

# SECURITIES NOTE

DATED 1 NOVEMBER 2024

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules published by the Malta Financial Services Authority and of the Prospectus Regulation. This Securities Note is issued pursuant to the requirements of Rule 4.14 of the Capital Markets Rules and contains information about the Bonds. Application has been made for the admission to listing of the Bonds on the Official List of the Malta Stock Exchange. This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Issuer.

In respect of an issue of  
€12,000,000 5.2% Secured Callable Bonds 2031 – 2034  
of a nominal value of €100 per Bond issued at par by



a public limited liability company registered in Malta with company registration number C 91228.

**ISIN: MT0002271212**

**THIS SECURITIES NOTE HAS BEEN APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY AS THE COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MALTA FINANCIAL SERVICES AUTHORITY ONLY APPROVES THE PROSPECTUS AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHALL NOT BE CONSIDERED AS AN ENDORSEMENT OF THE QUALITY OF THE SECURITIES THAT ARE THE SUBJECT OF THIS SECURITIES NOTE. INVESTORS SHOULD MAKE THEIR OWN ASSESSMENT AS TO THE SUITABILITY OF INVESTING IN THE SECURITIES THAT ARE THE SUBJECT OF THIS SECURITIES NOTE.**

**THE MALTA FINANCIAL SERVICES 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 THE SECURITIES.**

**A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK 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 FINANCIAL ADVISER.**

Legal Counsel



VBADVOCATES

Sponsor, Manager & Registrar

Calamatta Cuschieri

Financial Advisors

**Deloitte.**

APPROVED BY THE DIRECTORS

A handwritten signature in black ink, appearing to read 'A. Fenech', written over a horizontal line.

**Anthony Fenech**

A handwritten signature in black ink, appearing to read 'S. Fenech', written over a horizontal line.

**Silvan Fenech**

A handwritten signature in black ink, appearing to read 'M. Fenech', written over a horizontal line.

**Matthew Fenech**

signing in their capacity as Directors of the Company and for and on behalf of each of Stanley Portelli, William Wait and Mario Vella.

## IMPORTANT INFORMATION

THIS SECURITIES NOTE CONTAINS INFORMATION ON TUM FINANCE PLC IN ITS CAPACITY AS ISSUER AND ABOUT THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES ISSUED BY THE MALTA FINANCIAL SERVICES AUTHORITY, THE COMPANIES ACT AND THE PROSPECTUS REGULATION, AND SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER.

THIS SECURITIES NOTE SETS OUT THE CONTRACTUAL TERMS UNDER WHICH THE BONDS ARE ISSUED BY THE ISSUER AND ACQUIRED BY A BONDHOLDER, WHICH TERMS SHALL REMAIN BINDING UNTIL THE REDEMPTION DATE OF THE BONDS, UNLESS THEY ARE OTHERWISE CHANGED IN ACCORDANCE WITH SUB-SECTION 6.16 OF THIS SECURITIES NOTE.

THE INFORMATION CONTAINED HEREIN IS BEING MADE AVAILABLE IN CONNECTION WITH AN ISSUE BY THE COMPANY OF A MAXIMUM OF €12,000,000 SECURED CALLABLE BONDS 2031 - 2034 OF A NOMINAL VALUE OF €100 EACH. THE BONDS SHALL BE ISSUED AT PAR AND BEAR INTEREST AT THE RATE OF 5.2% PER ANNUM PAYABLE ANNUALLY IN ARREARS ON 22 NOVEMBER OF EACH YEAR UNTIL THE REDEMPTION DATE OR THE EARLY REDEMPTION DATE, AS MAY BE APPLICABLE, WITH THE FIRST INTEREST PAYMENT FALLING DUE ON 22 NOVEMBER 2025. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY.

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

**THE MALTA FINANCIAL SERVICES 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.**

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

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

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS OF 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 PROFESSIONAL ADVISERS AS TO LEGAL, TAX, INVESTMENT OR ANY OTHER RELATED MATTERS CONCERNING THE BONDS AND THE PROSPECTUS.

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

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

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA, OTHER THAN MALTA, THE BONDS CAN ONLY BE OFFERED TO "QUALIFIED INVESTORS", AS DEFINED IN THE PROSPECTUS REGULATION, AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS REGULATION.

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

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

**IN TERMS OF ARTICLE 12(1) OF THE PROSPECTUS REGULATION, THE PROSPECTUS SHALL REMAIN VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE OF THE APPROVAL OF THE PROSPECTUS BY THE MALTA FINANCIAL SERVICES AUTHORITY. THE ISSUER IS OBLIGED TO PUBLISH A SUPPLEMENT ONLY IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKE OR MATERIAL INACCURACY RELATING TO THE INFORMATION SET OUT IN THE PROSPECTUS WHICH MAY AFFECT THE ASSESSMENT OF THE SECURITIES AND WHICH ARISES OR IS NOTED BETWEEN THE TIME WHEN THE PROSPECTUS IS APPROVED AND THE CLOSING OF THE ISSUE PERIOD OR THE TIME WHEN TRADING ON A REGULATED MARKET COMMENCES, WHICHEVER OCCURS LATER. THE OBLIGATION TO SUPPLEMENT THE PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES DOES NOT APPLY WHEN THE PROSPECTUS IS NO LONGER VALID.**

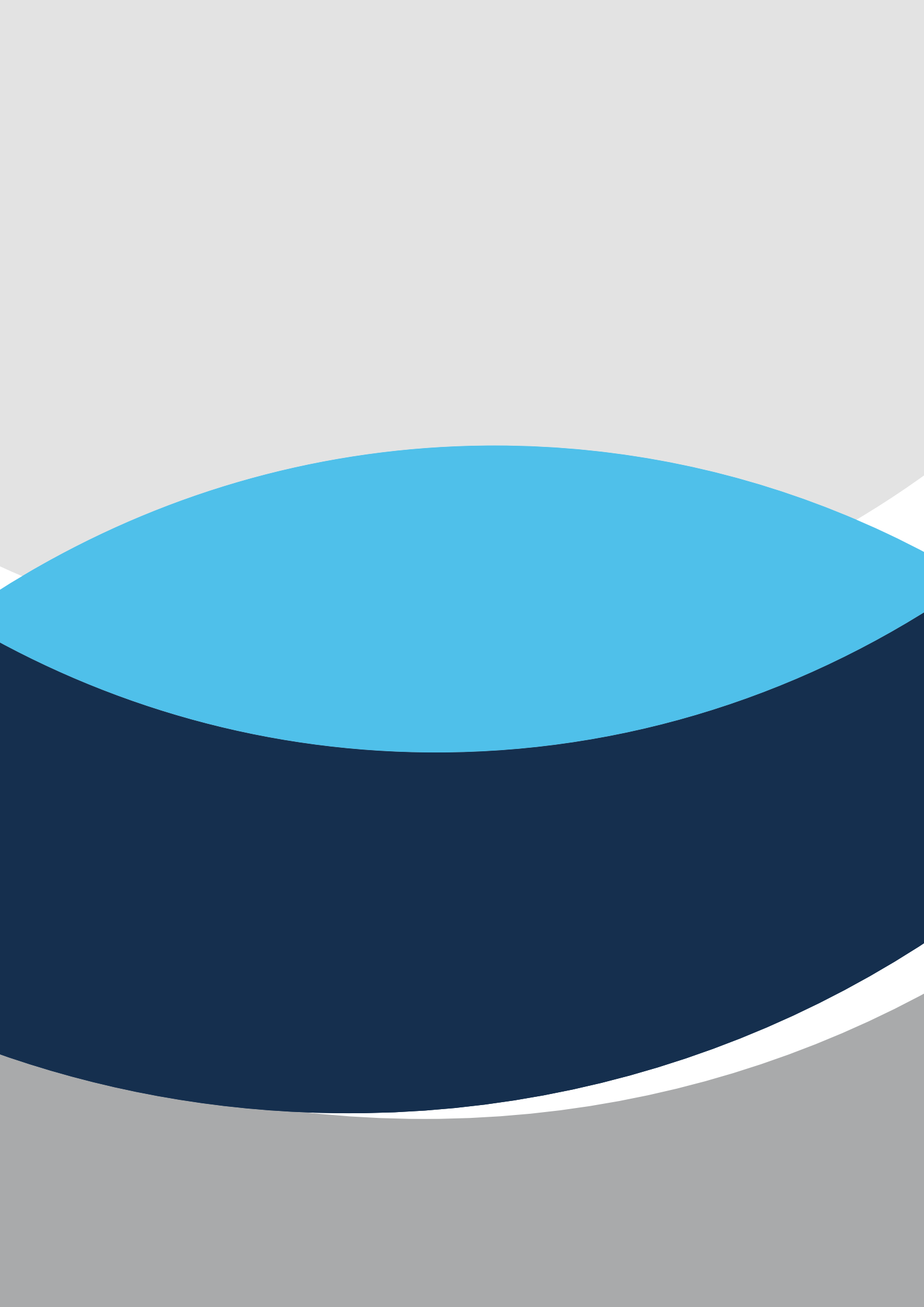
**STATEMENTS MADE IN THIS SECURITIES NOTE ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN.**

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

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

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

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



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## 1 DEFINITIONS

Words and expressions and capitalised terms used in this Securities Note shall, except where the context otherwise requires, have the same meaning given to them in the Registration Document. Otherwise, unless the context otherwise requires, the following capitalized terms shall have the following meanings:-

<b>Applicant/s</b>	any person or persons, natural or legal, who subscribes for the Bonds;
<b>Application/s</b>	the application to subscribe for Bonds made by an Applicant/s through any of the Authorised Intermediaries, which include the Sponsor, Manager & Registrar, in accordance with the terms of this Securities Note;
<b>Appropriateness Test</b>	shall have the meaning set out in sub-section 8.21 of this Securities Note;
<b>Bond Issue Price</b>	the price of €100 per Bond;
<b>Business Day</b>	any day between Monday and Friday, both days included, on which commercial banks in Malta settle payments and are open for normal banking business;
<b>CET</b>	Central European Time;
<b>CSD</b>	the Central Securities Depository of the Malta Stock Exchange authorised in terms of Part IV of the Financial Markets Act (Chapter 345 of the laws of Malta), having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
<b>Early Redemption Date</b>	any date falling between 22 November 2031 and 22 November 2034, at the sole option of the Issuer, on which the Issuer shall be entitled to prepay all or part of the principal amount of Bonds and all interests accrued up to the date of prepayment, by giving not less than thirty (30) days' notice to the Bondholders and the term "Early Redemption" shall be construed accordingly;
<b>GDPR</b>	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC;
<b>Interest Payment Date</b>	22 November of each year between and including each of the years 2025 and the year 2034, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
<b>Intermediaries' Offer</b>	an offer for subscription of Bonds made by the Issuer to the Authorised Intermediaries through subscription agreements as further detailed in sub-section 6.2 of this Securities Note;
<b>Issue Date</b>	expected on 28 November 2024;
<b>Issue Period</b>	the period between 08:30 hours CET on 4 November 2024 and 12:00 hours CET on 15 November 2024 during which the Bonds are available for subscription, or such earlier date as may be determined by the Issuer;
<b>MiFIR</b>	Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments;
<b>Redemption Value</b>	the nominal value of each Bond (€100 per Bond);
<b>Share Pledge</b>	The first ranking pledge over the BBT Pledged Shares to be granted by Tum Operations in favour of the Security Trustee to secure the claim of the Security Trustee, for the benefit and in the interest of Bondholders, for the payment of the Redemption Value of and interest on the Bonds by the Issuer;
<b>Suitability Test</b>	shall have the meaning set out in sub-section 8.21 of this Securities Note; and
<b>Terms and Conditions</b>	the terms and conditions of the Bonds, set out in sub-section 5.3 ('Issue Statistics'), section 6 ('Information concerning the Bonds') and section 8 ('Terms and Conditions of the Bond Issue') of this Securities Note.

Unless otherwise appearing 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. any reference to a person includes natural persons, firms, partnerships, companies, corporations, associations, organisations, governments, states, foundations or trusts;
- e. any reference to a person includes that person's legal personal representatives, successors and assigns;
- f. 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
- g. 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 publication of this Securities Note.

## 2 RISK FACTORS

THE VALUE OF INVESTMENTS CAN GO DOWN AS WELL AS UP AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY ON THE MATURITY DATE UNLESS THE BONDS ARE PREVIOUSLY RE-PURCHASED AND CANCELLED.

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS INCLUDING THOSE DESCRIBED BELOW AND IN THE REGISTRATION DOCUMENT. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS, THE RISK FACTORS CONTAINED IN THE PROSPECTUS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS.

THE ORDER IN WHICH THE INDIVIDUAL RISKS ARE PRESENTED BELOW IS NOT INTENDED TO PROVIDE AN INDICATION OF THE LIKELIHOOD NOR THE SEVERITY OR SIGNIFICANCE OF INDIVIDUAL RISKS.

NEITHER THE PROSPECTUS NOR ANY OTHER INFORMATION CONTAINED HEREIN OR SUPPLIED IN CONNECTION WITH THE BONDS ISSUED BY THE ISSUER IS (I) INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION, OR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSOR OR ANY AUTHORISED FINANCIAL INTERMEDIARY THAT ANY RECIPIENT OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY BONDS ISSUED BY THE ISSUER. PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN EVALUATION OF ALL RISK FACTORS AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT.

### 2.1 Forward Looking Statements

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

### 2.2 Suitability of the Bonds

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 adviser licensed under the Investment Services Act, Chapter 370 of the laws of Malta, as to the suitability or otherwise of an investment in the Bonds before making an investment decision. In particular, such advice should be sought with a view to ascertaining that each prospective investor:

- i. 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 to the Prospectus or any applicable supplement;
- ii. 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;
- iii. understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets;
- iv. is able to evaluate possible scenarios for economic, interest rate and other factors that may affect his/her/its investment and his/her/its ability to bear the applicable risks; and
- v. is able to assess as to whether an investment in the Bonds shall achieve his/her/its investment objective.

## 2.3 Risks relating to the Bonds

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

- Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. Investors should also be aware that the price of fixed rate bonds should theoretically move adversely to changes in interest rates. When prevailing market interest rates are rising their prices decline and, conversely, if market interest rates are declining, the prices of fixed rate bonds rise. This is called market risk since it arises only if a Bondholder decides to sell the Bonds before maturity on the secondary market.
- In view of the current inflationary environment, investment in the Bonds involves the risk that rising inflation on real rates of return in relation to coupon payments as well as secondary market prices may have an adverse impact on the value of the Bonds, such that increasing rates of inflation could have an adverse effect on the return on the Bonds in real terms.
- Even after the Bonds are admitted to trading on the Official List of the MSE, the Issuer is required to remain in compliance with certain requirements relating, *inter alia*, to the free transferability, clearance and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the Malta Financial Services Authority has the authority to suspend trading or listing of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The Malta Financial Services Authority may discontinue the listing of the Bonds on the Official List. Any such trading suspensions or listing revocations/discontinuations could have a material adverse effect on the liquidity and value of the Bonds.
- In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bonds, it shall call a meeting of Bondholders in accordance with the provisions of sub-section 6.16 of this Securities Note. These provisions permit defined majorities to bind all Bondholders, including Bondholders who do not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority.
- 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. Any adverse fluctuations may impair the return of investment of the Bondholder in real terms after taking into account the relevant exchange rate.
- All of the Bonds may be redeemed by the Issuer on any Early Redemption Date by giving at least thirty (30) Business Day's prior written notice to the relevant Bondholders. Once the Bonds are redeemed, the Bondholders will no longer be entitled to any interest or other rights in relation to those Bonds. If Bonds are redeemed prior to the Redemption Date, a Bondholder would not receive the same return on investment that it would have received if they were redeemed on the Redemption Date. In addition, Bondholders may not be able to re-invest the proceeds from an early redemption at yields that would have been received had they not been redeemed. This optional redemption feature may also have a negative impact on the market value of the Bonds.
- The Bonds are complex financial instruments and may not be suitable for all recipients of the Prospectus. Prospective Investors are urged to consult an independent investment adviser licensed under the Investment Services Act as to the suitability or otherwise of an investment in the Bonds before making an investment decision. In the event that the prospective Investor does not seek independent financial advice and/or does not read and fully understand the provisions of the Prospectus, there is a risk that such investor may acquire an investment which is not suitable for his or her risk profile.
- No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time. If such changes take place, they could have an adverse effect on the market price for the Bonds.
- The Bonds and the Terms and Conditions of the Bond Issue are based on the requirements of the Capital Markets Rules, the Companies Act and the Prospectus Regulation in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Prospectus.

## 2.4 Risks relating to the Collateral

The Bonds shall at all times rank *pari passu* without any priority or preference among themselves but, in respect of the Issuer, and save for such exceptions as may be provided by applicable law, they shall rank with priority or preference to all present and future obligations of Tum Operations, by virtue and to the extent of the first ranking Share Pledge over the BBT Pledged Shares owned by it, which the said Tum Operations will constitute and grant in favour of the Security Trustee for the benefit of the Bondholders. Whilst the Share Pledge grants the Security Trustee a right of preference and priority for repayment of the Bonds over the creditors of Tum Operations in respect of the BBT Pledged Shares, and whilst the estimated value of such Collateral as at the date of this Securities Note is sufficient to cover the Redemption Value of the



Bonds, there can be no guarantee that the aggregate value of the said BBT Pledged Shares over the term of the Bonds will be and/or remain sufficient to cover the said full Redemption Value outstanding under the Bonds.

This may be the result of various factors, including general economic factors or even specific factors, events or circumstances that could have an adverse impact on the performance and financial condition of BBT p.l.c., and consequently on the value of the BBT Pledged Shares, as the case may be. 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 any amounts that may be outstanding under the Bonds.

Furthermore, there is no guarantee that the estimated value of the Collateral as set out in the Registration Document and in the Valuation Report is necessarily correct or would actually be achieved on the market. The valuation of shares is to an extent subjective, due to, among other things, the assumptions upon which the valuation is calculated. Accordingly, there can be no assurance that the estimated value as referred to in the Registration Document and in the Valuation Report reflects actual values that would be achieved on a sale at the time of enforcement of the Share Pledge or any of them.

By acquiring Bonds, a Bondholder is considered to be bound by the terms of the Security Trust Deed II as if he/she/it had been a party to it. The Security Trust Deed II contains a number of provisions which prospective investors ought to be aware of prior to acquiring the Bonds. For instance, in terms of the Security Trust Deed II: (i) the Security Trustee is not bound to take any such steps or proceedings or take any other action to enforce the security constituted by the Collateral unless the Security Trustee shall have been indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages and expenses which it may incur by so doing; and (ii) the Security Trustee may pay itself out of the trust funds all sums owing to it in respect of the remuneration costs, charges, expenses or interest or by virtue of any indemnity from the Issuer and/or Tum Operations to which it is entitled under the Security Trust Deed II or by law or by virtue of any release or indemnity granted to it and all such sums as aforesaid shall be so retained and paid in priority to the claims of the Bondholders and shall constitute an additional charge upon the property charged with the Collateral.

### **3 PERSONS RESPONSIBLE**

This Securities Note includes information given in compliance with the Capital Markets Rules and the Prospectus Regulation for the purpose of providing prospective investors with information with regard to the Issuer. Anthony Fenech, Silvan Fenech, Matthew Fenech, Stanley Portelli, Mario Vella and William Wait, being all of the Directors of the Issuer as further detailed in sub-section 4.1 of the Registration Document, accept responsibility for all the information contained in the Prospectus.

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

### **4 CONSENT FOR USE OF THE PROSPECTUS & AUTHORISATION STATEMENT**

#### **4.1 Consent required in connection with use of the Prospectus by Authorised Intermediaries:**

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

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

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

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

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

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

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

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

**In the event of a resale, placement or other offering of Bonds by an Authorised Intermediary, said Authorised Intermediary shall be responsible to provide information to prospective investors on the terms and conditions of the resale, placement or other offering at the time such is made. Provided that the Bonds are deemed to be complex instruments, they may not be distributed to retail clients before at least an Appropriateness Test has been carried out. Particularly, to the extent that an Authorised Intermediary provides investment advice in respect of a purchase of the Bonds by an Applicant, such Authorised Intermediary shall also be required to conduct a Suitability Test in respect of that Applicant and, based on the results of such test, be satisfied that an investment in the Bonds may be considered suitable for the Applicant.**

Any resale, placement or offering of Bonds to an investor by an Authorised Intermediary will be made in accordance with any terms and other arrangements in place between such Authorised Intermediary and such investor, including price, allocations and settlement arrangements. Where such information is not contained in the Prospectus, it will be the responsibility of the relative Authorised Intermediary at the time of such resale, placement or other offering to provide the prospective investor with that information and the Issuer does not have any responsibility or liability for such information.

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

Any new information with respect to Authorised Intermediaries unknown at the time of the approval of this Securities Note will be made available through a company announcement which will also be made available on the Issuer's website: [www.tumfinance.com](http://www.tumfinance.com).

## 4.2 Statement of authorisation

This Securities Note has been approved by the Malta Financial Services Authority, as the competent authority under the Prospectus Regulation. The Malta Financial Services Authority only approves this Securities Note as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this Securities Note. Investors should make their own assessment as to the suitability of investing in the Bonds.

## 5 KEY INFORMATION

### 5.1 Reasons for the Bond Issue and use of proceeds

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €11,600,000, will be utilised for the following purposes, in the following amounts and order of priority:

1. an amount of *circa* €943,000 of the Bond Issue net proceeds will be used by Tum Invest for the purpose of re-financing the remaining balance of an existing facility taken out with Lombard Bank Malta plc prior to the date of the Prospectus for the purpose of financing the acquisition of the Parilja Property;
2. an amount of *circa* €1,956,000 of the Bond Issue net proceeds will be used by TFL Property Development Limited for the development and finishing costs in connection with the Parilja property development project, details of which are set out in sub-section 5.5 of the Registration Document;

3. an amount of *circa* €2,025,000 of the Bond Issue net proceeds will be used by Easysell for the purpose of financing the purchase of the property known as Ta' Natu Commercial Outlet, details of which are set out in sub-section 5.5 of the Registration Document;
4. an amount of *circa* €1,846,000 of the Bond Issue net proceeds will be used by Easysell in an amount of *circa* €700,000 for the purpose of refinancing the fit-out costs of the Risparmio Casa outlet located at Ta' Natu Commercial Outlet and an amount of *circa* €1,146,000 shall be used by Tum Developments Limited for the purpose of part financing the fit-out costs of the Risparmio Casa outlet to be located at Center Parc, details of which are set out in sub-section 5.5 of the Registration Document;
5. an amount of *circa* €1,000,000 of the Bond Issue net proceeds will be used by Tum Properties Limited for the purpose of re-financing an existing facility taken out with BNF Bank Malta plc prior to the date of the Prospectus for the purpose of financing the acquisition of the Independent 2 Property, details of which are set out in sub-section 5.5 of the Registration Document
6. the remaining balance of the Bond Issue net proceeds in an amount of *circa* €3,830,000 will be used for the general corporate funding purposes of the Group.

Upon receiving the Bond Issue net proceeds, the Issuer will inject approximately €11,600,000 into Tum Operations as redeemable preference shares carrying a coupon of 5.32%. Tum Operations will, in turn: (i) inject by way of capital into its subsidiaries TFL Property Development Limited, Easysell and Tum Developments Limited, respectively, in amounts corresponding to the amounts to be made available to each of the said latter entities in furtherance of and in line with the use of proceeds indicated above in this sub-section 5.1, in return for the issue and allotment of redeemable preference shares carrying a coupon of 5.32% in favour of Tum Operations in the capital of each of said entities; and (ii) grant on loan to Tum Invest an amount of *circa* €943,000 at an interest rate of 5.32% pursuant to a loan agreement to be entered into for the purpose.

In the event that the Bond Issue is subscribed for an amount of less than €8,040,000 (the "Minimum Amount"), no allotment of the Bonds shall be made, the subscription of Bonds shall be deemed not to have been accepted by the Issuer and all money received from Authorised Intermediaries shall be returned by the Issuer, acting through the Sponsor, Manager & Registrar, without interest, by direct credit transfer to the respective Authorised Intermediary to the account number indicated in the respective subscription agreement by latest 15 November 2024.

Neither the Issuer nor the Sponsor, Manager & Registrar will be responsible for any loss or delays in transmission of the refunds or any charges in connection therewith. In this regard, any monies returnable to Authorised Intermediaries may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act (Chapter 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

In the event that the Minimum Amount is reached but the Bond Issue is not fully subscribed, the Issuer will proceed with the allotment and listing of the amount of Bonds subscribed for equal to or above the Minimum Amount and the proceeds from the Bond Issue shall be applied for the purpose and in the order of priority set out above. The residual amount required by the Issuer for the purpose of the uses specified in this sub-section 5.1 which shall not have been raised through the Bond Issue shall be financed from the Group's own funds, bank financing and/or shareholders' funding.

The issue and allotment of the Bonds is conditional upon: (i) the Minimum Amount of €8,040,000 being subscribed for; (ii) the Pledge of Shares Agreement and the Security Trust Deed II being duly executed; (iii) the Collateral being duly granted and registered with the appropriate authority/ies, as applicable; and (iv); the Bonds being admitted to trading on the Official List. In the event that any one or more of the aforesaid conditions is not satisfied, any application monies received by the Issuer from all Applicants will be returned, without interest, by direct credit into the Applicant's bank account indicated by the Applicant / Authorised Intermediary on the relative Application / subscription agreement.

## **5.2 Estimated expenses and proceeds of the Bond Issue**

The Bond Issue will involve expenses, including professional fees and costs related to publicity, advertising, printing, listing, registration, sponsor, management, selling commission and other miscellaneous costs incurred in connection with the Bond Issue. Such expenses, which shall be borne by the Issuer, are estimated not to exceed approximately €400,000, with approximately €150,000 being attributed to selling commission fees and approximately €250,000 to professional, MSE, regulatory and ancillary fees. The amount of the expenses will be deducted from the proceeds of the Issue, which, accordingly, will bring the estimated net proceeds from the Bond Issue to approximately €11,600,000. There is no particular order of priority with respect to such expenses.

### 5.3 Issue Statistics

<b>Amount:</b>	€12,000,000;
<b>Bond Issue:</b>	the issue of a maximum of €12,000,000 secured callable Bonds, redeemable on the respective Redemption Date denominated in Euro having a nominal value of €100 each, which will be issued by the Issuer at par and shall bear interest at the rate of 5.2% per annum, redeemable on 22 November 2034 unless redeemed early on an Early Redemption Date;
<b>Bond Issue Price:</b>	at par (€100 per Bond);
<b>Denomination:</b>	Euro (€);
<b>Events of Default:</b>	the events listed in sub-section 6.13 of this Securities Note;
<b>Form:</b>	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;
<b>Governing law and jurisdiction:</b>	the Prospectus and the Bonds are governed by and shall be construed in accordance with Maltese law. The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Prospectus and/or the Bonds;
<b>Interest:</b>	the Bonds shall bear interest from and including 22 November 2024 at the rate of 5.2 per cent (5.2%) per annum payable annually in arrears on the Interest Payment Dates;
<b>Interest Payment Date:</b>	annually on the 22 November of each year between and including each of the years 2025 and 2034, as from 22 November 2025 (the first interest payment date), provided that 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;
<b>ISIN:</b>	MT0002271212;
<b>Issue Period:</b>	the period between 08:30 hours CET on 4 November 2024 and 12:00 hours CET on 15 November 2024, or such earlier date as may be determined by the Issuer, during which the Bonds are available for subscription;
<b>Listing:</b>	the Malta Financial Services Authority has approved the Bonds for admissibility to listing and subsequent trading on the Official List. Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List;
<b>Minimum amount:</b>	should subscriptions for a total of at least €8,040,000 (the "Minimum Amount") not be received, no allotment of the Bonds shall be made, the Applications for Bonds shall be deemed not to have been accepted by the Issuer and all money received from Applicants for Bonds shall be refunded accordingly;
<b>Minimum amount per Application:</b>	one thousand Euro (€1,000) in nominal value of Bonds and in multiples of one hundred Euro (€100) thereafter per individual Bondholder;
<b>Plan of distribution:</b>	the Bonds are open for subscription by all categories of investors, including the general public, through Authorised Intermediaries pursuant to the Intermediaries' Offer, as further described in sub-section 6.2 of this Securities Note;
<b>Redemption Date:</b>	22 November 2034 being the date on which the Bonds shall be redeemed in terms of the Prospectus, unless earlier redeemed, purchased or cancelled;
<b>Redemption Value:</b>	at par (€100 per Bond);
<b>Status of the Bonds:</b>	the Bonds, as and when issued and allotted, shall constitute the general, direct and unconditional obligations of the Issuer and shall be secured by means of the Collateral granted in terms of the Security Trust Deed II. The Bonds shall at all times rank <i>pari passu</i> , without any priority or preference among themselves, but shall rank with priority and preference in relation to all other present and future unsecured obligations of the Issuer and/or Tum Operations, if any, save for such exceptions as may be provided by applicable law, and with ranking and priority over the BBT Pledged Shares and the Collateral generally;
<b>Subscription:</b>	multiples of one hundred Euro (€100); and
<b>Underwriting:</b>	the Bond Issue is not underwritten.

## 5.4 Interest of natural and legal persons involved in the Issue

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

## 5.5 Collateral

### 5.5.1 Constitution of the Collateral

Security for the fulfilment of the Issuer's obligations in terms of the Bond Issue is to be granted in favour of the Security Trustee for the benefit of Bondholders, by way, *inter alia*, of the granting of the Collateral, as described hereunder.

Tum Operations has agreed to grant the Collateral in favour of the Security Trustee for the benefit of Bondholders, as primary beneficiaries, in terms of the Security Trust Deed II and the Pledge of Shares Agreement, and for such purpose shall appoint the Security Trustee to hold and administer the Collateral under trust. The Collateral will secure the claim of the Security Trustee, for the benefit and in the interest of Bondholders, for the repayment of the full amount of the principal and interest under the Bonds by a preferred claim over the Collateral.

The Bonds will be secured by, and Bondholders shall have the benefit of, a pledge over the BBT Pledged Shares which shall be granted by Tum Operations in favour of the Security Trustee.

Specifically, the Issuer and Tum Operations shall enter into a Security Trust Deed II with the Security Trustee which sets out the covenants of the Issuer to pay the principal amount under the Bonds on the Redemption Date, or an Early Redemption Date, as may be applicable, and interest thereon on each Interest Payment Date in terms of the Prospectus, the pledgee rights under the Pledge of Shares Agreement and all other ancillary rights and benefits enjoyed by the Security Trustee (for the benefit of Bondholders) under the Security Trust Deed II.

Pursuant to the foregoing and the Valuation Report, the Collateral being offered comprises an aggregate value in the amount of *circa* €17,500,000.

In terms of the Security Trust Deed II, the parties thereto have agreed that (a) at any time before the Collateral shall have become enforceable and the Security Trustee shall have determined or become bound to enforce the same, the voting rights and right to participate at general meetings of BBT p.l.c. shall vest in Tum Operations owning the BBT Pledged Shares under the Pledge of Shares Agreement; (b) at any time before the Collateral shall have become enforceable and the Security Trustee shall have determined or become bound to enforce the same, any dividends or other distributions paid by BBT p.l.c. shall be received and may be used by Tum Operations for its business; (c) at any time before the Collateral shall have become enforceable and the Security Trustee shall have determined or become bound to enforce the same, the Security Trustee may at the cost and request of the Issuer and/or Tum Operations, as pledgor under the Share Pledge and with due regard to the interests of all the Bondholders do or concur with Tum Operations in doing certain transactions in respect of the BBT Pledged Shares or part thereof, including without limitation, the sale, exchange, surrender or dealing with or exercise any other rights in respect of all or any part of the BBT Pledged Shares upon such terms or for such consideration or in any such manner as the Security Trustee may think fit, always having due regard to the interests of the Bondholders; and (d) the Security Trustee retained the discretion and/or right, upon a request of the Issuer and/or Tum Operations as pledgor under the Share Pledge, to reduce, cancel and create or otherwise redefine the Collateral or to substitute any part of the Collateral with other collateral acceptable to the Security Trustee and which in the latter's reasonable opinion (which could be based on a professional valuation made by an independent valuer to be appointed by the Issuer and/or Tum Operations at the request and/or with the consent of the Security Trustee) the value of the elements of the Collateral as reduced, redefined, reconfigured or relocated or the resulting collateral after any substitution as aforesaid is at least equal to the Redemption Value of the outstanding Bonds in issue at the relevant time.

The Collateral will be vested in the Security Trustee for the benefit of the Bondholders in proportion to their respective holding of Bonds. No provision contained in the Prospectus, the Pledge of Shares Agreement and/or the Security Trust Deed II shall be construed as creating or otherwise acknowledging any obligation on the part of the Security Trustee in favour of the Bondholders for any payments that may fall due under the Bonds.

By creating a preferred claim over the BBT Pledged Shares, the Collateral will secure the claim of the Security Trustee, for the benefit of and in the interest of Bondholders, for the repayment of the principal and interest due and accruing under the Bonds. Accordingly, following the issue of the Bonds and application of the Bond Issue proceeds in accordance with the terms of this Securities Note, the Security Trustee will have the benefit of a pledge over the BBT Pledged Shares for the full amount of the Bonds and interest thereon. The Security Trustee's role includes holding and administering the

Collateral for the benefit of the Bondholders and the enforcement of the said Collateral upon the happening of an Event of Default in terms of sub-section 6.13 of this Securities Note. The Security Trustee shall have no payment obligations to Bondholders under the Bonds, which remain exclusively the obligations of the Issuer.

The Security Trustee's role includes holding and administering the Collateral for the benefit of the Bondholders and the enforcement of the said Collateral upon the happening of an Event of Default. The Security Trustee shall have no payment obligations to Bondholders under the Bonds, which remain exclusively the obligations of the Issuer. The Security Trustee shall hold the said property under trust in relation to a commercial transaction, as defined in the Trust and Trustees Act, Chapter 331 of the laws of Malta, and transactions connected or ancillary thereto. Furthermore, the Security Trustee shall hold the said property under a security trust as provided in Article 2095E of the Civil Code (Chapter 16 of the laws of Malta). The security shall, therefore, be constituted in the name of the Security Trustee in the manner provided for by applicable law of Malta for the benefit of the Bondholders and this for amounts owing to the Bondholders by the Issuer in terms of the Prospectus, as may be amended from time to time, including amounts of interest or charges due in terms thereof, in relation to the Bonds.

In the event that the Issuer and/or Tum Operations, commits any of the Events of Default, as applicable, including default of the Issuer's obligations to repay any Bonds (together with interest and charges thereon) in terms of the Prospectus, or any default under the Security Trust Deed II and/or under the Pledge of Shares Agreement, the Security Trustee shall have the authority to enforce the Collateral as set out hereunder. The Security Trustee shall not be bound to take any steps to ascertain whether any Event of Default or other similar 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 Events of Default or condition, event or other circumstance has happened and that each of the Issuer and Tum Operations is observing and performing all the obligations, conditions and provisions on its part pursuant to the Prospectus, the Pledge of Shares Agreement and the Security Trust Deed II, as applicable.

In terms of the Articles of Association of BBT P.I.c., the Security Trustee shall prior to enforcing the Share Pledge by appropriation or transfer of the BBT Pledged Shares to a third party, offer the BBT Pledged Shares for sale on a pre-emptive basis to the other members of BBT P.I.c and only in the event that the other members of BBT P.I.c. not accept such offer, may the Security Trustee enforce the Share Pledge in accordance with the terms set out in the Security Trust Deed II and/or the Pledge of Shares Agreement.

Following the Security Trustee's enforcement of the Collateral, the Security Trustee shall apply any available funds as follows: first to pay any sums due to the Security Trustee as trust administration costs or liabilities of the Security Trustee; and secondly to pay the Bondholders outstanding dues by the Issuer in terms of the Prospectus.

As stated above in this sub-section with respect to the security property constituting the Collateral, in terms of the Security Trust Deed II, the Security Trustee shall retain the discretion to request that additional shares be pledged in its favour and/or release or substitute the security property, in whole or in part, held as collateral in terms of the Prospectus with alternative security from time to time, subject to an independent valuation report confirming to the satisfaction of the Security Trustee that the value of the security being substituted and added to the rights constituting the Collateral is at least equal to the Redemption Value at such date. In the event where the Security Trustee makes declarations of trust indicating additional property settled on trust, or releases part of the property settled on trust as contemplated above, the Issuer shall make the necessary company announcement in accordance with the Capital Markets Rules to that effect.

Without prejudice to other powers and discretions of the Security Trustee in terms of the Security Trust Deed II, and the Pledge of Shares Agreement, the Security Trustee shall have the discretion to enforce the Collateral on its own accord or upon receiving notice from the Bondholders that any of the Events of Default has occurred in accordance with the provisions hereof. The Security Trustee shall have the discretion to postpone any sale of the assets held on trust if the best value reasonably achievable for the said assets on the open market for the time being would not be considered a fair value in the opinion of the Security Trustee or in the opinion of any advisor appointed by the Security Trustee for the valuation of the said assets.

No provision contained in the Prospectus, the Pledge of Shares Agreement and/or the Security Trust Deed II shall be construed as creating or otherwise acknowledging any obligation on the part of the Security Trustee in favour of the Bondholders for any payments that may fall due under the Bonds.

In terms of the Security Trust Deed II, the Tum Finance Security Trust II shall terminate in any of the following events, whichever is the earliest:

- i. upon the Issuer repaying all amounts outstanding to the Bondholders in terms of the Prospectus and upon the Security Trustee receiving confirmation in writing to this effect from the Issuer; or
- ii. after one hundred and twenty-five (125) years from the date of the Security Trust Deed II; or
- iii. on such earlier date as the Security Trustee shall declare in writing to be the date on which the relative trust period shall end, provided that such action is in accordance with the terms of the Prospectus and the Pledge of Shares Agreement.



Every Bondholder shall be entitled to be entered in the register of Bondholders maintained by the CSD and shall, thereupon, become a Beneficiary under the Security Trust Deed II. The beneficial interest of a Beneficiary in terms of the Security Trust Deed II shall terminate upon such time as a Bondholder is no longer registered in the register of Bondholders maintained by the CSD, or upon the redemption of the principal amount of the Bonds and payment of all interest thereunder, as the case may be. The Security Trustee shall, so far as is reasonable and within a reasonable time of receiving a request in writing to that effect, provide full and accurate information on the Security Trust Deed II to beneficiaries of the Tum Finance Security Trust II and to the MFSA. A copy of the Security Trust Deed II may be inspected during the lifetime of the Prospectus at the registered office of the Issuer as set out in section 19 of the Registration Document.

The terms and conditions of the Security Trust Deed II shall, upon admission to listing of the Bonds or subsequent purchase of any Bonds, be binding on such subscriber or purchaser as a beneficiary under the trust as if the Bondholders had been a party to the Security Trust Deed II and as if the Security Trust Deed II contained covenants on the part of each Bondholder to observe and be bound by all the provisions therein, and the Security Trustee is authorised and required to do the things required of it by the Security Trust Deed II.

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

The Bond Issue proceeds shall be retained by the Sponsor, Manager & Registrar and be released to the Issuer on condition that: (i) the Pledge of Shares Agreement has been duly executed and the statutory form is registered with the appropriate authority in favour of the Security Trustee as trustee of the Tum Finance Security Trust II; and (ii) it receives confirmation that the Bonds will be admitted to the Official List.

Upon receipt of the net proceeds of the Bond Issue amounting to €11,600,000 by the Issuer, the Issuer shall inject €11,600,000 into Tum Operations and the 11,600,000 preference shares, having a nominal value of €1.00 each in Tum Operations shall be allotted in favour of the Issuer. Tum Operations shall release the net Bond Issue proceeds pursuant to the loan agreements as stipulated and for the purposes specified in sub-section 5.1 above.

## 5.6 Expected timetable of principal events

1	Intermediaries' Offer*	4 November 2024 – 15 November 2024 at 12:00 CET
2	Commencement of interest on the Bonds	22 November 2024
3	Announcement of basis of acceptance through a company announcement	22 November 2024
4	Refunds of unallocated monies, if any	28 November 2024
5	Expected dispatch of allotment advices	28 November 2024
6	Expected date of admission of the Bonds to listing	28 November 2024
7	Expected date of commencement of trading in the Bonds	29 November 2024

\*The Issuer reserves the right to close the Intermediaries' Offer before 15 November 2024 at 12:00 CET in the event that the Bonds are fully subscribed prior to said date and time, in which case some or all of the remaining events 2 to 7 (both included) set out above may be brought forward.

In the eventuality that the period of the Intermediaries' Offer is closed early as aforesaid, some of the events set out above may be brought forward and the Issuer will issue a company announcement accordingly.

## 6 INFORMATION CONCERNING THE BONDS

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

### 6.1 General

6.1.1 Each Bond forms part of a duly authorised issue of 5.2% secured bonds 2034 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €12,000,000, except as otherwise provided under sub-section 6.15 "Further Issues" below. The Issue Date of the Bonds is expected to be 28 November 2024. The Bonds are secured by the granting of the Collateral in favour of the Security Trustee for the benefit of Bondholders, as primary beneficiaries, in terms of the Security Trust Deed II.

- 6.1.2 The currency of the Bonds is Euro (€).
- 6.1.3 The Bonds shall bear interest at the rate of 5.2% per annum payable annually in arrears on 22 November of each year, with the first interest payment falling due on 22 November 2025, covering the period between 22 November 2024 and 21 November 2025. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day.
- 6.1.4 Subject to admission to listing of the Bonds to the Official List, the Bonds are expected to be assigned ISIN: MT0002271212.
- 6.1.5 The Bonds are expected to be listed on the Official List on or about 28 November 2024 and dealing can be expected to commence thereafter. Dealing may commence prior to notification of the amount allotted being issued to Applicants.
- 6.1.6 All outstanding Bonds not previously purchased and cancelled shall be redeemed by the Issuer at par, together with accrued interest up to the date fixed for redemption, on the Redemption Date or an Early Redemption Date, as may be applicable.
- 6.1.7 In the event that any of the Applicants applying for Bonds have not been allocated any Bonds or have been allocated a number of 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 Bonds applied for but not allocated, without interest, by direct credit into the Applicant's bank account as indicated by the Applicant at any time before the Bonds are admitted to listing on the Official List of the MSE. Neither the Issuer nor the Registrar will be responsible for any loss or delay in transmission of such refunds or any charges in connection therewith. In this regard, any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act (Chapter 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.
- 6.1.8 There are no special rights attached to the Bonds other than the right of the Bondholders to payment of interest and capital (as detailed in sub-section 6.11 below) and the benefit of the Collateral through the Security Trustee (as detailed in sub-section 5.5 above).
- 6.1.9 The minimum subscription amount of Bonds that can be subscribed for by Applicants upon subscription is €1,000, and in multiples of €100 thereafter.
- 6.1.10 The issue of the Bonds is made in accordance with the requirements of the Capital Markets Rules, the Act and the Prospectus Regulation.
- 6.1.11 The Bond Issue is not underwritten. Should subscriptions for a total of at least €8,040,000 (the "Minimum Amount") not be received, no allotment of the Bonds shall be made, the Applications for Bonds shall be deemed not to have been accepted by the Issuer and all money received from Authorised Intermediaries shall be returned by the Issuer, acting through the Registrar, without interest, by direct credit transfer to the respective Authorised Intermediary to the account number indicated on the respective subscription agreement by latest 15 November 2024. In the event that the Minimum Amount is reached but the Bond Issue is not fully subscribed, the Issuer will proceed with the allotment and listing of the amount of Bonds subscribed for.
- 6.1.12 All Applications shall be subject to the Terms and Conditions of the Bond Issue as set out in section 8 hereunder, the terms of which shall form an integral part hereof.

## **6.2 Intermediaries' Offer**

The Issuer has entered into Subscription Agreements with a number of Authorised Intermediaries whereby the Issuer bound itself to allocate the entire amount of €12 million in nominal value of Bonds to such Authorised Intermediaries, which, in turn, bound themselves to subscribe to, for their own account or for the account of their underlying clients, in aggregate the entire amount of €12 million in nominal value of Bonds, subject to (i) the Collateral being constituted in favour of the Security Trustee in accordance with the provisions of the Security Trust Deed II, and (ii) the Bonds being admitted to trading on the Official List.

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



In terms of the subscription agreements, Authorised Intermediaries may subscribe for the Bonds either for their own account or for the account of underlying customers, including retail customers. The minimum which each Authorised Intermediary may apply for in terms of the applicable subscription agreement is €1,000 and in multiples of €100 thereafter and such minimum and multiples shall also apply to each underlying Applicant.

Completed subscription agreements, together with evidence of payment, are to reach the Registrar by 12:00 hours CET on 15 November 2024. The Issuer, acting through the Registrar, will communicate the number of Bonds each Authorised Intermediary has been allocated in terms of the respective subscription agreement by latest 12:00 hours CET on 22 November 2024. Any amounts unallocated in terms of the subscription agreements shall be returned to the respective Authorised Intermediary by direct credit to the account indicated in the respective subscription agreement by latest close of business on 28 November 2024. The results of the Bond Issue will be announced through a company announcement.

### **6.3 Plan of distribution and allotment**

The Bonds are open for subscription to all categories of investors. The entire €12 million in nominal value of Bonds being issued has been reserved for subscription by a number of Authorised Intermediaries which have entered into Subscription Agreements with the Issuer in advance of the Bond Issue.

All Applications shall be subject to the Terms and Conditions of the Bond Issue.

The registration advice and other documents and any monies returnable to Applicants via Authorised Intermediaries may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act (Chapter 373 of the laws of Malta) and regulations made thereunder.

Such monies will not bear interest while retained as aforesaid. Dealings in the Bonds shall not commence prior to admission to trading of the Bonds by the MSE or prior to the said notification.

### **6.4 Allocation Policy**

The Issuer shall allocate the Bonds to the Authorised Intermediaries in accordance with the Subscription Agreements, details of which can be found in sub-section 6.2 of this Securities Note.

### **6.5 Status and ranking of the Bonds**

The Bonds, as and when issued and allotted, shall constitute the general, direct and unconditional obligations of the Issuer, as secured by means of the Collateral granted in terms of the Security Trust Deed II. The Bonds shall at all times rank *pari passu*, without any priority or preference among themselves, but, in view of the fact that the Bonds shall be secured by the Collateral, shall rank with priority and preference over other present and future unsecured obligations of the Issuer and Tum Operations with respect to the BBT Pledged Shares, if any, save for such exceptions as may be provided by applicable law, and with ranking and priority over the Collateral.

Pursuant to the terms of the Security Trust Deed II, the Issuer and Tum Operations, have agreed to constitute in favour of the Security Trustee for the benefit of Bondholders, as beneficiaries, security over the Collateral and to appoint the Security Trustee to hold and administer the Collateral under trust. 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 Bonds by a preferred claim over the BBT Pledged Shares and the other security property generally from time to time.

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

### **6.6 Rights attaching to the Bonds**

This Securities Note incorporates the Terms and Conditions of the Bond Issue and, in its entirety, creates the contract between the Issuer and a Bondholder.

A Bondholder shall have such rights as are, pursuant to this Securities Note, attached to the Bonds, including:

- i. the payment of interest;
- ii. the repayment of capital;
- iii. the benefit of the Collateral through the Security Trustee, in accordance with the provisions of sub-section 5.5 of this Securities Note;
- iv. ranking with respect to other indebtedness of the Issuer and Tum Operations in accordance with the provisions of sub-section 6.5 above;
- v. the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
- vi. the right to enjoy all such other rights attached to the Bonds emanating from the Prospectus.

## 6.7 Interest

- 6.7.1 The Bonds shall bear interest from and including 22 November 2024 at the rate of 5.2% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 22 November 2025, covering the period 22 November 2024 up to and including 21 November 2025. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. Each Bond will cease to bear interest from and including its due date for redemption, unless payment of the principal amount in respect of the Bond is improperly withheld or refused or unless default is otherwise made in respect of payment, in any of which events interest shall continue to accrue at the rate specified above plus one per cent (1%), but in any event not in excess of the maximum rate of interest allowed by Maltese law. In terms of article 2156 of the Civil Code (Chapter 16 of the laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five (5) years.
- 6.7.2 When interest is required to be calculated for any period of less than a full year, it shall be calculated on the basis of a three hundred and sixty (360) day year consisting of twelve (12) months of thirty (30) days each, and in the case of an incomplete month, the number of days elapsed.

## 6.8 Yield

The gross yield calculated on the basis of the Interest, the Issue Price and the Nominal Value of the Bonds is 5.2%. The table below illustrated the gross yield at the different Early Redemption Dates:

Year	Redemption Price	Yield
2031	102.60	5.500%
2032	101.30	5.328%
2033	100.00	5.200%

## 6.9 Registration, form, denomination and title

- 6.9.1 Certificates will not be delivered to Bondholders in respect of the Bonds in virtue of the fact that the entitlement to Bonds will be represented in an uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. There will be entered in such electronic register the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers of the Bondholders and particulars of the Bonds held by them respectively, and the Bondholders shall have, at all reasonable times during business hours, access to the register of Bondholders held at the CSD for the purpose of inspecting information held on their respective account.
- 6.9.2 The CSD will issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/her/its entitlement to Bonds held in the register kept by the CSD.
- 6.9.3 Bondholders who opt to subscribe for the online e-portfolio account with the CSD will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. A Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept at the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.
- 6.9.4 The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Bonds will be issued for a minimum of €1,000 per individual Bondholder. Authorised Intermediaries subscribing for Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €1,000 to each underlying client.

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

## **6.10 Pricing**

The Bonds are being issued at par, that is, at €100 per Bond, with the full amount payable upon subscription.

## **6.11 Payments**

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

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

- 6.11.2 Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Interest Payment Date. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith.
- 6.11.3 All payments with respect to the Bonds are subject in all cases to any pledge (duly constituted) and to any applicable fiscal or other laws and regulations prevailing in Malta from time to time. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made net of any amount which the Issuer is 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.
- 6.11.4 No commissions or expenses shall be charged by the Issuer to the Bondholders in respect of payments made in accordance with this sub-section 6.11. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

## **6.12 Redemption and purchase**

- 6.12.1 Unless previously redeemed in accordance with the terms of this sub-section (or purchased and cancelled), the Bonds shall be redeemed at their Nominal Value on the Redemption Date. In such a case the Issuer shall be discharged of any and all payment obligations under the Bonds upon payment made net of any withholding or other taxes due or which may be due under Maltese law and which are payable by the Bondholders.
- 6.12.2 Subject to the provisions of this sub-section 6.12, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.
- 6.12.3 All Bonds so redeemed or re-purchased will be cancelled forthwith and may not be re-issued or re-sold.
- 6.12.4 The Issuer reserves the right to redeem any or all of the Bonds on any Early Redemption Date on giving not less than thirty (30) Business Day's prior written notice to the Bondholders specifying the date on which such redemption shall be effected.
- 6.12.5 Any redemption of the Bonds prior to the Redemption Date shall take place by payment of all principal together with interest accrued and unpaid on the Bonds being so redeemed until the relevant Early Redemption Date.
- 6.12.6 The notice of redemption shall be effective only on actual receipt by the relevant Bondholder, shall be irrevocable and shall oblige the Issuer to make, and the Bondholder to accept, such redemption on the date specified in the notice.
- 6.12.7 On or after 2031, the Issuer may on and any time redeem all of the Bonds as follows;

Year	Redemption Price
2031	102.60
2032	101.30
2033	100.00

### 6.13 Events of Default

Pursuant to the Security Trust Deed II, the Security Trustee may in its absolute and unfettered discretion, and shall upon the request in writing of not less than 60% of the Bondholders, by notice in writing to the Issuer declare the Bonds to have become immediately due and repayable at their principal amount, together with any accrued interest, upon the happening of any of the following events ("Events of Default"):

- i. if the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder and/or by the Security Trustee; and/or
- ii. if the Issuer shall fail to pay the principal amount of a Bond on the date fixed for its redemption and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder and/or by the Security Trustee; and/or
- iii. if the Issuer shall fail to perform or shall otherwise be in breach of any other material obligation contained in the Terms and Conditions and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder and/or by the Security Trustee; and/or
- iv. if the Issuer and/or Tum Operations commits a breach of any of the covenants or provisions contained in the Security Trust Deed II to be observed and performed on their respective parts and the said breach still subsists for thirty (30) days after having been notified by the Security Trustee; and/or
- v. if any representation or warranty made or deemed to be made or repeated by or in respect of the Issuer is or proves to have been incorrect in any material respect in the sole opinion of the Security Trustee; and/or
- vi. if an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer; and/or
- vii. if the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; and/or
- viii. if the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; and/or
- ix. if in terms of section 214(5) of the Act, a Court order or other judicial process is levied or enforced upon or sued out against any part of the property of the Issuer and is not paid out, withdrawn or discharged within one (1) month; and/or
- x. if a judicial or provisional administrator is appointed upon the whole or any material part of the property of the Issuer and such appointment is determined by the Security Trustee to be prejudicial, in its opinion, to the Bondholders; and/or
- xi. if security constituted by any hypothec, pledge or charge upon the whole or any part of the undertaking or assets of the Issuer shall become enforceable and steps are taken to enforce the same and the taking of such steps shall be determined in writing by the Security Trustee to be, in its opinion, prejudicial to the Bondholders; and/or
- xii. if the Issuer and/or Tum Operations repudiate, or do or cause or permit to be done any act or thing evidencing an intention to repudiate, the Bonds and/or the Security Trust Deed II; and/or
- xiii. if all, or in the sole opinion of the Security Trustee, a material part of the undertakings, assets, rights or revenues of or shares or other ownership interests in the Issuer are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government; and/or
- xiv. there shall have been entered against the Issuer a final judgment by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of three million Euro (€3,000,000) or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed.

Upon any such Event of Default occurring and not being remedied within the relevant cure period, as applicable, the principal monies and interest accrued under the Bonds shall be deemed to have become immediately payable at the time of the event which shall have happened as aforesaid.

In the event that the Security Trustee becomes aware of the fact that an Event of Default has occurred or is likely to occur it shall notify the Malta Financial Services Authority, the Sponsor, Manager & Registrar and the Bondholders of such fact without delay in writing;

Provided that in the event of any breach by the Issuer and/or Tum Operations of any of the covenants, obligations or provisions herein contained due to any fortuitous event of a calamitous nature beyond its control, then the Security Trustee may, but shall be under no obligation so to do, give said defaulting party 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. The Security Trustee shall not be bound to take any steps to ascertain whether any Event of Default or other similar 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 each of the Issuer and/or Tum Operations is observing and performing all the obligations, conditions and provisions on its part contained under the Prospectus and the Security Trust Deed II, as applicable.

#### **6.14 Transferability of the Bonds**

- 6.14.1 The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole (in multiples of €100) in accordance with the rules and regulations of the MSE applicable from time to time. The minimum subscription amount of €1,000 shall only apply during the Issue Period. As such, no minimum holding requirement shall be applicable once the Bonds are admitted to listing on the Official List and commence trading thereafter, subject to trading in multiples of €100.
- 6.14.2 Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may, from time to time, properly be required by the Issuer or the CSD, elect either to be registered himself/herself/itself as holder of the Bond or to have some person nominated by him/her/it registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself/herself/itself, he/she/it shall deliver or send to the CSD a notice in writing signed by him/her/it stating that he/she/it so elects. If he/she/it shall elect to have another person registered he/she/it shall testify his/her/its election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person. Provided always that if a Bond is transmitted in furtherance of this paragraph 6.15.2, a person will not be registered as a Bondholder unless such transmission is made in multiples of €100.
- 6.14.3 All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.
- 6.14.4 The costs and expenses of affecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the person to whom the transfer / transmission has been made.
- 6.14.5 The Issuer will not register the transfer or transmission of Bonds for a period of fifteen (15) days preceding the due date for any payment of interest on the Bonds or the due date for redemption.

#### **6.15 Further issues**

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

#### **6.16 Meetings of Bondholders**

- 6.16.1 The Issuer may, from time to time, call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of the Prospectus require the approval of a Bondholders' meeting and to affect any change to the applicable Terms and Conditions of the Bonds.
- 6.16.2 A meeting of Bondholders shall be called by the Directors by giving (i) the Security Trustee and (ii) all Bondholders listed on the register of Bondholders as at a date being not more than thirty (30) days preceding the date scheduled for the meeting, not less than fourteen (14) days' notice in writing. Such notice shall set out the time,

place (whether physical or virtual) and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Security Trustee and the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this sub-section 6.16 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

- 6.16.3 No change or amendment to, or waiver of, any of the applicable Terms and Conditions of the Bonds may be made unless such decision is taken at a meeting of Bondholders duly convened and held for that purpose in accordance with the terms hereof.
- 6.16.4 A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, at least two (2) Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within thirty (30) minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Security Trustee and the Bondholders present at that meeting. The Issuer shall within two (2) days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven (7) days, and not later than fifteen (15) days, following the original meeting. At an adjourned meeting the number of Bondholders present at the commencement of the meeting, in person or by proxy, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at and decided upon during, the adjourned meeting.
- 6.16.5 Any person who in accordance with the Memorandum and Articles of Association of the Issuer is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.
- 6.16.6 Once a quorum is declared present by the chairperson of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the Directors or their representative shall present to the Security Trustee and the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.
- 6.16.7 The voting process shall be managed by the Issuer's company secretary under the supervision and scrutiny of the auditors of the Issuer and the Security Trustee.
- 6.16.8 The proposal placed before a meeting of Bondholders shall only be considered approved if at least sixty per cent (60%) in nominal value of the Bondholders present at the meeting, or at any 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.
- 6.16.9 The meeting of Bondholders may be held by means of any telephone conference or other communication equipment which allows those participating to hear and speak to each other, and any Bondholder or Director and/or any officer of the Company participating in a meeting in this manner is deemed to be present in person at such meeting and will be counted when reckoning a quorum.
- 6.16.10 Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Issuer shall mutatis mutandis apply to meetings of Bondholders.

## **6.17 Authorisations and approvals**

The Directors of the Issuer authorised the Bond Issue and the publication of the Prospectus pursuant to a Board of Directors' resolution passed on 24 October 2024.

## **6.18 Admission to trading**

- 6.18.1 The Malta Financial Services Authority has authorised the Bonds as admissible to listing pursuant to the Capital Markets Rules by virtue of a letter dated 1 November 2024.
- 6.18.2 Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Prospectus to be listed and traded on its Official List.



6.18.3 The Bonds are expected to be admitted to the Official List with effect from 28 November 2024 and trading is expected to commence on 29 November 2024. Dealing may commence prior to notification of the amount allotted being issued to Applicants.

## 6.19 Representations and warranties

6.19.1 The Issuer represents and warrants to Bondholders and to the Security Trustee for the benefit of Bondholders, who shall be entitled to rely on such representations and warranties, that:

- i. it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business as it is now being conducted and to hold its property and other assets under legal title; and
- ii. it has the power to execute, deliver and perform its obligations under the Prospectus and that all necessary corporate, shareholder and other actions have been duly taken to authorise the execution, delivery and performance of the same, and further that no limitation on its power to borrow or guarantee shall be exceeded as a result of the Terms and Conditions of the Prospectus.

6.19.2 To the best of the Directors' knowledge, the Prospectus contains all relevant material information with respect to the Issuer and the Bonds and all information contained in the Prospectus is in every material respect true and accurate and not misleading, and there are no other facts in relation to the Issuer, its business and financial position, the omission of which would, in the context of issue of the Bonds, make any statement in the Prospectus misleading or inaccurate in any material respect.

## 6.20 Bonds held jointly

In respect of any Bonds held jointly by several persons (including spouses), the person first named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bonds so held.

## 6.21 Bonds held subject to usufruct

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

## 6.22 Governing law and jurisdiction

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

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

## 6.23 Notices

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

# 7 TAXATION

## 7.1 General

**Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to the acquisition, holding and disposal of Bonds, as well as any interest payments made by the Issuer. The following is a summary of the anticipated tax treatment applicable to the Bonds and to Bondholders in so far as taxation in Malta is concerned. This information, that does not constitute legal or tax advice and does not purport to be exhaustive, refers only to Bondholders who do not deal in securities in the course of their normal trading activity.**

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

This information is being given solely for the general information of investors who do not deal in the acquisition and disposal of securities in the course of their normal trading activities. The precise implications for investors will depend, among other things, on their particular circumstances and on the classification of the Bonds from a Maltese tax perspective, and professional advice in this respect should be sought accordingly.

## **7.2 Malta tax on interest**

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is otherwise instructed by a Bondholder 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 (Chapter 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) 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 professional 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/her income tax return, to the extent that the interest is paid net of tax. No person, whether corporate or non-corporate, shall be charged to further tax in respect of such income and the tax deducted shall not be available as a credit against the recipient's tax liability or available as a refund, as the case may be.

The Issuer will render an account to the Maltese Commissioner for Revenue of all amounts of interest paid and tax so deducted, including the identity of the recipient.

In the case of a valid election made in writing 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/her/its Maltese income tax return and be subject to tax on such interest at the standard rates applicable to that person at that time. Additionally, in this latter case the Issuer will advise the Malta Commissioner for Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients. 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 therein, including but not limited to the condition that the Bondholder is not owned and controlled by, whether directly or indirectly, nor acts on behalf of an individual/s who are ordinarily resident and domiciled in Malta, are not taxable in Malta on the interest received and will receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law.

## **7.3 Exchange of information**

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

Relevant legislation includes, but is not limited to:

- (i) the implementation of Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended) which provides for the implementation of the regime known as the Common Reporting Standard ("CRS") – incorporated into Maltese law through Legal Notice 384 of 2015 entitled the Cooperation with Other Jurisdiction on Tax Matters (Amendment) Regulations, 2015; and
- (ii) the agreement between the Government of the United States of America and the Government of the Republic of Malta to Improve International Tax Compliance and to Implement FATCA – incorporated into Maltese law through Legal Notice 78 of 2014 ("FATCA Legislation").

The CRS has been proposed by the Organisation for Economic Co-operation and Development as a new global standard for the automatic exchange of financial account information between tax authorities in participating jurisdictions. The CRS requires Malta based financial institutions ("FIs") (defined as such for the purposes of CRS) 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 Bonds and the holders of the 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 Commissioner for Revenue 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.

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 Commissioner for Revenue. The latter is, in turn, required to exchange such information to the US Internal Revenue Service. Financial account information in respect of holders of the Bonds could fall within the scope of FATCA and they may, therefore, be subject to reporting obligations.

Pursuant to obligations under FACTA Legislation, 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 U.S. tax identification number, the details of any account transactions, the nature, balances and compositions of the assets held in the account, to the Commissioner for Revenue.

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

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, an FI may take such action as it thinks fit, including without limitation, the closure of the financial account.

#### **7.4 Maltese taxation on capital gains on transfer of the Bonds**

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

#### **7.5 Duty on documents and transfers**

In terms of the Duty on Documents and Transfers Act (Chapter 364 of the laws of Malta), duty is chargeable *inter alia* on the transfer 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”.

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

Furthermore, even if the Bonds are considered to be marketable securities for the purposes of the Duty on Documents and Transfers Act, in terms of article 50 of the Financial Markets Act (Chapter 345 of the laws of Malta), in view of the fact that the Bonds constitute financial instruments of a company quoted on a regulated market exchange, as is the Official List, redemptions and transfers of the Bonds should in any case be exempt from Maltese 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 BONDS, AS WELL AS INTEREST PAYMENTS MADE BY THE ISSUER. THE TAX LEGISLATION OF THE INVESTOR'S MEMBER STATE AND OF THE ISSUER'S COUNTRY OF INCORPORATION MAY HAVE AN IMPACT ON THE INCOME RECEIVED FROM THE SECURITIES. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE 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.

## 8 TERMS AND CONDITIONS OF THE BOND ISSUE

- 8.1 The following Terms and Conditions shall be read in conjunction with all the other terms and conditions relative to and regulating the contractual relationship created between the Issuer on the one hand and the Bondholders on the other.
- 8.2 The issue and allotment of the Bonds is conditional upon: (i) the Minimum Amount of €8,040,000 being subscribed for; (ii) the Pledge of Shares Agreement and the Security Trust Deed II being duly executed; (iii) the Collateral being duly granted and registered with the appropriate authority/ies, as applicable; and (iv) the Bonds being admitted to trading on the Official List. In the event that any one or more of the aforesaid conditions is not satisfied, any application monies received by the Issuer from all Applicants will be returned, without interest, by direct credit into the Applicant's bank account indicated by the Applicant / Authorised Intermediary on the relative Application / subscription agreement.
- 8.3 Applications for the Bonds may be lodged with any Authorised Intermediary, which include the Sponsor, Manager & Registrar, by not later than 12:00 hours (CET) on 15 November 2024. Applications must be accompanied by the full price of the Bonds applied for, in Euro. Payment may be made by credit transfer to the respective Authorised Intermediary, by cheque payable to the respective Authorised Intermediary or by any other method of payment as accepted by the respective Authorised Intermediary. In any case, acceptance of payment shall be made at the Authorised Intermediary's sole and absolute discretion and may be on the basis that the Applicant indemnifies the Authorised Intermediary 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, and that, at any time prior to unconditional acceptance by the Authorised Intermediary of such late payment in respect of such Bonds, the Authorised Intermediary may (without prejudice to other rights) treat the agreement to allocate such Bonds as void, in which case the Applicant will not be entitled to any refund or payment in respect of such Bonds (other than return of such late payment).
- 8.4 It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying, including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.
- 8.5 The contract created by the Issuer's acceptance of an Application filed by a prospective bondholder shall be subject to all the Terms and Conditions set out in this Securities Note.
- 8.6 If Applications are signed/delivered on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have duly bound his/her principal, or the relative corporation, corporate entity, or association of persons, and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions on their behalf. Such representative may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer acting through the Registrar, but it shall not be the duty or responsibility of the Registrar or the Issuer to ascertain that such representative is duly authorised to appear on the Application and bind the Applicant.
- 8.7 Applications in the name of a corporation or corporate entity or association of persons need to include a valid Legal Entity Identifier ("LEI") (which needs to be unexpired). Failure to include a valid LEI code will result in the Application being cancelled by the Issuer, acting through the Registrar, and subscription monies will be returned to the Applicant in accordance with the terms set out herein.
- 8.8 In the event that an Applicant fails to submit full information and/or documentation required with respect to an Application, the Applicant shall receive a full refund, without interest, by direct credit transfer to such account indicated by him/her/it at any time before the Bonds are admitted to listing on the Official List. Neither the Issuer nor the Registrar shall be responsible for any charges, loss or delay arising in connection with such credit transfer.
- 8.9 In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each of the joint Applicants, and liability therefor is joint and several.
- 8.10 Applications in the name and for the benefit of minors shall be allowed provided that the Applicant already holds an account with the MSE. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parent/s / legal guardian/s submitting the Application until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
- 8.11 The Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and, accordingly, may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.

- 8.12 No person receiving a copy of the Prospectus 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 the Prospectus, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person without contravention of any regulation or other legal requirements.
- 8.13 It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself/itself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- 8.14 Subject to all other Terms and Conditions set out in the Prospectus, the Issuer reserves the right to reject, in whole or in part, or to scale down, any Application, and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Issuer, acting through the Registrar, is not properly completed in all respects in accordance with the relative instructions or is not accompanied by the required documents.
- 8.15 Save where the context requires otherwise or where otherwise defined therein, terms defined in the Prospectus bear the same meaning when used in these Terms and Conditions, in any of the annexes and in any other document issued pursuant to the Prospectus.
- 8.16 The Issuer has not sought assessment of the Bonds by an independent credit rating agency.
- 8.17 Subject to all other Terms and Conditions set out in the Prospectus, the Issuer reserves the right to revoke the Bond Issue at any time before the closing of the Issue Period. The circumstances in which such revocation might occur are expected to be exceptional, for example where a significant change in market conditions occurs.
- 8.18 The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by all Applicants is €1,000.
- 8.19 For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations (Subsidiary Legislation 373.01), as may be amended from time to time, all appointed Authorised Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the "Members' Code of Conduct" appended as Appendix 3.6 to Chapter 3 of the MSE Bye-Laws, irrespective of whether the said appointed Authorised Intermediaries are Malta Stock Exchange members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the General Data Protection Regulation (EU) 2016/679 (GDPR) and the Data Protection Act (Chapter 586 of the laws of Malta) for the purposes and within the terms of the Malta Stock Exchange Data Protection Policy as published from time to time.
- 8.20 It shall be incumbent on the respective Authorised Intermediaries to ascertain that all other applicable regulatory requirements relating to subscription of Bonds by an Applicant are complied with, including without limitation the obligation to comply with all applicable MiFIR requirements as well as applicable MFSA Rules for investment services providers, all applicable Anti-Money Laundering and Counter Terrorist Financing rules and regulations, as well as the applicable MFSA Conduct of Business Rules.
- 8.21 It shall be incumbent on the respective Authorised Intermediary to ascertain that all other applicable regulatory requirements relating to subscription of Bonds by an Applicant are complied with, including without limitation the obligation to comply with all applicable requirements set out Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments ("MiFID II") as well as applicable MFSA Rules for investment services providers. Provided that the Bonds are deemed to be complex instruments, they may not be distributed to retail clients before at least an Appropriateness Test has been carried out. Particularly, to the extent that an Authorised Intermediary provides investment advice in respect of a purchase of the Bonds by an Applicant, such Authorised Intermediary shall also be required to conduct a Suitability Test in respect of that Applicant and, based on the results of such test, be satisfied that an investment in the Bonds may be considered suitable for the Applicant.

For the purpose of this Securities Note, the term "Appropriateness Test" means the test conducted by any Authorised Intermediary, when providing an investment service (other than investment advice or portfolio management) in relation to the subscription for and the trading of the Bonds, for the purpose of such Authorised Intermediary determining (after collecting the necessary information) whether the investment service or the Bonds are appropriate for the prospective Applicant or prospective transferee. In carrying out this assessment, the Authorised Intermediary shall ask the Applicant or the prospective transferee to provide information regarding the Applicant or transferee's knowledge and experience so as to determine that the Applicant or transferee has the necessary experience and knowledge in order to understand the risks involved in relation to the Bonds or investment service offered or demanded, in accordance with the Conduct of Business Rulebook issued by the MFSA. In the event that the Authorised Intermediary considers, on the basis of the test conducted, that the transfer of Bonds is not appropriate for the Applicant or prospective transferee, the Authorised Intermediary shall reject the prospective Applicant's request to subscribe for or acquire Bonds, irrespective of whether the Applicant or transferee is warned that the investment in the Bonds is not appropriate for the Applicant or transferee.

For the purpose of this Securities Note, the term "Suitability Test" means the process through which an Authorised Intermediary providing investment advice or portfolio management services in relation to the subscription for and trading of Bonds obtains such information from the Applicant or prospective transferee as is necessary to enable the Authorised Intermediary to recommend to or, in the case of portfolio management, to effect for, the Applicant or prospective transferee, the investment service and trading in Bonds that are considered suitable for him/her, in accordance with the Conduct of Business Rulebook issued by the MFSA.

8.22 By completing and delivering an Application for Bonds, the Applicant:

- i. agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;
- ii. warrants that the information submitted by the Applicant 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 Issuer (acting through 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) provided by an Applicant and those held by the MSE in relation to the MSE account number indicated by the Applicant, the details held by the MSE shall be deemed to be the correct details of the Applicant;
- iii. authorises the Registrar and the MSE to include his/her/its name or, in the case of joint Applications the first named Applicant, in the register of securities of the Issuer in respect of the Bonds allocated to such Applicant and further authorises the Issuer, the Registrar, the respective Authorised Intermediary and the MSE to process the personal data that the Applicant provides in connection with an Application for Bonds, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the General Data Protection Regulation (EU) 2016/679 (GDPR) and the Data Protection Act (Chapter 586 of the laws of Malta). The Applicant has the right to request access to and rectification of the personal data relating to him/her/it as processed by the Issuer and/or the MSE. Any such requests must be made in writing and sent to the CSD. The requests must be signed by the Applicant to whom the personal data relates;
- iv. confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer or the issue of the Bonds other than what is contained in the Prospectus and, accordingly, agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
- v. agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her/its remittance, and any verification of identity as required by the Prevention of Money Laundering Act (Chapter 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
- vi. agrees to provide the Issuer, acting through the Registrar, with any information which it/they may request in connection with the Application;
- vii. warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her/its Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bonds or his/her/its Application;
- viii. warrants that all applicable exchange control or other regulations (including those relating to external transactions) have been duly and fully complied with;
- ix. represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) and that he/she/it is not accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the "United States") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- x. agrees that unless such Application is made with Calamatta Cuschieri Investment Services Limited as an Authorised Intermediary, Calamatta Cuschieri Investment Services Limited will not, in its capacity of Sponsor, treat the Applicant as its customer by virtue of such Applicant making an Application for the Bonds, and that Calamatta Cuschieri Investment Services Limited will owe the Applicant no duties or responsibilities concerning the price of the Bonds or their appropriateness and suitability for the Applicant;
- xi. agrees that all documents in connection with the issue of the Bonds and any returned monies, including refunds of unapplied Application monies, if any, will be sent at the Applicant's own risk and may be sent, in the case of documents, by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out by the Applicant and in the case of monies by direct credit into the Applicant's bank account as indicated by the Applicant;
- xii. renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds;
- xiii. irrevocably offers to purchase the number of Bonds specified in his/her/its Application, or any smaller number for which the Application is accepted, at the Bond Issue Price subject to the Prospectus and the Terms and Conditions thereof;
- xiv. warrants that his/her/its remittance will be honoured on first presentation and agrees that if such remittance is not so honoured on its first presentation, the Issuer, acting through the 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 or to enjoy or receive any rights in respect of such Bonds, unless the Applicant makes payment in cleared funds and such consideration is accepted by the respective Authorised Intermediary (which acceptance shall be made in the Authorised Intermediary's sole and absolute discretion and may be on the basis that the Applicant indemnifies the Authorised Intermediary 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, and that, at any time prior to unconditional acceptance by the Authorised Intermediary of such late payment in respect of such Bonds, the Authorised Intermediary may (without prejudice to other rights) treat the agreement to allocate such Bonds as void and may allocate such Bonds to some other person, in which case the Applicant will not be entitled to any refund or payment in respect of such Bonds (other than return of such late payment));

- xv. agrees that all Applications, acceptances of applications and contracts resulting therefrom will be governed by, and construed in accordance with, Maltese law and that he/she/it submits to the exclusive jurisdiction of the Maltese Courts and agrees that nothing shall limit the right of the Issuer to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of applications and contracts in any other manner permitted by law in any court of competent jurisdiction;
- xvi. warrants that if he/she signs/delivers an Application on behalf of another party or on behalf of a corporation or corporate entity or association of persons, he/she has due authority to do so and such person, corporation, corporate entity or association of persons will also be bound accordingly, and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions;
- xvii. warrants that he/she is not under the age of eighteen (18) years or if he/she is lodging an Application in the name and for the benefit of a minor, warrants that he/she is the parent or legal guardian of the minor;
- xviii. confirms that, in the case of a joint Application entered into in joint names, the first named Applicant shall be deemed the holder of the Bonds; and
- xix. agrees that, in all cases, any refund of unallocated Application monies, if any, will be sent to the Applicant by direct credit into the Applicant's bank account as indicated by the Applicant. No interest shall be due on refunds. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith.

## 9 ADDITIONAL INFORMATION

Save for the Financial Analysis Summary set out in Annex II to this Securities Note, this Securities Note does not contain any statement or report attributed to any person as an expert.

The Financial Analysis Summary dated 1 November 2024 has been included in Annex II of this Securities Note in the form and context in which it appears with the authorisation of Calamatta Cuschieri Investment Services Limited of Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta, which has given and has not withdrawn its consent to the inclusion of said report herein.

The Issuer has received confirmation from Calamatta Cuschieri Investment Services Limited that the Financial Analysis Summary has been accurately reproduced in the Prospectus and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

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

# ANNEX I

## AUTHORISED INTERMEDIARIES



## **Calamatta Cuschieri Investment Services Limited**

C 13729

Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta  
25688688

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## **FINCO Treasury Management Limited**

C 17017

The Bastions, Office No 2, Ewvin Cremona Street, Floriana FRN 1281  
21220002

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## **Michael Grech Financial Investment Services Limited**

C 28229

The Brokerage, Lvl 0 A, St Marta Street, Victoria, Gozo VCT 2550  
22587000

**ANNEX II**

**FINANCIAL ANALYSIS  
SUMMARY**





The Directors  
Tum Finance p.l.c.  
Tum Invest Head Office, Zentrum Business Centre  
Mdina Road  
Qormi QRM 9010  
Malta

1 November 2024

Re: Financial Analysis Summary – 2024

Dear Board Members,

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 the financial analysis is that of summarising key financial data appertaining to Tum Finance p.l.c. (the "**Issuer**"), including the prospectus dated 1 November 2024 published by the Issuer (the "**Prospectus**"), or is based on our own computations as follows:

- a) Historical financial data for the three years ending 31 December 2021, 2022 and 2023 have been extracted from the audited financial statements of the Issuer.
- b) The forecast data for the financial year ending 31 December 2024 and 2025 has been provided by management.
- c) Our commentary on the Issuer results and financial position is based on the explanations provided by management.
- d) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 4 of the Analysis.
- e) The principal relevant market players listed in Part 3 of the document have been identified by management. Relevant financial data in respect of competitors has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

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

Yours sincerely,



Patrick Mangion  
Head of Capital Markets

# FINANCIAL ANALYSIS SUMMARY 2024



**Tum Finance p.l.c.**

**1 November 2024**

**Prepared by Calamatta Cuschieri  
Investment Services Limited**

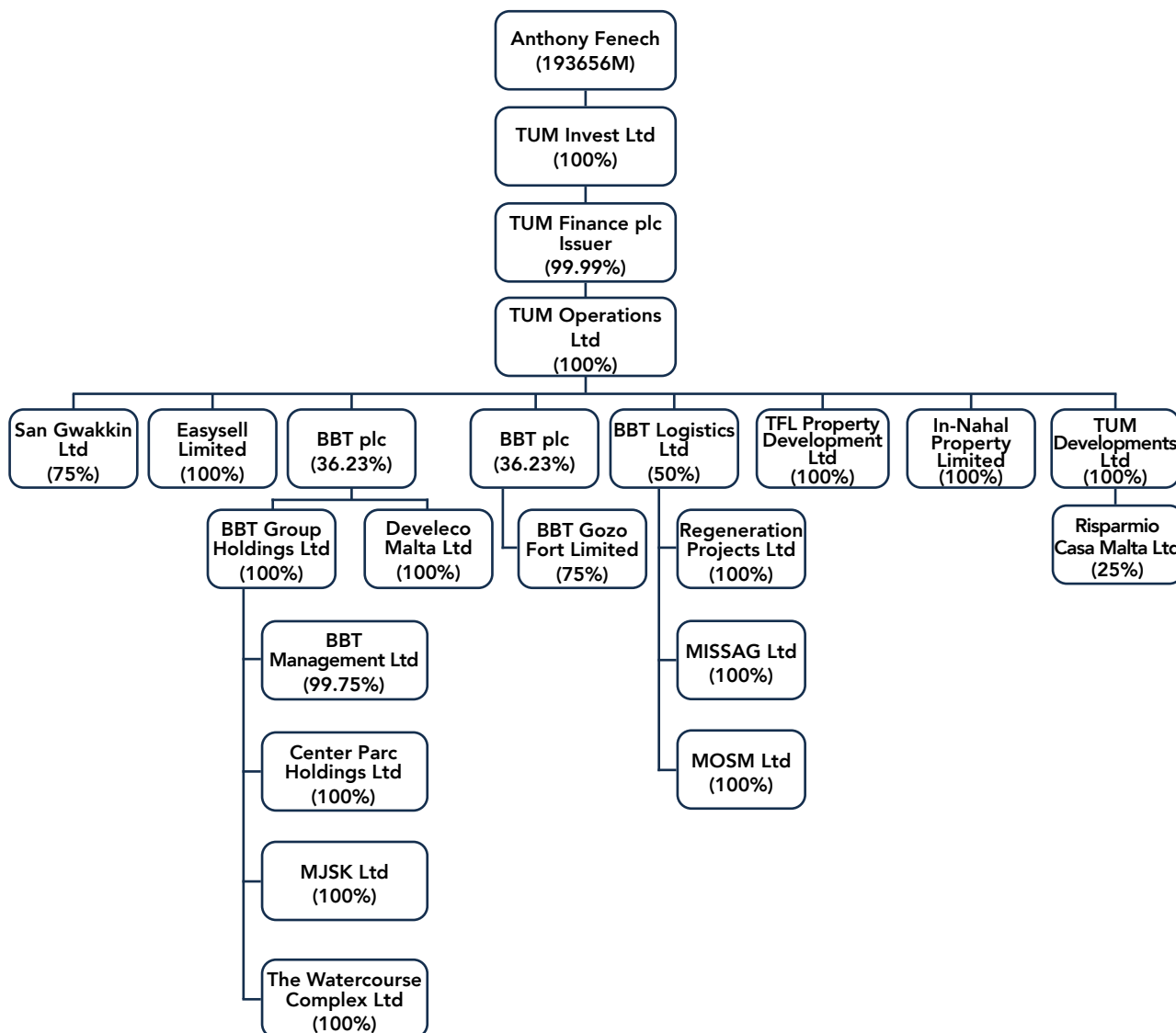
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## Part 1 - Information about the Group

Tum Finance p.l.c. ("**TFP**" or the "**Issuer**") has applied for a bond issue of €12m 5.2% Secured Bonds 2034 pursuant to the prospectus published dated 1 November 2024 (the "**Prospectus**"). This Analysis has been prepared in line with the MFSA Listing Policies.

### 1.1 Issuer's Key Activities and Structure



The "**Group**" of companies consists of Tum Finance p.l.c., being the Issuer acting as the finance and holding company of the Group, Tum Operations Limited ("**TOL**") and its subsidiaries and associates. The main subsidiaries involved in the new Bond Issue are Easysell Limited ("**ESL**") being the Guarantor of the outstanding bond issued in 2019, TUM Developments Limited and TFL Property Development Limited. The objective of the Group is to manage investment property held for rental income, in addition to acquiring and developing new properties to enhance the Group's existing revenues.

The Issuer was incorporated on 26 March 2019 and registered under Maltese law as a public limited company with its registered office at Tum Invest Head Office, Zentrum Business Centre, Mdina Road, Qormi and with company registration number C 91228. The Issuer is, except for two ordinary shares held by Anthony Fenech, a wholly owned subsidiary of Tum Invest Limited (the "**Parent**"). The Issuer, which was set up and established to act as a finance vehicle, has an authorised share capital of €20,000,000 divided into 20,000,000 shares of one Euro (€1) each. The issued share capital is of €17,693,000 divided into 17,693,000 shares of one Euro (€1) each, all fully paid up.

Tum Operations Limited, a wholly owned subsidiary of the Issuer, is a private limited liability company registered under the laws of Malta on 1 April 2019 with the same registered office as the Issuer and company registration number C 91301. TOL has an authorised share capital of €12,000,000 divided into 2,000,000 ordinary shares and 10,000,000 redeemable preference shares of €1 each. The issued share capital of TOL is of €6,351,200 divided into 1,200 ordinary shares of one Euro (€1) each and 6,350,000 redeemable preference shares of one Euro (€1) each, all fully paid up. Details on TOL's associates can be found in section 1.4 of this Analysis.

ESL was incorporated on 5 July 1988 and registered under Maltese law as a private limited liability company with the same registered office as the Issuer and company registration number C 9778. ESL is a wholly owned subsidiary of TOL. The authorised and issued share capital of ESL is €1,164,686.50 divided into 500,000 ordinary shares of €2.329373 each, all fully paid up. The principal objective of ESL is to acquire, develop and manage property primarily for commercial purposes.

Tum Developments Limited was incorporated on 22 January 2018 and registered under Maltese law as a private limited liability company with the same registered office as the Issuer and company registration number C 84520. Tum Developments Limited is a wholly owned subsidiary of TOL. The authorised and issued share capital of Tum Developments Limited is €450,000 divided into 450,000 ordinary shares of €1 each, all fully paid up. TUM Development Limited's current objective is to import, export, trade as a wholesaler, franchisee and retailer for various home goods.

TFL Property Development Limited was incorporated on 8 April 2024 and registered under Maltese law as a private limited liability company with the same registered office as the Issuer and company registration number C 108290. It is a wholly owned subsidiary of TOL. Its authorised share capital is €1,500 divided into 1,500 shares of €1 each, and its issued share capital is €1,200 divided into 1,200 shares, all fully paid up. TFL Property Development Limited's current objective is to acquire immovable property with the aim of development.

## 1.2 Directors

### Board of Directors - Issuer

As at the date of this Analysis, the following persons constitute the board of directors of the Issuer:

Year	Redemption Price
<b>Mr Anthony Fenech</b>	Chairman and executive director
<b>Mr Silvan Fenech</b>	Executive director
<b>Mr Matthew Fenech</b>	Executive director
<b>Dr Stanley Portelli</b>	Independent non-executive director
<b>Mr Mario Vella</b>	Independent non-executive director
<b>Mr William Wait</b>	Independent non-executive director

The business address of all of the directors of the Issuer is the registered office of the Issuer. Dr Malcolm Falzon is the company secretary of the Issuer.

The board of the Issuer is composed of six directors who are responsible for its overall direction and management. The three executive directors are entrusted with the Issuer's day-to-day management whereas the three non-executive directors, all of whom are independent of the Issuer, provide direction and strategy, monitoring and supervision of company performance while ensuring that controls and risk management systems are adequately in place.

The Issuer had no employees as at 31 December 2023. As from 1 January 2024, the three non-executive directors listed above have formed part of the Issuer's payroll. The day-to-day business was and still is being handled by the delegated employees of the Parent.

## 1.3 Major Assets owned by the Group

### Easysell Investment Properties:

This property consists of two buildings:

- The first building contains the original KIA showroom and adjacent offices, built in 1986.
- The second building features six floors of underground parking, a ground-floor showroom (approximately 2,450 sqm), and two upper floors of office space (approximately 4,100 sqm).

The property is secured against an existing €20m bond maturing in 2029.

### Parilja Property:

In 2024, the Group agreed to acquire a 2,750 sqm site in Santa Venera for €3m, designated for the development of 8 semi-detached villas. This development has a full permit (PA/5484/18), with €943,000 paid to settle existing debts.

### **In-Nahal Property:**

In July 2023, the Group entered a promise of sale for a 3,900 sqm site in Qormi, aimed at developing 114 residential units, 3 houses, 112 garages, and 9 commercial outlets. The acquisition cost was €11.5m, structured with favourable credit terms.

A full development permit has been applied for but as at the date of this analysis has not yet been approved.

### **Mosta Property:**

Alongside the Ta' Natu acquisition, the Group has partnered to develop a 2,000 sqm adjacent site into 40 residential units and four floors of underground parking. The existing owner will contribute the land, while the Group will manage development, retaining 18 residential units, 67 underground car spaces and 27 small stores.

A non-executable permit was issued last Tuesday 29th October

### **Geblin Property:**

In August 2015, a related party acquired two adjacent properties in Saint Elia Street, St. Julians, which are being transferred to the Group for development into 6 semi-detached villas.

Application with Planning Authority is in progress.

### **Investment in BBT Group:**

The BBT Group has a diverse portfolio of investment properties aimed at generating rental income and long-term value growth. In Q1 2023, TOL, along with other investors, contributed property holdings into BBT plc to enhance rental income and capital growth.

### **Investment in Risparmio Casa Malta:**

In 2023, the Group negotiated with Risparmio Casa to open multiple franchise branches in Malta. The operations will be managed through Risparmio Casa Malta, with TUM Developments Ltd owning a 25% stake in the venture, which is primarily owned by Rica Gest S.r.l. (Risparmio Casa's parent company).

## **1.4 Operational Developments**

### **San Gwakkinn Site:**

Through its subsidiary TOL, the Group holds a 75% stake in this site, located in the Central Business District next to the TG Complex (home to the Forestals showroom and Deloitte offices). It is being developed into a showroom, along with 8,062 sqm of office space and 245 parking spaces. The site is expected to be operational by FY25 and is fully financed by APS Bank.

### **Ta' Natu Commercial Outlet:**

In September 2023, a related entity entered a promise of sale agreement to acquire the existing Ta' Natu outlet for €2.25m, along with two finished penthouses in a nearby development. This agreement has been assigned to the Group, with the final contract expected by Q1 FY25. The outlet will be leased to Risparmio Casa Malta, where the Group holds a 25% share.

### **Independent 2 Property:**

The Group has a promise of sale agreement to acquire a commercial outlet in St. Julians for €2.8m, which includes a €1m payment to settle existing debt and cover development costs. The property is intended for retail use; if the application to change the existing permit is denied, it will be rented as office space.

## **1.5 Debt Securities currently in issue**

<b>Debt Security</b>	<b>ISIN</b>	<b>€m</b>
<b>3.75% Tum Finance plc 2029</b>	MT0002271204	20

## 1.6 Use of proceeds

The proceeds from the proposed €12m bond issue (the "Bond Issue"), as detailed in the Prospectus, will be allocated by the Group for specific purposes, prioritised as follows:

- an amount of *circa* €943k of the Bond Issue net proceeds will be used by Tum Invest Limited for the purpose of re-financing the remaining balance of an existing facility taken out with Lombard Bank Malta plc prior to the date of the Prospectus for the purpose of financing the acquisition of the Parilja Property;
- an amount of *circa* €1.96m of the Bond Issue net proceeds will be used by TFL Property Development Limited for the development and finishing costs in connection with the Parilja property development project;
- an amount of *circa* €2.03m of the Bond Issue net proceeds will be used by Easysell Limited for the purpose of financing the purchase of the property known as Ta' Natu Commercial Outlet;
- an amount of *circa* €1.85m of the Bond Issue net proceeds will be used by Easysell Limited in an amount of *circa* €700k for the purpose of refinancing the fit-out costs of the Risparmio Casa outlet located at Ta' Natu Commercial Outlet and an amount of *circa* €1,146m shall be used by Tum Developments Limited for the purpose of part financing the fit-out costs of the Risparmio Casa outlet to be located at Center Parc;
- an amount of *circa* €1m of the Bond Issue net proceeds will be used by Tum Properties Limited for the purpose of re-financing an existing facility taken out with BNF Bank Malta plc prior to the date of the Prospectus for the purpose of financing the acquisition of the Independent 2 Property;
- the remaining balance of the Bond Issue net proceeds in an amount of *circa* €3.83m will be used for the general corporate funding purposes of the Group.

## Part 2 - Historical Performance and Forecasts

### 2.1 Group's Income Statement

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER					
	2021A	2022A	2023A	2024F	2025F
	€000s	€000s	€000s	€000s	€000s
<b>Revenue</b>	3,533	3,746	3,693	1,924	18,976
Administrative expenses	(850)	(868)	(588)	(531)	(13,234)
<b>EBITDA</b>	<b>2,683</b>	<b>2,878</b>	<b>3,105</b>	<b>1,393</b>	<b>5,742</b>
Depreciation and amortisation	(15)	(49)	(53)	(924)	(1,275)
<b>EBIT</b>	<b>2,668</b>	<b>2,829</b>	<b>3,052</b>	<b>469</b>	<b>4,467</b>
Fair value movement in property	-	-	-	2,469	9,592
Share of profit / (loss) in associates	-	(89)	(114)	922	2,695
Finance income	112	39	14	75	96
Finance expense	(802)	(840)	(855)	(1,141)	(2,032)
<b>Profit / (loss) before taxation</b>	<b>1,978</b>	<b>1,939</b>	<b>2,097</b>	<b>2,794</b>	<b>14,818</b>
Taxation	(529)	(533)	(395)	(820)	(3,991)
<b>Profit / (loss) after taxation</b>	<b>1,449</b>	<b>1,406</b>	<b>1,702</b>	<b>1,974</b>	<b>10,827</b>
Profit from discontinued operations	-	-	3,648	-	-
<b>Total comprehensive income</b>	<b>1,449</b>	<b>1,406</b>	<b>5,350</b>	<b>1,974</b>	<b>10,827</b>

## RATIO ANALYSIS

	2021A	2022A	2023A	2024F	2025F
<i>Profitability</i>					
Growth in Revenue (YoY Revenue Growth)	10.2%	6.0%	(1.4)%	(47.9%)	886.3%
EBITDA Margin (EBITDA / Revenue)	75.9%	76.8%	84.1%	72.4%	30.3%
Operating (EBIT) Margin (EBIT / Revenue)	75.5%	75.5%	82.6%	24.4%	23.5%
Net Margin (Profit after taxation / Revenue)	41.0%	37.5%	46.1%	102.7%	57.1%
Return on Common Equity (Profit after taxation / Average Equity)	4.0%	3.6%	4.1%	4.7%	22.2%
Return on Assets (Profit after taxation / Average Assets)	2.2%	2.0%	2.3%	2.1%	8.9%

### 2.1.1 Historical Financial Performance

Consolidated revenue for FY23 decreased slightly by 1.4% amounting to circa €3.7m and reflects revenue generated from the Group's properties and other income. Although the total change in revenue is immaterial, the rental income of the Group decreased substantially due to the sale of Center Parc Retail Hub, decreasing from €3.3m in FY22 to €1.8m in FY23. Other income increased to €1.9m from €0.5m due to a gain on disposal of Hotel VIU57 and a gain on bargain purchase as a result of the additional acquisition of shares of BBT p.l.c.

Administrative expenses totalled €588k in FY23 which is lower than the €868k reported in FY22 due to tighter cost control. Administrative expenses include maintenance, utility, common area expenses and other similar expenses, whereby part of these costs are recovered through the service charge levied. The cost of utilities is expected to decrease due to the installation of solar panels mentioned previously which will decrease the overall water and electricity expenses.

The net finance costs for FY23 amounted to €841k, €40k higher than FY22, primarily due to slightly higher finance costs and lower interest. The finance costs were higher mainly because of the €35k increase in bank charges during the year. This was partially offset by a lower interest expense on the related party loan. This led to a profit before taxation of €2.1m. After accounting for tax expenses of €0.4m and a profit from discontinued operation of €3.7m, the Group recorded a total comprehensive income of €5.4m. The profit from discontinued operations relates to the disclosure of gain on investments relating to the transfer of Center Parc Holdings Ltd for shares in BBT plc.

### 2.1.2 Forecasted Financial performance:

#### Revenues

Rental Operations:

RENTAL OPERATIONS THE YEAR ENDED 31 DECEMBER		
	2024F €000s	2025F €000s
Rental Income – Easysell	1,732	1,738
Rental Income – Ta'Natu	193	230
Rental Income – Centrepark	-	975
Rental Income – San Gwakkin	-	-
Rental Income – Independent 2	-	180
<b>Total Rental Income</b>	<b>1,924</b>	<b>3,123</b>

For the fiscal year FY24, the company is anticipating €1.9m in rental income, with projections indicating a significant increase to €3.1m by FY25. This upward trajectory is largely attributable to the leasing initiatives associated with two pivotal projects: the Center Parc development and the Independent 2 property. The Center Parc project is expected to contribute substantially to the company's rental income due to its strategic location and amenities. Similarly, the Independent 2 property, which is set to be leased to a third party as a commercial outlet (Class 4B) at an annual rental rate of €250 per square meter, is poised to further enhance rental revenues.



## Property Development:

### PROPERTY DEVELOPMENT SALES FOR THE YEAR ENDED 31 DECEMBER

	2024F €000s	2025F €000s
Parilja	-	6,480
In-Nahal	-	3,173
Geblin	-	6,200
<b>Total Revenues</b>	-	<b>15,853</b>

The second segment of its revenue model related to contributions from property development and sales starting in FY25. The projected total revenue from this segment is estimated at €15.9m, predominantly derived from three key projects: Parilja, In-Nahal, and Geblin.

The Parilja project is expected to yield €6.5m and is scheduled for completion in Q1 FY25 with all units in this development are projected to be sold by Q4 FY25.

The In-Nahal project is projected to generate €3.17m in FY25 and €31.7m in total revenue with completion anticipated for Q3 FY27 and sales expected to conclude by Q2 FY28.

Meanwhile, the Geblin project is also expected to yield €6.2m with completion is targeted for FY25.

#### Other selected Items:

The administrative expenses for FY24 primarily consist of audit fees, director's remuneration, and legal and professional fees. A notable change occurs in FY25, when these expenses begin to incorporate lease payments to BBT<sup>1</sup>, a subsidiary of the group. Specifically, the Group is expected to incur a rental charge of €900k per annum related to the leasing of Centre Parc Phase 2 from BBT. Agency fees are also projected to amount to €935k<sup>2</sup>, alongside a substantial cost of sales for property developed, estimated at €10.8m<sup>3</sup>. Collectively, these are expected to amount to an overall cost of goods sold of €13.2m in FY25.

Moving on to depreciation costs, these expenses are primarily related to the investment properties held for rental purposes and the furnishings and finishings of the Risparmio Casa outlets. Depreciation is anticipated to increase from €923k in FY24 to €1.2m in FY25. This represents a year-on-year growth of approximately 39%, in line with the forecasted increase in assets.

Upon completion of the investment properties, the Group's portfolio is projected to be carried at fair value as determined by architectural valuations, and retained at this fixed amount thereafter. The projected revaluation gains in the income statement, net of deferred tax, are forecasted to be €2.4m in FY24 and €9.5m in FY25.

The share of profit from associates is expected to be positive in FY24 at €922k, and is estimated to reach €2.6m in FY25. This improvement is attributed to the profitability of the Group's subsidiary BBT, contributing €869k in FY24 and an anticipated €2.1m in FY25, alongside a smaller contribution from Risparmio Casa of €53k in FY24, rising to €670k in FY25.

Finance expenses encompass interest costs and deferred bond issue costs. The interest costs are projected to occur at varying rates depending on the various loans and bonds outstanding. Interest associated with property development is capitalized during the construction phase and subsequently expensed to the income statement upon recognition of property sales. Finance income includes interest income on excess cash estimated at 1.5% of the surplus cash balance per annum, while the loan receivable from a related party bears interest at 3.75% per annum, with repayment due by Q2 FY29.

The net finance costs are estimated to reach €1.0m in FY24, with projections indicating an increase to €2.0m in FY25 in line with the issuance of the Bond issue. In FY25 tax expenses are expected to increase materially mainly due to property sales tax of €1.2m. This is forecast to lead to a profit after taxation of €10.8m.

Historically the company's revenue primarily stemmed from rental operations and therefore operated at very high margins. The average EBIT margin during the historical period was approximately 78%, with a return on assets of around 2.0%. Looking ahead to FY24 and FY25, the Group will now incorporate property development and sales into its activities. This shift is expected to reduce the EBIT margin to 24% due to the inclusion of cost of goods sold related to property developments. Both return on equity and return on assets are forecasted to increase significantly going forward, coming in at 22.2% and 8.9% in FY25.

1 The Group also incurs a rental charge of €900k per annum in relation to the rental of Center Parc Phase 2 from BBT

2 Relate to agency fees

3 Relate to sale of units

## 2.2 Group's Statement of Financial Position

### STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	2021A €000s	2022A €000s	2023A €000s	2024F €000s	2025F €000s
<b>Assets</b>					
<b>Non-current assets</b>					
Investment property	64,954	65,406	30,500	38,044	64,771
Property, plant and equipment	73	118	8,567	15,059	1,703
Investment in associates	-	3,774	29,619	31,982	34,376
Loans due from related parties	-	-	325	325	325
<b>Total non-current assets</b>	<b>65,027</b>	<b>69,298</b>	<b>69,011</b>	<b>85,410</b>	<b>101,175</b>
<b>Current assets</b>					
Inventory	-	-	-	21,513	16,577
Loan due from related parties	1,722	-	-	-	-
Amounts due from related parties	-	1,653	4,816	1,600	1,600
Trade and other receivables	348	283	262	-	-
Cash and cash equivalents	616	105	846	5,643	10,424
Tax recoverable	160	184	154	-	-
<b>Total current assets</b>	<b>2,846</b>	<b>2,225</b>	<b>6,078</b>	<b>28,756</b>	<b>28,601</b>
<b>Total assets</b>	<b>67,873</b>	<b>71,523</b>	<b>75,089</b>	<b>114,166</b>	<b>129,777</b>
<b>Equity and liabilities</b>					
<b>Capital and reserves</b>					
Share capital	17,693	17,693	17,693	17,693	17,693
Retained earnings	12,796	13,984	19,251	21,242	30,391
Capital contribution	2,456	3,916	3,916	3,916	3,916
Other reserves	543	543	543	543	543
Non-controlling interest	3,909	4,624	(9)	(10)	1,666
<b>Total equity</b>	<b>37,397</b>	<b>40,760</b>	<b>41,394</b>	<b>43,384</b>	<b>54,209</b>
<b>Non-current liabilities</b>					
Deferred tax liability	5,755	5,751	3,031	3,449	5,811
Loans due to related parties	-	-	1,756	11,482	11,857
Lease liabilities	192	192	192	192	192
Bank debt	-	-	5,216	9,472	12,361
Debt securities in issue	19,616	19,658	19,703	31,496	31,580
Capital Creditors	-	-	-	2,740	2,093
Deposits on POSA	-	-	-	792	317
Debt due on land acquisition	-	-	-	7,500	-
<b>Total non-current liabilities</b>	<b>25,563</b>	<b>25,601</b>	<b>29,898</b>	<b>67,123</b>	<b>64,211</b>
<b>Current liabilities</b>					
Trade and other payables	1,513	1,350	753	-	-
Debt securities in issue	390	440	391	-	-
Bank debt	-	-	-	3,114	1,811
Amounts due to related parties	2,183	1,268	2,277	-	-
Deposits on POSA	-	-	-	-	1,501
Debt due on land acquisition	-	-	-	-	7,500
Loans due from related parties	-	1,200	-	-	-
Tax payable	828	904	376	-	-
Accrued Interest	-	-	-	545	545
<b>Total current liabilities</b>	<b>4,914</b>	<b>5,162</b>	<b>3,797</b>	<b>3,659</b>	<b>11,357</b>
<b>Total liabilities</b>	<b>30,477</b>	<b>33,763</b>	<b>33,695</b>	<b>70,782</b>	<b>75,568</b>
<b>Total equity and liabilities</b>	<b>67,874</b>	<b>71,523</b>	<b>75,089</b>	<b>114,166</b>	<b>129,777</b>

## RATIO ANALYSIS

	2021A	2022A	2023A	2024F	2025F
<i>Financial Strength</i>					
Gearing 1 (Net Debt / Net Debt and Total Equity)	34.4%	33.1%	37.3%	45.0%	38.3%
Gearing 2 (Total Liabilities / Total Assets)	44.9%	43.0%	44.9%	62.0%	58.2%
Gearing 3 (Net Debt / Total Equity)	52.4%	49.5%	59.6%	81.9%	62.2%
Net Debt / EBITDA	7.3x	7.0x	7.9x	25.5x	5.9x
Current Ratio (Current Assets / Current Liabilities)	0.6x	0.4x	1.6x	7.9x	2.5x
Interest Coverage 1 (EBITDA / Cash interest paid)	3.6x	4.1x	4.2x	1.2x	2.4x
Interest Coverage 2 (EBITDA / finance costs)	3.3x	3.4x	3.6x	1.2x	2.8x

The Group's total asset base is made up of mostly non-current assets related to investment property, investments in associates and PPE.

As mentioned in Part 1 the Group sold Centre Parc Holdings Ltd in return for an increased shareholding in BBT p.l.c. which decreased the investment property value by 53% and increased investments in associates by 685%. Additionally, the value of PPE increased to €8.6m due to the construction at San Gwakkin. There was also a €325k loan due from the ultimate parent company to Tum Operations Limited.

Once completed, the investment properties are projected to be valued as follows: Easysell at €31.4m (completed), San Gwakkin at €26.5m (expected completion in FY25), Ta' Natu Commercial Outlet at €3.8m (expected completion in FY24), and Independent 2 at €3.0m (expected completion in FY25). With the completion of all projects held for long-term rental in fiscal year FY25, the investment property is projected to stabilize at €64.8 m.

As at FY24, property, plant, and equipment (PPE) is forecast to include the San Gwakkin property being still under construction. Upon completion in FY25, this property will be reclassified under investment property. The remaining components of PPE predominantly consist of solar panels installed atop the Easysell property and fit-out costs associated with the Risparmio Casa outlets. This shift in classification reflects the company's strategy of transitioning development assets into long-term income-generating investments.

The investment in associates reflects the Group's holdings in the BBT subgroup and RCM. In FY24, €1.4m due from Develeco was capitalized in BBT, showcasing the Group's strategic investments in its subsidiaries. In FY25 investment in associates is expected to reach 34.4m, attributable to the completion of ongoing property development projects that will enhance the overall value of the investment.

Historically, current assets mainly consisted of amounts due from related parties. Going forward current assets will be primarily composed of inventory related to property development units projected at cost. In FY24 and FY25, inventory is expected to represent approximately 75% and 57% of total current assets, respectively. This transition reflects a substantial increase in current assets, which are projected to grow from €6.1m in FY23 to €28.8m in FY24. The significant growth in current assets underscores the Group's strategic emphasis on property development, which aligns with anticipated revenue increases in the forthcoming years.

Turning to the liabilities section, total debt is primarily composed of debt securities, projected to reach €31.5m in FY24. This includes the existing bond amounting to €19.7m and the proposed bond issue of €11.7m net of costs. Additionally, bank loans are expected to come in at €5.2m to €9.5m to €12.4m in FY23, FY24 and FY25 respectively.

To note that €10.5m of the total related party balances projected in FY24 are not expected to be repaid during the projected period. This amount is primarily due to TUM Invest.

The share capital of the Group and other reserves (reserves that emerged from the common control acquisition of Easysell Limited on Q2 FY19) historically have not changed and are expected to remain the same in FY24. The retained earnings fluctuate in line with the profit generated. The capital contribution in FY23 consists of a long-term loan payable to Tum Invest limited repayable exclusively at the discretion of the borrower, and the contribution as at acquisition of the associates FY22. With the disposal of Centre Parc Holdings Ltd, the non-controlling interest has decreased significantly. The Group's equity base increased slightly in line with the retained earnings which was offset by the minor negative non-controlling interest and is expected to follow the same trend in FY24 and FY25.

The Gearing Ratio 1, which measures net debt relative to the sum of net debt and total equity, stood at 37.3% in FY23 and is projected to rise slightly to 38.3% by FY25. This indicates a moderate level of leverage, suggesting a balanced approach to financing.

Gearing Ratio 3, which compares net debt to total equity, reflects a rise from 63.8% in 2023 to 62.2% in FY25 following a sharp increase in FY24 due to the Bond Issue. This forecasted decrease in FY25 is mainly due to the higher equity base.

Lastly, the Current Ratio, calculated as current assets divided by current liabilities, shows a healthy improvement from 1.6x in 2023 to 2.5x in FY25. This shift suggests enhanced liquidity and a stronger capacity to meet short-term obligations, reflecting positively on the company's financial health.

## 2.3 Group's Statement of Cash Flows

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER

	2021A €000s	2022A €000s	2023A €000s	2024F €000s	2025F €000s
<b>Cash flows from operating activities</b>					
Profit before taxation	1,978	1,939	2,097	2,794	14,816
<i>Adjustments for:</i>					
Depreciation	32	49	53	923	1,275
Finance costs	802	840	855	1,141	2,014
Finance income	(112)	(39)	(14)	(62)	(84)
Allowance for expected credit losses	-	(46)	-	-	-
Recognised cumulative share in losses in associates	-	-	160	-	-
Share of (profit) / loss of associates	-	89	(46)	(922)	(2,695)
Gain on investments	-	-	-	(2,469)	(9,592)
Gain from bargain purchase	-	-	(884)	-	-
Gain from disposal of hotel	-	-	(892)	-	-
<b>Operating profit before working capital movement</b>	<b>2,700</b>	<b>2,832</b>	<b>1,329</b>	<b>1,405</b>	<b>5,734</b>
<i>Working capital:</i>					
Movement in trade and other receivables	4	111	(8,441)	1,054	1,026
Movement in dues to related parties	(122)	(1,234)	-	-	-
Movement in dues from related parties	602	1,050	-	-	-
Movement in trade and other payables	(1,147)	(327)	13,172	(8,139)	4,896
<b>Cash generated from operations</b>	<b>2,037</b>	<b>2,432</b>	<b>6,060</b>	<b>(5,680)</b>	<b>11,656</b>
Operating activities of discontinued operation	-	-	553	62	84
Tax paid	(230)	(484)	(527)	(624)	(1,629)
Bond interest paid	(750)	(699)	(750)	(1,158)	(2,382)
<b>Net cash flows generated from operating activities</b>	<b>1,057</b>	<b>1,249</b>	<b>5,336</b>	<b>(7,401)</b>	<b>7,729</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	(74)	(93)	(8,522)	(6,303)	(5,228)
Purchase of investment property	(591)	(453)	(137)	3,025	-
Investment in associates	-	(1,200)	-	-	-
Dividend income	-	-	-	24	301
<b>Net cash flows used in investing activities</b>	<b>(665)</b>	<b>(1,746)</b>	<b>(8,659)</b>	<b>(9,304)</b>	<b>(4,927)</b>
<b>Cash flows from financing activities</b>					
Proceeds from incorporation of subsidiary	4	-	-	-	-
Proceeds from debt securities issued	-	-	-	11,730	-
Net proceeds from / (payments made to) bank loan	-	-	5,216	7,370	1,586
Repayment of lease liabilities	(11)	(11)	(11)	(11)	(11)
Loans (advanced to)/received from related parties	-	-	(1,130)	1,750	-
Equity injection by third party	-	-	-	650	375
<b>Net cash flows (used in) / generated from financing activities</b>	<b>(7)</b>	<b>(14)</b>	<b>4,071</b>	<b>21,489</b>	<b>1,950</b>
<b>Movement in cash and cash equivalents</b>	<b>385</b>	<b>(511)</b>	<b>748</b>	<b>4,785</b>	<b>4,752</b>
Cash and cash equivalents at start of year	231	616	105	858	5,672
<b>Cash and cash equivalents at end of year</b>	<b>616</b>	<b>105</b>	<b>853</b>	<b>5,643</b>	<b>10,424</b>
Cash and cash equivalents included in disposal group	-	-	(8)	-	-
<b>Cash and cash equivalents for continuing operations</b>	<b>616</b>	<b>105</b>	<b>845</b>	<b>5,643</b>	<b>10,424</b>

## RATIO ANALYSIS

	2021A €000s	2022A €000s	2023A €000s	2024F €000s	2025F €000s
<b>Cash Flow</b>					
Free Cash Flow (Net cash from operations + Interest - Capex)	1,892	2,101	(1,823)	(16,728)	2,501

Cash generated from operations amounted to €1.3m mainly due to the profit before tax that was generated during the year and the finance costs from the bond, which was partially offset, by the gain on disposal from Hotel VIU57 and the gain from the acquisition of shares of BBT p.l.c.

After adjusting for the movement in working capital, including the operating activity from Center Parc Holdings Ltd and deducting taxation, the Group had a net cash flow generated from operating activities of €6.1m.

Net cash flows used in investing activities amounted to €9.8m mainly due to the additions to San Gwakkin and the loans advanced to related parties.

The Group's net cash flows generated from financing activities amounted to €4.5m and were mostly the proceeds received from bank loans. Management is anticipating €21.4m in financing activities during FY24 which is the net result of expected proceeds from the Bond issue, proceeds from bank loans and repayments of lease liabilities which historically has been more or less the same.

During the year the Group generated a cash movement of €748k resulting in a positive cash balance of €853k and after taking into consideration the cash movement of the discontinued operations, the Group's actual closing cash balance was €845k. A further positive cash movement is projected for FY24 with the cash position at the end of the year expected to be €5.6m.

The free cash flow during the year was negative, primarily due to the additions at San Gwakkin and is forecast to remain so in FY24 due to heavy capital expenditures. In FY25 however, free cash flow is forecast to turn positive as the Group starts to reap the benefits of the aforementioned investments.

## Part 3 - Key Market and Competitor Data

### 3.1 General Market Conditions

The Group is subject to general market and economic risks that may have a significant impact on its current and future property developments and their timely completion within budget and their profitable operation. These include factors such as the health of the local property market, inflation and fluctuations in interest rates, exchange rates, property prices and rental rates. In the event that general economic conditions and property market conditions experience a downturn, which is not contemplated in the Group's planning during development, this shall have an adverse impact on the financial condition of the Group and may therefore affect the ability of the Issuer to meet its obligations under the Bonds.

### 3.2 Economic Update<sup>4</sup>

The Bank's Business Conditions Index (BCI) indicates that in August 2024, annual growth in business activity was broadly unchanged from July and remained slightly below its historical average estimated since January 2000. The European Commission confidence surveys show that sentiment in Malta increased in August, but remained below its long-term average, estimated since November 2002.

The largest improvement was recorded in the construction sector, though the sentiment indicator in this sector remained negative. Additional data show that in month-on-month terms, price expectations decreased across all sectors, bar among consumers. The largest decreases were recorded in the services and retail sectors. In August, the European Commission's Economic Uncertainty Indicator (EUI) for Malta increased compared with July, indicating higher uncertainty, with the largest increase recorded in industry.

In July, both industrial production and retail trade contracted on a year-on-year basis. In June, services production accelerated when compared with the same month a year ago. The unemployment rate decreased to 3.0% in July from 3.1% in June but remained unchanged from July 2023. Commercial building permits in July were higher than a year earlier but lower when compared to a month earlier.

<sup>4</sup> Central Bank of Malta – Economic Update 9/2024

On the other hand, residential building permits decreased on both a monthly and an annual basis. In August, the number of residential promise-of-sale agreements increased on a year earlier, while final deeds of sale fell. The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) stood at 2.4% in August, slightly higher than 2.3% in the previous month, exceeding the euro area average by 0.2%.

HICP excluding energy and food in Malta increased to 2.3%, while remaining firmly below the euro area average. Inflation based on the Retail Price Index (RPI) rose slightly to 1.5% from 1.4% in July. In July, Maltese residents' deposits increased above their level a year ago, driven by balances belonging to households, financial and non-financial corporations. Meanwhile, credit to Maltese residents also increased in annual terms, reflecting higher lending to both the government sector and other sectors.

In July, the Consolidated Fund registered a surplus of €150.2m, an improvement of €194.1m when compared with the deficit registered a year earlier. This was due to a rise in government revenue, which was complemented by a decline in government expenditure. Overall, the Consolidated Fund balance registered a €60.5m surplus for the period from January, from a deficit of €302.4m in the same period a year earlier.

### **3.3 Economic Outlook<sup>5</sup>**

According to the Bank's latest forecasts, Malta's gross domestic product (GDP) is expected to grow by 4.3% in 2024. Growth is then projected to ease to 3.5% in both 2025 and 2026. This implies a marginally downward revision in 2024 and 2025, when compared to the Bank's previous projections, while for 2026 the outlook is revised upwards.

In 2023, growth was primarily driven by net exports, while domestic demand is envisaged to be the main driver of growth in 2024. Private consumption growth continues at a brisk pace, and private investment, is expected to gradually recover. Net exports are also projected to contribute positively, driven mainly by services exports. Growth in 2025 and 2026 is expected to continue to be led by domestic demand.

Employment growth is set to moderate, albeit from high rates, in the projection horizon, while the average wage is expected to grow at a faster rate in 2024, partly in response to the pronounced inflation in the recent past and a tight labour market.

Annual inflation based on the Harmonised Index of Consumer Prices is projected to drop significantly, from 5.6% in 2023 to 2.4% in 2024, before reaching 1.9% by 2026. Compared to previous projections, inflation has been revised down by 0.5 percentage point in 2024, largely reflecting the unexpected rapid drop experienced in the initial months of the year.

The general government deficit-to-GDP ratio is set to decline to 4.1% in 2024, and to narrow further over the rest of the forecast horizon, to stand at 3.1% by 2026. The general government debt-to-GDP ratio is set to increase throughout the forecast horizon, reaching 54.3% by 2026. When compared with the previous projection round, the projected deficit ratio is higher, while the debt ratio is broadly unchanged.

Risks to activity are broadly balanced over the projection horizon. Downside risks largely emanate from possibly adverse trade effects related to ongoing geopolitical tensions. On the other hand, the labour market could exhibit even stronger dynamics than envisaged in this projection round, both in terms of employment and wages. This could then result in stronger private consumption growth.

Risks to inflation are balanced over the project horizon. Upside risks to inflation could stem from extreme weather events and effects of geopolitical developments. Other upside risks to headline inflation include the potential impact of measures to combat climate change. Furthermore, wage pressures could be stronger than envisaged in the baseline. On the downside, imported inflation could fall more rapidly than expected, while services inflation could normalise more quickly than envisaged in this projection round.

On the fiscal side, risks are tilted to the downside (deficit-increasing). These mainly reflect the likelihood of slippages in current expenditure, including higher-than-expected outlays on energy support measures if commodity prices are higher than envisaged. They also reflect the likelihood of additional increases in pensions and public sector wages in the outer years of the forecast horizon. Should these risks materialise, they are set to be partly offset by the likelihood of additional fiscal consolidation efforts to comply with the EU's fiscal rules.

### **3.4 The retail sector<sup>6</sup>**

The confidence indicator in the retail sector fell further below its long-term average of 0.4.11. It stood at -10.1, down from -6.7 in the previous month. Contrary to July, retailers now assessed their stocks of finished goods to be above normal levels. Participant' assessment of sales over the past three months and to a lesser extent their expectations of business activity over the next three months, stood less negative compared to a month earlier.

<sup>5</sup> Central Bank of Malta – Economic Projections 2024 – 2026

<sup>6</sup> Central Bank of Malta – Economic Update 9/2024

### 3.5 Commercial property market

The strong economic growth sustained by the Maltese economy in recent years has contributed to a rise in the employment rate and the influx of foreign workers within the Maltese workforce. This has contributed to an increase in the demand for rental of office and commercial space in Malta. To address such growing demand, the supply of office and commercial space in Malta has considerably increased over the last couple of years. Of note, there are several traditional business areas in Malta. For instance, Sliema attracts many international brands and companies. Likewise, Valletta, being Malta's capital city, is considered as the hub for law firms and many long-established family businesses.

Other traditional commercial areas include the likes of St. Julian's, which is popular for its sea-view offices, and Floriana, which attracts businesses that want to be located in the vicinity of Valletta. In furtherance, there are also top-quality commercial developments within in the proximity of the airport and in other residential areas such as Naxxar, Mosta, Mellieha and in parts of the south of Malta. The variety of commercial and office space in Malta cater for every type of business, from start-ups to established global organisations. In this regard, numerous business centres have recently been developed, with new centres in the pipeline.

Although the supply for commercial property has increased in recent years, rental demand is still greater than supply as can be seen in the increase in average asking rental rates for office space which increased to €213/sqm in 2023, up from €183/sqm in 2022. The largest increase in rental rates came from the central region which saw growth of 31.9%. Further analysis shows that the highest proportion of office space can be found in the Northern Harbour region (52% of all listings), followed by the Central region (31%).

When it comes to commercial property sales there was only a marginal increase in the asking price when compared to 2022 with this increasing by just 2%, with Central region properties increasing by 9.7%.

The ECB policy decisions to combat inflation have seen the key policy interest rate stand at a record high with the ECB charging banks 4.5% per annum on main refinancing operations. To date, these interest rate hikes have not been reflected in the local market. Should interest rates locally rise, the path that both rent and sale prices in the commercial property market would take depends on multiple factors and so is unclear.

On one hand as the general price level of goods and services rises, property values may appreciate accordingly as investors turn to property as a hedge for inflation. The development of new commercial properties may also slow down as financing becomes costlier, potentially limiting the supply of available space and therefore increasing the price of already available property. On the other hand, persistently, sticky inflation could dampen economic activity and lead to suppressed demand levels and put downward pressure on both rental and sales prices.



### 3.6 Comparative Analysis

The purpose of the table below compares the debt issuance of the issuer to other debt instruments. We have included different securities with a similar maturity as the debt securities of the issuer. One must note that, given the material differences in profiles and industries, the risks associated with the issuer's business and that of other issuers is therefore different.

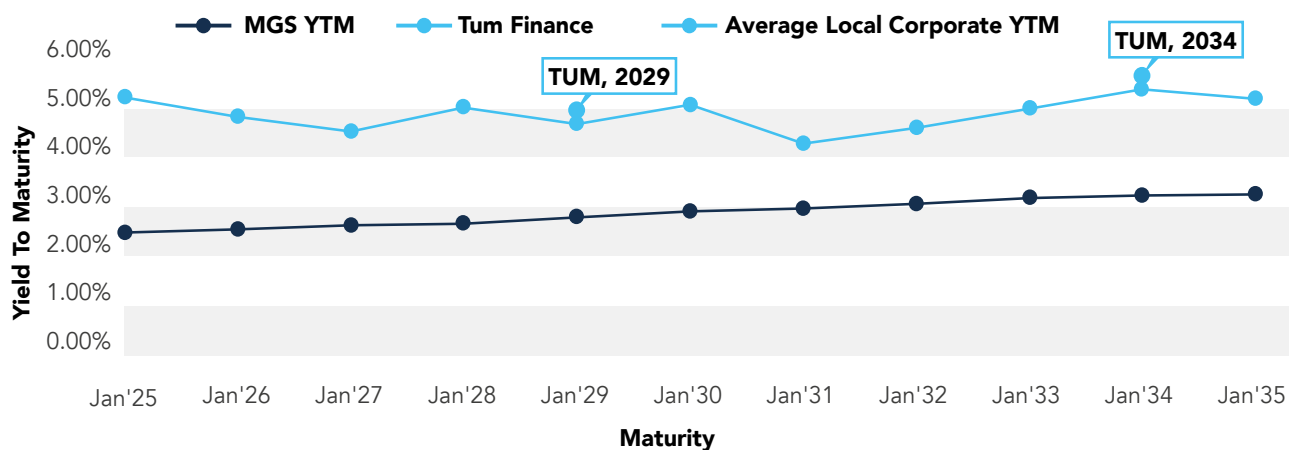
Security	Nom Value €000's	Yield to Maturity (%)	Interest coverage (EBITDA)	Total Assets (€'millions)	Total Equity (€'millions)	Total Liabilities / Total Assets (%)	Net Debt / Net Debt and Total Equity (%)	Net Debt / EBITDA (times)	Current Ratio (times)	Return on Common Equity (%)	Net Margin (%)	Revenue Growth (YoY) (%)
3.75% Mercury Projects Finance plc Secured € 2027	11,500	3.74%	0.6x	269.6	78.8	70.8%	66.4%	48.2x	1.5x	9.9%	23.1%	-34.4%
4% Eden Finance plc Unsecured € 2027	40,000	3.99%	5.7x	223.3	136.7	38.8%	27.1%	4.3x	0.2x	2.8%	8.4%	36.6%
4.4% Central Business Centres plc Unsecured € 2027 S1/17 T1	6,000	4.40%	1.1x	65.7	23.8	63.7%	59.2%	24.9x	0.7x	0.2%	2.2%	-1.8%
4% Stivala Group Finance plc Secured € 2027 (xd)	45,000	4.00%	27.0x	469.7	328.5	30.1%	22.9%	1.5x	1.2x	21.0%	208.5%	14.5%
4.75% Best Deal Properties Holding Plc Secured € 2025-2027	15,000	4.93%	90.9x	34.3	8.9	74.1%	69.2%	5.8x	3.2x	12.5%	7.7%	4.6%
4% Exalco Finance plc Secured € 2028	15,000	4.00%	4.4x	77.8	52.9	32.1%	21.1%	3.9x	0.7x	4.0%	40.9%	3.5%
4.15% Phoenicia Finance Company plc Unsecured € 2023-2028	5,711	4.14%	2.6x	128.1	47.0	63.3%	59.0%	11.9x	0.3x	0.7%	1.6%	29.9%
5.75% Best Deal Properties Holding plc Secured € 2027-2029	15,000	4.98%	90.9x	34.3	8.9	74.1%	69.2%	5.8x	3.2x	12.5%	7.7%	4.6%
4% SP Finance plc Secured € 2029	12,000	4.12%	2.2x	43.3	17.9	58.6%	51.2%	9.3x	0.5x	-0.7%	-1.3%	0.0%
3.75% TUM Finance plc Secured € 2029	20,000	4.96%	4.1x	75.1	41.4	44.9%	37.3%	7.9x	1.6x	4.1%	46.1%	-1.4%
3.65% Stivala Group Finance plc Secured € 2029	15,000	4.00%	27.0x	469.7	328.5	30.1%	22.9%	1.5x	1.2x	21.0%	208.5%	14.5%
3.75% AX Group plc Unsec Bds 2029 Series II	10,000	3.96%	1.8x	474.0	243.5	48.6%	39.4%	20.9x	0.9x	-1.6%	-7.7%	30.3%
4.25% Mercury Projects Finance plc Secured € 2031	11,000	4.72%	0.6x	269.6	78.8	70.8%	66.4%	48.2x	1.5x	9.9%	23.1%	-34.4%
3.65% IHI plc Unsecured € 2031	80,000	4.58%	1.7x	1,768.3	836.3	52.7%	42.1%	9.5x	1.0x	-1.4%	-3.9%	20.8%
5.2% TUM Finance plc Secured € 2031-2034	12,000	5.2%	4.1x	75.1	41.4	44.9%	37.3%	7.9x	1.6x	4.1%	46.1%	-1.4%
	*Average	4.27%										

Source: Latest available audited financial statements  
Last closing price as at 11/10/2024

\*Average figures do not capture the financial analysis of the issuer



## YIELD CURVE ANALYSIS



The above graph illustrates the average yearly yield of all local issuers as well as the corresponding yield of MGSs (Y-axis) vs the maturity of both Issuers and MGSs (X-axis), in their respective maturity bucket, to which the spread premiums can be noted. The graph plots the entire MGS yield curve, thus taking into consideration the yield of comparable issuers. The graph illustrates on a stand-alone basis, the yield of comparable issuers having a maturity between 3-10 years (Peers YTM).

As at 11 October 2024, the average spread over the Malta Government Stocks (MGS) for corporates with maturity range of 3-5 years was 153 basis points. The 3.75% TUM Finance plc 2029 is currently trading at a YTM of 4.96%, meaning a spread of 211 basis points over the equivalent MGS. This means that this bond is trading at a premium of 58 basis points in comparison to the market.

As at 11 October 2024, the average spread over the Malta Government Stocks (MGS) for corporates with maturity range of 5-7 years was 143 basis points. The 5.2% TUM Finance plc 2031-2034 is being issued with a coupon of 5.2%, meaning a spread of 238 basis points over the equivalent MGS. This means that this bond is trading at a premium of 95 basis points in comparison to the market.

## Part 4 - Glossary and Definitions

Income Statement	
<b>Revenue</b>	Total revenue generated by the Group/Company from its principal business activities during the financial year.
<b>Costs</b>	Costs are expenses incurred by the Group/Company in the production of its revenue.
<b>EBITDA</b>	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. It reflects the Group's/Company's earnings purely from operations.
<b>EBIT (Operating Profit)</b>	EBIT is an abbreviation for earnings before interest and tax.
<b>Depreciation and Amortisation</b>	An accounting charge to compensate for the decrease in the monetary value of an asset over time and the eventual cost to replace the asset once fully depreciated.
<b>Net Finance Costs</b>	The interest accrued on debt obligations less any interest earned on cash bank balances and from intra-group companies on any loan advances.
<b>Profit After Taxation</b>	The profit made by the Group/Company during the financial year net of any income taxes incurred.

Profitability Ratios	
<b>Growth in Revenue (YoY)</b>	This represents the growth in revenue when compared with previous financial year.
<b>Gross Profit Margin</b>	Gross profit as a percentage of total revenue.
<b>EBITDA Margin</b>	EBITDA as a percentage of total revenue.
<b>Operating (EBIT) Margin</b>	Operating margin is the EBIT as a percentage of total revenue.
<b>Net Margin</b>	Net income expressed as a percentage of total revenue.
<b>Return on Common Equity</b>	Return on common equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing the net income by the average common equity (average equity of two years financial performance).
<b>Return on Assets</b>	Return on assets (ROA) is computed by dividing net income by average total assets (average assets of two years financial performance).

Cash Flow Statement	
<b>Cash Flow from Operating Activities (CFO)</b>	Cash generated from the principal revenue producing activities of the Group/Company less any interest incurred on debt.
<b>Cash Flow from Investing Activities</b>	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Group/Company.
<b>Cash Flow from Financing Activities</b>	Cash generated from the activities that result in change in share capital and borrowings of the Group/Company.
<b>Capex</b>	Represents the capital expenditure incurred by the Group/Company in a financial year.
<b>Free Cash Flows (FCF)</b>	The amount of cash the Group/Company has after it has met its financial obligations. It is calculated by taking Cash Flow from Operating Activities less the Capex of the same financial year.

<b>Balance Sheet</b>	
<b>Total Assets</b>	What the Group/Company owns which can be further classified into Non-Current Assets and Current Assets.
<b>Non-Current Assets</b>	Assets, full value of which will not be realised within the forthcoming accounting year
<b>Current Assets</b>	Assets which are realisable within one year from the statement of financial position date.
<b>Inventory</b>	Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale.
<b>Cash and Cash Equivalents</b>	Cash and cash equivalents are Group/Company assets that are either cash or can be converted into cash immediately.
<b>Total Equity</b>	Total Equity is calculated as total assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.
<b>Total Liabilities</b>	What the Group/Company owes which can be further classified into Non-Current Liabilities and Current Liabilities.
<b>Non-Current Liabilities</b>	Obligations which are due after more than one financial year.
<b>Current Liabilities</b>	Obligations which are due within one financial year.
<b>Total Debt</b>	All interest-bearing debt obligations inclusive of long and short-term debt.
<b>Net Debt</b>	Total debt of a Group/Company less any cash and cash equivalents.

<b>Financial Strength Ratios</b>	
<b>Current Ratio</b>	The Current ratio (also known as the Liquidity Ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares current assets to current liabilities.
<b>Quick Ratio (Acid Test Ratio)</b>	The quick ratio measures a Group's/Company's ability to meet its short-term obligations with its most liquid assets. It compares current assets (less inventory) to current liabilities.
<b>Interest Coverage Ratio</b>	The interest coverage ratio is calculated by dividing EBITDA of one period by cash interest paid of the same period.
<b>Gearing Ratio</b>	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance total assets.
<b>Gearing Ratio Level 1</b>	Is calculated by dividing Net Debt by Total Equity.
<b>Gearing Ratio Level 2</b>	Is calculated by dividing Total Liabilities by Total Assets.
<b>Gearing Ratio Level 3</b>	Is calculated by dividing Net Debt by Total Equity.
<b>Net Debt / EBITDA</b>	The Net Debt / EBITDA ratio measures the ability of the Group/Company to refinance its debt by looking at the EBITDA.

<b>Other Definitions</b>	
<b>Yield to Maturity (YTM)</b>	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.