SUMMARY NOTE

dated 27 March 2017

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

In respect of an Issue of up to €65,000,000 4.35% Unsecured Bonds 2027 of a nominal value of €100 per Bond issued at par

by

SD FINANCE plc

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

with the joint and several Guarantee*

of

SD HOLDINGS LIMITED

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

*Prospective investors are to refer to the Guarantee contained in Annex III of the Securities Note forming part of the Prospectus for a description of the scope, nature and term of the Guarantee. Reference should also be made to the sections entitled "Risk Factors" contained in the Registration Document and the Securities Note forming part of the Prospectus for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the Guarantee provided by SD Holdings Limited.

ISIN: MT0001431205

Sponsor	Manager & Registrar	Legal Counsel
CHARTS WEALTH MANAGEMENT • CORPORATE BROKING	BOV Bank of Valletta	CAMILLERI PREZIOSI ADVOCATES

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

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

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

APPROVED BY THE DIRECTORS

Silvio Debono	Arthur Gauci	Stephen Muscat	Vincent Micallef	Philip Micallef	Robert Debono

IMPORTANT INFORMATION

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

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

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

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

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

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

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

ALL THE ADVISORS TO THE ISSUER HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR IN RELATION TO THIS PUBLIC OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY TOWARDS ANY OTHER PERSON. NONE OF THE ADVISORS ACCEPT ANY RESPONSIBILITY TO ANY INVESTOR OR ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

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

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

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

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

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

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

SECTION A INTRODUCTION AND WARNINGS

A.1 Prospective investors are hereby warned that:

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

A.2 Consent required in connection with the use of the Prospectus by the Authorised Financial Intermediaries: prospective investors are hereby informed that:

i. for the purposes of any subscription for Bonds through any of the Authorised Financial Intermediaries and any subsequent resale, placement or other offering of Bonds by such Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Directive, the Issuer consents to the use of the Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale or placement or other offering of Bonds, provided this is limited only:
    a. in respect of Bonds subscribed for through Authorised Financial Intermediaries listed in Annex I of the Securities Note; and during the Group Employees Offer Period, as applicable;
    b. to any resale or placement of Bonds subscribed for as aforesaid, taking place in Malta;
    c. to any resale or placement of Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus.
ii. **in the event of a resale, placement or other offering of Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary shall be responsible to provide information to investors on the terms and conditions of the resale, placement or other offering at the time such is made.**

SECTION B ISSUER AND GUARANTOR

B.1 (B.19) The legal and commercial name of the Issuer is SD Finance p.l.c. The legal and commercial name of the Guarantor is SD Holdings Limited.

B.2 (B.19) The Issuer was registered in Malta in terms of the Act on 20 January 2017, as a public limited liability company. The Guarantor was registered in Malta in terms of the Act on 19 December 2006, as a private limited liability company. The Issuer and the Guarantor are domiciled in Malta.

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

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

There has been no material adverse change in the prospects of the Guarantor since the date of publication of its latest audited financial statements.

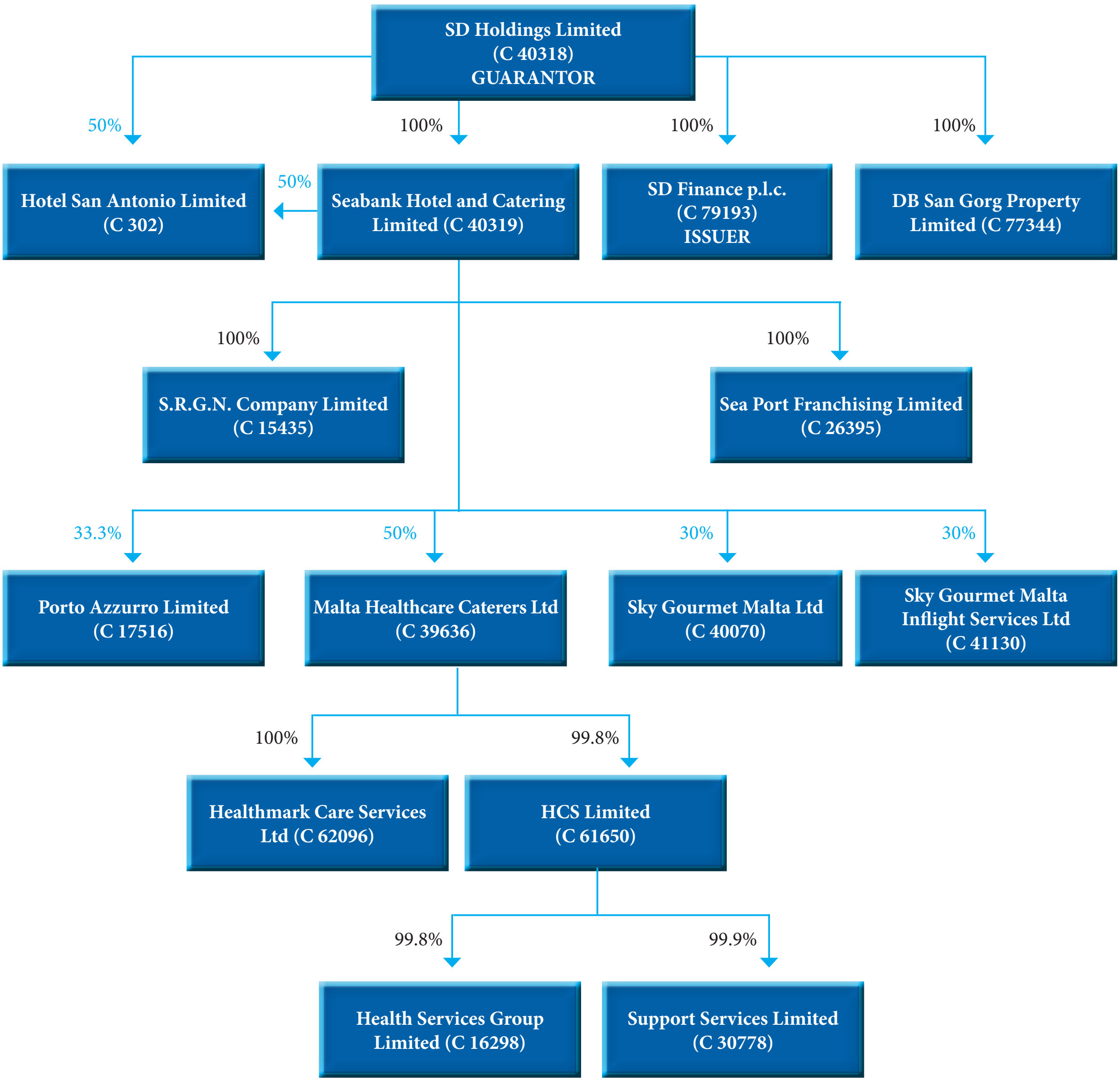
As at date of publication of the Prospectus, the Issuer considers that generally it shall be subject to the business risks associated with the current operations of the Group, and believes that there are no further risks apart from the normal risks associated with the current operations of the Group, which includes the Guarantor. Barring unforeseen circumstances, the Issuer does not anticipate any particular trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of the Group, for at least the current financial year. However, investors are strongly advised to carefully read the risk factors in the Prospectus.

Hospitality and Entertainment Markets: tourism in Malta has been performing at a strong level and this trend continued in 2016 as inbound tourist trips reached a record 1.99 million, an increase of 10.2% when compared to a year earlier. The National Statistics Office ("**NSO**") has estimated tourism expenditure to amount to €1.71 billion in 2016, an increase of 4.3% over 2015. Malta's 2017 EU Presidency, together with Valletta serving as the European City of Culture in 2018, are expected to generate increased demand for local hotels. The abovementioned positive trend was also experienced at the db Seabank Resort & Spa and db San Antonio Hotel & Spa. The Directors believe that the hotels' operating performance was enhanced by the renovation works at both properties and the successful marketing of the all-inclusive service package. The Group also intends to expand its portfolio of hotels through the development of a five-star Hard Rock Hotel.

Healthcare Sector: Malta has *circa* 110,000 seniors above the age of 60, and, according to the NSO, this is expected to grow to over 135,000 by 2030. This substantial increase in elderly persons is envisaged to have a material effect on the growth on the demand for care and support services provided to this category of population. The Group, through its 50% shareholding in Malta Healthcare Caterers Ltd, foresees a steady increase in demand for nursing, home carers and other healthcare staff in the coming years, as well as a growing need for retirement and care homes. The db Group shall continue to focus on this sector, particularly by growing the staff complement to meet the demand for long-term care in Malta. Malta Healthcare Caterers Ltd also intends to expand its activities in the healthcare sector through the establishment of a local residence for the elderly.

Contract Catering Market: the demand for contract catering in Malta has developed substantially over the last decade, particularly from the healthcare, aviation and canteen catering sectors. In the healthcare sector, demand is mainly generated from state, privately-owned hospitals and retirement homes. The Directors expect this market to grow further in the coming years as more hospitals and care homes are developed to meet the needs of Malta's aging population. Malta Healthcare Caterers Ltd intends to remain focused on optimising the contract catering business with a customer centric approach. In the aviation industry, inflight catering service is decreasing as a result of airlines reducing their costs on ancillary services such as inflight meals. The Group, through its 30% shareholding in Sky Gourmet Malta Ltd, will continue to focus on achieving operating efficiencies to safeguard future business viability.

B.5 **(B.19)** The organisational structure of the Group is illustrated in the diagram below:



B.9 Not Applicable: no profit forecasts or estimates have been included in the Registration Document.

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

B.12 **(B.19)** As at the date hereof, the Issuer has no financial information to report. Accordingly, it is not in a position to assert whether there has been a material adverse change since the date of publication of its latest audited financial statements.

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

The abovementioned audited financial statements of the Guarantor are available on the Issuer's website, www.dbgroupmalta.com.

There were no significant changes to the financial or trading position of the Guarantor since the end of the financial period to which its respective last audited financial statements relate.

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

SD Holdings Limited
Condensed Consolidated Statements of Comprehensive Income

for the year ended 31 March	**2014**	**2015**	**2016**
	€'000	**€'000**	**€'000**
Revenue	23,087	34,947	42,963
EBITDA[1]	7,585	11,908	17,804
Profit for the year	3,215	6,684	5,627
Revaluation surplus, net of deferred tax	-	-	22,586
Total comprehensive income for the year net of tax	3,237	6,703	28,323

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

SD Holdings Limited
Condensed Consolidated Statements of Financial Position

as at 31 March	**2014**	**2015**	**2016**
	€'000	**€'000**	**€'000**
ASSETS			
Non-current assets	99,154	127,962	146,221
Current assets	5,240	9,541	10,212
Total assets	**104,394**	**137,503**	**156,433**
EQUITY			
Equity and reserves	21,671	28,374	56,697
LIABILITIES			
Non-current liabilities	62,373	70,412	61,268
Current liabilities	20,350	38,717	38,468
	82,723	109,129	99,736
Total equity and liabilities	**104,394**	**137,503**	**156,433**

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

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

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

Extracts of the interim financial information of the Guarantor for the six month period 1 April to 30 September 2016 are set out below:

SD Holdings Limited
Condensed Consolidated Statements of Comprehensive Income
for the six-month period 1 April to 30 September

	2015 Unaudited €'000	2016 Unaudited €'000
Revenue	28,307	30,388
EBITDA[1]	13,661	14,556
Total comprehesive income for the period net of tax	6,403	7,246

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

SD Holdings Limited
Condensed Consolidated Statements of Financial Position
as at

	31 Mar'16 Audited €'000	30 Sep'16 Unaudited €'000
ASSETS		
Non-current assets	146,221	142,573
Current assets	10,212	21,292
Total assets	**156,433**	**163,865**
EQUITY		
Equity and reserves	56,697	63,943
LIABILITIES		
Non-current liabilities	61,268	58,045
Current liabilities	38,468	41,877
	99,736	99,922
Total equity and liabilities	**156,433**	**163,865**

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

EBITDA amounted to €14.6m for the six-month period ended 30 September 2016, representing an increase of 6.6% when compared to the same period during 2015. The most significant contributors to the EBITDA levels generated by the Group during the six-month period ended 30 September 2016 were Seabank Hotel and Catering Limited and Hotel San Antonio Limited, which comprised 51.2% and 39.2% of total EBITDA respectively. Net profitability increased by 13.2% to €7.1m during the six-month period ended 30 September 2016.

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

B.14 **(B.19)** The Issuer was set up in 2017 as a fully owned subsidiary of the Guarantor. The Guarantor holds 249,999 ordinary shares of €1.00 each in the Issuer, and the remaining one ordinary share is held by Silvio Debono. The Issuer does not itself carry on any trading activities apart from the raising of capital and advancing thereof to members of the Group as and when the demands of their business so require. Accordingly, the Issuer is economically dependent on the Group.

The Guarantor is the parent company of the Group and has an authorised share capital of €5,000,000 divided into 5,000,000 ordinary shares of a nominal value of €1.00 each. The issued share capital of the Guarantor is €4,000,000 divided into 4,000,000 Ordinary Shares of a nominal value of €1.00 each. The entire issued share capital of the Guarantor is subscribed for, allotted and taken up as fully paid up shares by Silvio Debono. As the holding company of the Group, the Guarantor is ultimately dependent upon the operations and performance of its subsidiaries and their respective operations.

B.15 **(B.19)** As at the date of the Prospectus, the Issuer does not itself carry on any trading activities apart from the raising of capital and advancing thereof to members of the Group as and when the demands of their business so require. In terms of its Memorandum and Articles of Association, the principal objects of the Issuer include, but are not limited to: the carrying on of the business of a holding company; the acquisition and holding of securities and interests of and in any companies for the time being engaged, concerned or interested in any industry, trade or business; the promotion of the beneficial cooperation of any such companies with one another as well as with the Issuer; and the employment of the Issuer's funds in the development and expansion of its business and that of any of its subsidiaries and other company in which it may have an interest.

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

B.16 (B.19) The Issuer is a fully owned subsidiary of the Guarantor and has an authorised and issued share capital of €250,000 divided into 250,000 ordinary shares of a nominal value of €1.00 each, fully paid up. The Guarantor holds 249,999 ordinary shares of €1.00 each in the Issuer, and the remaining one ordinary share is held by Silvio Debono. The Guarantor has an authorised share capital of €5,000,000 divided into 5,000,000 ordinary shares of a nominal value of €1.00 each. The issued share capital of the Guarantor is €4,000,000 divided into 4,000,000 ordinary shares of a nominal value of €1.00 each. All of the issued share capital of the Guarantor is subscribed for, allotted and taken up as fully paid up shares by Silvio Debono.

B.17 Not Applicable: Neither the Issuer nor the Guarantor has sought the credit rating of an independent rating agency, nor has there been any assessment by any independent rating agency of the Bonds issued by the Issuer.

B.18 (B.19) For the purposes of the Guarantee, the Guarantor, as primary obligor, jointly and severally with the Issuer irrevocably and unconditionally guarantees to each Bondholder that if for any reason the Issuer fails to pay any sum payable by it to such Bondholder pursuant to the Terms and Conditions of the Bonds as and when the same shall become due, the Guarantor will pay to such Bondholder on demand the amount payable by the Issuer to such Bondholder. The obligations of the Guarantor under the Guarantee shall remain in full force and effect until no sum remains payable to any Bondholder pursuant to the issue of the Bonds.

SECTION C SECURITIES

C.1 The Issuer shall issue an aggregate of €65,000,000 in Bonds having a face value of €100 per Bond, subject to a minimum holding of €2,000 in Bonds. The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. On admission to trading the Bonds will have the following ISIN: MT0001431205. The Bonds shall bear interest at the rate of 4.35% per annum.

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

C.5 The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.

C.8 Investors wishing to subscribe to the Bonds will be able to do so by duly executing an Application Form in relation to the Bonds. Execution of the Application Form will entitle such Bondholder to:

(i) the repayment of capital;
(ii) the payment of interest;
(iii) seek recourse from the Guarantor pursuant to the Guarantee, in case of failure by the Issuer to pay any sum payable by it to Bondholders pursuant to the Terms and Condtions of the Bonds detailed in this Securities Note;
(iv) ranking with respect to other indebtedness of the Issuer;
(v) attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bonds; and
(vi) enjoy all such other rights attached to the Bonds emanating from the Prospectus.

The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt of each of the Issuer and the Guarantor, if any. Furthermore, subject to the negative pledge clause, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer and the Guarantor for so long as such security interests remain in effect.

As at the date of this Securities Note, the Issuer does not have any subordinated indebtedness. As at 14 February 2017, Group indebtedness amounted to €62,052,000 and comprised of guarantees, overdraft facilities, bank loans and other borrowings from related companies. The bank borrowings and facilities in question are secured by privileges and hypothecs, and therefore, to the extent that such borrowings and/or facilities remain outstanding, the indebtedness being created by the Bonds would, specifically in respect of the assets constituting the said security, rank after all these bank borrowings and/or facilities. In addition, the Bonds would also rank after any future debts which may be secured by a cause of preference such as a privilege and/or a hypothec, in so far as the asset constituting the relevant security is concerned.

C.9 The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List of the MSE. The Bonds shall bear interest from and including 25 April 2017 at the rate of 4.35% per annum on the nominal value thereof, payable annually on 25 April of each year between and including each of the years 2018 and 2027 (the "**Interest Payment Date**). The nominal value of the Bonds will be repayable in full upon maturity on 25 April 2027 unless they are previously re-purchased and cancelled. The first interest payment will be effected on 25 April 2018. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at 25 April 2027 is four point three five per cent (4.35%). The remaining component of Element C.9 is Not Applicable, given that no representative of debt security holders has been appointed.

C.10 Not Applicable: there is no derivative component in the interest payments on the Bonds.

C.11 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 27 March 2017. Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List. The Bonds are expected to be admitted to the MSE with effect from 4 May 2017 and trading is expected to commence on 5 May 2017.

SECTION D RISKS

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

Holding of a Bond involves certain risks. Before deciding to acquire Bonds, prospective investors should carefully consider, with their own independent financial and other professional advisors, the following risk factors and other investment considerations, as well as all the other information contained in the Prospectus. Prospective Investors are warned that by investing in the Bonds they may be exposing themselves to significant risks that may have the consequence of losing a substantial part of all of their investment.

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

Prospective investors are advised to read the Prospectus in its entirety and, in particular, the sections entitled "Risk Factors" in the Registration Document and Securities Note, for an assessment of the factors that could affect the Bonds and the Issuer's and Guarantor's future performance.

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

An investment in the Issuer and the Bonds may not be suitable for all recipients of the Prospectus and prospective investors are urged to consult an independent 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 Bonds before making an investment decision.

The risk factors set out below are a summary of the principal risks associated with an investment in the Issuer and the Bonds – there may be other risks which are not mentioned in this summary.

i. Risks relating to the Group: the Group and its Business

Exposure to General Economic Conditions
The Group is highly susceptible to economic trends that may be felt in Malta and internationally, including fluctuations in consumer demand and financial market volatility. Any future expansion of the Group's operations into other markets would further increase its susceptibility to adverse economic developments and trends affecting such other markets. Negative economic factors, particularly those having an effect on consumer demand, could have a material impact on the business of db Group, and may adversely affect the Issuer's ability to meet its obligations under the Bonds.

Level of Interest Rates
The Group may be exposed to the risks associated with the effects of fluctuations in the prevailing levels of the market interest rates on its financing position and cash flows.

Key Senior Personnel Material to the Group's Growth
The Group believes that its growth is partially attributable to the efforts of its executive management and other key personnel. If any of these persons were to discontinue their present position, the Group might not be able to replace them within the short term, and this could have a material adverse effect on the Group's business, financial condition and results of operations. There is no guarantee that the Group's business objectives will be achieved to the degree expected following the loss of key personnel.

The Group's Insurance Policies
The Group maintains insurance at levels determined to be appropriate in light of the cost of cover and the risk profiles of its business. Recovering losses from insurers may be difficult and time-consuming, and the Group may be unable to recover the full loss incurred. No assurance can be given that the Group's current insurance coverage would be sufficient to cover all potential losses nor that an appropriate coverage would always be available at acceptable commercial rates.

Risk of Litigation
The Group is exposed to the risk of litigation from customers, partners, suppliers, employees, regulatory authorities and/or franchisors. No assurance can be given that disputes which could have a significant effect on the Group's financial position or operational performance will not arise. Exposure to litigation or fines imposed by regulatory authorities may affect the Group's reputation even though the monetary consequences may be insignificant.

Risks relating to Disputes/Investigations

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

Risks of Integration and Operation of Acquired Businesses

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

Reliance on Non-Proprietary Software Systems and Third-Party IT Providers

To varying degrees, the Group is reliant on technologies and operating systems (including IT systems) developed by third parties for the running of its business, and are exposed to the risk of failures in such systems. Disruption to those technologies or systems and/or lack of resilience in operational availability could adversely affect the efficiency of the Group's business, financial condition and/or operating performance.

Growth Strategy

The Group may not be able to execute its long-term business strategy, which looks to enhance its presence in the hotel and leisure industries. There is no assurance that the Group will drive growth and profitability, to the extent desired, through its focus on sales and continuous improvement. The Group's growth projections may, in practice, and potentially for reasons over which it has little or no control, be considerably slower or quicker than anticipated, disrupting the Group's envisioned strategy and the results of its operations.

The Group's Indebtedness

The Group has a material amount of debt and may incur additional debt in connection with its future growth. The agreements regulating the Group's bank debt impose and are likely to impose significant operating restrictions and financial covenants on the Group which could limit the Group's ability to obtain future financing, make capital expenditure or withstand a future downturn in business or economic conditions generally. In the event that the Group's generated cash flow were to be required to make principal and interest payments on any existing or prospective debt, this could give rise to a reduction in the amount of cash available for distribution by the Group. The Parent may also be required to provide guarantees for debts contracted by its Subsidiaries. Defaults under financing agreements could lead to the enforcement of security over property, where applicable, and/or cross-defaults under other financing agreements.

Operating Expenses

A portion of db Group's costs are fixed and operating results are vulnerable to short-term changes in its revenues. The Group's fixed operating expenses are not easily reduced to react to changes in its revenue by reducing its operating expenses, which could have a material adverse effect on its business, financial condition and results of operations. The Group's operating and other expenses could increase without a corresponding increase in turnover or revenue. The factors which could materially increase operating and other expenses include, increases in the rate of inflation, payroll expenses, property taxes and other statutory charges, and changes in laws and policy. Such increases could have a material adverse effect on the Issuer's financial position and its ability to make distributions to its shareholders.

Financial Strategy

The Group may not be able to secure sufficient financing for its future operations and investments. Failure to obtain, or delays in obtaining, the capital required to complete current or future developments and investments on commercially reasonable terms, may materially and adversely affect the Group's business, financial condition, results of operations and prospects. The Group may be exposed to a variety of financial risks associated with the unpredictability inherent in financial markets, including market risk, credit risk, foreign exchange rate risk, and interest rate risk.

Exchange Rate Risk

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

Changes to Laws and Regulations

The Group is at risk in relation to changes in any applicable laws and regulations, including changes to the interpretation thereof, which cannot be predicted. No assurance can be given as to the impact of any possible judicial decision, change in law, regulation or administrative practice, after the date of this Prospectus, on the business and operations of db Group.

ii. Risks relating to the Group: the Hospitality Industry

The Group's hospitality operations are subject to external factors that could adversely affect its business, many of which are beyond the Group's control, including: (i) changes in travel patterns and cutbacks on Malta-bound airline routes; (ii) changes in laws and regulations on employment, the preparation and sale of foods and beverages, health and safety, environmental concerns, fiscal policies, zoning and development, and related costs of compliance; (iii) the impact of increased threats of terrorism, impediments to means of transportation, extreme weather conditions, natural disasters, travel-related accidents, and outbreaks of health concerns; (iv) increases in operating costs due to inflation, employment costs and healthcare-related costs, utility costs, increased taxes and insurance costs; and (v) the termination, non-renewal and/or the renewal on less favourable terms of agreements entered into with tour operators. These factors may adversely impact room rates and occupancy levels at the Group's hotels or reduce its revenue, which could have a material adverse effect on the Group's financial condition and results of operations.

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

The Group's hospitality operations are susceptible to increasing competition, which 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 more resources than the Group. A decline in the competitive strength of the Group and its brands could adversely affect the Group's results of operations. In particular, db Group may be compelled, by the strength of its competitors that are able to supply 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.

iii. Risks relating to the Group: the Catering Industry

Dependence on Franchise
The Group's restauranteur operations are centred on the Hard Rock Café and Hard Rock Bar brands, developed in Malta by the Franchisee, namely Group Subsidiary Sea Port Franchising Limited (C 26395) pursuant to a Master Franchise Agreement entered into with Hard Rock Limited. The long-term success of db Group's franchised restauranteur operations depends, to a significant extent, on: (i) the ability of the Franchisee and Franchisor to identify and react to new restaurant industry trends; (ii) the ability of the Franchisee and Franchisor to develop marketing strategies to maintain and enhance reputation and develop new products; (iii) the goodwill associated with the Hard Rock Café and Hard Rock Bar trademarks; (iv) the continued relationship between the Group and the Franchisor; and (v) the continued vitality of the Hard Rock Café and Hard Rock Bar concepts and the success, quality and management of the Franchisor's overall systems. As the operations of the Franchisor are international, the Franchisor's success is susceptible to various factors, including economic, political and legal conditions, which may vary from one region to another. The Master Franchise Agreement will expire on 16 June 2020, and may only be renewed upon the Franchisee meeting certain conditions. There is no guarantee that such conditions will be met, and that the Master Franchise Agreement will be renewed.

Governing Law and Jurisdiction
The Master Franchise Agreement is governed by the laws of England and Wales. Any disputes thereunder are subject to the jurisdiction of the Courts of England and Wales. This foreign law element increases the complexity involved in any legal proceedings arising in connection with this agreement.

Term of Emphyteutical Concession and Leases
The Group operates the Tunny Net Complex in Mellieha, which offers entertainment facilities, including restaurants, and is situated on a site currently held on temporary emphyteusis by Group Subsidiary J.D. Catering Limited (C 15193). This emphyteutical grant is due to expire in July 2026. The premises from which the Group operates Hard Rock Café and Hard Rock Bar in Malta are leased premises. There is no guarantee that the Group will be able to renew the abovementioned emphyteutical concession and leases. Furthermore, with reference to the lease agreements regulating the Hard Rock Café and Hard Rock Bar premises, the Group's inability to renew the lease agreements or to fulfil its obligations thereunder, leading to their termination, could lead to the simultaneous termination of the Master Franchise Agreement. This may have a material adverse effect on the Group's business and results of operations.

General Risks Associated with the Food and Beverage Industry
The Group's performance is subject to several risk factors that affect the food and beverage industry, including: (i) changes in economic market conditions, consumer confidence and disposable income; (ii) competition with respect to price, service, location, food quality and consistency; (iii) changes in demographic trends, traffic patterns and the type and number of competing catering establishments; (iv) health concerns and potential litigation relating to health; and (v) changes in the law. Such could reduce customer transactions at the Group's catering establishments, impose limits on pricing, or cause the Group to incur additional expenditure to modify its concepts, which could adversely affect db Group's business. The Group's catering operations also depend on its ability to avoid any degradation in product quality and/or service levels for customers, which could undermine confidence in its services.

Competition
The Group is affronted with ever-increasing competition from other catering establishments. Accordingly, the success of the Group's catering activities is dependent on its ability to maintain and enhance its competitive strength. This success is dependent

on its ability to address consumers' shifting trends or its ability to address particular niches, such as vegan consumers. Further, db Group may be adversely affected should any of its competitors change their concepts or pricing in order to compete more directly with the Group.

Relations with Suppliers
The profitability of the Group's catering activities partially depends on its ability to anticipate and react to changes in the cost of its supplies, and on its dependence on timely deliveries by its suppliers. Any deterioration in the Group's relationships with its suppliers could have an adverse effect on the Group. Other factors, such as interruptions in supply caused by adverse weather conditions, could materially adversely affect the availability and costs of its products.

Complaints and Litigious Claims
In view of the nature of its catering activities, the Group may be subject to customer complaints or claims alleging food-related illness, injuries suffered on the Group's premises, or other food quality or operational concerns. Adverse publicity from such allegations may materially affect sales revenue generated by the Group's catering establishments. All litigation is expensive, time-consuming, and may divert management's attention away from the operation of the business. The Group cannot ascertain that its insurance coverage will be sufficient to cover one or more substantial claims. If claims such as the aforementioned are brought against a competitor, the Group could also be adversely affected due to any negative publicity brought against the counterparty.

Regulatory Compliance
The Group's catering establishments are subject to licensing and regulation which may include alcoholic beverage control and health and safety measures. Difficulties in obtaining or maintaining the required licences could adversely affect the Group's business and results of its operations. Various bodies also have the power to conduct inspections of, and possibly close down, any catering establishments which fail to comply with the relevant laws and regulations. No assurance can be given that claims based on these laws will not be brought against db Group.

Contract Catering
The Group is active in the contract catering business, which is particularly vulnerable to risks associated with food safety and quality. Claims of illness or injury relating to contaminated, spoiled, mislabelled or adulterated food can require costly measures to remediate. The Group's contract catering business relies on strict adherence by employees to food handling standards. If the Group is found negligent in its food safety, it may be exposed to significant liability. Negative publicity as a result of allegations of unsafe food service could have a significant impact on db Group's reputation. No assurance can be given that such claims will not be brought against the Group in the future. Furthermore, there is no guarantee that the Group will be able to extend these contracts upon their expiry.

iv. Risks relating to the Group: Property Development

Property Market and Economic Conditions Generally
The Group may seek opportunities for property development. Various factors commonly affect the real estate market, many of which are beyond db Group's control, and could adversely affect the economic performance of the Group and value of any property under development. Such include: (i) changes in general economic conditions; (ii) general industry trends; (iii) changes in local market conditions; (iv) possible structural and environmental problems; (v) acts of nature, such as earthquakes; (vi) an increase in competition in the market segment in which db Group is undertaking property market development, which may lead to a lowering of prices and reduction in revenue; (vii) political developments; (viii) changes to laws and regulations; (ix) interest rate fluctuations; (x) inflation; and (xi) availability of financing. Although real estate market activity has experienced an upturn in recent years, the past is not a guarantee for the future, and the real estate market is susceptible to a downturn. Any of these factors could have a material adverse effect on the Group's business and its financial condition and prospects.

Construction and Third Party Risks
Construction projects that may be undertaken by the Group in the future are subject to a number of inherent risks, including, particularly, the risks of: (i) cost overruns; (ii) insufficiency of resources; (iii) rental / sale transactions not being effected at the prices and within the timeframe envisaged; (iv) higher interest costs; and (v) the erosion of revenue generation. These factors could have an adverse impact on the Group's financial performance. For the completion of property development projects, db Group may place reliance on counterparties, such as architects and contractors, who may default on their obligations to the Group. Further, failure to develop and maintain good relationships with competent suppliers and contractors may have a material adverse impact on the Group's property development operations.

Environmental Liabilities and Other Regulatory Liabilities
Laws and regulations impose liability for the presence of certain materials or substances or the release thereof from a real estate development. The Group may become liable for the costs of removal, investigation or remediation of any such substances. Moreover, any activity db Group undertakes to carry out in the property development sector will be subject to extensive regulations and policies. Non-compliance therewith may adversely affect the Group.

Risk of Injuries or Fatalities in Construction and Damage to Reputation
There are inherent risks to health and safety arising from the nature of property development, which require a developer to adopt a rigorous health and safety programme. Any failure in health and safety performance may result in penalties for non-compliance with the law. A failure which results in a significant health and safety incident may be costly in terms of potential liabilities and generate adverse publicity, thereby having a negative impact on the Group's reputation.

Ability to Secure Planning and Construction Consents on a Timely Basis
Securing planning consents by the relevant authorities in a timely manner is key to the Group's ability to realise value on a site to be developed. There can be no certainty that any given application will result in planning consent being granted, or, that if granted, will not be granted on unduly onerous terms which, if occurring across a large number of developments, may materially and adversely affect the Group's business. Furthermore, planning policies are subject to change, which may consequently impact the Group's property development strategy.

Property Valuations and Net Realisable Value
The valuation of property is intrinsically subjective. Factors such as regulatory requirements and consumer spending power may influence valuations. Resultantly, the net realisable value of the Group's property may decline after purchase.

v. Risks relating to the Group: Property Investment

Liquidity Risk
Properties such as those in which the Group has invested and may in the future invest are relatively illiquid. Planning regulations may reduce the pool of potential purchasers of such properties. Further, such illiquidity may affect the Group's ability to vary, dispose or liquidate part of, its portfolio in a timely fashion and for satisfactory prices in accordance with its strategy or in response to changes in economic and, or real estate market conditions. This could have an adverse effect on the results of the Group's operations.

Costs Incurred when Proposed Property Investment is Aborted
The Group may incur significant costs in connection with the assessment of potential property investment opportunities (such as costs associated with property surveys and valuation reports). If a proposed real estate investment were not to proceed to completion after such costs have been incurred, the Group will be unable to recoup same from that investment, which could negatively impact profitability.

vi. Risks relating to the Group: Healthcare Industry

The Group invests in Associated Companies which are contractually engaged to supply healthcare workers to public hospitals and clinics, together with support services and domiciliary care. The Group is indirectly subject to the business risks inherent in the provision of such services, including: (i) applicable laws and regulations are constantly evolving, and are relatively untested by local courts; (ii) there is a risk of significant changes to healthcare programs that could be detrimental to the Group's healthcare division; (iii) operations may be affected by factors such as changing consumer preferences and the oversupply of similar properties and general economic conditions; and (iv) breaches of law or licence conditions could lead to negative consequences, including a loss of reputation. Any of the above factors may adversely affect the results of the Group's operations. Furthermore, there is no guarantee that the Group's Associated Companies will be able to extend the term of these engagements upon their expiry.

vii. Risks relating specifically to the Issuer

Dependence of the Issuer on the Group and its Business
The Issuer is a finance and investment company, with one of its purposes being that of financing or re-financing the funding requirements of the business of the Group. In this respect, the Issuer is mainly dependent on the Group's business prospects. Consequently, the operating results of the Group have a direct effect on the Issuer's financial position and performance. The risks intrinsic in the Group's business have a direct effect on the ability of the Issuer to meet its obligations in respect of the payment of interest on the Bonds and repayment of principal when due. As a majority of its assets consist of loans issued to Group Companies, the Issuer is largely dependent on receipt of interest and loan repayments from the Group Companies. The ability of Group Companies to effect payments to the Issuer will depend on their respective cash flows and earnings which may be restricted by: changes in laws and regulations; the terms of agreements to which they are or may become party; or by other factors beyond the Issuer's control. The occurrence of any such factors could negatively affect the Issuer's ability to meet its obligations in respect of the payment of interest on the Bonds and repayment of principal when due.

Concentration of Shareholding
The Group, through the Parent, is owned exclusively by Silvio Debono. The Issuer is owned as to 99.99% by the Parent and 0.01% by Silvio Debono, meaning that the ultimate owner of db Group, who is also a Director of the Issuer and other db Group Companies, exercises effective control over the Issuer. Silvio Debono is considered to be of key importance to the Group and the Issuer. Any unexpected dilution in his control or influence over the Issuer and/or db Group Companies and their business could have an adverse effect on the Issuer. There can be no assurance that such individual will not during the term of the Bonds dispose of any interest in the Issuer or db Group.

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

Risks Inherent in Forecasts
The financial analysis summary listed as a document available for inspection pursuant to the Registration Document features projected revenues of db Group. Forecasts are inherently subject to the risk of adverse unexpected events which may affect the revenue streams and profitability of the Group or the Issuer. These forecasts are dependent on a number of assumptions and future expectations that may or may not occur. The non-occurrence of those expectations could have material effects on the financial position and results of the Group and the Issuer.

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

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

i. there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Nor can there be any assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price or at all. A public trading market depends on a number of factors over which the Issuer has no control;

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

iii. a Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different;

iv. no prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, would have on the market price of the Bonds prevailing from time to time;

v. the Issuer may incur further borrowing or indebtedness and may create or permit to subsist other security interests upon the whole or any part of its present or future undertakings, assets or revenues (including uncalled capital);

vi. the Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured obligations of each of the Issuer and the Guarantor. The Bonds will, however, rank subordinate to the present and future secured creditors of the Issuer and the Guarantor. Furthermore, subject to the negative pledge clause set out in the Securities Note, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer and of the Guarantor, as the case may be, for so long as such security interests remain in effect. In essence, this means that for so long as the Issuer may have secured, privileged or other higher-ranking creditors, in the event of insolvency of the Issuer the Bondholders would rank after such creditors but equally between themselves and with other unsecured creditors (if any) of the Issuer;

vii. repayment of interest and capital on the Bonds is being guaranteed by the Guarantor, and therefore Bondholders are entitled to request the Guarantor to pay the full amounts due under the Bonds if the Issuer fails to meet any amount, when due. The strength of this undertaking on the part of the Guarantor and, therefore, the level of recoverability by the Bondholders from the Guarantor of any amounts due under any of the Bonds, is dependent upon and directly linked to, the financial position and solvency of the Guarantor, and in the case of insolvency of the Guarantor, such level of recoverability is further dependent upon the existence or otherwise of any prior ranking claims over the assets of the Guarantor;

viii. the Issuer may incur further borrowing or indebtedness and may create or permit to subsist other security interests upon the whole or any part of its present or future undertakings, assets, or revenues (including uncalled capital);

ix. in the event that the Issuer wishes to amend any of the Terms and Conditions of the Bond Issue it shall call a meeting of Bondholders. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. Furthermore, the Guarantor has the power to veto any changes to the Terms and Conditions of the Bonds which are issued with the benefit of its Guarantee. Were the Guarantor to exercise such right of veto, any proposed amendments to the Terms and Conditions of the Bonds would not be put into effect;

x. the Terms and Conditions of the Bond Issue are based on the requirements of the Listing Rules of the Listing Authority, the Companies Act and the Commission Regulation EC No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of the Prospectus;

xi. even after the Bonds are admitted to trading on the MSE, the Issuer is required to remain in compliance with certain requirements relating to inter alia the free transferability, clearance, and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the Listing Authority has the power to suspend trading or listing of the Bonds if, inter alia, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The Listing Authority may discontinue the listing of the Bonds on the MSE. Any such trading suspensions or listing revocations/ discontinuations described above could have a material adverse effect on the liquidity and value of the Bonds;

xii. the Issuer has not sought, nor does it intend to seek, the credit rating of an independent rating agency, and there has been no assessment by any independent rating agency of the Bonds;

xiii. an investment in the Bonds may not be suitable for all recipients of the Prospectus, and Authorised Financial Intermediaries are to determine the suitability or otherwise of prospective investors' investment in the Bonds before making an investment decision. In particular, Authorised Financial Intermediaries should determine whether each prospective investor:

a) has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in the Prospectus or any applicable supplement;

b) has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the prospective investor's currency;

c) understands thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and

d) is able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

SECTION E OFFER

E.2b The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €64,000,000, will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

(i) a maximum amount of *circa* €53,500,000 of the net Bond Issue proceeds will be applied to the reduction of the bank indebtedness of the Group. Such amount will be advanced by the Issuer to: (a) two Group Subsidiaries, Seabank Hotel and Catering Limited and Hotel San Antonio Limited, for the refinancing of the outstanding HSBC Malta loans primarily applied for the purpose of financing capital expenditure related to db Seabank Resort & Spa and db San Antonio Hotel & Spa; and (b) the Guarantor, for the purpose of repaying outstanding Banif Bank loans;

(ii) a maximum amount of *circa* €9,550,000 in value of Bonds will be advanced to the Group Subsidiary Seabank Hotel and Catering Limited, which in terms of a placement agreement, has agreed to subscribe for such amount in value of Bonds required in order to finance the redemption by Seabank Hotel and Catering Limited of a total of 4,101,020 redeemable preference shares of a nominal value of €2.329373 per share held by the Preference Shareholders. The said preference shares shall be redeemed in exchange for 95,500 Bonds to be advanced by the Issuer to the Preference Shareholders (on the instructions of Seabank Hotel and Catering Limited); and

(iii) the remaining balance of the net Bond Issue proceeds, amounting to almost €1,000,000, will be advanced to the Parent for the general corporate funding purposes of the Group.

E.3 The Bonds are open for subscription to Authorised Financial Intermediaries, which include Bank of Valletta p.l.c. as Manager and Registrar, and Charts Investment Management Service Limited as Sponsor; Seabank Hotel and Catering Limited (either in its own name or in the name of the Preference Shareholders); and Group Employees. Pursuant to placement agreements, Authorised Financial Intermediaries and Seabank Hotel and Catering Limited (either in its own name or in the name of the Preference Shareholders) are to submit Application Forms 'A' representing the amount they have been bound to subscribe to by not later than 14:00 hours on 18 April 2017. Group Employees must lodge Application Forms 'B' with any Authorised Financial Intermediary by not later than 16:00 hours on 12 April 2017. The following is a synopsis of the general Terms and Conditions applicable to the Bonds. A Bondholder is deemed to have invested only after having received, read and understood the contents of the Prospectus, including the full terms and conditions contained in the annexes thereto:

1. Registration, Form, Denomination and Title

The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. The Bonds will be issued without interest coupons, in denominations of any integral multiple of €100, provided that on subscription the Bonds will be issued for a minimum of €2,000 per individual Bondholder. Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €2,000 to each underlying client. Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including for the making of any payments) as the absolute owner of such Bond. Title to the Bonds may be transferred as provided in the Securities Note.

2. Interest

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

3. Status of the Notes and Negative Pledge

The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, guaranteed by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt of each of the Issuer and the Guarantor, if any.

4. Payments

Payment of the principal amount of a Bond will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to 25 April 2017 (the "**Redemption Date**"), by means of direct credit transfer into such bank account as the Bondholder may designate from time to time. Such payment shall be effected within seven (7) days of the Redemption Date. Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate from time to time. Such payment shall be effected within seven (7) days of the Interest Payment Date.

5. **Redemption**
Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 25 April 2027.

6. **Events of Default**
The Bonds shall become immediately due and repayable, at their principal amount together with accrued interest, in an event of default. Subject to agreed exceptions, materiality qualifications, reservations of law and grace periods, an event of default shall occur if: (i) the Issuer fails to pay any interest on any Bond when due; or (ii) the Issuer is in breach of any material obligation contained in the Terms and Conditions of the Bonds; or (iii) the Issuer is *inter alia* dissolved, liquidated or declared bankrupt; or (iv) the Issuer stops or suspends payments, or announces to do so, to all or any class of its debts or ceases or threatens to cease to carry on its business or a substantial part thereof; or (v) the Issuer is unable to pay its debts; or (vi) a judgment by a court is made against the Issuer for the payment in excess of €5 million; or (vii) any default occurs relating to any financial indebtedness of the Issuer in excess of €5 million.

7. **Transferability of the Bonds**
The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time. All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations. The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Issuer. The Issuer will not register the transfer or transmission of Bonds for a period of 15 days preceding the due date for any payment of interest on the Bonds.

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

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

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

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

E.4 Save for the possible subscription for Bonds by Authorised Financial Intermediaries (which include Bank of Valletta p.l.c., Charts Investment Management Service Limited and the latter's sister company Mediterranean Bank plc), and any fees payable in connection with the Bond Issue to Charts Investment Management Service Limited as Sponsor and to Bank of Valletta p.l.c. as Manager and Registrar, so far as the Issuer is aware no person involved in the Issue has an interest material to the Issue.

E.7 Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €1,000,000.

EXPECTED TIME-TABLE OF THE BOND ISSUE

1. Group Employees Offer Period	30 March 2017 to 12 April 2017, both days included
2. Placement date	18 April 2017
3. Commencement of interest on the Bonds	25 April 2017
5. Announcement of basis of acceptance	25 April 2017
6. Refunds of unallocated monies (if any)	03 May 2017
7. Expected date of notification of registration	03 May 2017
8. Expected date of admission of the Bonds to listing	04 May 2017
9. Expected date of commencement of trading in the Bonds	05 May 2017