loans and related parties amounted to €6.6 million (FY2024: €16.4 million). In FY2025, dividends paid to shareholders amounted to €4.1 million (FY2024: €20.0 million).

In the six-month period ended **30 June 2026**, the Group reported a net movement in cash of €0.2 million. Net cash inflows from operating and investing activities amounted to €8.9 million to €2.9 million respectively, while net cash used in financing activities amounted to €11.6 million which mainly comprised the repayment of short and long-term borrowings.

13.2 HISTORICAL FINANCIAL INFORMATION - GUARANTOR

The table below provides a cross-reference list to key sections of the audited financial statements of the Guarantor for the financial years ended 31 December 2023, 31 December 2024 and 31 December 2025, and the unaudited interim financial statements of the Guarantor for the six months ended 30 June 2026. The said financial statements are incorporated by reference in this Base Prospectus and may be accessed at the following hyperlink: https://stivalagroup.com/?page_id=21

	FY2023 Page number	FY2024 Page number	FY2025 Page number	1H26 Page number
Independent auditor's report	4 - 9	4 - 8	4 - 9	N/A
Statement of comprehensive income	10	9	10	5
Statement of financial position	11	10	11	3 - 4
Statement of changes in equity	12	11	12	6
Statement of cash flows	13	12	13	7
Notes to the financial statements	14 - 48	13 - 44	14 - 48	8 - 11

There has been no significant change in the financial performance and, or financial position of the Guarantor since the end of the last financial period to which the last interim financial information relates.

14. LEGAL AND ARBITRATION PROCEEDINGS

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened or of which the Issuer or the Guarantor is aware) during the period covering 12 months prior to the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the Issuer's and/or Group's financial position or profitability.

15. MATERIAL CONTRACTS

Neither the Issuer, the Guarantor, nor any of the other companies forming part of the Group, are party to any contract that is not in the ordinary course of business of the respective Group company, which could result in any member of the Group being under an obligation or entitlement that is material to the Group's ability to meet its obligations to the Bondholders under the Secured Bonds as at the date of this Base Prospectus.

16. PROPERTY VALUATION REPORTS

The Issuer has commissioned Perit Ian Cutajar of Falzon & Cutajar Architects and Civil Engineers to issue the Security Property Valuation Report and the Townsquare Property Valuation Report (together, the "**Property Valuation Reports**"). The following are the details of Perit Ian Cutajar:

Business address: 45, Valley Road, Birkirkara BKR 9015, Malta
Qualifications: B.E.& A.(Hons), A.&C.E

Capital Markets Rule 7.4.3 provides that property valuations to be included in a prospectus must not be dated (or be effective from) more than 60 days prior to the date of publication of the prospectus. The Security Property Valuation Report is dated 9 November 2026. The Townsquare Property Valuation Report is dated 30 October 2026.

The Property Valuation Reports are incorporated by reference to the Base Prospectus and may be accessed at the following hyperlink: https://stivalagroup.com/?page_id=21. They are also available for inspection at the registered address of the Issuer and in electronic form from the Issuer's website as set out in section 22 of this Base Prospectus.

17. TERMS AND CONDITIONS

The following is the text of the terms and conditions which, as supplemented by the provisions of the relevant Final Terms, shall be applicable to the Secured Bonds.

All Applicants (or purchasers from time to time on the secondary market) of the Secured Bonds are deemed to have knowledge, accept and be bound by these Terms and Conditions, as completed by the relevant Final Terms. In the event of any inconsistency between these Terms and Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

17.1 GENERAL TERMS AND CONDITIONS

Under the Programme, the Issuer may, from time to time, issue Secured Bonds in one or more Tranches in accordance with the terms and conditions set out in this Base Prospectus and the applicable Final Terms. One or more Tranches may be consolidated to form a Series. Tranches of Secured Bonds issued under a Series shall be identical in all respects except for the issue amount, the Issue Date, and possibly the Interest, the Interest Commencement Date and the first Interest Payment Date. Tranches of Secured Bonds may be issued and offered under the Programme for a period of up to 12 months from the date of approval of this Base Prospectus. Application will be made in respect of the admission to trading of individual Tranches on the Official List.

The maximum aggregate principal amount of the Secured Bonds from time to time outstanding under the Programme will not exceed €75,000,000.

All Secured Bonds issued under the Programme will have a denomination of €100.

The Issue of the Secured Bonds will not be underwritten.

No credit rating will be obtained in respect of any of the Secured Bonds.

The Secured Bonds may be issued on a continuing basis and may be distributed by way of offers to the public, placement agreements, and/or intermediaries' offers via Authorised Financial Intermediaries, for their own account, or on account of their underlying clients. The method of distribution of each Tranche will be stated in the applicable Final Terms. Subject to the restrictions and conditions set out in this Base Prospectus, the categories of prospective investors to which the Secured Bonds are intended to be offered are retail and non-retail investors in Malta. There are no restrictions on the free transferability of the Secured Bonds.

The Issuer shall notify the public of the method of publication of the Final Terms by means of electronic publication on the website of the MSE (www.borzamalta.com.mt), or, in addition, and at the option of the Issuer, on the website of the Issuer (https://stivalagroup.com/?page_id=21). Any notice so given will be deemed to have been validly given on the date of such publication.

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 by the CSD on behalf of the Issuer. There will be entered in such electronic register, the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers of the Bondholders together with particulars of the Secured Bonds held by them. A copy of the Bondholder's entry in the CSD's electronic register will, at all reasonable times during business hours, be available for inspection by the Bondholders at the registered office of the Issuer. Title to the Secured Bonds shall be evidenced by an entry in the CSD Register. Each Bondholder consents to the Issuer having a right to obtain, from the CSD, any available information on the Bondholders including contact details and their holdings of Secured Bonds.

The CSD will issue, upon a request by a Bondholder, issue a statement of holdings evidencing his/her entitlement to the Secured Bonds held in the electronic register at the CSD.

17.2 ANCILLARY TERMS AND CONDITIONS

The following additional terms and conditions shall apply to the Secured Bonds issued under the Programme:

(a) the issue and allotment of the Secured Bonds is conditional upon (i) the relevant Tranche being admitted to the Official List by no later than the Issue Date; and (ii) such other condition/s as may be specified in the relevant Final Terms. In the event that any of these conditions is not satisfied, the Issuer undertakes to procure that any application monies received by the Manager & Registrar from Authorised Financial Intermediaries will be returned without interest by direct credit into the Applicant's or Authorised Financial Intermediary's bank account, as applicable, as indicated by the Applicant or Authorised Financial Intermediary in the respective Application, or placement agreement or subscription agreement, as applicable, for the eventual refund to the Applicant. Save as aforesaid, the Bondholders shall have no right of recourse against the Issuer and, or Manager & Registrar and, or Authorised Financial Intermediaries in the event that any of these conditions is not satisfied, including if the Secured Bonds are not admitted to the Official List by the date indicated in the relevant Final Terms;

(b) by applying to subscribe for Secured Bonds, an Applicant is thereby confirming to the Issuer (through the Manager & Registrar) and the Authorised Financial Intermediary through whom the application is made, as applicable, that the Applicant's remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the Issuer (through the Manager & Registrar) reserves the right to invalidate the relative application. Furthermore, the Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders, unless the Applicant makes payment in cleared funds and such consideration is accepted by the respective Authorised Financial Intermediary and, or Manager & Registrar, as applicable, which acceptance shall be made in the absolute discretion of the Authorised Financial Intermediary and, or Manager & Registrar and may be on the basis that the Applicant indemnifies the Authorised Financial Intermediary and, or Issuer and, or Manager & Regitsrar against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant's remittance to be honoured on first presentation;

(c) the contract created by the Issuer (through the Manager & Registrar's acceptance) of an Application filed by a prospective bondholder shall be subject to all the terms and conditions set out in this Base Prospectus, the applicable Final Terms and the Memorandum and Articles of Association of the Issuer. It is the responsibility of investors wishing to apply for the Secured Bonds to inform themselves as to the legal requirements of so applying including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile;

(d) any Application signed on behalf of another person, legal or natural, will be deemed to have duly bound the person signing such application who will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions on their behalf. Such representative may be requested to submit the relative power of attorney or resolution, or a copy thereof, duly certified by a lawyer or notary public if so required by the Issuer, but it shall not be the duty or responsibility of the Issuer to ascertain that such representative is duly authorised to appear on the Application;

(e) in the case of joint Applicants, reference to the Bondholder in the Application and in this Base Prospectus and the applicable Final Terms is a reference to each Bondholder, and liability therefor is joint and several. In respect of a Secured Bond held jointly by several persons, the joint holders shall nominate one of their numbers as their representative and his name will be entered in the register maintained by the CSD with such designation. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Secured Bond so held. In the absence of such nomination and until such nomination is made, the person first named in the register maintained by the CSD in respect of such Secured Bond shall, for all intents and purposes, be deemed to be the registered holder of the Secured Bond so held;

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

(g) applications in the name and for the benefit of minors shall be allowed provided that the Applicant already holds an account with the MSE and are signed by both parents or the legal guardian/s. Any Secured Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the

parents/legal guardian/s signing the Application until such time as the minor attains the age of 18 years, following which, all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of 18 years;

(h) legal entities, including corporates or corporate entities or association of persons, applying for the Secured Bonds need to have a Legal Entity Identifier (**"LEI**") which needs to be valid and unexpired, at least, until the admission to listing of the Secured Bonds. Without a valid LEI, the Application will be cancelled by the Manager & Registrar and, or the Authorised Financial Intermediary (as applicable) and subscription monies will be returned to the Applicant;

(i) by completing and delivering an Application, the Applicant:

(1) accepts to be irrevocably contractually committed to acquire the number of Secured Bonds allocated to such Applicant at the Issue Price and, to the fullest extent permitted by law, accepts not to exercise any rights to rescind or terminate, or otherwise withdraw from such commitment, such irrevocable offer to purchase, and pay the consideration for the number of Secured Bonds specified in the Application submitted by the Applicant (or any smaller number of Secured Bonds for which the Application is accepted) at the Issue Price (as applicable) being made, subject to the provisions of this Base Prospectus, the applicable Final Terms, the Application and the Memorandum and Articles of Association of the Issuer;

(2) agrees and acknowledges to have had the opportunity to read this Base Prospectus (and any supplement thereto, if any), the applicable Final Terms and any other document entered into in relation to the Programme and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Secured Bonds contained therein;

(3) warrants that the information submitted by the Applicant in the Application is true and correct in all respects. All Applications need to include a valid MSE account number in the name of the Applicant/s. Failure to include an MSE account number will result in the Application being cancelled by the Manager & Registrar acting on behalf of the Issuer (in its capacity as the Registrar) and subscription monies will be returned to the Applicant. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the Application and those held by the MSE in relation to the MSE account number indicated on the Application, the details held by the MSE shall be deemed to be the correct details of the Applicant;

(4) acknowledges the processing of any personal data for the purposes specified in the privacy notice published by the Issuer, which is available on the Issuer's website at https://stivalagroup.com/?page_id=21. The Applicant (and any Bondholder acquiring Secured Bonds on the secondary market) hereby acknowledges that the processing of personal data may validly take place, even without the Applicant's (or the Bondholder's) consent, in the circumstances set out in the privacy notice and in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) (the "**DPA**"), the General Data Protection Regulation (GDPR) (EU) 2016/679 ("**GDPR**"), and any applicable subsidiary legislation, as may be amended from time to time. The Applicant (and any Bondholder acquiring Secured Bonds on the secondary market) hereby confirms that he has been provided with and read the privacy notice;

(5) authorises the Issuer (or its service providers, including the CSD and/or the Sponsors and/or Manager & Registrar) and, or the relevant Authorised Financial Intermediary, as applicable, to process the personal data that the Applicant provides in the Application, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the DPA and the GDPR. The Applicant has the right to request access to and rectification of the personal data relating to him/her in relation to the Bond Issue. Any such requests must be made in writing and sent to the Issuer and the CSD at the MSE. The requests must be signed by the Applicant to whom the personal data relates;

(6) confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer or the issue of the Secured Bonds other than what is contained in this Base Prospectus and the relevant Final Terms and accordingly agree/s that no person responsible solely or jointly for this Base Prospectus and the relevant Final Terms or any part thereof will have any liability for any such other information or representation;

(7) agrees that any refund of unallocated Application monies, without interest, will be paid by direct credit, at the Applicant's own risk, to the bank account as indicated in the Application. The Issuer or the Manager & Registrar shall not be responsible for any loss or delay in transmission or any charges in connection therewith;

(8) agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;

(9) agrees to provide each of the Authorised Financial Intermediaries or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;

(10) agrees that all applications, acceptances of applications and contracts resulting therefrom will be governed, and construed, in accordance with Maltese law, and to submit to the jurisdiction of the Maltese courts, and agrees that nothing shall limit the right of the Issuer to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptance of applications and contracts resulting therefrom, in any manner permitted by law, in any court of competent jurisdiction;

(11) warrants that, where an Applicant signs and submits an Application on behalf of another person or on behalf of a

corporation or corporate entity or association of persons, the Applicant is duly authorised to do so and such person, corporation, corporate entity, or association of persons will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in the Terms and Conditions. The Applicant further undertakes to submit a power of attorney, resolution or any other documentation to the satisfaction of the Issuer evidencing authority to sign and submit the Application, together with copies thereof duly certified by a lawyer or notary public, if so required by the Issuer;

(12) warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental and, or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer, an Authorised Financial Intermediary and, or the Sponsor and, or the Manager & Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Secured Bonds and, or his Application;

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

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

(15) agrees that the advisors to the Bond Issue (listed in section 5.1 of this Base Prospectus) will owe the Applicant no duties or responsibilities concerning the Secured Bonds or the suitability of the Applicant;

(16) agrees that all documents in connection with the issue of the Secured Bonds will be sent at the Applicant's own risk and may be sent by electronic mail, by post or courier (at the discretion of the Issuer) at the address (or, in the case of joint applications, the address of the first named Applicant) as set out in the Application;

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

(18) in the event that an Applicant has not been allocated any Secured Bonds or has been allocated a number of Secured Bonds which is less than the number applied for, the Applicant shall receive a full refund or, as the case may be, the balance of the price of the Secured Bonds applied for but not allocated, without interest, by credit transfer to such account indicated in the Application, at the Applicant's sole risk. The Issuer or the Manager & Registrar shall not be responsible for any charges, loss or delay arising in connection with such direct credit transfer;

(19) for the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations (Subsidiary Legislation 373.01 of the laws of Malta), as amended from time to time, the Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the 'Members' Code of Conduct' appended as Appendix 3.6 to Chapter 3 of the MSE Bye-Laws, irrespective of whether the said appointed Authorised Financial Intermediaries are MSE Members or not. Such information shall be held and controlled by the MSE in terms of the DPA and the GDPR as may be amended from time to time, for the purposes and within the terms of the MSE Data Protection Policy as published from time to time;

(20) it shall be incumbent on the respective Authorised Financial Intermediary to ascertain that all other applicable regulatory requirements relating to subscription and holding of Bonds by an Applicant are complied with, including without limitation the obligation to comply with all applicable requirements set out in Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No. 648/2012, as well as applicable MFSA Rules for investment services providers;

(21) subject to all other terms and conditions set out in this Base Prospectus, the Issuer reserves the right to reject, in whole or in part, or to scale down, any application for the Secured Bonds, for any reason whatsoever, including but not limited to multiple or suspected multiple Applications or any Application which in the opinion of the Issuer is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Both original and electronic copies of the Application submitted to the Manager & Registrar by Authorised Financial Intermediaries will be accepted;

(22) no person receiving a copy of this Base Prospectus, the applicable Final Terms, or an Application in any territory other than Malta may treat the same as constituting an invitation or offer to such person, nor should such person in any event use such Application, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application could lawfully be used without contravention of any registration or other legal requirements; and

(23) subscription for Secured Bonds by persons resident in, or who are citizens of, or who are domiciled in, or who have a registered address in, a jurisdiction other than Malta, may be affected by the law of the relevant jurisdiction. Those persons should consult their professional advisors (including tax and legal advisors) as to whether they require any governmental or other consents, or need to observe any other formalities, to enable them to subscribe for the Secured Bonds. It is the responsibility of any person (including, without limitation, nominees, custodians, depositaries

and trustees) outside Malta wishing to participate in the Bond Issue, to satisfy himself as to full observance of the applicable laws of any relevant jurisdiction, including, but not limited to, obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes (of any nature whatsoever) due in such territories. The Issuer shall not accept any responsibility for the non-compliance by any person of any applicable laws or regulations of foreign jurisdictions.

17.3 REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND ESTIMATED TOTAL EXPENSES

The reasons for the offer shall be specified in the applicable Final Terms. The following reasons for the offer of each Tranche are eligible for inclusion in the Final Terms:

- part-financing the acquisition of the Townsquare Site; and
- part-financing the construction, development and finishing of property to be developed over the Townsquare Site.

The net proceeds of the Bond Issue, after deduction of Bond Issue expenses, are expected to amount to *circa* €73,500,000.

In the event that the acquisition of the Townsquare Site does not materialise, the Issuer shall be entitled to apply the net proceeds towards: (i) the partial redemption of the €45,000,000 4% Secured Bonds issued by the Issuer pursuant to a prospectus dated 25 September 2017 on their maturity date in 2027; and (ii) general corporate funding purposes, provided that the amount applied towards general corporate funding purposes in terms of paragraph (ii) shall not, in any case, exceed 33% of the total net proceeds Pending the application of the net proceeds in accordance with paragraph (i), the Issuer may hold such proceeds in cash or cash equivalents or invest them in short-term, highly liquid, low-risk instruments, including Malta Government Treasury Bills.

17.4 STATUS AND RANKING OF THE SECURED BONDS

The Secured Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with all other unsecured and unsubordinated obligations of the Issuer. The Secured Bonds shall be guaranteed in respect of both the interest due and the principal amount by the Guarantor in terms of the Guarantee. In respect of the Guarantor, the Guarantee shall constitute a direct and unconditional obligation of the Guarantor, and the Guarantor's obligations under the Guarantee shall rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor, and with first ranking and priority over the Security Property.

In support of the Guarantee, the Guarantor has agreed to constitute in favour of the Security Trustee for the benefit of all Bondholders, the Collateral over the Security Property. The Collateral will secure the claim of the Security Trustee, for the benefit and in the interest of Bondholders, for the repayment of the principal and interest under the Secured Bonds by a preferred claim over the Security Property.

17.5 EVENTS OF DEFAULT

Pursuant to the Trust Deed, the Security Trustee may in its absolute discretion, and shall, upon the request in writing from Bondholders representing not less than seventy five percent (75%) in nominal value of Secured Bonds then outstanding, by notice in writing to the Issuer and the Guarantor declare the Secured Bonds to have become immediately due and payable upon the happening of any of the following events (each an "Event of Default" and collectively "**Events of Default**"):

i. the Issuer fails to effect payment of interest under the Secured Bonds (irrespective of the Tranche) on an Interest Payment Date and such failure continues for a period of sixty (60) calendar days after written notice thereof has been given to the Issuer by the Security Trustee;

ii. the Issuer fails to pay the principal amount on any Secured Bond (irrespective of the Tranche) on the date fixed for its redemption, and such failure continues for a period of sixty (60) calendar days after written notice thereof has been given to the Issuer by the Security Trustee;

iii. the Issuer fails to duly perform or shall otherwise be in breach of any other material obligation contained in this Base Prospectus and such failure shall continue for sixty (60) calendar days after written notice thereof has been given by the Security Trustee to the Issuer;

iv. the Issuer and, or the Guarantor fails to duly perform or otherwise breaches any other material obligation contained in the Terms and Conditions of the Secured Bonds and such failure continues for a period of sixty (60) calendar days after written notice thereof has been given to the Issuer and, or the Guarantor by the Security Trustee;

v. the Issuer stops payments of its debts or ceases or threatens to cease to carry on its business or a substantial part thereof;

vi. the Issuer or the Guarantor is unable to pay its debts within the meaning of article 214(5) of the Act, or any statutory modification or re-enactment thereof;

vii. an order is made or an effective resolution is passed for the winding-up of the Issuer or the Guarantor, except for the purpose of a reconstruction, amalgamation or division, the terms of which have been approved in writing by the Security Trustee (such approval not be unreasonably withheld or delayed where the reconstruction, amalgamation or division is an internal reorganization within the Group that does not materially diminish the value of the Security Property);

viii. a judicial or provisional administrator is appointed upon the whole or any material part of the property of the Issuer or Guarantor and such appointment is certified by the Security Trustee, acting reasonably and in good faith, to be prejudicial to the interests of the Bondholders;

ix. the Issuer and/or the Guarantor substantially changes the object or nature of its business as currently carried on, save that any internal reorganization or restructuring within the Group that does not materially diminish the value of the Security Property shall not constitute an Event of Default under this sub-clause;

x. the Issuer and/or the Guarantor commits a breach of any of the covenants or provisions contained in the Security Trust Deed and on their part to be observed and performed and the said breach still subsists for sixty (60) calendar days after having been notified by the Security Trustee (other than any covenant for the payment of interests or principal monies owing in respect of the Secured Bonds);

xi. the security constituted by any hypothec or charge upon the whole or any part of the undertaking or assets of the Issuer or the 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, acting reasonably and in good faith, to be prejudicial to the Bondholders;

xii. any representation or warranty made or deemed to be made or repeated by or in respect of the Issuer or the Guarantor is or proves to have been incorrect in any material respect in the sole opinion of the Security Trustee;

xiii. any material indebtedness of the Issuer or Guarantor is not paid when properly due or becomes properly due and payable or any creditor of the Issuer or Guarantor (as the case may be) becomes entitled to declare any such material indebtedness properly due and payable prior to the date when it would otherwise have become properly due or any guarantee or indemnity of the Issuer or the Guarantor in respect of indebtedness is not honoured when properly due and called upon and such failure continues for a period of sixty (60) calendar days after written notice thereof has been given by the Security Trustee to the Issuer and the Guarantor; PROVIDED THAT for the purposes of this provision, material indebtedness shall mean an amount exceeding €1,000,000; PROVIDED FURTHER THAT no Event of Default shall arise under this sub-clause in respect of any indebtedness that is in the course of being refinanced, provided that such refinancing is completed within ninety (90) calendar days of the original payment date;

xiv. any consent, permit, authorisation, licence or approval of, or registration with, or declaration to governmental, statutory or public bodies, or authorities or courts, required by the Issuer or the Guarantor in connection with the Group's projects and their development and construction; or pursuant to the execution, delivery, validity, enforceability or admissibility in evidence hereof, or the performance by the Issuer of its obligations hereunder, is substantially modified in the sole opinion of the Security Trustee, or is not granted, or is revoked, or terminated, or expires and is not renewed, or otherwise ceases to be in full force and effect; and such event: (I) has, or is reasonably likely to have, a material adverse effect on the ability of the Issuer or the Guarantor to perform its obligations under the Secured Bonds or on the value of, or enforceability of the Collateral, as determined by the Security Trustee acting reasonably and in good faith; and (II) is not remedied, or the relevant consent, permit, authorisation, licence, approval or registration is not reinstated, renewed, or replaced on substantially equivalent terms, within ninety (90) calendar days of written notice from the Security Trustee to the Issuer and the Guarantor; PROVIDED THAT no Event of Default shall arise under this sub-clause in respect of any routine variation, modification, or amendment to any planning permit, development permit, or environmental permit that is made in the ordinary course of the development and construction of the Group's projects and that does not materially and adversely affect the value of the Security Property or the ability of the Issuer to service its obligations under the Secured Bonds;

xv. the Issuer or the Guarantor repudiates, or does or causes or permits to be done any act or thing evidencing an intention to repudiate the Secured Bonds and/or the Trust Deed;

xvi. all, or a material part (as determined by the Security Trustee acting reasonably in good faith), of the undertakings, assets, rights, or revenues of, or shares or other ownership interests in the Issuer or the Guarantor are seized, nationalised, expropriated, or compulsorily acquired by or under the authority of any government.

Upon any such declaration being made as aforesaid the said principal monies and interest accrued under the Secured Bonds shall be deemed to have become immediately payable at the time of the event which shall have happened as aforesaid.

Provided that in the event of any breach by the Issuer or the Guarantor of any of the covenants, obligations or provisions contained in this Base Prospectus or the Security Trust Deed (as applicable) due to any fortuitous event of a calamitous nature beyond the control of the Issuer or the Guarantor, then the Security Trustee may, but shall be under no obligation so to do, give the Issuer or the Gurantor such period of time to remedy the breach, as in its sole opinion, may be justified in the circumstances and, if in its sole opinion the breach is remediable within the short term and without any adverse impact on the Bondholders. Provided further that in the circumstances contemplated by this proviso, the Security Trustee shall at all times act on and in accordance with any instructions it may receive in a meeting of Bondholders.

The Security Trustee shall not be bound to take any steps to ascertain whether any event of default or other condition, event or circumstance has occurred or may occur, and, until it shall have actual knowledge or express notice to the contrary, the Security Trustee shall be entitled to assume that no such event of default or condition, event or other circumstance has happened and that the Issuer and the Guarantor are each observing and performing all the obligations, conditions and provisions on their respective parts contained in the Secured Bonds, the Guarantee and the Security Trust Deed.

17.6 RIGHTS OF BONDHOLDERS

A Bondholder shall have such rights as are, pursuant to the Terms and Conditions of this Base Prospectus and the applicable Final Terms, attached to the Secured Bonds, including:

(a) the repayment of capital;
(b) the payment of interest;
(c) the benefit of the Guarantee and the Collateral held though the Security Trustee;
(d) the right to attend, participate in and vote at meetings of Bondholders; and
(e) the enjoyment of all such other rights attached to the Secured Bonds emanating from this Base Prospectus and applicable Final Terms.

17.7 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 €100) in accordance with the rules and regulations of the MSE applicable from time to time.

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

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 transferee.

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

17.8 PAYMENTS

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

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

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 of the register cut-off date as specified in the applicable Final Terms (the "**Register Cut-Off Date**"), by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro. Such payment shall be effected within seven (7) Business Days of the applicable Interest Payment Date. The Issuer shall not be responsible for any loss or delay in transmission.

In terms of article 2156 of the Civil Code (Cap. 16 of the laws of Malta), the right of Bondholders to bring an action for the payment of interest and repayment of the principal amount on the Secured Bonds is barred by the lapse of five years.

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

No commissions or expenses shall be charged by the Issuer to Bondholders in respect of such payments.

17.9 YIELD

The gross yield of each Tranche calculated on the basis of the Interest, the Issue Price, and the Redemption Value of the Secured Bonds, shall be set out in the Final Terms.

17.10 REDEMPTION

Unless previously purchased and cancelled, the Secured Bonds will be redeemed at their Redemption Value, together with interest accrued to the date fixed for redemption, on the Redemption Date.

Subject to the provisions of this section 17.10, the Issuer may at any time purchase Secured Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

All Secured Bonds repurchased by the Issuer shall be cancelled forthwith and may not be reissued or re-sold.

17.11 BONDHOLDERS' MEETINGS

A meeting of Bondholders may be called for the purpose of consulting with Bondholders on particular issues, for the purpose of obtaining the Bondholders' consent on matters which in terms of this Base Prospectus and/or the applicable Final Terms and/or the Security Trust Deed require the approval of a Bondholders' Meeting, or for the purposes of obtaining the consent of the Bondholders to effect any change to the Terms and Conditions of the Secured Bonds.

In the event that the Issuer is desirous of amending the Final Terms of one particular Tranche, it is only the Bondholders of that particular Tranche (the "**Affected Bondholders**") who shall be entitled to attend and vote at a meeting summoned for the purpose.

Meetings of Bondholders and Affected Bondholders shall be summoned and conducted in the manner prescribed hereunder.

A meeting of Bondholders or Affected Bondholders, as applicable, shall be held at the written request of the Issuer or the Security Trustee. A request for a meeting shall be made in writing to the Security Trustee and shall cleary state the matters to be discussed/ proposed to Bondholders. The meeting of Bondholders or Affected Bondholders, as applicable, shall be called by the Security Trustee.

The Security Trustee shall, by not less than fourteen (14) days' notice in writing, call such meeting by giving notice to the Issuer, the Guarantor and all Bondholders or Affected Bondholders, as applicable, listed on the register of Bondholders as at a date being not more than thirty (30) days preceding the date scheduled for the meeting. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat.

A meeting of Bondholders or Affected Bondholders, as applicable, shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, a quorum shall be constituted by at least two (2) Bondholders or Affected Bondholders (as the case may be) present, in person or by proxy, representing not less than:

(i) 50% in nominal value of the Bonds then in issue, in the case of a meeting of all Bondholders; or
(j) 50% in nominal value of the Bonds then in issue in a particular Tranche held by the Affected Bondholders, in the case of a meeting of Affected Bondholders.

If a quorum is not present within thirty (30) minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Security Trustee to the Bondholders, or Affected Bondholders, as applicable, present at that meeting. The Issuer shall within two (2) days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven (7) days, and not later than fifteen (15) days, following the original meeting. At an adjourned meeting the number of Bondholders, or Affected Bondholders present, in person or by proxy, shall constitute a quorum and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.

The Bondholders (or Affected Bondholders) and the Security Trustee have a right to attend the meeting of Bondholders or Affected Bondholders. A Bondholder, or Affected Bondholder, may attend by a representative holding a proxy. The Security Trustee shall circulate a proxy form to Bondholders with the notice convening the meeting of Bondholders or Affected Bondholders, as applicable.

Representatives of the Issuer and the Guarantor have a right to attend the meeting of Bondholders or Affected Bondholders, as applicable.

The Security Trustee shall chair meetings of Bondholders or Affected Bondholders, as applicable.

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

The voting process shall be managed by the Company Secretary of the Issuer under the supervision and scrutiny of the auditors of the Issuer and the Security Trustee.

Unless stated otherwise in this Base Prospectus or the Security Trust Deed, the proposal placed before a meeting of Bondholders or Affected Bondholders shall only be considered approved if not less than seventy-five per cent (75%) in nominal value of the Bondholders or Afffected Bondholders, as applicable, present at the meeting, or at the adjourned meeting, as the case may be, at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.

The Security Trustee shall ensure that resolutions passed at the meeting of Bondholders or Affected bondholders, as applicable, are properly implemented. However, the Security Trusee may refuse to carry out resolutions which, in its reasonable opinion, conflict with the Base Prospectus or applicable law.

A matter decided at a duly convened Bondholders' meeting is binding on all Bondholders or Affected Bondholders, as the case may be, irrespective of whether they are present or not.

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

17.12 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 (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 Collateral.

For the avoidance of doubt, the Collateral constituted in respect of the Secured Bonds issued under the Programme shall secure all the Secured Bonds issued from time to time under the Programme, irrespective of the Series or Tranche under which such Secured Bonds are issued and irrespective of their date/s of issue.

17.13 NOTICE TO BONDHOLDERS

Notices will be mailed to Bondholders at their registered addresses and shall be deemed to have been served at the expiration of fourty-eight (48) hours after the letter containing the notice is posted, and in proving such service it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such Bondholder at his registered address and posted.

17.14 GOVERNING LAW AND JURISDICTION

The Secured Bonds are established under, governed by and shall be construed in accordance with the laws of Malta. Any legal action, suit or proceedings against the Issuer and/or the Guarantor arising out of or in connection with the Secured Bonds and/or the Base Prospectus and/or the applicable Final Terms shall be brought exclusively before the Maltese courts.

18. FORM OF FINAL TERMS

FINAL TERMS
Dated [●]

SECURED BOND ISSUANCE PROGRAMME OF A MAXIMUM OF €75,000,000

Series No: [●]
Tranche No: [●]

ISIN: [●]

[amount of Bonds]

issued by:

STIVALA GROUP FINANCE P.L.C.
A PUBLIC LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF MALTA
WITH COMPANY REGISTRATION NUMBER C 82218

With the joint and several guarantee* of

CARMELO STIVALA GROUP LIMITED
A PRIVATE LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF MALTA
WITH COMPANY REGISTRATION NUMBER C 62625

*Prospective investors are to refer to the Guarantee contained in Annex I of the Base Prospectus for a description of the Guarantee. Reference should also be made to the section entitled "Risk Factors" contained in the Base Prospectus for a discussion of certain risk factors which should be considered by prospective investors in connection with, *inter alia*, the Guarantee provided by the Guarantor.

PART A - CONTRACTUAL TERMS

Capitalised terms used herein which are not defined shall have the definitions assigned to them in the Base Prospectus dated 17 November 2026 which was approved by the MFSA in Malta on 17 November 2026 and which constitutes a base prospectus for the purposes of the Prospectus Regulation.

This document constitutes the Final Terms of the Series [●] Tranche [●] Secured Bonds described herein for the purposes of article 8 the Prospectus Regulation and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the offer of the Tranche of Secured Bonds under these Final Terms is only available on the basis of the combination of these Final Terms and the Base Prospectus. A summary of the issue of this Tranche of Secured Bonds is annexed to these Final Terms.

The Base Prospectus is available for viewing at the office of the Issuer and on the websites of: (a) the MFSA; and (b) the Issuer (https://stivalagroup.com/?page_id=21) and copies may be obtained free of charge from the registered office of the Issuer (ST Group Head Office, Novotel Hotel, Level 2, 60, Triq Sir Frederick C. Ponsonby, Gzira GZR 1070, Malta). A summary of this individual issue is annexed to these Final Terms.

The following is a description of the main terms of the Secured Bonds

1	**Issuer**	Stivala Group Finance p.l.c.
2	**Guarantor**	Carmelo Stivala Group Limited
3	**(i) Series number** **(ii) Tranche number** **(iii) ISIN**	[●] [●] [●]
4	**Specified currency**	Euro (€)
5	**Aggregate nominal amount:** **(i) Series** **(ii) Tranche**	 [●] [●]
6	**(i) Issue Price** **(ii) Net Proceeds**	[●] [●]
7	**Specified denomination**	[●]
8	**Number of Secured Bonds offered for subscription**	[●]
9	**Status of the Secured Bonds**	[●]
10	**(i) Issue Date** **(ii) Interest Commencement Date**	[●] [●]
11	**Redemption Date**	[●]
12	**Redemption Value**	[●]
13	**Register Cut-Off Date**	[●]

INTEREST

14	**Interest**	[●]
15	**Interest Payment Date/s**	[●]

GENERAL PROVISONS

16.	**Taxation**	As per section 19 ("***Taxation***") of the Base Prospectus.

PURPOSE OF FINAL TERMS

These Final Terms comprise the Final Terms required for the offer for subscription, issue, and admission to trading on the Official List of the Tranche of Secured Bonds described herein pursuant to the Programme of a maximum of €75,000,000 of the Issuer in terms of the Base Prospectus dated 17 November 2026.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Board of Directors by: [●]

PART B - OTHER INFORMATION

1. Definitions

[●]

2. Admission to listing and trading

Admission to listing	The Secured Bonds were authorised as admissible to listing on the Official List.
Admission to trading	Application has been made to the MSE for the Secured Bonds being issued pursuant to these Final Terms to be admitted to trading thereon. The Secured Bonds are expected to be admitted to the Official List of the MSE with effect from [●] and trading is expected to commence on [●].
Previous admission to trading	[●]
Estimate of total expenses relating to admission to trading	[●]
Dates of the corporate authorisations for issuance of the Secured Bonds	[●]

3. Reasons for the offer, estimated net proceeds and total expenses

Reasons for the offer / use of proceeds	[●]
Estimated expenses	[●]
Estimated net proceeds	[●]
Conditions to which the offer is subject	[●]

4. Yield

Yield	[●]
Method of calculating the yield	[●]

5. Expected Timetable

1) Opening of offer period	[●]
2) Closing of offer period	[●]
3) Placement Date	[●]
4) Commencement of Interest	[●]
5) Announcement of basis of acceptance	[●]
6) Refund of unallocated monies, if any	[●]
7) Expected date of admission of the Secured Bonds to listing	[●]
8) Issue date of the Secured Bonds	[●]
9) Expected date of commencement of trading in the Secured Bonds	[●]

6. Method of distribution and allocation

Categories of potential investors to which the Secured Bonds are offered	[●]
Plan of distribution and allotment	[●]
Placement Agreements	[●]
Reservation of Tranche, of part thereof, in favour of specific classes of investors	[●]
Minimum amount of application	[●]
Description of application process	[●]
Allocation policy	[●]
Results of the offer	[●]
Selling commission	[●]

7. Interests of natural and legal persons involved in the Issue

[●]

ANNEX I - ISSUE SPECIFIC SUMMARY
[●]

ANNEX II - LIST OF AUTHORISED FINANCIAL INTERMEDIARIES
[●]

19. TAXATION

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

It is noted that the below overview is limited to the key Malta tax considerations. Investors and prospective investors are advised to seek counsel from their tax advisors outside Malta, where any foreign tax considerations may be relevant.

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

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

19.1 MALTA TAX ON INTEREST

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

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder is not obliged to declare the interest so received in his income tax return (to the extent that the interest is paid net of tax). No person shall be charged to further tax in respect of such income. Furthermore, such tax should not be available as a credit against the recipient's tax liability or for a refund, as the case may be, for the relevant year of assessment in Malta. The Issuer is required to submit to the Maltese Commissioner for Tax and Customs the tax withheld by the fourteenth day following the end of the month in which the payment is made. The Issuer will also render an account to the Maltese Commissioner for Tax and Customs of all amounts so deducted, including the identity of the recipient.

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

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

19.2 MALTESE TAXATION OF CAPITAL GAINS ON TRANFERS OF THE SECURED BONDS

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

19.3 DUTY ON DOCUMENTS AND TRANSFERS

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

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

Furthermore, even if the Secured Bonds are considered marketable securities for the purposes of the Duty on Documents and Transfers Act, in terms of article 50 of the Financial Markets Act (Cap. 345 of the laws of Malta) since the Secured Bonds constitute financial instruments of a quoted company (as defined in such Act), redemptions and transfers of the Secured Bonds should, in any case, be exempt from Maltese stamp duty.

INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING, AND DISPOSAL OF SECURED BONDS AS WELL AS INTEREST PAYMENTS MADE BY THE ISSUER. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE SECURED BONDS AND TO BONDHOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.

19.4 EXCHANGE OF INFORMATION

In terms of applicable Maltese legislation, the Issuer and, or its agent may be required to collect and forward certain information (including, but not limited to, information regarding payments made to certain Bondholders) to the Maltese Commissioner for Tax and Customs. The Maltese Commissioner for Tax and Customs will or may, in turn, automatically or on request, forward the information to other relevant tax authorities subject to certain conditions.

Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU, 2015/2376, 2016/881 2016/2258, 2018/822, 2020/876 and 2021/514) provides for the implementation of the Common Reporting Standard ("**CRS**") into Maltese legislation. The CRS has been proposed by the OECD as a new global standard for the automatic exchange of financial account information between tax authorities in participating jurisdictions. CRS has been transposed into Maltese legislation by virtue of the Cooperation with Other Jurisdictions on Tax Matters Regulations, Subsidiary Legislation 123.127 ("**CRS Legislatio**n"). Malta based financial institutions ("**FIs**") (defined as such for the purposes of CRS) are obliged to identify and report to the Maltese tax authorities financial accounts held by a Reportable Person, as defined under the CRS Legislation, and certain entities with one or more Controlling Persons, as defined under the CRS Legislation, which is classified as a Reportable Person. Financial information relating to Secured Bonds and the holders of the Secured Bonds may fall within the purview of CRS and may be subject to reporting and information exchange provisions.

In particular with respect to CRS, the following information will be reported annually by the FIs to the Maltese competent authority in respect of each reportable account maintained by the FIs: i. The name, address, jurisdiction of tax residence, tax identification number ("**TIN**") and date and place of birth (in the case of an individual); ii. The account number (or functional equivalent in the absence of an account number); iii. The account balance or value as of the end of the relevant calendar year or other appropriate reporting period or, if the account was closed during such year or period, the closure of the account; iv. The total gross amount paid or credited to the account holder with respect to the account during the calendar year or other appropriate reporting period with respect to which the FI is the obligor or debtor, including the aggregate amount of any redemption payments made to the account holder during the calendar year or other appropriate reporting period.

The Maltese tax authorities shall by automatic exchange framework for reciprocal information exchange, communicate to the other competent authority on annual basis, any relevant information that may fall to be classified as reportable, and vice versa.

Foreign Tax Compliance Act ("**FATCA**") has been implemented into Maltese law through the Exchange of Information (United States of America) (FATCA) Order, Subsidiary Legislation 123.156 ("**FATCA Legislation**"). Under the FATCA Legislation, FIs in Malta (defined as such for the purposes of FATCA) are obliged to identify and report financial accounts held by Specified U.S. persons, as defined under the FATCA Legislation, and certain non-U.S. entities which are controlled by U.S. Controlling Persons, as defined under the FATCA Legislation, to the Maltese tax authorities. The Maltese Government and the Government of the U.S. shall annually exchange the information obtained pursuant to the Order on an automatic basis. Non-compliance may result in a punitive 30% withholding tax on distributions captured by FATCA. Financial account information in respect of holders of the Secured Bonds could fall within the scope of FATCA and they may therefore be subject to reporting obligations.

In particular, FIs reserve the right to store, use, process, disclose and report any required information including all current and historical data related to the past and, or present account/s held by Reportable Persons, including, but not limited to, the name, address, date of birth, place of birth and US TIN, the details of any account transactions, the nature, balances and compositions of the assets held in the account, to the Maltese competent authority.

FIs reserve the right to request any information and/or documentation required, in respect of any financial account, in order to comply with the obligations imposed under FATCA and CRS and any referring legislation. In the case of failure to provide satisfactory documentation and, or information, FIs may take such action as it thinks fit, including without limitation, the closure of the financial account.

20. THIRD PARTY INFORMATION, STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

20.1 THIRD PARTY INFORMATION

The sourced information contained in section 9 of this Base Prospectus has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the published information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

20.2 EXPERT REPORTS

Save for the financial analysis summary annexed to this Base Prospectus as Annex II and the Property Valuation Reports, which are incorporated by reference to this Base Prospectus, this Base Prospectus does not contain any statement or report attributed to any person as an expert.

The financial analysis summary and the Property Valuation Reports have been included in the form and context in which they appear with the authorisation of the Sponsor and Falzon & Cutajar Architects & Civil Engineers, who have given and have not withdrawn their consent to the inclusion of such reports herein.

The author of the financial analysis summary is Mr Evan Mohnani CPA, MA (Financial Services), Head Corporate Broking Unit at M.Z. Investment Services Limited of 63, MZ House, St. Rita Street, Rabat RBT 1523, Malta.

The author of the Property Valuation Reports is Perit Ian Cutajar B.E.& A.(Hons), A.&C.E of Falzon & Cutajar Architects & Civil Engineers of 45, Valley Road, Birkirkara BKR 9015, Malta.

20.3 DECLARATION OF INTEREST

M.Z. Investment Services Limited and Falzon & Cutajar Architects & Civil Engineers do not have any material interest in the Issuer nor in the Guarantor.

Bastille Malta Trustees Ltd, the Security Trustee, is currently the registered holder of six hundred (600) ordinary shares in Platinum Developments Ltd ("**PDL**"), such shares being held exclusively in a fiduciary capacity. The Security Trustee has no beneficial entitlement to the shares, their underlying value or any economic return arising therefrom, and has no involvement in the management or day-to-day operations of PDL.

Neither the shares held by the Security Trustee as a fiduciary in PDL nor any assets owned by PDL form part of the security interest established with respect to the Secured Bonds.

Notwithstanding the foregoing, the Security Trustee notes that its fiduciary obligations in respect of the shares held in PDL may give rise to a potential or perceived conflict of interest in connection with its appointment as Security Trustee. This potential conflict is recognised and should a conflict ever arise, it will be managed in accordance with the provisions of the Trust Deed and applicable law, including, appropriate conflict-identification and management procedures and such other safeguards as may be reasonably necessary in the circumstances.

The Security Trustee is, on the date of this Base Prospectus, actively pursuing the transfer of the shares held thereby in PDL in favour of a third-party entity and intends to complete the transfer as soon as practicable. The transfer is being progressed with a view to bringing the Security Trustee's shareholding in PDL to an end in the short term. Pending completion, the Security Trustee will continue to assess and manage the potential conflict and implement appropriate safeguards. Any material developments concerning the transfer will be addressed in accordance with applicable disclosure requirements.

21. AUTHORISATION, LISTING AND ADMISSION TO TRADING

The issue of the Programme and the publication of this Base Prospectus were authorised by a resolution of the shareholders of the Issuer and of the Board of Directors, both passed on 9 November 2026. The Gurantee being given by the Guarantor in respect of the Secured Bonds was authorised by a resolution of the Board of Directors of the Guarantor passed on 9 November 2026.

The MFSA has authorised the Programme as admissible to listing on the Official List pursuant to the Capital Markets Rules by virtue of a letter dated 17 November 2026. Application will be made to list each Tranche of the Secured Bonds on the Official List and to be admitted to trading on the regulated market of the MSE.

22. DOCUMENTS AVAILABLE FOR INSPECTION

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

(i) the Memorandum and Articles of Association of the Issuer;
(ii) the Memorandum and Articles of Association of the Guarantor;
(iii) the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2023, 31 December 2024, and 31 December 2025;
(iv) the audited financial statements of the Guarantor for the financial years ended 31 December 2023, 31 December 2024, and 31 December 2025;
(v) the unaudited interim consolidated financial statements of the Issuer for the period 1 January 2026 to 30 June 2026;
(vi) the unaudited interim financial statements of the Guarantor for the period 1 January 2026 to 30 June 2026;
(vii) the audited financial statements of ST Hotels Ltd and ST Properties Ltd for the financial years ended 31 December 2023, 31 December 2024 and 31 December 2025;
(viii) the Property Valuation Reports;
(ix) the financial analysis summary prepared by the Sponsor dated 17 November 2026;
(x) the Guarantee; and
(xi) the Security Trust Deed.

These documents are also available for inspection in electronic form on the Issuer's website at https://stivalagroup.com/?page_id=21

ANNEX I – GUARANTEE

To: **Bastille Malta Trustees Limited (C 25994)**
The Core, Valley Road, Msida MSD 9021, Malta

(hereinafter together with its lawful successors and assigns referred to as the "Security Trustee").

17 November 2026

Dear Sirs,

Re: GUARANTEE & INDEMNITY

Carmelo Stivala Group Limited, a company registered in Malta and bearing company registration number C 62625 (hereinafter together with our lawful successors and assigns referred to as the "Guarantor"), having noted that:

I. by virtue of a base prospectus dated 17 November 2026 issued by Stivala Group Finance p.l.c. (C 82218) (the "**Issuer**") in connection with a bond issuance programme of up to €75 million secured bonds (as the same may be amended, varied or supplemented, including the applicable final terms, hereinafter referred to as the "**Prospectus**") the Issuer shall, under the joint and several guarantee of the Guarantor, issue up to €75,000,000 in bonds to be redeemed and finally repaid in accordance with the applicable date/s set out in the respective Final Terms (the "**Secured Bonds**");

II. the entire issued share capital of the Guarantor is held by ST Group Capital Investments Ltd (C 116298), a company wholly owned by the Issuer;

III. in connection with the issue of the Secured Bonds, the Guarantor has agreed to grant and execute this Guarantee and Indemnity (hereinafter referred to as "**Guarantee**") in favour of the Security Trustee for the benefit of the Bondholders; and

IV. the Guarantor has agreed to the conclusion and execution of this Guarantee in favour of the Security Trustee for the benefit of the Bondholders;

NOW, THEREFORE, THE GUARANTOR IS HEREBY COVENANTING IN FAVOUR OF THE SECURITY TRUSTEE AS FOLLOWS:

1. INTERPRETATION

In this Guarantee, unless the context otherwise requires:

(a) terms and expressions defined in or construed for the purposes of the Prospectus shall have the same meanings or be construed in the same manner when used in this Guarantee, unless defined otherwise in this Guarantee;

(b) "Indebtedness" means any and all moneys, obligations and liabilities now or hereafter due, owing or incurred by the Issuer under the Secured Bonds to the Bondholders in terms of the Prospectus and in any and all cases whether for principal, interests, capitalised interests, charges, disbursements, or otherwise and whether for actual or contingent liability;

(c) "**writing**" or "**in writing**" shall mean any method of visual representation and shall include electronic mail communications and other such electronic methods.

2. GUARANTEE

2.1 COVENANT TO PAY

In consideration of the Bondholders acquiring the Secured Bonds, the Guarantor, as duly authorized, hereby jointly and severally with the Issuer, unconditionally and irrevocably guarantees to the Security Trustee, for the benefit of the Bondholders, the payment of, and undertakes on first demand in writing made by the Security Trustee on the Guarantor, to pay the Indebtedness or any balance thereof at any time due or owing under the Secured Bonds to the Security Trustee in the event that the Issuer fails to pay any sum payable by it to the Bondholders pursuant to the terms of the Secured Bonds as and when same shall become due.

2.2 MAXIMUM LIABILITY

This is a continuing guarantee for the whole amount due or owing under the Secured Bonds from time to time or which may hereafter at any time become due or owing under the Secured Bonds by the Issuer but the amount due by the Guarantor to the Security Trustee under this Guarantee shall be up to and shall not be in excess of

€75,000,000 (seventy-five million Euro)

apart from interests due up to the date of payment and costs and expenses relating to the protection, preservation, collection or enforcement of the Security Trustee's rights against the Issuer and/or Guarantor which shall be additional to the maximum sum herein stated.

2.3 INDEMNITY

As a separate and independent stipulation, the Guarantor agrees to indemnify the Security Trustee on demand for any damages, losses (excluding loss of profit), costs and expenses arising from any failure on the part of the Issuer to perform any obligation to the Security Trustee.

3. CONTINUING AND UNCONDITIONAL LIABILITY

The liability of the Guarantor under this Guarantee shall be continuing until such time as the Indebtedness is fully repaid or until such time as the Guarantor is released from the Guarantee by the Security Trustee, and shall in no way be prejudiced or effected, nor shall it in any way be discharged or reduced by reason of:

(a) the bankruptcy, insolvency or winding up of the Issuer; or

(b) the incapacity or disability of the Issuer; or

(c) any change in the name, style, constitution, any amalgamation or reconstruction of either the Issuer or Guarantor; or

(d) the Security Trustee conceding any time or indulgence, or compounding with, discharging, releasing or varying the liability of the Issuer or any other person liable, or renewing, determining, reducing, varying or increasing any accommodation or transaction or otherwise dealing with the same in any manner whatsoever or concurring in, accepting or in any way varying any compromise, composition, arrangement or settlement or omitting to claim or enforce or exact payment from the Issuer or any other person liable; or

(e) any event, act or omission that might operate to exonerate the Guarantor without settlement in full of the Indebtedness towards the Security Trustee.

4. WAIVER OF THE GUARANTOR'S RIGHTS AND GUARANTOR'S WARRANTIES

4.1 This Guarantee shall be for the full amount of the Indebtedness due from time to time. The liability of the Guarantor under this Guarantee shall be decreased from time to time to the extent, if any, that the Issuer or the Guarantor shall have made any irrevocable payment of the Indebtedness.

4.2 Until the Indebtedness has been paid in full the Guarantor agrees that it will not, without the prior written consent of the Security Trustee:

(a) exercise any rights of subrogation, reimbursement and indemnity against the Issuer or any other person liable for the Indebtedness; or

(b) demand or accept repayment, in whole or in part, of any indebtedness now or hereafter due to the Guarantor either from the Issuer or from any other person liable for the Indebtedness or demand any collateral in respect of same or dispose of same; or

(c) take any step to enforce any right against the Issuer or any other person liable for the Indebtedness; or

(d) claim any set-off or counter-claim against the Issuer or any other person liable for the Indebtedness; nor shall the Guarantor claim or prove in competition with the Security Trustee in the liquidation of the Issuer or any other person liable for the Indebtedness or benefit or share any payment from or in composition with the Issuer or any other person liable for the Indebtedness.

4.3 Subject to the overriding provisions of the Prospectus, until the Indebtedness has been paid in full, the Guarantor further agrees that:

(a) if an Event of Default under the Prospectus occurs, any sums which may be received by it from the Issuer or any person liable for Indebtedness shall be held by it exclusively for the Security Trustee and shall be paid to the Security Trustee immediately upon demand in writing or immediately after its receipt if such obligation arises from the documents executed by the Issuer in connection with the Prospectus; and

(b) all rights of relief and subrogation arising in favour of the Guarantor upon a partial payment to the Security Trustee against the Issuer and any other person who may be liable for the indebtedness, including co-guarantors, shall be suspended.

5. APPROPRIATION OF PAYMENTS

The Security Trustee is entitled to appropriate payments received by it from the Issuer towards the credit of the collateral account/s or such other purposes contemplated in the Prospectus.

6. SETTLEMENTS CONDITIONAL

Any release, discharge or settlement between the Guarantor and the Security Trustee shall be conditional upon no security, disposition or payment to the Security Trustee by the Issuer or the Guarantor or any third party liable to being void or set aside for any reason whatsoever and if, for any reason whatsoever, this condition is not fulfilled, such release, discharge or settlement shall be of no effect whatsoever and this Guarantee shall again come into force for all effects and purposes of law.

7. ADDITIONAL GUARANTEE

This Guarantee is to be construed as being in addition to and in no way prejudicing any other securities or guarantees which the Security Trustee may now or hereafter hold from or on account of the Issuer and is to be binding on the Guarantor as a continuing Guarantee until full and final settlement of all the Issuer's Indebtedness or until such time the Guarantor is released from the Guarantee by the Security Trustee. Moreover, the remedies provided in this Guarantee are cumulative and are not exclusive of any remedies provided by law.

8. BENEFIT OF THIS GUARANTEE AND NO ASSIGNMENT

This Guarantee is to be immediately binding upon the Guarantor for the benefit of the Security Trustee and the liability hereunder is not subject to any conditions as to additional security being received by the Security Trustee or otherwise.

The Guarantor shall not be entitled to assign or transfer any of its obligations under this same Guarantee.

9. REPRESENTATIONS AND WARRANTIES

9.1 The Guarantor represents and warrants:

(i) that it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business;

(ii) that it has power to grant this Guarantee and that this Guarantee is duly authorised and all corporate action has been taken by the Guarantor in accordance with its deeds of constitution and the laws of its incorporation and regulation;

(iii) that this Guarantee constitutes and contains valid and legally binding obligations of the Guarantor enforceable in accordance with its terms;

(iv) that this Guarantee does not and will not constitute default with respect to or run counter to any law, by-law, articles of incorporation, statute, rule or regulation, to which the Guarantor is or may be subject; or any agreement or other instrument to which the Guarantor is a party or by which it or any of its property is bound;

(v) that it is in no way engaged in any litigation, arbitration or administrative proceeding of a material nature and nor is it threatened with any such procedures;

(vi) that, save for any priority and preference created by virtue of the deed constituting the hypothec, the obligations binding it under the Guarantee rank at least *pari passu* with all other present and future unsecured and unsubordinated indebtedness of the Guarantor;

(vii) that it is not in breach of or in default under any agreement relating to indebtedness to which it is a party or by which it may be bound nor has any default occurred in its regard;

(vii) that the granting of this Guarantee is in the commercial interest of the Guarantor and that the Guarantor acknowledges that it is deriving commercial benefit therefrom.

9.2 As from the date of this Guarantee, until such time as the Indebtedness is paid in full to the Security Trustee, and for as long as this Guarantee shall remain in force, the Guarantor shall hold true, good and valid all the representations and warranties given under this clause.

10. DEMANDS AND PAYMENTS

10.1 All the Indebtedness shall be due by the Guarantor under this Guarantee as a debt, certain, liquidated and due on the twentieth (20th) day following the Security Trustee's written demand to the Guarantor to pay. All demands shall be sent to the registered address or email address specified below in Article 11 as the same may be changed by notice in writing by one party to the other.

The demand shall be accompanied by a statement by the Security Trustee confirming that to the best of its knowledge there exist, at the time of the demand, circumstances which constitute an Event of Default under the Prospectus and/or the Security Trust Deed such that may render the underlying obligations of the Issuer to the Security Trustee invalid and unenforceable for any reason whatsoever.

10.2 The statement by the Security Trustee of the amount due under this Guarantee shall be binding on the Guarantor and shall be conclusive evidence of the sum due, saving only manifest error.

10.3 All payments shall be made to the Security Trustee without any withholding for taxes (and in so far as this obligation exists under any law, the payment shall be grossed up by the amount of withholding) and without set-off for any amounts which may be then owing to the Guarantor by the Issuer or the Security Trustee.

11. NOTICES

Any notice or demand required to be given, made or served by any party hereto to the other party shall be deemed to have been validly given, made or served if delivered by hand or sent by pre-paid registered letter through the post or by electronic mail to such other parties at its address or email address set out below, or such other address as may from time to time be notified to the other party for this purpose. Any notice or demand so given, made or served shall be deemed to have been given, made or served, if delivered by hand, at the time of delivery, if sent by post, three (3) days following its dispatch; and if sent by electronic mail, twenty-four (24) hours

following the time of dispatch, provided that, in the case of any notice or demand given, made or served by electronic mail, the same shall forthwith be confirmed by post. The failure of the addressee to receive such confirmation shall not affect the validity of the notice duly given by electronic mail.

Any party hereto may change its address or email address for the purposes of this clause by notice given to the other parties hereto in accordance with this clause.

For the purposes of this Guarantee, the proper addresses and email addresses of the parties are:

Stivala Group Finance p.l.c
Address: ST Group Head Office, Novotel Hotel, Level 2, 60, Triq Sir Frederick Ponsonby, Gzira GZR 1070, Malta
Email address: info@stivalagroup.com / michael@stivala.com
Contact Person: Mr Michael Stivala

Carmelo Stivala Group Limited
Address: ST Group Head Office, Novotel Hotel, Level 2, 60, Triq Sir Frederick Ponsonby, Gzira GZR 1070, Malta
Email address: info@stivalagroup.com / michael@stivala.com
Contact Person: Mr Michael Stivala

Bastille Malta Trustees Limited
Address: The Core, Valley Road, Msida MSD 9021, Malta
Email address: info@bastillemalta.com / stefan@bastillemalta.com
Contact Person: The Board of Directors

12. APPLICABLE LAW AND JURISDICTION

This Guarantee shall be governed by and construed in accordance with Maltese law.

Any dispute, controversy or claim arising out of or relating to the Guarantee or as to the interpretation, validity, performance or breach thereof shall be referred to and finally resolved by arbitration under the UNCITRAL Rules of Arbitration in accordance with the provisions of Part V (International Arbitration) of the Arbitration Act, 1996. The seat of arbitration shall be Valletta, Malta and shall be administered by the Malta Arbitration Centre. The arbitration shall be conducted in the English language. The tribunal shall consist of three arbitrators. The Issuer and the Guarantor shall appoint one arbitrator, the Security Trustee shall appoint another arbitrator (in case of default by either or both of the parties, the appointment shall be made by the Malta Arbitration Centre). The two party-nominated arbitrators, or in default, those nominated by the Malta Arbitration Centre, shall nominate the presiding arbitrator. If they fail to agree on such an appointment, the presiding arbitrator shall be nominated by the Malta Arbitration Centre. The parties undertake to keep confidential the arbitration proceedings and any award, save to the extent disclosure is required by law or for purposes of enforcement. The arbitral award shall be final and binding on the parties and no appeal shall lie from any such award.

Yours faithfully,

The original copy has been signed by

_____
Name: Mr Michael Stivala
duly authorised, for and on behalf of
Carmelo Stivala Group Limited

The original copy has been signed by

_____
Name: Mr Michael Stivala
duly authorised, for and on behalf of
Stivala Group Finance p.l.c.

WE ACCEPT.

The original copy has been signed by

_____
Name: Mr Joseph Cordina
duly authorised, for and on behalf of
Bastille Malta Trustees Limited

The original copy has been signed by

_____
Name: Mr Charles Scerri
duly authorised, for and on behalf of
Bastille Malta Trustees Limited

FINANCIAL ANALYSIS SUMMARY

17 November 2026

ISSUER

STIVALA GROUP FINANCE P.L.C.

(C 82218)

GUARANTOR

CARMELO STIVALA GROUP LIMITED

(C 62625)

Prepared by:

MZ INVESTMENTS

MZ INVESTMENTS

MZ Investment Services Limited
63, 'MZ House', St Rita Street, Rabat RBT 1523, Malta

E info@mzinvestments.com W mzinvestments.com

The Directors
Stivala Group Finance p.l.c.
ST Group Head Office, Novotel Hotel Level 2
60, Triq Sir Frederick C. Ponsonby
Gżira

17 November 2026

Dear Board Members,

Financial Analysis Summary

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

The purpose of this Analysis is that of summarising key financial data appertaining to Stivala Group Finance p.l.c. (the "**Group**" or the "**Issuer**"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical information for the most recent three financial years ended 31 December 2023, 31 December 2024, and 31 December 2025 has been extracted from the respective audited consolidated annual financial statements.
(b) The forecast and projected information for the financial years ending 31 December 2026 and 31 December 2027 has been provided by the Group.
(c) Our commentary on the financial performance, cash flows, and financial position of the Issuer is based on explanations provided by the Group.
(d) The ratios quoted in this Analysis have been computed by applying the definitions set out in Part 4 – Explanatory Definitions.
(e) Relevant financial data in respect of the companies included in Part 3 – Comparative Analysis has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Malta Business Registry, as well as other sources providing financial information.

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

Yours faithfully,



Evan Mohnani
Head Corporate Broking

TABLE OF CONTENTS

PART 1 – INFORMATION ABOUT THE GROUP 63

1. ABOUT THE ISSUER AND THE GUARANTOR 63

2. DIRECTORS & SENIOR MANAGEMENT OF THE ISSUER 63

3. DIRECTORS OF THE GUARANTOR 63

4. ORGANISATIONAL STRUCTURE 64

5. TREND INFORMATION 66

PART 2 – FINANCIAL REVIEW 74

6. FINANCIAL ANALYSIS 74

PART 3 – COMPARATIVE ANALYSIS 81

PART 4 – EXPLANATORY DEFINITIONS 83

PART 1 – INFORMATION ABOUT THE GROUP

1. ABOUT THE ISSUER AND THE GUARANTOR

Stivala Group Finance p.l.c. was incorporated on 21 August 2017 as the holding company and financing arm of the Group. Its operational roots date back to the late 1970s as a traditional construction and contracting enterprise, before subsequently evolving into an organisation with various business interests primarily in the real estate sector, particularly across the Gżira, Msida, Sliema, St Julian's, and Ta' Xbiex areas.

In Q4 2017, the Issuer raised €45 million through the issuance of 4% secured and guaranteed bonds maturing in October 2027 (the "**2017 Bonds**"). Moreover, in Q3 2019, the Issuer raised €15 million through the issuance of 3.65% secured and guaranteed bonds maturing in July 2029 (the "**2019 Bonds**"). The net proceeds from both bond issues were applied towards the refinancing of various bank facilities and the acquisition and development of a number of properties.

Carmelo Stivala Group Limited (the "**Guarantor**") is a wholly owned subsidiary of the Issuer, held via ST Group Capital Investments Ltd. Through its direct and indirect operating companies, the Guarantor is principally engaged in the ownership, development, and management of real estate, comprising residential and commercial properties held for rental purposes, as well as properties used in the Group's hospitality operations.

The Group undertakes construction and project management activities in-house, including the required construction and finishing works. This provides greater control over project costs and delivery timelines, while reducing reliance on external counterparties.

The Guarantor's principal activities comprise:

(i) **Real estate ownership and development** – the identification and acquisition of sites and properties for development or redevelopment, principally for use in the Group's hospitality operations or for residential and commercial letting.

(ii) **Hospitality operations** – the operation of hotels, hostels, and apartments providing short-term accommodation.

(iii) **Long-term letting** – the letting of residential, office, and retail properties owned by the Group.

The Group derives the majority of its revenue and earnings from its hospitality operations, including owned hotels, hostels, and short-let apartments, with the balance generated principally from the letting of commercial and long-let residential properties. On a more limited basis, the Group also develops residential and commercial properties for subsequent resale.

2. DIRECTORS & SENIOR MANAGEMENT OF THE ISSUER

The Board of Directors of Stivala Group Finance p.l.c. comprises the following six individuals who are responsible for the overall development, strategic direction, and risk management of the Group:

Ivan Stivala	Executive Chairman
Michael Stivala	Executive Director and Chief Executive Officer
Martin John Stivala	Executive Director
Ann Marie Agius	Independent Non-Executive Director
Francis Gouder	Independent Non-Executive Director
Jean Paul Debono	Independent Non-Executive Director

The Executive Directors are responsible for managing the Group's assets and subsidiary businesses, including all matters relating to investments, development and operations, as well as identifying and executing new investment opportunities. In carrying out their responsibilities, the Executive Directors are assisted by the following other members the Group's senior management team:

Domenico Marsala	Group Financial Controller
Yain Patel	General Manager – ST Hotels Ltd
Tristan Stivala	General Manager – ST Properties Ltd

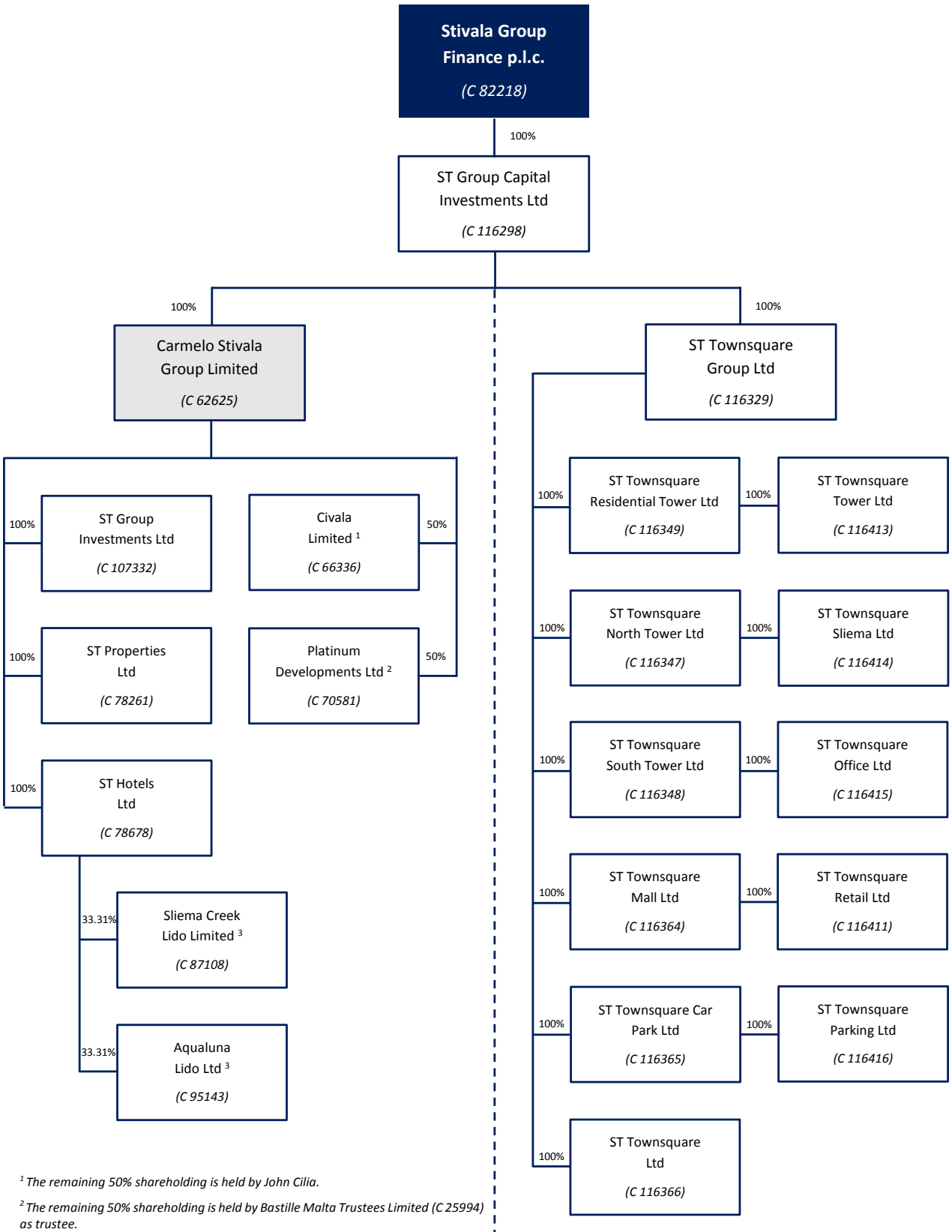
3. DIRECTORS OF THE GUARANTOR

The Board of Directors of Carmelo Stivala Group Limited comprises the following three individuals who are responsible for the overall development, strategic direction, and risk management of the Guarantor:

Ivan Stivala	Executive Director
Michael Stivala	Executive Director
Martin John Stivala	Executive Director

4. ORGANISATIONAL STRUCTURE

The diagram below illustrates the organisational structure of the Group, which is ultimately owned in equal proportions by Martin John Stivala, Ivan Stivala, and Michael Stivala.



[1] *The remaining 50% shareholding is held by John Cilia.*

[2] *The remaining 50% shareholding is held by Bastille Malta Trustees Limited (C 25994) as trustee.*

[3] *The remaining shareholding is held by The Waterfront Hotel Limited (C 22209) and Marketing and Consultancy Limited (C 8171).*

4.1 CARMELO STIVALA GROUP

The Guarantor is the direct parent company of the entities that, to date, have served as the Group's principal property holding and operating companies, as detailed below:

(i) **ST Group Investments Ltd** owns and manages the intellectual and intangible property of the Group, namely the 'ST Hotels' and 'ST Properties' brands. As at 31 December 2025, the net book value of intangible assets in the Statement of Financial Position of ST Group Investments Ltd amounted to €66.50 million.

(ii) **ST Properties Ltd** is principally engaged in the long-term sub-leasing, typically for periods exceeding six months, of commercial and residential properties owned by the Guarantor. Its commercial portfolio mainly comprises restaurants, educational institutions, retail outlets and office space, including the **ST Balluta Business Centre** in Balluta Bay, the **ST Business Centre** in Gżira, the recently launched **ST Charlie's Business Centre** in Msida, and the **ST Tower** in Ta' Xbiex.

The Group's real estate portfolio is recognised in the Statement of Financial Position under 'Property, plant and equipment' ("**PPE**") and 'Investment property' and, as at 31 December 2025, had an aggregate carrying value of €431.50 million, compared with €390.90 million as at the end of FY2024.

For the future, ST Properties Ltd intends to redevelop a block of apartments and several adjoining houses in Gżira, with an aggregate site area of *circa* 632 sqm, into a 244-bed home for the elderly, although no commencement date has yet been established for the project.

(iii) **ST Hotels Ltd** is engaged in the operation and management of the Group's hotels, hostels, and short-let apartments, namely:

- The four-star **Novotel Hotel** (293 rooms)[1];
- The three-star **ST Azur Hote**l (177 rooms), **ST Bayview Hotel** (156 rooms)[2], and **ST Alavits Hotel** (86 rooms); and
- The **ST Blubay Apartments** (FY2025: 109 units) and **ST Valletta View Apartments** (FY2025: 42 units), both of which target the short-term accommodation market.

The Group also owns the ST Sliema Hotel, which is currently being redeveloped into a 165-room five-star hotel to be operated under a franchise agreement with Mövenpick Hotels & Resorts. The new **Mövenpick Hotel Malta** is expected to be completed in Q1 2027 following a total investment of *circa* €13 million. Moreover, the Group has the necessary permits for the development of the 265-room **Montana Hostel**, although no commencement date has yet been set for the project.

In addition to the above, ST Hotels Ltd directly holds a 33.31% shareholding in each of Sliema Creek Lido Limited and Aqualuna Lido Ltd, both of which are involved in the management of the Aqualuna beach club and lido situated opposite the ST Bayview Hotel in Gżira.

(iv) **Civala Limited** is a joint venture with third parties and holds a long-term lease over a 900 sqm plot of land earmarked for the future development of a five-storey car park with overlying office space.

(v) **Platinum Developments Ltd** is a joint venture with third parties established to own and lease three residential units and one office on the Sliema seafront.

[1] The Novotel Hotel was inaugurated in August 2025.
[2] The Group intends to reconfigure, extend, and upgrade the ST Bayview Hotel and surrounding properties into a 496-room five-star hotel, although no commencement date has yet been established for the project.

4.2 TOWNSQUARE GROUP

On 27 June 2022, ST Property Investments Ltd (C 95293), a related company ultimately owned in equal proportions by the Group's shareholders, signed a preliminary agreement to acquire a 12,750 sqm site in Sliema for €103.50 million ("**Townsquare Site**").[3] The site is earmarked for a mixed-use development comprising residential units, 7,716 sqm of usable office space, 13,846 sqm of usable retail space, 865 car parking spaces and garages, as well as over 7,000 sqm of open space ("**Townsquare Project**").

Upon contract date, the preliminary agreement will be distributed and assigned to the respective entities forming part of the **Townsquare Group** depending on the part of the Townsquare Project in which such entities will be involved. Accordingly, each subsidiary of ST Townsquare Group Ltd – a sister company of the Guarantor, indirectly wholly owned by the Issuer through ST Group Capital Investments Ltd – will enter into the final deed of sale for the respective part of the Townsquare Site assigned to it for development, as follows:

(i) ST Townsquare Residential Tower Ltd – owner of the **residential tower**, with its wholly-owned subsidiary, ST Townsquare Tower Ltd, acting as manager and lessee of the building.
(ii) ST Townsquare North Tower Ltd – owner of the **North Tower**, with its wholly-owned subsidiary, ST Townsquare Sliema Ltd, acting as manager and lessee of the office building.
(iii) ST Townsquare South Tower Ltd – owner of the **South Tower**, with its wholly-owned subsidiary, ST Townsquare Office Ltd, acting as manager and lessee of the office building.
(iv) ST Townsquare Mall Ltd – owner of the **retail areas**, with its wholly-owned subsidiary, ST Townsquare Retail Ltd, acting as manager and lessee of the retail spaces.
(v) ST Townsquare Car Park Ltd – owner of the **car park**, with its wholly-owned subsidiary, ST Townsquare Parking Ltd , acting as manager and operator of the car park.
(vi) ST Townsquare Ltd – owner of all **common parts**, acting as condominium manager for the Townsquare Project.

5. TREND INFORMATION[4]

5.1 ECONOMIC UPDATE[5]

According to the CBM's August 2026 forecasts covering the period up to 2028, Malta's economy continues to show strong growth and buoyant activity against an external environment still characterised by uncertainty related to developments in the Middle East. As disruptions to supply chains remain concentrated in the region and commodity prices have evolved broadly in line with previous estimates, the outlook for economic growth in Malta remains robust with real GDP growth expected at 3.8% in 2026 from 4.0% in 2025. Some lagged impact from geopolitical tensions is expected to materialise in 2027 as growth is envisaged at 3.6%. GDP growth is projected to pick up to 3.8% in 2028 as effects from global spillovers gradually fade away.

Private consumption growth is set to pick up to 4.3% in 2026 from 3.6% in 2025, and should maintain a slightly slower rate of expansion of 4.1% in each of 2027 and 2028. Growth in private consumption is expected to be supported by the recent revisions in income tax brackets which would boost disposable income growth and savings. Disposable income is also expected to be supported by some easing in inflationary pressures.

Real government consumption is projected to grow by 3.2% in 2026 from 5% in 2025, followed by increases of 3.6% and 3.1% in 2027 and 2028, respectively. This profile is mainly driven by outlays on compensation of employees and intermediate consumption. The latter reflects significant, albeit declining, growth in outlays by extra budgetary units and on contractual services. Meanwhile, the forecast growth in employee compensation reflects the implementation of ongoing collective agreements covering most of the general government sector.

Growth in overall investment is projected to pick up in 2026 after a sharp slowdown in 2025, and to moderate in 2027. This is partly driven by the path of EU-funded government investment, as all projects financed through the EU's Recovery and Resilience Facility ("**RRF**") are expected to be completed by 2026. This decline is expected to offset growth in private investment. Overall gross fixed capital formation is expected to be upheld by private investment in 2028.

[3] Agency fees and stamp duty are estimated at €3.10 million and €5.18 million, respectively. Following the €8 million deposit paid upon signing the preliminary agreement in June 2022, the remaining consideration of €95.50 million will be settled in five instalments, as follows: €40 million upon signing the final deed; €15 million in each of November 2027, November 2028 and November 2029; and a final payment of €10.50 million in November 2030. The Group intends to partially finance the acquisition of the Townsquare Site and the related initial development works through the issuance of debt securities under a €75 million bond programme, secured by a first-ranking special hypothec over ST Tower, ST Business Centre, and ST Valletta View Apartments, valued at €48 million, €22 million and €10 million, respectively, as at 31 August 2026, with an aggregate valuation of €80 million.
[4] This section is based on information available at the time of publication of the source consulted and is subject to continuous developments as macroeconomic conditions, policies, and external factors evolve.
[5] **Source**: Central Bank of Malta ("CBM"), '*Outlook for the Maltese Economy 2026-2028*', 20 August 2026, available at: https://www.centralbankmalta.org/site/Publications/Outlook/2026/Outlook-2026-3.pdf?revcount=6638.

Private investment is expected to increase in 2026 following a decline in 2025. This partly reflects the impact of Budget 2026 incentives aimed at stimulating investment. In 2027 and 2028, growth in private investment is expected at slightly over 4.0% driven by non-dwelling investment. Meanwhile, government investment is projected to increase by 17% in 2026, mostly driven by higher RRF-financed projects, as well as other large-scale initiatives, notably the second electricity interconnector. Growth is then expected to drop in 2027, once these projects are completed. In 2028 government investment is expected to grow only marginally.

Export growth is set to moderate over the 2026-2028 forecast period, reflecting the expected easing of growth in foreign demand. Slower growth in services exports is also expected following an extended period of robust growth. Nevertheless, overall export growth is set to remain above growth in external demand throughout the 2026-2028 forecast period, partly due to continued strong growth in tourism activity. On the other hand, goods exports are set to recover slightly in 2026 following a sharp decline in 2025. Growth in goods exports is set to be lower than the envisaged growth in external demand in 2027 and 2028, in line with recent trends and increasing competitive pressure outside the EU.

Key Economic Indicators	2023 Actual	2024 Actual	2025 Actual	2026 Forecast	2027 Projection	2028 Projection
Malta						
Real GDP growth *(% change, year-on-year)*	7.50	7.00	4.00	3.80	3.60	3.80
Inflation - HICP *(% change, year-on-year)*	5.60	2.40	2.40	2.20	2.40	2.20
Unemployment *(% of labour supply)*	3.50	3.10	3.10	3.40	3.40	3.40
General government balance *(% of GDP)*	(4.50)	(3.50)	(2.20)	(1.90)	(1.70)	(1.60)
General government debt *(% of GDP)*	47.40	46.00	46.40	46.10	45.20	44.20

Sources: Central Bank of Malta, '*Outlook for the Maltese Economy 2024-2027'*, 16 December 2024.
Central Bank of Malta, '*Outlook for the Maltese Economy 2025-2028'*, 25 February 2026.
Central Bank of Malta, '*Outlook for the Maltese Economy 2026-2028'*, 20 August 2026.

Import growth is expected to increase to 4.8% in 2026 from 4.4% in 2025 as goods imports are projected to recover from a decline in 2025 whilst imports of services are set to grow at a slower rate. The dynamics of imports are partly affected by those of government investment, which are set to decline in 2027.

The labour market is strong and demand for labour is envisaged to stay high. However, employment growth is expected to moderate over the 2026-2028 forecast period, driven by the projected easing in economic growth and an expected improvement in productivity. Inflows of foreign workers are also expected to slow down due to recent labour migration measures. As a result, employment growth is projected at 2.9% in 2026 (2025: 4.1%) and is set to moderate gradually to 2.3% by 2028.

Based on the Harmonised Index of Consumer Prices ("**HICP**"), inflation is projected to decrease to 2.2% in 2026 from 2.4% in 2025, reflecting a decline in food inflation. Inflation is set to increase slightly to 2.45% in 2027 due to inflationary pressures arising from prevailing geopolitical situations which are expected to peak in 2027, whilst easing steadily to 2.2% in 2028. Services inflation is set to remain above its historical average although it is expected to gradually slow down throughout the 2026-2028 forecast period. Non-energy industrial goods inflation is expected to moderate in 2026 standing at 0.7%, whilst increasing to 1.2% and 1.1% in 2027 and 2028, respectively. Overall food inflation is set to stand at 2.6% in 2026 and increase to 3.2% in 2027 and 2028, in line with expected developments in international commodity prices. Energy prices are projected to remain at current levels throughout the 2026-2028 forecast period, reflecting the Government's commitment to keep such prices stable. In this regard, it is expected that outlays on energy support measures rise in 2026, due to the increase in commodity prices following the start of the war in Iran. This would be the first time that outlays are set to increase since 2022, before spending to decline as a share of GDP from 2027 onwards.

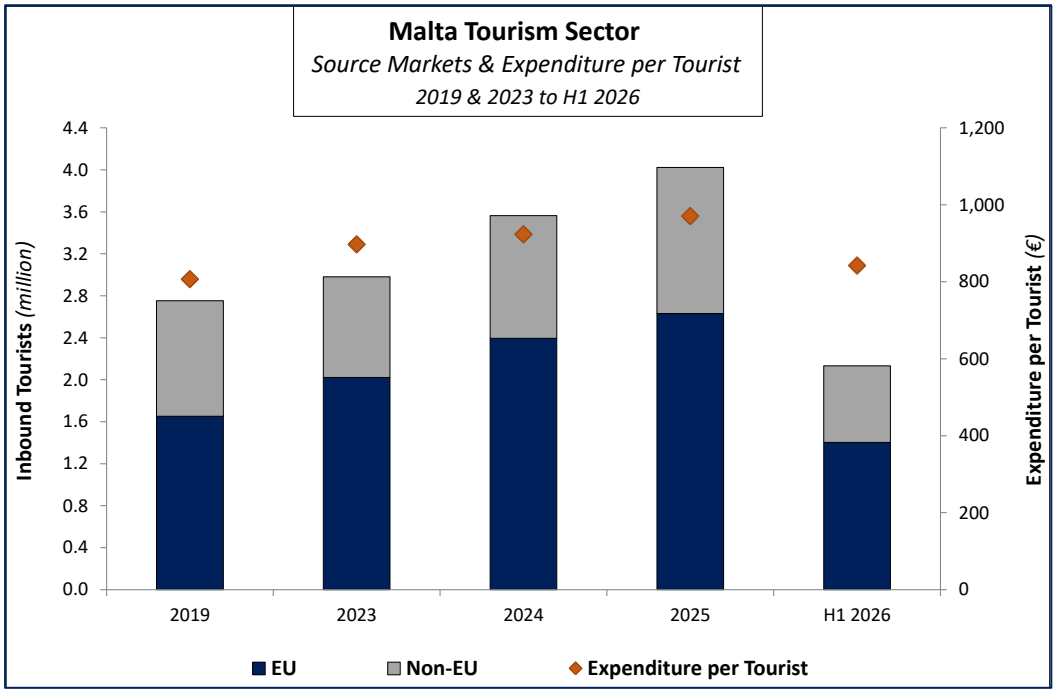
The fiscal deficit is expected to decline to around 1.9% of GDP in 2026 from 2.2% in 2025, and to narrow further in 2027 to 1.7% and 1.6% in 2028. This is due to the declining profile of capital expenditure throughout the 2026-2028 forecast period, and a lower share of energy support measures in GDP. Tax revenue is set to grow at or just below nominal GDP. Meanwhile, the share of expenditure in GDP is driven by dynamic growth in the largest current spending items – mainly compensation of employees and intermediate consumption – and declining levels of capital expenditure in 2026 and 2027 partly due to the completion of major EU-funded projects by 2027.

The structural budget deficit is projected to narrow from 2.4% of GDP in 2025 to 2.2% in 2026, and to 1.9% in each of 2027 and 2028. The largest year-on-year improvement is set to take place in 2027, driven by the forecast profile of energy support measures, which are not considered to be of a temporary nature and therefore affect the estimated structural position. Overall, the debt-to-GDP ratio is projected to decline from 46.4% in 2025 to 46.1% in 2026 before eventually reaching 44.2% by 2028.

TOURISM & HOSPITALITY[6]

The Maltese tourism and hospitality sector registered a robust expansion in 2025, with inbound tourist volumes increasing by 12.87% to a new record of 4.02 million compared to 3.56 million in 2024. This growth in arrivals also translated into a strong uplift in total nights, which advanced by 11% to 25.44 million from 22.92 million in the prior year. Total expenditure by inbound tourists increased at an even faster pace, rising by 18.62% to €3.90 billion compared to €3.29 billion in 2024, thereby pushing the key expenditure metrics higher. In fact, total expenditure per inbound tourist increased by 5.09% to €970.67 from €923.64 in 2024. Similarly, on a per night basis, expenditure per inbound tourist rose by 6.86% to €153.48 from €143.63 in 2024. Concurrently, the average length of stay extended its declining trend, falling to 6.32 nights from 6.43 nights in 2024, further indicating that the overall increase in total nights spent was underpinned by the stronger growth in tourist arrivals.

In terms of source markets, the share of inbound tourists originating from the EU moderated to 65.42% in 2025, equivalent to 2.63 million tourists, from 67.19% in 2024, equivalent to 2.39 million tourists. Within this segment, inbound tourists from the Euro area declined more materially, with the relative share decreasing to 48.04%, equivalent to 1.93 million tourists, from 52.49% in 2024, equivalent to 1.87 million tourists. Conversely, the non-Euro area expanded to 17.38%, equivalent to 0.70 million tourists, from 14.70% in 2024, equivalent to 0.52 million tourists. Meanwhile, the share of inbound tourists originating from outside the EU climbed to 34.58% in 2025, equivalent to 1.39 million tourists, from 32.81% in 2024, equivalent to 1.17 million tourists. The share of the UK market strengthened to 20.92%, equivalent to 0.84 million tourists, from 19.76% in 2024, equivalent to 0.70 million tourists. Likewise, the share of inbound tourists from other non-EU markets increased to 13.66%, equivalent to 0.55 million tourists, from 13.05% in 2024, equivalent to 0.46 million tourists.



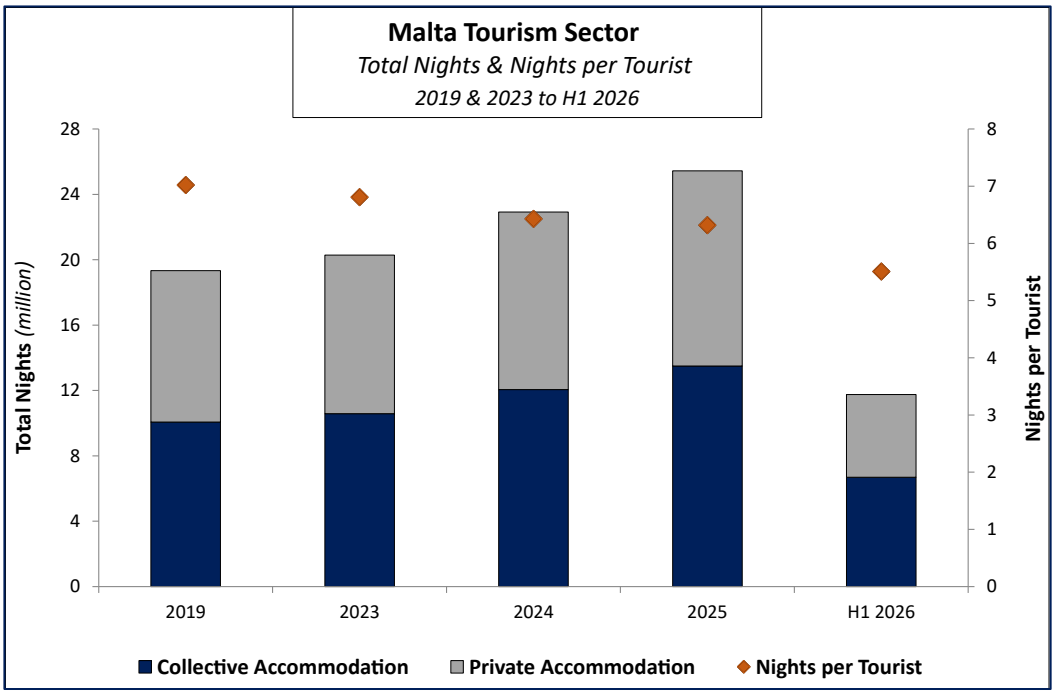
An analysis of the demographic profile of inbound tourists indicates moderate shifts across age cohorts. The share of tourists aged up to 24 years declined to 22.09%, equivalent to 0.89 million tourists, from 24.18% in 2024, equivalent to 0.86 million tourists. The 25-44 years age bracket also contracted to 35.48%, equivalent to 1.43 million tourists, from 36.60% in 2024, equivalent to 1.30 million tourists. Conversely, the 45-64 years cohort increased to 31.81%, equivalent to 1.28 million tourists, from 29.54% in 2024, equivalent to 1.05 million tourists. Likewise, the share of inbound tourists aged 65 years and more rose to 10.61%, equivalent to 0.43 million tourists, from 9.68% in 2024, equivalent to 0.34 million tourists.

In relation to the organisation of stay, the share of package travel increased to 25.95% of inbound tourists, equivalent to 1.04 million tourists, from 24.91% in 2024, equivalent to 0.89 million tourists. The share of non-package travel correspondingly declined to 74.05%, equivalent to 2.98 million tourists, from 75.09% in 2024, equivalent to 2.68 million tourists.

[6] **Sources**: (i) CBM, *'Real Economy Indicators: Tourism – Inbound Tourism by Nationality'*, 31 July 2026, available at: https://www.centralbankmalta.org/real-economy-indicators; (ii) Malta Hotels & Restaurants Association ("MHRA"), '*Hotel Performance Survey by Deloitte Malta*', 20 February 2026, available at: https://www.deloitte.com/content/dam/assets-zone2/mt/en/docs/services/consulting/2026/dt_mt_hotel_performance_2025_q4_and_full_year.pdf; and (iii) National Statistics Office ("NSO"), '*Inbound Tourism Statistics*' and '*Inbound Tourism: June 2026*', 30 July 2026, available at: https://nso.gov.mt/wp-content/uploads/Inbound-Tourism-Selected-Indicators.xlsx and https://nso.gov.mt/wp-content/uploads/NR-134-2026-All-tables-8ba5lxrf.xlsx, respectively.

Regarding visitor frequency, first-time tourists accounted for 78.88% of arrivals in 2025, equivalent to 3.17 million tourists, compared to 79.08% in 2024, equivalent to 2.82 million tourists. The share of repeat tourists increased to 21.12%, equivalent to 0.85 million tourists, from 20.92% in 2024, equivalent to 0.75 million tourists. Within this category, the share of those visiting once a year rose to 16.43%, equivalent to 0.66 million tourists, from 16.08% in 2024, equivalent to 0.57 million tourists. In contrast, the share of repeat inbound tourists visiting more than once a year declined to 4.69%, equivalent to 0.19 million tourists, from 4.84% in 2024, equivalent to 0.17 million tourists.

The duration profile of visits also exhibited moderate adjustments, consistent with the decline in the overall average length of stay observed during 2025. The share of inbound tourists staying between 1 and 3 nights declined to 23.19%, equivalent to 0.93 million tourists, from 23.76% in 2024, equivalent to 0.85 million tourists. Similarly, stays of 7 nights or more declined to 37.94%, equivalent to 1.53 million tourists, from 38.78% in 2024, equivalent to 1.38 million tourists. On the other hand, the 4 to 6 nights category increased its share to 38.87%, equivalent to 1.56 million tourists, from 37.46% in 2024, equivalent to 1.33 million tourists.



With respect to accommodation patterns, collective accommodation accounted for 60.71% of inbound tourists in 2025, equivalent to 2.44 million tourists, compared to 61.01% in 2024, equivalent to 2.17 million tourists.[7] Accordingly, the share of private accommodation increased to 39.29%, equivalent to 1.58 million tourists, from 38.99% in 2024, equivalent to 1.39 million tourists.[8] However, when analysed in terms of total nights spent by inbound tourists, collective accommodation expanded its share to 53.05%, equivalent to 13.49 million nights, from 52.58% in 2024, equivalent to 12.05 million nights. Consequently, the share of private accommodation declined to 46.95%, equivalent to 11.94 million nights, from 47.42% in 2024, equivalent to 10.87 million nights. Such trends suggest that although a slightly smaller proportion of tourists opted for collective accommodation, those who did so stayed for relatively longer periods compared with the prior year.

Within collective accommodation, a survey conducted by Deloitte Malta on behalf of MHRA showed that hotel performance strengthened in 2025, both from a revenue generation capacity as well as from a pricing dynamics perspective. In the four-star category, occupancy increased to 82.60% from 80.50% in 2024. Similarly, five-star occupancy improved to 71% in 2025 from 69.60% in the prior year. Average daily rates also registered growth across the principal hotel categories in 2025, with ADR in the four-star segment rising by 4.73% to €115.20, from €110 in 2024, whilst ADR in the five-star category increased by 4.38% to €219.30, from €210.10 in the prior year.

[7] Collective accommodation comprises hotels, guesthouses, hostels, tourist villages, holiday complexes, bed and breakfast units, as well as campsites.
[8] Private accommodation comprises other rented accommodation (such as holiday furnished premises, host families, marinas, paid-convents, rented yachts, and student dormitories) and non-rented accommodation (mainly private residences).

JANUARY TO JUNE 2026 PERFORMANCE

The Maltese tourism and hospitality sector maintained a strong growth trajectory during the first half of 2026. Inbound tourist volumes increased by 18.06% to 2.13 million from 1.81 million in H1 2025, while total nights rose by 10.12% to 11.75 million from 10.67 million. Total expenditure by inbound tourists advanced by 14.80% to €1.80 billion from €1.56 billion in the corresponding period in 2025.

Notwithstanding the increase in aggregate tourist expenditure, expenditure per inbound tourist declined by 2.76% to €842.29 from €866.21 in H1 2025. This reflected the comparatively faster growth in tourist volumes relative to expenditure. Conversely, expenditure per night increased by 4.25% to €152.80 from €146.57, as the average length of stay extended its downward trend, decreasing to 5.51 nights from 5.91 nights in H1 2025. Accordingly, the increase in total nights was principally driven by the strong rise in inbound tourist arrivals rather than longer stays. Package expenditure per tourist declined to €774.69 from €803.43 in H1 2025, while non-package expenditure per tourist fell to €440.15 from €454.05. Other expenditure per tourist also moderated to €315.14 from €319.50.

The duration profile of visits also changed in line with the reduction in the overall average length of stay. The proportion of tourists staying between one and three nights increased to 28.26% from 26.94%, while the share staying between four and six nights rose to 41.90% from 40.52%. Conversely, tourists staying for seven nights or more accounted for 29.85% of arrivals, down from 32.53% in H1 2025.

In terms of source markets, the share of inbound tourists originating from the EU declined to 65.78% in H1 2026 from 66.42% in the corresponding period of 2025. Within this segment, the share attributable to the Euro area contracted more materially to 45.88% from 48.73%. In contrast, the non-Euro area increased its share to 19.89% from 17.69%. Meanwhile, the proportion of inbound tourists originating from outside the EU rose to 34.22% from 33.58%. The UK market remained broadly stable, accounting for 20.84% of inbound tourists compared to 20.71% in H1 2025, while the share of other non-EU markets increased to 13.38% from 12.87%.

An analysis of the demographic profile of inbound tourists indicates limited changes across most age cohorts. Tourists aged up to 24 years accounted for 19.18% of arrivals in H1 2026, broadly unchanged from 19.15% in the corresponding period of 2025. Similarly, the share of the 25-44 years cohort edged down to 36.42% from 36.63%. Conversely, the proportion of tourists aged between 45 and 64 years increased to 33.20% from 32.30%, while the share of tourists aged 65 years or more declined to 11.21% from 11.92%.

In relation to the organisation of stay, the share of package travel decreased to 26% of inbound tourists from 26.52% in H1 2025. Correspondingly, non-package travel increased its share to 74% from 73.48%. Regarding visitor frequency, first-time tourists accounted for 77.79% of arrivals in H1 2026, compared to 79.37% in the corresponding period of 2025. The share of repeat tourists consequently increased to 22.21% from 20.63%. Within this category, the proportion of tourists visiting once a year rose to 17.40% from 15.69%. In contrast, the share of repeat tourists visiting more than once a year declined marginally to 4.80% from 4.94%.

With respect to accommodation patterns, collective accommodation accounted for 62.08% of inbound tourists in H1 2026, compared to 63.54% in the corresponding period of 2025. Accordingly, the share of tourists using private accommodation increased to 37.92% from 36.46%. However, when analysed in terms of total nights, collective accommodation expanded its share to 56.91% from 56.32%, while private accommodation declined to 43.09% from 43.68%.

RESIDENTIAL REAL ESTATE[9]

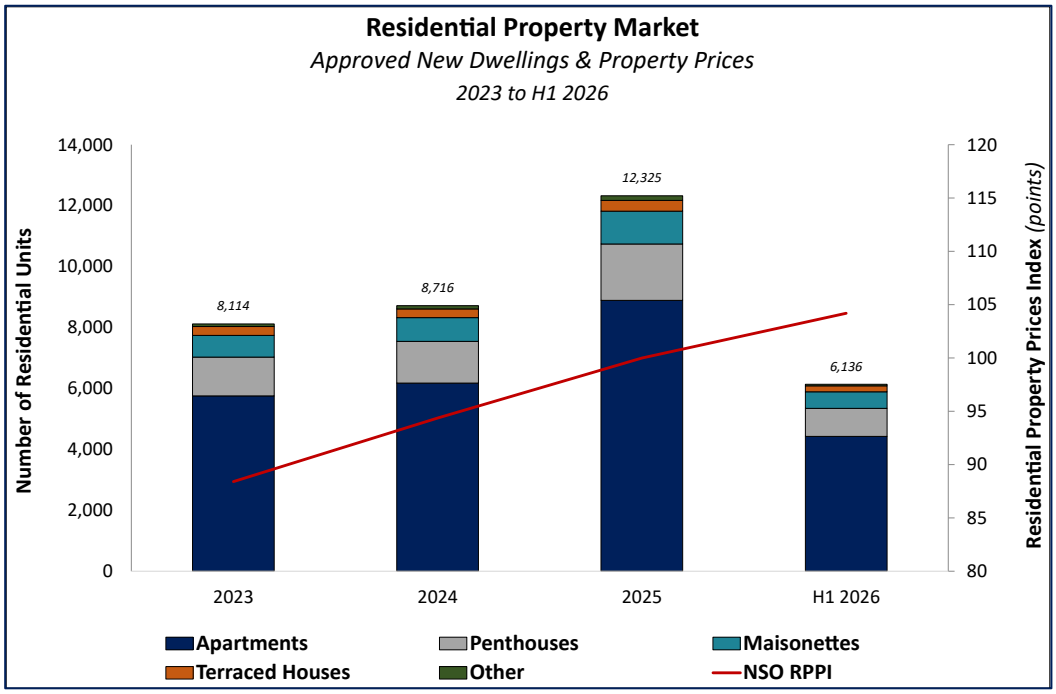
The Maltese residential real estate sector registered another year of expansion in 2025, characterised by continued price appreciation, a significant increase in construction-related approvals, and further growth in concluded transactions.

From a pricing perspective, the CBM Property Prices Index – which is based on the advertised sale prices of apartments, maisonettes, terraced houses, and other types of dwellings – increased by 4.47% to 189.81 points in 2025 from 181.68 points in 2024. Apartment prices rose by 1.82%, whilst maisonette prices increased by 3.76%. In contrast, prices of terraced houses declined by 0.47%, whilst other types of dwellings fell by 2.55%. On the other hand, the NSO Residential Property Price Index – which is based on actual transactions involving apartments, maisonettes, and terraced houses – also confirmed a firm upward trajectory in property values. Indeed, the index advanced by 5.97% to 100 points from 94.37 points in 2024, as apartment prices increased by 5.74% whilst maisonettes rose by 6.01%. Overall, both the CBM Property Prices Index and the NSO Residential Property Price Index increased at a faster pace than inflation, which stood at 2.41% in 2025.

Activity in building permits increased markedly during 2025, reflecting a substantial strengthening in development momentum. The total number of issued building permits rose by 34.20% to 2,213 from 1,649 in 2024. Malta accounted for the majority of permits, increasing by 36.28% to 1,848, whilst in Gozo, the number of building permits rose by 24.57% to 365 from 293 in 2024. At district level in Malta, the strongest percentage growth was recorded in the South Eastern district, where permits surged by 45.69% to 338,

[9] **Sources**: (i) NSO, '*Residential Property Transactions*', 11 August 2026, available at: https://nso.gov.mt/wp-content/uploads/Residential-Property-Transactions.xlsx; (ii) NSO, '*Residential Building Permits: Q2/2026*', 20 August 2026, available at: https://nso.gov.mt/wp-content/uploads/NR-145_2026_Muvta4hd_All-tables.xlsx; (iii) NSO, '*Residential Property Price Index*', 1 October 2026, available at: https://nso.gov.mt/wp-content/uploads/Residential-Property-Price-Index.xlsx; and (iv) CBM, '*Real Economy Indicators: Property Prices Index based on Advertised Prices (base 2015=100)*', 31 August 2026, available at: https://www.centralbankmalta.org/site/Subscriber%20Categories/Real%20Economy%20Indicators/house_prices.xlsx?rnd=20261013115731&revcount=6612&revcount=5588.

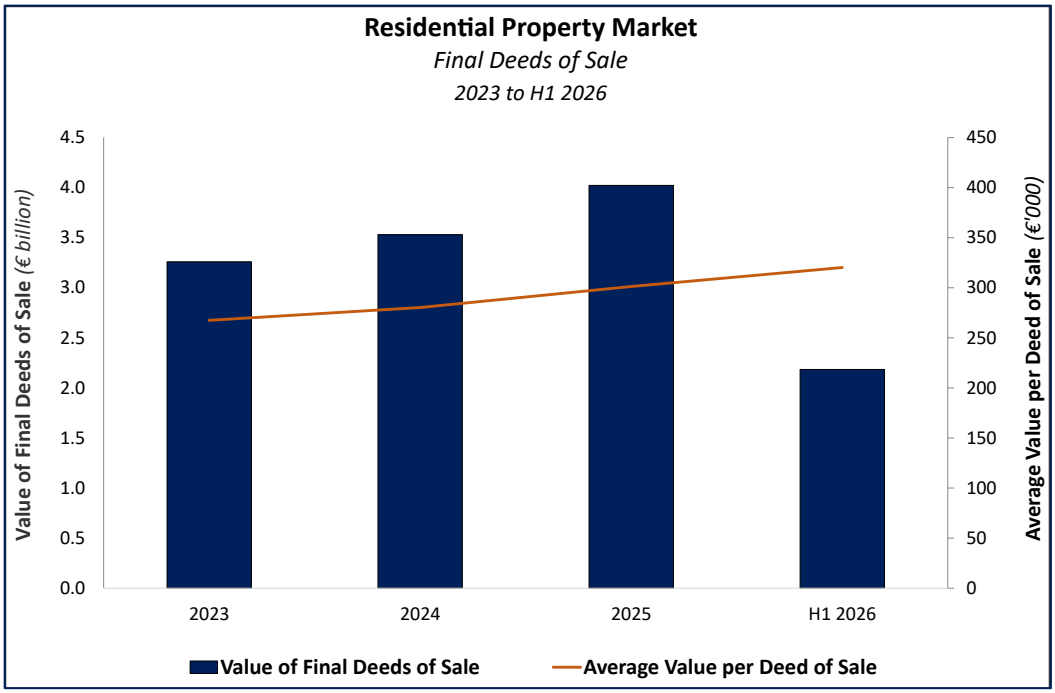
followed by the Northern district with an increase of 43.18% to 378 permits. The Western district also registered a sharp rise of 37.43% to 246 permits, whilst Southern Harbour grew by 36.73% to 309 permits. Elsewhere, the Northern Harbour district posted a robust increase of 26.81% to 577 permits in 2025. Meanwhile, the average number of approved new dwellings per building permit increased to 5.57 in 2025 from 5.29 in 2024, indicating an increase in the average scale or density of developments year-on-year.



The strong increase in the number of building permits issued led to an even larger rise in the number of approved new dwellings as this rose by 41.41% to 12,325 in 2025 from 8,716 in 2024. By type of property, apartments remained dominant and increased by 43.90% to 8,889, thereby accounting for the largest share of the total increase. Maisonettes also recorded a pronounced growth of 37.42% to 1,076. Similarly, penthouses and terraced houses advanced by 35.87% and 23.67% to 1,856 and 350, respectively, whilst other type of property increased by 43.93% to 154.

From a district perspective, the South Eastern region recorded the strongest growth in new dwelling approvals, rising to 2,027 in 2025, equivalent to an increase of 72.22%. The Southern Harbour district followed with an increase of 46.43% to 1,640, whilst the Northern region rose by 39.67% to 2,278. Meanwhile, the Northern Harbour and the Western districts also registered growth of more than 30% in the number of new dwelling approvals, to 3,509 (+38.75%) and 1,104 (+32.37%), respectively, whilst in Gozo, new dwelling approvals increased by 24% to 1,767.

In terms of final deeds of sale, the total number of contracts concluded in 2025 increased by 5.98% to 13,351 from 12,598 in 2024. However, the total value of final deeds increased at a faster rate of 13.93% to €4.02 billion from €3.53 billion in 2024, which lifted the average value per deed of sale by 7.50% to €301.273 from €280,243 in the prior year.



At district level, the number of final deeds of sale in Malta increased by 6.57% to 11,678. The strongest percentage growth was recorded in the Western district, where final deeds rose by 18.79% to 1,397. The South Eastern region followed, with an increase of 9.03% to 1,908, whilst the Northern Harbour district recorded a growth of 5.88% to 3,779. Similarly, the number of final deeds relating to residential property in the Southern Harbour region increased by 4.18% to 2,067, whilst a more modest increase of 1.94% to 2,527 was recorded in the Northern district. Meanwhile, in Gozo, final deeds edging up by 2.01% to 1,673 from 1,640 in 2024.

JANUARY TO JUNE 2026 PERFORMANCE

The Maltese residential property market maintained positive momentum during the first half of 2026. The CBM Property Prices Index increased by 5.84% year-on-year in H1 2026 to 199.70 points (H1 2025: 188.67 points). The increase was driven by apartments (+8.47%) and maisonettes (+6.47%), whilst prices of terraced houses remained relatively stable and prices for other type of property declined by 4.56%. Similarly, the NSO Residential Property Price Index rose by 6.86% to 105.10 points in H1 2026, from 98.35 points in H1 2025. Apartment prices rose by 7.21%, while maisonettes advanced by 4.73%.

A total of 1,043 building permits were issued during H1 2026, representing a modest increase of 1.96% from 1,023 permits in the corresponding period of 2025. Of these, 881 permits related to Malta, up by 3.53% from 851, while permits issued in Gozo and Comino declined by 5.81% to 162, from 172. The Northern Harbour district recorded the strongest increase, with permits rising by 19.03% to 319, from 268. The South Eastern district recorded a 7.53% increase to 157 permits, from 146, while the Northern district registered a more moderate 2.41% rise to 170, from 166. In contrast, building permits declined in both the Southern Harbour (-9.59%) and Western (-17.60%) districts to 132 (H1 2025: 146) and 103 (H1 2025: 125) permits, respectively. Although the overall number of permits increased only marginally, development density rose considerably as the average number of approved new dwellings per building permit increased to 5.88, from 5.05 in H1 2025, representing an increase of 16.44%.

The number of new dwellings approved during H1 2026 increased substantially to 6,136 units, from 5,170 units in H1 2025, representing year-on-year growth of 18.68% and an absolute increase of 966 units. Apartments continued to dominate approved residential supply. A total of 4,424 apartments were approved during the first half of 2026, up by 19.96% from 3,688 in H1 2025. Apartments therefore accounted for around 72% of all approved new dwellings. The number of approved penthouses increased by 18.49% to 923, from 779, while maisonettes rose by 13.68% to 540, from 475. The strongest percentage growth was however recorded in terraced houses, for which approvals increased by 28.21% to 200 units, from 156 in H1 2025. Conversely, approvals for other property types declined by 31.94% to 49 units, from 72.

The geographical distribution of approved dwellings showed a particularly pronounced concentration of new development in the Northern Harbour district in H1 2026, as this rose by 68.09% to 2,202 units, from 1,310 in H1 2025. This represented an increase of 892 units and accounted for the majority of the overall year-on-year rise in approved residential supply. The South Eastern district also recorded strong growth, with approved dwellings increasing by 23.62% to 916, from 741. Approvals in the Northern district increased by 17.81% to 1,098 units, from 932. Conversely, development activity weakened in the Southern Harbour (-7.36%) and Western (-32.41%) districts, where the number of approved dwellings declined to 717 (H1 2025: 774) and 438 (H1 2025: 648) units, respectively. Approved dwellings in Gozo and Comino remained unchanged at 765 units.

Demand for residential property remained firm during H1 2026. The number of POSA increased to 7,621, from 7,277 in the comparable period of 2025, representing growth of 4.73%. More significantly, the aggregate value of POSA increased by 18.65% to €2.99 billion, from €2.52 billion. As the increase in value materially exceeded that in the number of agreements, the average value per POSA rose by 13.18% to €391,786, from €346,173 in H1 2025.

Completed residential property transactions also increased during H1 2026. The number of final deeds of sale rose by 6.63% to 6,819, from 6,395 in H1 2025. At the same time, the aggregate value of final deeds increased by 16.72% to €2.18 billion, from €1.87 billion. The average value per deed of sale increased by 9.47% to €320,252, from €292,557 in H1 2025. Transaction volumes increased across most districts. In Malta, final deeds rose by 6.70% to 5,960, from 5,586. The Northern district recorded the strongest growth, with transactions increasing by 20.02% to 1,373, from 1,144. Final deeds in the Southern Harbour district increased by 10.69% to 1,108, from 1,001, while the South Eastern district recorded growth of 4.50% to 952 deeds, from 911. On the other hand, activity within the Northern Harbour district remained unchanged at 1,864 deeds, while transactions in the Western district edged down by 0.45% to 663. Meanwhile, final deeds in Gozo and Comino increased by 6.18% to 859, from 809.

The number of individual properties transacted through final deeds increased by 6.63% to 7,415 properties, from 6,954 in H1 2025. Apartments remained the largest residential property category by transaction volume. A total of 2,691 apartments were transacted during H1 2026, representing a 5.04% increase from 2,562 in H1 2025. Transactions involving penthouses increased more strongly by 15.19% to 417, from 362, while maisonette transactions increased by 2.05% to 697, from 683. Transactions involving houses and garages also increased by 17.01% and 9.65% to 1,025 (H1 2025: 876) and 1,681 (H1 2025: 1,533), respectively. In contrast, the number of plots of land transacted declined by 23.49% to 430, from 562.

PART 2 – FINANCIAL REVIEW

6. FINANCIAL ANALYSIS

The historical information is extracted from the audited consolidated annual financial statements of the Issuer for the years ended 31 December 2023, 31 December 2024, and 31 December 2025.

The forecast and projected information for the financial years ending 31 December 2026 and 31 December 2027 has been provided by the Group and is based on future events and assumptions which the Issuer believes to be reasonable. However, actual outcomes may be adversely affected by unforeseen circumstances, and the variation between forecasts and projections with actual results could be material.

The estimates presented in this Analysis assume that the carrying values of the Group's hotels and investment properties will not be revalued upwards or impaired, and therefore no adjustments have been made as to possible uplifts or impairments in value of assets which can materially affect the values in the Statement of Total Comprehensive Income and the Statement of Financial Position. Moreover, the forecasts and projections consider only the acquisition of Townsquare Site, without any further capital expenditure or revenue that is expected to be generated from this project.

Stivala Group Finance p.l.c. **Statement of Total Comprehensive Income** **For the financial year 31 December**	**2023** **Actual** **€'000**	**2024** **Actual** **€'000**	**2025** **Actual** **€'000**	**2026** **Forecast** **€'000**	**2027** **Projection** **€'000**
Hotel operations	*16,054*	*18,734*	*21,568*	*34,369*	*40,006*
Rental income	*9,753*	*10,282*	*10,922*	*10,479*	*11,455*
Sale of real estate	*7,208*	*460*	*500*	-	-
Revenue	**33,015**	**29,476**	**32,990**	**44,848**	**51,461**
Cost of sales	(7,205)	(8,198)	(9,568)	(9,431)	(11,252)
Gross profit	**25,810**	**21,278**	**23,422**	**35,417**	**40,209**
Net operating costs	(2,370)	(1,744)	(2,652)	(5,975)	(6,649)
EBITDA	**23,440**	**19,534**	**20,770**	**29,442**	**33,560**
Depreciation and amortisation	(1,766)	(5,931)	(2,601)	(5,749)	(5,748)
Profit on recognition of intangible asset	36,500	30,000	-	-	-
Decrease in provision for expected credit losses	4,462	4,683	2,338	-	-
Provision for expected credit losses	(1,036)	(486)	(1,998)	-	-
Operating profit	**61,600**	**47,800**	**18,509**	**23,693**	**27,812**
Dividends receivable	223	277	287	300	307
Change in fair value of investment property	15,351	209	4,513	-	-
Share in profit / (loss) of associates	7	26	(154)	-	-
Net finance costs	(4,137)	(4,380)	(4,232)	(4,623)	(7,342)
Profit before tax	**73,044**	**43,932**	**18,923**	**19,370**	**20,777**
Taxation	(4,215)	6,400	1,420	-	(5,168)
Profit for the year	**68,829**	**50,332**	**20,343**	**19,370**	**15,609**
Other comprehensive income:					
Movement in revaluation of property, net of tax	9,249	-	11,785	-	-
Total comprehensive income	**78,078**	**50,332**	**32,128**	**19,370**	**15,609**

Stivala Group Finance p.l.c. Key Financial Ratios	FY2023 Actual	FY2024 Actual	FY2025 Actual	FY2026 Forecast	FY2027 Projection
Gross profit margin *(%)* *(Gross profit / revenue)*	78.18	72.19	71.00	78.97	78.13
EBITDA margin *(%)* *(EBITDA / revenue)*	71.00	66.27	62.96	65.65	65.21
Operating profit margin *(%)* *(Operating profit / revenue)*	186.58	162.17	56.10	52.83	54.04
Net profit margin *(%)* *(Profit after tax / revenue)*	208.48	170.76	61.66	43.19	30.33
Return on equity *(%)* *(Profit after tax / average equity)*	23.83	14.64	5.46	4.89	3.79
Return on assets *(%)* *(Profit after tax / average assets)*	15.89	10.27	3.80	3.14	2.25
Return on invested capital *(%)* *(Operating profit / average equity and net debt)*	15.85	10.79	3.88	4.53	4.95
Interest cover *(times)* *(EBITDA / net finance costs)*	5.67	4.46	4.91	6.37	4.57

STATEMENT OF TOTAL COMPREHENSIVE INCOME

Revenue in **FY2025** amounted to €32.99 million, an increase of 11.92% from the prior year. Growth was principally driven by hotel operations, which generated revenue of €21.57 million, up by 15.13% from €18.73 million in FY2024, boosted by the commencement of operations in Q3 2025 of Novotel Hotel in Gżira, together with improved performance across the Group's other hospitality activities. Hotel operations accounted for 65.38% of total revenue, while rental income increased by 6.22% to €10.92 million from €10.28 million in FY2024, driven by higher income from residential and commercial leasing, including the addition of ST Tower to the Group's portfolio from the start of the year. Meanwhile, the Group also generated €0.50 million from the sale of property, compared with €0.46 million in FY2024.

EBITDA increased by 6.33% year-on-year to €20.77 million albeit the EBITDA margin eased to 62.96% from 66.27% in FY2024. On the other hand, interest cover strengthened from 4.46 times in FY2024 to 4.91 times.

In FY2025, the fair value of investment properties increased by €4.51 million (FY2024: +€0.21 million), whilst the decrease in provision for estimated credit losses was reduced to €2.34 million (FY2024: €4.68 million).

Operating profit and profit before tax declined in FY2025 when compared to FY2024 mainly due to the recognition of intangible assets in the prior year. Indeed, in FY2024, profitability was positively impacted by the valuation of the Group's 'ST Properties' brand and recognised a gain of €30 million. Conversely, during FY2025, the Group recognised an uplift in property values, net of deferred tax, in comprehensive income of €11.79 million. Overall, total comprehensive income for the year amounted to €32.13 million compared to €50.33 million in the prior year.

In **FY2026**, revenue is forecast to increase substantially by 35.94% to €44.85 million, driven by strong growth in hotel operations, which are expected to generate €34.37 million, equivalent to 76.63% of Group revenue (FY2025: 65.38%). The increase in hotel operations activity reflects the twelve-month contribution of Novotel Hotel, together with organic growth across the Group's other hotels, namely ST Azur Hotel (+5.48%), ST Bayview Hotel (+9.95%) and ST Alavits Hotel (+16.59%). Within the hospitality segment, revenue from short-term accommodation, comprising ST Blubay Apartments and ST Valletta View Apartments, is also forecast to increase, by 6.04% year-on-year to €6.04 million. Meanwhile, income from rental operations is expected to amount to €10.48 million, representing 23.37% of total revenue.

Despite the material increase in revenue, cost of sales is forecast to decline marginally by 1.43% to €9.43 million, reflecting more efficient resource allocation and utilisation. This is expected to result in gross profit increasing by 51.21% to €35.42 million, with the gross profit margin strengthening materially to almost 79% from 71% in FY2025.

Net operating costs are forecast to more than double to €5.98 million. Nevertheless, EBITDA is expected to increase by 41.75% to €29.44 million, translating into a margin of 65.65%.

Notwithstanding the higher depreciation and amortisation charge of €5.75 million, operating profit is expected to increase by just over 28% to €23.69 million. The operating profit margin is forecast at 52.83%, moderately below the 56.10% registered in FY2025. Conversely, return on invested capital ("**ROIC**") is forecast to improve from 3.88% to 4.53%, reflecting the stronger operating profit generated relative to the Group's invested capital base.

Dividends receivable are forecast at €0.30 million, while net finance costs are expected to increase by 9.24% to €4.62 million, reflecting the higher level of indebtedness supporting the Group's various investment activities. However, the significantly stronger EBITDA generation is expected to more than compensate for the higher financing charge, resulting in interest cover improving to 6.37 times.

Profit for the year is projected at €19.37 million, representing a decline of 4.78% from FY2025. The net profit margin is forecast to drop to 43.19%, whilst return on equity ("**ROE**") and return on assets ("**ROA**") are similarly expected to ease to 4.89% and 3.14%, respectively.

The positive revenue trajectory is projected to continue in **FY2027**, with total income increasing by 14.75% to €51.46 million. Hotel operations are expected to generate €40.01 million, up 16.40% from FY2026 and accounting for 77.74% of total revenue. Growth will be driven primarily by the opening of Mövenpick Hotel Malta in Q2 2027, while the Group's other hotels, together with ST Blubay Apartments and ST Valletta View Apartments, are expected to register year-on-year revenue growth of around 2.40%. Rental income is also projected to increase by 9.31% to €11.46 million, representing 22.26% of Group revenue, supported by growth across both the residential and commercial segments.

Cost of sales is projected to increase by 19.31% to €11.25 million, slightly outpacing revenue growth. Gross profit is nonetheless expected to increase by 13.53% to €40.21 million, while the gross profit margin is projected to remain robust at approximately 78.13%.

Net operating costs are projected to increase by 11.28% to €6.65 million. EBITDA is nevertheless expected to rise by almost 14% to €33.56 million, which would translate into a margin of 65.21%.

Depreciation and amortisation charges are projected to remain virtually unchanged at €5.75 million. As a result, operating profit is projected to increase by 17.38% to €27.81 million, with the operating profit margin improving to 54.04% and ROIC reaching 4.95%.

Dividends receivable are forecast at €0.31 million, while net finance costs are expected to increase further to €7.34 million, reflecting the Group's continued expansion and associated funding requirements. Consequently, despite the projected strong growth in EBITDA, interest cover is expected to decline to 4.57 times.

Notwithstanding the increase in finance costs, profit before tax is projected to increase by 7.26% to €20.78 million. After accounting for a tax charge of €5.17 million, profit for the year is forecast at €15.61 million, translating into a net profit margin of 30.33%, while ROE and ROA are projected at 3.79% and 2.25%, respectively.

Stivala Group Finance p.l.c.
Statement of Cash Flows

For the financial year 31 December	**2023 Actual €'000**	**2024 Actual €'000**	**2025 Actual €'000**	**2026 Forecast €'000**	**2027 Projection €'000**
Net cash from operating activities	64,680	56,158	22,207	42,979	34,429
Net cash used in investing activities	(56,483)	(48,134)	(30,435)	(64,460)	(26,993)
Net cash from / (used in) financing activities	(10,416)	(6,106)	18	32,050	25,367
Net movement in cash and cash equivalents	**(2,219)**	**1,918**	**(8,210)**	**10,569**	**32,803**
Expected credit loss on cash in banks	-	-	2	-	-
Cash and cash equivalents at beginning of year	90	(2,129)	(211)	(8,419)	2,150
Cash and cash equivalents at end of year	**(2,129)**	**(211)**	**(8,419)**	**2,150**	**34,953**
Net cash from operating activities	64,680	56,158	22,207	42,979	34,429
Net capital expenditure*	(56,072)	(47,777)	(30,089)	(63,460)	(26,443)
Free cash flow	**8,608**	**8,381**	**(7,882)**	**(20,481)**	**7,986**

** Calculated as gross capital expenditure minus the proceeds from the disposal of fixed and, or intangible assets.*

STATEMENT OF CASH FLOWS

During **FY2025,** the Group generated €22.21 million in net cash from operating activities compared to €56.16 million in the prior year which included the recognition of the 'ST Properties' brand amounting to €30 million.

Net cash used in investing activities amounted to €30.44 million in FY2025 (FY2024: €48.13 million) and mainly comprised the acquisition of intangible asset of €4.23 million (FY2024: €30.05 million) and property acquisitions and development of €25.86 million (FY2024: €17.73 million). Capital expenditure in FY2025 related to various projects, but mainly Mövenpick Hotel, Novotel Hotel, and ST Business Centre.

Net cash inflows relating to financing activities amounted to €0.02 million (FY2024: outflow of €6.11 million). During the year, net drawdowns from bank loans and related parties amounted to €6.64 million (FY2024: €16.36 million). In FY2025, dividends paid to shareholders amounted to €4.15 million (FY2024: €20 million).

In **FY2026**, the Group is expected to generate net cash from operating activities of €42.98 million, representing a notable improvement over the prior year, largely driven by stronger underlying profitability. Net cash used in investing activities is forecast at €64.46 million, primarily reflecting expenditure of €59.94 million on investment property and €3.53 million on PPE. Net capital expenditure is expected to amount to €63.46 million, compared with net operating cash inflows of €42.98 million, resulting in a negative free cash flow of €20.48 million.

Net cash from financing activities is forecast at €32.05 million, driven principally by €40 million in proceeds from debt securities. These inflows are set to be partly offset by €4.62 million in interest payments, €1.16 million in dividend payments, a €1.14 million net reduction in bank borrowings, and €0.99 million in net advances to related entities and associates. Principal lease repayments are expected to remain immaterial at €0.04 million.

Overall, the Group is forecast to record a net increase in cash and cash equivalents of €10.57 million in FY2026. This would reverse the negative opening cash and cash-equivalent position of €8.42 million and result in a positive closing balance of €2.15 million.

In **FY2027**, net cash from operating activities and net cash used in investing activities are projected to decline to €34.43 million and €26.99 million, respectively. Expenditure on investment property is expected to drop to €17.04 million, while investment in PPE is projected to increase to €9.41 million. Accordingly, net capital expenditure is projected at €26.44 million, resulting in a positive free cash flow of €7.99 million.

Net cash from financing activities is meanwhile projected to decline to €25.37 million, reflecting a lower requirement for external funding as capital expenditure moderates. Nevertheless, debt securities are expected to remain the principal source of financing, with €35 million of new proceeds forecast during the year. The Group is also projected to raise a net €3.14 million through bank borrowings. These inflows are partly offset by €7.34 million in interest payments, €4.15 million in net advances to related entities and associates, €1.25 million in dividends, and €0.04 million in lease principal repayments.

In aggregate, cash and cash equivalents are projected to increase by €32.80 million in FY2027, leading to a year-end balance of €34.95 million.

Stivala Group Finance p.l.c.
Statement of Financial Position

As at 31 December	**2023 Actual €'000**	**2024 Actual €'000**	**2025 Actual €'000**	**2026 Forecast €'000**	**2027 Projection €'000**
ASSETS					
Non-current assets					
Intangible assets	36,510	66,540	66,644	66,589	66,534
Right-of-use asset	204	152	109	109	109
Investment property	213,444	221,191	229,966	347,063	348,649
Property, plant & equipment	180,630	183,160	220,385	221,652	222,262
Investment in associates	280	306	151	151	151
Deferred taxation	10,240	16,756	18,494	18,494	18,494
	441,308	**488,105**	**535,749**	**654,058**	**656,199**
Current assets					
Inventory, trade and other receivables	11,609	3,153	5,279	3,783	3,321
Property held-for-sale	2,920	4,236	2,436	2,436	2,436
Other financial assets	13,095	13,671	10,785	11,775	15,923
Cash and cash equivalents	730	1,455	6,596	2,150	34,953
	28,354	**22,515**	**25,096**	**20,144**	**56,633**
Total assets	**469,662**	**510,620**	**560,845**	**674,202**	**712,832**
EQUITY					
Capital and reserves					
Share capital	255	259	259	259	259
Revaluation and other reserves	261,161	261,353	277,289	277,289	277,289
Retained earnings	67,112	97,251	109,294	127,501	141,863
	328,528	**358,863**	**386,842**	**405,049**	**419,411**
LIABILITIES					
Non-current liabilities					
Debt securities	59,790	59,850	59,910	54,070	133,690
Bank borrowings	27,145	33,258	35,560	35,542	37,953
Lease liabilities	172	129	94	58	20
Other non-current liabilities	30,410	33,630	48,050	89,705	72,851
	117,517	**126,867**	**143,614**	**179,375**	**244,514**
Current liabilities					
Debt securities	-	-	-	45,000	-
Bank overdraft	2,859	1,666	2,225	-	-
Bank and related party borrowings	8,452	7,693	15,822	14,757	15,449
Lease liabilities	53	43	35	37	38
Trade and other payables	10,799	15,456	12,275	29,984	28,252
Other current liabilities	1,454	32	32	-	5,168
	23,617	**24,890**	**30,389**	**89,778**	**48,907**
Total liabilities	**141,134**	**151,757**	**174,003**	**269,153**	**293,421**
Total equity and liabilities	**469,662**	**510,620**	**560,845**	**674,202**	**712,832**
Total debt	*98,471*	*102,639*	*113,646*	*149,464*	*187,150*
Net debt	*97,741*	*101,184*	*107,050*	*147,314*	*152,197*
Invested capital (total equity plus net debt)	*426,269*	*460,047*	*493,892*	*552,363*	*571,608*

Stivala Group Finance p.l.c. Key Financial Ratios	FY2023 Actual	FY2024 Actual	FY2025 Actual	FY2026 Forecast	FY2027 Projection
Net debt-to-EBITDA *(times)* *(Net debt / EBITDA)*	4.17	5.18	5.15	5.00	4.54
Net debt-to-equity *(times)* *(Net debt / total equity)*	0.30	0.28	0.28	0.36	0.36
Net gearing *(%)* *(Net debt / net debt and total equity)*	22.93	21.99	21.67	26.67	26.63
Debt-to-assets *(times)* *(Total debt / total assets)*	0.21	0.20	0.20	0.22	0.26
Leverage *(times)* *(Total assets / total equity)*	1.43	1.42	1.45	1.66	1.70
Current ratio *(times)* *(Current assets / current liabilities)*	1.20	0.90	0.83	0.22	1.16

STATEMENT OF FINANCIAL POSITION

The Group's total assets as at the end of **FY2025** amounted to €560.8 million (FY2024: €510.6 million), predominantly composed of investment property and PPE. The year-on-year increase of €50.23 million mainly included net additions and uplifts to investment property and PPE (+€46 million to €450.35 million).

Non-current liabilities as at 31 December 2025 amounted to €143.61 million (FY2024: €126.87 million), mainly comprising debt securities of €59.91 million (FY2024: €59.85 million), bank borrowings of €35.56 million (FY2024: €33.26 million), and other non-current liabilities (which comprise deferred taxation) of €48.05 million (FY2024: €33.63 million).

Current liabilities amounted to €30.39 million (FY2024: €24.89 million) and included trade and other payable, bank and other borrowings, lease liabilities, and other current liabilities.

The net gearing ratio of the Group decreased year-on-year from 21.99% to 21.67%. An alternative to assessing leverage is the net debt-to-EBITDA ratio, which remained stable at 5.15 times compared to 5.18 times in the prior year.

In **FY2026**, the Group's asset base is forecast to expand materially, with total assets increasing by €113.36 million to €674.20 million. The increase is expected to be driven primarily by investment property, which is forecast to rise by €117.10 million to €347.06 million, thereby becoming the Group's largest asset category following the acquisition of Townsquare Site. PPE is projected to remain broadly stable at €221.65 million, while intangible assets are likewise expected to remain largely unchanged at €66.59 million. Other financial assets are forecast to increase to €11.78 million while cash and cash equivalents, inventory, and trade and other receivables are all projected to decline.

Total equity is expected to increase by 4.71% to €405.05 million, reflecting the higher balance of retained earnings which are projected to increase by €18.21 million to €127.50 million, while share capital and revaluation and other reserves are expected to remain unchanged at €0.26 million and €277.29 million, respectively.

Total liabilities are forecast to rise by €95.15 million to €269.15 million. Total debt is forecast to increase materially by €35.82 million to €149.46 million, comprising €99.07 million in debt securities, €50.30 million in bank and other borrowings, as well as €0.10 million in lease liabilities. Net debt is correspondingly forecast to increase by €40.26 million to €147.31 million. The forecast increase in liabilities also reflects a significant rise in trade and other payables, which are projected to more than double to €29.98 million, as well as other non-current liabilities, which are expected to reach €89.71 million.

Net debt-to-equity is forecast to increase from 0.28 times in FY2025 to 0.36 times in FY2026, while net gearing is projected to rise to 26.67%. Debt-to-assets is likewise expected to increase from 0.20 times to 0.22 times, while leverage is forecast to edge higher from 1.45 times to 1.66 times. Nonetheless, despite the increase in absolute indebtedness, the Group's net debt-to-EBITDA ratio is forecast to improve marginally to 5 times in FY2026, indicating that the expected increase in operating earnings is projected to absorb the impact of higher net debt. In contrast, the current ratio is forecast to weaken notably to 0.22 times from 0.83 times, principally due to the reclassification as a current liability of the 2017 Bonds which are due for redemption in October 2027.

The current ratio is forecast to weaken notably to 0.22 times from 0.83 times in FY2025, as current assets decline from €25.10 million to €20.14 million, whilst current liabilities increase from €30.39 million to €89.78 million, principally due to the reclassification as a current liability of the 2017 Bonds maturing in October 2027. Accordingly, the projected working capital deficit of €69.63 million is largely attributable to the forthcoming bond maturity, rather than an anticipated deterioration in the Group's underlying operating cash flow generation. The Group intends to refinance the 2017 Bonds, thereby addressing a significant component of its short-term financial obligations.

In **FY2027**, total assets are projected to increase by €38.63 million to €712.83 million. Investment property, PPE, and intangible assets are expected to remain broadly stable at €348.65 million, €222.26 million, and €66.53 million, respectively. Other financial assets are projected to increase by €4.15 million to €15.92 million, while inventory, trade and other receivables are expected to moderate to €3.32 million. As such, the most pronounced movement within total assets is expected in cash and cash equivalents, which are projected to rise considerably to €34.95 million.

Equity is projected to strengthen to €419.41 million, driven entirely by the continued accumulation of retained earnings, which are expected to increase by €14.36 million to €141.86 million.

Total liabilities are forecast to increase by €24.27 million to €293.42 million. Total debt is nevertheless projected to rise by €37.69 million to €187.15 million, with the composition of debt remaining inclined towards debt securities, which are projected to increase by €34.62 million to €133.69 million. On the other hand, bank and other borrowings are forecast to increase by €3.10 million to €53.40 million. The projected increase in debt securities principally reflects the anticipated issuance of a further €35 million under a €75 million Bond Programme, following the €40 million issuance forecast for FY2026.

Despite the increase in gross debt, net debt is projected to rise by only €4.88 million to €152.20 million. Accordingly, net debt-to-equity is expected to remain unchanged at 0.36 times, while net gearing is projected to ease marginally to 26.63%. Moreover, net debt-to-EBITDA is projected to strengthen further to 4.54 times. Conversely, debt-to-assets is forecast to rise to 0.26 times, while leverage is projected to edge higher to 1.70 times. Meanwhile, the current ratio is projected to recover sharply to 1.16 times, signalling a considerably stronger short-term liquidity position by the end of the year.

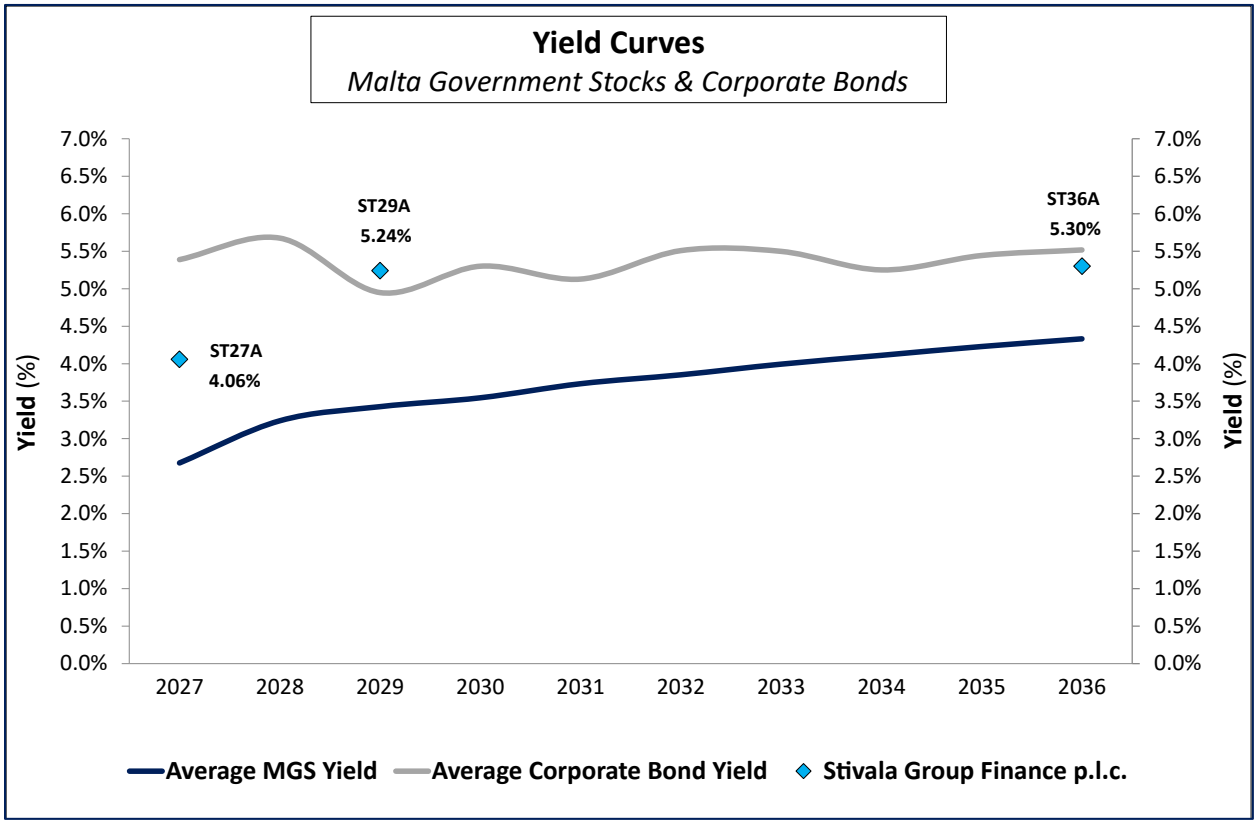
PART 3 – COMPARATIVE ANALYSIS

The table below provides a comparison between the Group and its bonds with other debt issuers and their respective debt securities listed on the Regulated Main Market (Official List) of the Malta Stock Exchange. Although there are significant variances between the activities of the Group and those of other debt issuers (including different industries, principal markets, competition, capital requirements etc.), and material differences between the risks associated with the Group's business/es and those of other debt issuers, the comparative analysis illustrated in the table below serves as an indication of the relative financial strength and creditworthiness of the Group.

Comparative Analysis*	Amount Issued (€'000)	Yield-to-Maturity / Worst (%)	Interest Cover (times)	Net Debt-to-EBITDA (times)	Net Gearing (%)	Debt-to-Assets (times)
4.00% Hili Finance Company p.l.c. Unsecured & Guaranteed 2027	50,000	6.68	4.45	4.66	68.88	0.59
4.35% SD Finance plc Unsecured & Guaranteed 2027	65,000	4.25	2.64	5.87	43.46	0.39
4.00% Eden Finance p.l.c. Unsecured & Guaranteed 2027	40,000	3.92	4.03	5.76	26.30	0.24
5.25% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2027	30,000	6.53	9.25	1.60	14.80	0.16
4.00% Stivala Group Finance p.l.c. Secured & Guaranteed 2027	45,000	4.06	4.91	5.15	21.67	0.20
4.75% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2025-2027	5,370	4.74	n/a	9.43	76.67	0.72
3.85% Hili Finance Company p.l.c. Unsecured & Guaranteed 2028	40,000	5.71	4.45	4.66	68.88	0.59
5.85% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2028	20,000	5.52	9.25	1.60	14.80	0.16
5.75% PLAN Group p.l.c. Secured & Guaranteed 2028	12,000	5.75	5.65	7.37	55.40	0.54
5.75% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2027-2029	15,000	5.51	n/a	9.43	76.67	0.72
5.00% Hili Finance Company p.l.c. Unsecured & Guaranteed 2029	80,000	4.99	4.45	4.66	68.88	0.59
3.65% Stivala Group Finance p.l.c. Secured & Guaranteed 2029	15,000	5.24	4.91	5.15	21.67	0.20
3.80% Hili Finance Company p.l.c. Unsecured & Guaranteed 2029	80,000	4.57	4.45	4.66	68.88	0.59
3.75% AX Group p.l.c. Unsecured 2029	10,000	3.83	3.81	4.88	39.07	0.35
6.25% GPH Malta Finance p.l.c. Unsecured & Guaranteed 2030	18,144	5.58	3.81	5.11	90.32	0.81
5.25% ACMUS p.l.c. Secured 2028-2030	19,000	5.25	3.88	475.77	80.85	0.76
5.10% PLAN Group p.l.c. Secured & Guaranteed 2028-2030	28,200	5.10	5.65	7.37	55.40	0.54
5.10% PLAN Group p.l.c. Secured & Guaranteed 2028-2030 T3	11,800	5.10	5.65	7.37	55.40	0.54
5.20% SD Finance plc Unsecured & Guaranteed 2031 S1 T1	33,000	5.20	2.64	5.87	43.46	0.39
5.20% SD Finance plc Unsecured & Guaranteed 2031 S1 T2	20,000	5.19	2.64	5.87	43.46	0.39
5.20% SD Finance plc Unsecured & Guaranteed 2031 S1 T3	7,000	5.11	2.64	5.87	43.46	0.39
5.35% MM Star Malta Finance p.l.c. Secured & Guaranteed 2029-2031	35,000	5.32	1.20	10.63	75.36	0.69
3.65% International Hotel Investments p.l.c. Unsecured 2031	80,000	5.61	1.47	11.26	43.14	0.40
3.50% AX Real Estate p.l.c. Unsecured 2032	40,000	5.00	3.19	7.66	51.19	0.46
5.35% Best Deal Properties Holding p.l.c. Unsecured 2032	7,000	5.31	n/a	9.43	76.67	0.72
5.50% MM Triton Malta Finance p.l.c. Secured & Guaranteed 2032	45,000	5.11	1.40	9.39	71.50	0.67
5.80% GPH Malta Finance plc Unsecured & Guaranteed 2032	15,000	5.79	3.81	5.11	90.32	0.81
5.00% Mariner Finance p.l.c. Unsecured 2032	36,930	4.90	4.52	5.45	46.94	0.46
5.00% Hili Finance Company p.l.c. Unsecured & Guaranteed 2033	60,000	4.90	4.45	4.66	68.88	0.59
5.85% AX Group p.l.c. Unsecured 2033	40,000	5.32	3.81	4.88	39.07	0.35
6.00% International Hotel Investments p.l.c. Unsecured 2033	60,000	5.56	1.47	11.26	43.14	0.40
4.50% The Ona p.l.c. Secured & Guaranteed 2028-2034	16,000	4.85	3.62	7.48	73.09	0.68
5.35% Hal Mann Vella Group p.l.c. Secured 2031-2034	23,000	5.31	2.40	9.18	48.21	0.43
5.30% International Hotel Investments p.l.c. Unsecured 2035	35,000	5.15	1.47	11.26	43.14	0.40
5.50% Juel Group p.l.c. Secured & Guaranteed 2035	32,000	5.27	2.55	5.93	51.80	0.46
5.35% CPHCL Finance p.l.c. Unsecured & Guaranteed 2035	45,000	5.35	1.36	12.35	42.84	0.40
5.50% Finestday Malta p.l.c. Secured & Guaranteed 2036	25,000	5.23	1.92	7.68	60.83	0.55
5.25% International Hotel Investments p.l.c. Unsecured 2036	30,000	5.23	1.47	11.26	43.14	0.40
5.30% Stivala Group Finance p.l.c. Secured & Guaranteed 2036 S1 T1	40,000	5.30	4.91	5.15	21.67	0.20

**As at 30 October 2026*

Sources: *(i) Malta Stock Exchange; (ii) M.Z. Investment Services Limited; and (iii) the most recent audited annual financial statements of the respective Issuers and, or Guarantors, except for MM Triton Malta Finance p.l.c. (FY2026[F]) and Finestday Malta p.l.c. (FY2027[P]).*



The closing market price of the **4.00% Stivala Group Finance p.l.c. secured and guaranteed bonds 2027** (ST27A) as at 30 October 2026 was 99.94%. This translated into a yield-to-maturity ("**YTM**") of 4.06%, representing a discount of 133 basis points to the average YTM of 5.39% of other local corporate bonds maturing in the same year. The spread over the corresponding average Malta Government Stock ("**MGS**") yield of 2.68% stood at 138 basis points.

The closing market price of the **3.65% Stivala Group Finance p.l.c. secured and guaranteed bonds 2029** (ST29A) as at 30 October 2026 was 96.02%. This translated into a YTM of 5.24%, representing a premium of 29 basis points over the average YTM of 4.95% of other local corporate bonds maturing in the same year. The spread over the corresponding average MGS yield of 3.43% stood at 181 basis points.

The new **5.30% Stivala Group Finance p.l.c. secured and guaranteed bonds 2036 S1 T1** (ST36A) have been priced at a discount of 22 basis points to the average YTM of 5.52% of other local corporate bonds maturing in the same year as at 30 October 2026. The premium over the corresponding average MGS yield of equivalent maturity (4.33%) stood at 97 basis points.

PART 4 - EXPLANATORY DEFINITIONS

INCOME STATEMENT

Revenue	Total income generated from business activities.
EBITDA	Earnings before interest, tax, depreciation, and amortisation. It is a metric used for gauging operating performance excluding the impact of capital structure. EBITDA is usually interpreted as a loose proxy for operating cash flows.
Adjusted operating profit / (loss)	Profit (or loss) from core operations, excluding movements in the fair value of investment property, share of results of associates and joint ventures, net finance costs, and taxation.
Operating profit / (loss)	Profit (or loss) from operating activities, including movements in the fair value of investment property but excluding the share of results of associates and joint ventures, net finance costs, and taxation.
Share of results of associates and joint ventures	Share of profit (or loss) from entities in which the company does not have a majority shareholding.
Profit / (loss) after tax	Net profit (or loss) registered from all business activities.

PROFITABILITY RATIOS

EBITDA margin	EBITDA as a percentage of revenue.
Operating profit margin	Operating profit (or loss) as a percentage of total revenue.
Net profit margin	Profit (or loss) after tax as a percentage of total revenue.
Return on equity	Measures the rate of return on net assets and is computed by dividing the net profit (or loss) for the year by average equity.
Return on assets	Measures the rate of return on assets and is computed by dividing the net profit (or loss) for the year by average assets.
Return on invested capital	Measures the rate of return from operations and is computed by dividing operating profit (or loss) for the year by the average amount of equity and net debt.

STATEMENT OF CASH FLOWS

Net cash from / (used in) operating activities	The amount of cash generated (or consumed) from the normal conduct of business.
Net cash from / (used in) investing activities	The amount of cash generated (or consumed) from activities related to the acquisition, disposal, and/or development of long-term assets and other investments.
Net cash from / (used in) financing activities	The amount of cash generated (or consumed) that have an impact on the capital structure, and thus result in changes to share capital and borrowings.
Free cash flow	Represents the amount of cash generated (or consumed) from operating activities after considering any amounts of net capital expenditure.

STATEMENT OF FINANCIAL POSITION

Non-current assets	These represent long-term investments which full value will not be realised within the next twelve months. Such assets, which typically include property, plant, equipment, and investment property, are capitalised rather than expensed, meaning that the amortisation of the cost of the asset takes place over the number of years for which the asset will be in use. This is done instead of allocating the entire cost to the accounting year in which the asset was acquired.
Current assets	All assets which could be realisable within a twelve-month period from the date of the Statement of Financial Position. Such amounts may include development stock, accounts receivable, cash and bank balances.

Non-current liabilities	These represent long-term financial obligations which are not due within the next twelve months, and typically include long-term borrowings and debt securities.
Current liabilities	Liabilities which fall due within the next twelve months from the date of the Statement of Financial Position, and typically include accounts payable and short-term debt.
Total equity	Represents the residual value of the business (assets minus liabilities) and typically includes the share capital, reserves, as well as retained earnings.

FINANCIAL STRENGTH / CREDIT RATIOS

Interest cover	Measures the extent of how many times a company can sustain its net finance costs from EBITDA.
Net debt-to-EBITDA	Measures how many years it will take a company to pay off its net interest-bearing liabilities (including lease liabilities) from EBITDA, assuming that net debt and EBITDA are held constant.
Net debt-to-equity	Shows the proportion of net debt (including lease liabilities) to the amount of equity.
Net gearing	Shows the proportion of equity and net debt used to finance a company's business and is calculated by dividing net debt by the level of invested capital.
Debt-to-assets	Shows the degree to which a company's assets are funded by debt and is calculated by dividing all interest-bearing liabilities (including lease liabilities) by total assets.
Leverage	Shows how many times a company is using its equity to finance its assets.
Current ratio	Measures the extent of how much a company can sustain its short-term liabilities from its short-term assets.