

# SECURITIES NOTE

DATED 6 DECEMBER 2021

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules issued by the MFSA and in accordance with the provisions 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 being offered by the Issuer pursuant to the Bond Issue. Application has been made for the admission to listing and trading of the Bonds of the Company 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 Company.

Issue of €15,500,000 4.55% Secured Bonds 2032  
By



A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA WITH  
COMPANY REGISTRATION NUMBER C 95618

Due on the Redemption Date  
with the joint and several Guarantee\* of the Guarantor

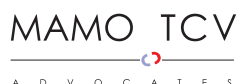
\*Prospective investors are to refer to the Guarantee contained in Annex II of this Securities Note forming part of the Prospectus for a description of the scope, nature and term of the Guarantee. Reference should also be made to the Sections entitled "Risks" or "Risk Factors" contained in the Summary, the Registration Document and this Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the Guarantee provided by the Guarantor.

ISIN: MT0002591205

Sponsor, Manager & Registrar



Legal Counsel



**THIS SECURITIES NOTE HAS BEEN APPROVED BY THE MFSA, AS COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MFSA ONLY APPROVED 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 ISSUER AND 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, THE SUBJECT OF THIS SECURITIES NOTE.**

**THE MFSA 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, THE SUBJECT OF THIS SECURITIES NOTE.**

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

Approved by the Directors



Edward Vella

signing in his capacity as Director of the Company and for and on behalf of:  
Lora Cascun, Sarah Cassar, Stephen Paris, Joshua Vella and Joseph M. Zrinzo.

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## **Important Information**

IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES, THE COMPANIES ACT AND THE PROSPECTUS REGULATION, THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY THE ISSUER OF €15,500,000 BONDS 2032 OF A NOMINAL VALUE OF €100 PER BOND ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 4.55% PER ANNUM PAYABLE ANNUALLY ON 7 FEBRUARY OF EACH YEAR UNTIL THE REDEMPTION DATE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON THE REDEMPTION DATE UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE COMPANY OR ITS DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SECURITIES OF THE COMPANY OTHER THAN THOSE CONTAINED IN THIS REGISTRATION DOCUMENT 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 COMPANY OR ITS DIRECTORS OR ADVISERS.

**THE SECURITIES NOTE HAS BEEN APPROVED BY THE MFSA AS COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MFSA ONLY APPROVES THIS SECURITIES NOTE 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 ISSUER THAT IS THE SUBJECT OF THIS SECURITIES NOTE.**

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.

IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THE PROSPECTUS AND ANY PERSONS WISHING TO ACQUIRE 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 OF THE COMPANY ADMITTED TO TRADING ON THE MSE 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 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 THE 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) WHICH HAS IMPLEMENTED THE PROSPECTUS REGULATION ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF SAID REGULATION, THE SECURITIES CAN ONLY BE OFFERED TO "QUALIFIED INVESTORS" (AS DEFINED IN SAID 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 SAID REGULATION.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE MFSA 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.

**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.**

ALL THE ADVISERS TO THE COMPANY NAMED IN THE REGISTRATION DOCUMENT UNDER THE HEADING "IDENTITY OF DIRECTORS, ADVISERS, SECURITY TRUSTEE AND AUDITORS" IN SECTION 4 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE COMPANY 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 INFORMATION ON THE ISSUER'S WEBSITE DOES NOT FORM PART OF THE PROSPECTUS UNLESS THAT INFORMATION IS INCORPORATED BY REFERENCE INTO THE PROSPECTUS.

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

THIS SECURITIES NOTE IS VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE THEREOF. FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD, THE ISSUER IS NOT OBLIGED TO SUPPLEMENT THIS SECURITIES NOTE IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES.

## 1. Definitions

Words and expressions and capitalised terms used in this Securities Note shall, except where the context otherwise requires and except where otherwise defined herein, bear the same meaning as the meaning given to such words, expressed and capitalised terms as indicated in the Registration Document forming part of the Prospectus. Additionally, the following words and expressions as used in this Securities Note shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

<b>Applicant/s</b>	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
<b>Application/s</b>	an applicant for the Bonds, being an Authorised Financial Intermediary (applying for its own account and/or for its underlying clients) and/or underlying clients of an Authorised Financial Intermediary that are applying through the Authorised Financial Intermediary;
<b>Application Form</b>	the subscription agreement/s and/or application/s to subscribe to Bonds made by an Applicant/s;
<b>Authorised Financial Intermediaries</b>	the list of authorised financial intermediaries contained in Annex I 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>CSD</b>	the Central Securities Depository of the MSE;
<b>Interest Payment Date</b>	7 February of each year between and including each of the years 2023 and the year 2032, 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>	the offer of Bonds, pursuant to this Prospectus, by the Issuer to the Authorised Financial Intermediaries, for their own account and/or for the purposes of allocating the Bonds to their own clients;
<b>Issue Date</b>	expected on 7 February 2022;
<b>Nominal Amount</b>	means €100 per Bond;
<b>Offer Period</b>	the period between 10 January 2022 to 28 January 2022 during which the Bonds are on offer;
<b>Redemption Value</b>	the nominal value of each Bond (€100 per Bond); and
<b>Terms and Conditions</b>	the terms and conditions of issue of the Bonds set out in section 4 and 6 of this Securities Note.

Unless it appears otherwise from the context:

- a. Words importing the singular shall include the plural and *vice-versa*;
- b. Words importing the masculine gender shall include also 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. The word "person" shall refer to both natural and legal persons.

## 2. Risk Factors

**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 ON THE REDEMPTION DATE UNLESS THE BONDS ARE PREVIOUSLY RE-PURCHASED AND CANCELLED. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE.**

**AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.**

**NEITHER THIS SECURITIES NOTE, NOR ANY OTHER PARTS OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BONDS: (I) IS 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, MANAGER & REGISTRAR OR AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS SECURITIES NOTE OR ANY OTHER PART OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS OR ANY BONDS, SHOULD PURCHASE ANY BONDS.**

**ACCORDINGLY PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT 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 forward-looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the Issuer’s Directors. No assurance is given that the future results or expectations will be achieved.

### 2.2 Suitability of Investment

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

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

### 2.3 Risks Relating to the Bonds

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

- a. The impact of COVID-19, and other infectious illness outbreaks that may arise in the future, could adversely affect the economies of many nations or the entire global economy, individual issuers and capital markets in ways that cannot necessarily be foreseen. The existence of an orderly and liquid market for the Bonds depends on a number of factors including, but not limited to, the presence of willing buyers and sellers of the Issuer’s Bonds at any given time. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market in which the Bonds are traded, over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price, or at all.
- b. 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.
- c. 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.
- d. 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 MFSA 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 MFSA may discontinue the listing of the Bonds on the MSE. Any such trading suspensions or listing revocations/discontinuations could have a material adverse effect on the liquidity and value of the Bonds.

- e. 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 4.17 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.
- f. The Bonds and the Terms and Conditions of the Bond Issue are based on the requirements of the Capital Markets Rules, the Act and the Regulation in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Prospectus.

## **2.4 Risks relating to the Guarantee and the Security Interest**

- a. The Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and secured obligations of the Issuer, guaranteed by the Guarantor and shall at all times rank *pari passu* without any priority or preference among themselves. However, whilst the Bond Obligations are secured by the Security Interest, they may rank after causes of preference which may be constituted by operation of law. There can be no guarantee that privileges accorded by law in specific situations will not arise during the course of the business of each of the Issuer and the Guarantor which may rank with priority or preference to the Security Interest. In view of the fact that the Bonds are being guaranteed by the Guarantor on a joint and several basis, the Security Trustee, for the benefit of the Bondholders, shall be entitled to request the Guarantor to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount, when due in terms of the Prospectus. The joint and several Guarantee also entitles the Security Trustee to take action against the Guarantor without having to first take action against the Issuer. The strength of this undertaking on the part of the Guarantor and therefore, the level of recoverability by the Security Trustee from the Guarantor of any amounts due under any of the Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantor.
- b. Whilst the Security Interest includes hypothecated immovable property, there can be no guarantee that the value of the relevant hypothecated immovable property over the term of the Bonds will be sufficient to cover the full amount of interest and principal outstanding under the Bonds. This may be caused by a number of factors not least of which general economic factors that could have an adverse impact on the value of the relevant hypothecated immovable property. If such circumstances were to arise or subsist at the time that the Security Interest is to be enforced by the Trustee, it could have a material adverse effect on the recoverability of all the amounts that may be outstanding under the Bonds.
- c. The Bond Obligations are secured by the Security Interest and, as explained in the immediately preceding paragraph, the value of the Security Interest upon realisation may not be sufficient to cover the full amount of interest and principal outstanding under the Bonds. This may be caused by a number of factors not least of which, general economic factors that could have an adverse impact on the value of the relevant hypothecated immovable property. If such circumstances were to arise or subsist at the time that the Security Interest is to be enforced by the Trustee, it could have a material adverse effect on the recoverability of all the amounts that may be outstanding under the Bonds.
- d. The Bond Obligations are secured by the Security Interest and (i) the Guarantor has constituted further hypothecs and privileges as security (even over the Casa Antonia Property) for its own and related parties' obligations which are outside the scope of this Bond Issue and (ii) the hypothec given over the Casa Antonia Property is a first ranking up to a maximum of €16,275,000. As such, should the Guarantee and the Security Interest not cover the full amount of interest and principal outstanding under the Bonds, the rights of the Bondholders, beyond the Security Interest, will rank after the aforementioned security constituted by the Guarantor.
- e. By acquiring Bonds, a Bondholder is considered to be bound by the terms of the Security Trust Deed as if he/she/it had been a party to it. The Security Trust Deed contains a number of provisions which prospective investors ought to be aware of prior to acquiring the Bonds. For instance, in terms of the Security Trust Deed (i) the Security Trustee is not bound to take any such steps or proceedings or take any other action to enforce the security constituted by the Security Interest 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 to which it is entitled under the Security Trust Deed or by law or by virtue of any release or indemnity granted to it and all such sums as aforesaid shall be so retained and paid in priority to the claims of the Bondholders and shall constitute an additional charge upon the property charged with the Security Interest.



### 3. Persons Responsible

This document 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 and the Bonds. All of the directors of the Issuer, whose names appear under the sub-heading “**Directors**” under the heading “**Identity of Directors, Advisers, Security Trustee and Auditors**” in Section 4 of the Registration Document, accept responsibility for the information contained in this Securities Note.

To the best of the knowledge and belief of the Directors, 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 of the Issuer accept responsibility accordingly.

#### 3.1 Consent for Use of Prospectus

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

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

- i. in respect of the Bonds subscribed for through Authorised Financial Intermediaries of this Securities Note during the Offer Period;
- ii. to any resale or placement of the Bonds taking place in Malta;
- iii. to any resale or placement of the Bonds taking place within the period of 60 days from the date of the Prospectus.

None of the Issuer, the Sponsor, Manager & Registrar or any of their respective advisors take any responsibility for any of the actions of any Authorised Financial Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale or placement of Bonds.

Other than as set out above, neither the Issuer nor the Sponsor, Manager & Registrar has authorised (nor do they authorise or consent to the use of this 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 has any responsibility or liability for the actions of any person making such offers.

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

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

**In the event of a resale, placement or other offering of the Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary will provide information to investors on the terms and conditions of the resale, placement or other offering at the time such is made.**

Any resale, placement or other offering of the Bonds to an investor by an Authorised Financial Intermediary will be made in accordance with any terms and other arrangements in place between such Authorised Financial Intermediary and such investor including as to price, allocations and settlement arrangements. Where such information is not contained in the Prospectus, it will be the responsibility of the applicable Authorised Financial Intermediary at the time of such resale, placement or other offering to provide the investor with that information and neither the Issuer nor the Sponsor, Manager & Registrar has any responsibility or liability for such information.

**Any Authorised Financial Intermediary using this Prospectus in connection with a resale, placement or other offering of the 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 this Prospectus for such resale, placement or other offering 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 Financial Intermediaries unknown at the time of 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.stanthonyplc.com.mt](http://www.stanthonyplc.com.mt)

## 4. Essential Information

### 4.1 Reasons for the Issue and Use of Proceeds

For the purpose of this section 4.1, the following definitions are repeated:

“**CAL Debt**” means the unsecured amount of €3,000,000 outstanding and owed by Goldvest to CAL as part of the purchase price for the Casa Antonia Property.

“**BOV Repayment**” means a repayment to be made to BOV as a result of which BOV Loan I will be settled in full, with the remaining balance to be put toward partial repayment of BOV Loan II.

The Bond Proceeds, which net of Bond Issue expenses are expected to amount to approximately fifteen million one hundred and fifty thousand Euro (€15,150,000) will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

the amount of *circa* €10,000,000 will be used to make the BOV Repayment<sup>1</sup>;  
the amount of *circa* €2,000,000 will be used to repay the CAL Debt<sup>2</sup>; and  
the amount of *circa* €3,150,000 will be used for general corporate funding.

All Bond Proceeds shall be held by the Security Trustee and will be released by the Security Trustee in order to (i) make the BOV Repayment and simultaneously constitute the Security Interest and (ii) partially repay the CAL Debt, in accordance with the provisions of the Security Trust Deed. The remaining amount of Bond Proceeds shall be transferred to the Issuer for general corporate funding.

The Security Trustee will receive the Bond Proceeds on behalf of the Issuer and release the Bond Proceeds in accordance with this section 4.1. It is anticipated that (i) the share capital of Goldvest will be amended so as to create a separate class of preference B shares in Goldvest, and (ii) subsequently, Goldvest will issue and allot the aforementioned preference B shares to the Issuer against (a) a noncash consideration consisting of the payment of the BOV Repayment and the partial repayment of the CAL Debt and (b) a cash consideration of *circa* €3,150,000.

In the event that the Bond Issue is not at least 60% subscribed, 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 Financial Intermediaries shall be returned by the Issuer acting through the Sponsor, Manager & Registrar, without interest, by direct credit transfer to the respective Authorised Financial Intermediary to the account number indicated on the respective Application Form by 7 February 2022. Neither the Issuer nor the Sponsor, Manager & Registrar will be responsible for any charges, loss or delays in transmission of the refunds. In this regard, any monies returnable to Authorised Financial Intermediaries may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act, 1994 (Chapter 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

### 4.2 Expenses

Professional fees and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed three hundred and fifty thousand Euro (€350,000). There is no particular order of priority with respect to such expenses.

<sup>1</sup> Please see sub-section 5.7 of the Registration Document which provides more detail on the BOV Repayment; and

<sup>2</sup> Please see sub-section 5.7 of the Registration Document which provides more detail on the CAL Debt



### 4.3 Issue Statistics

<b>Amount:</b>	€15,500,000;
<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>Denomination:</b>	Euro (€);
<b>ISIN:</b>	MT0002591205;
<b>Minimum amount per subscription:</b>	Minimum of €2,000 and multiples of €100 thereafter;
<b>Redemption Date:</b>	7 February 2032;
<b>Redemption Value</b>	At par (€100 per Bond);
<b>Plan of Distribution:</b>	The Bonds are open for subscription by all categories of investors, including the general public;
<b>Bond Issue Price:</b>	At par (€100 per Bond);
<b>Status of the Bonds:</b>	the Bonds shall constitute the general, direct, and unconditional secured obligations of the Issuer, guaranteed by the Guarantor. The Bond Obligations shall be secured by the Security Interest;
<b>Listing:</b>	The MFSA has approved the Bonds for admissibility to listing and subsequent trading on the Official List of the Malta Stock Exchange. Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List;
<b>Offer Period:</b>	10 January 2022 to 28 January 2022 both days included;
<b>Interest:</b>	4.55% <i>per annum</i> ;
<b>Interest Payment Date(s):</b>	annually on 7 February as from 7 February 2023 (the first interest payment date);
<b>Governing Law of Bonds:</b>	The Bonds are governed by and shall be construed in accordance with Maltese law; and
<b>Jurisdiction:</b>	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with 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.

### 4.4 Interest of Natural and Legal Persons Involved in the Issue

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

### 4.5 General

Each Bond forms part of a duly authorised issue of 4.55% Bonds 2032 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €15,500,000 (except as otherwise provided under section 4.16 “**Further Issues**”). The Issue Date of the Bonds is 7 February 2022.

- a. The currency of the Bonds is Euro (€).
- b. Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned ISIN MT0002591205
- c. Unless previously purchased and cancelled the Bonds shall be redeemable at par on the Redemption Date.
- d. The issue of the Bonds is made in accordance with the requirements of the Capital Markets Rules, the Act, and the Prospectus Regulation.
- e. The Bond Issue is not underwritten.
- f. There are no special rights attached to the Bonds other than as specified in section 4.7 hereunder.

### 4.6 Ranking of the Bonds

Save as hereunder provided, the Bonds constitute the general, direct, unconditional and secured obligations of the Issuer, guaranteed by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference, among themselves. The Bond Obligations shall be secured by the Security Interest. Third party security interests may be registered by the Issuer which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.

For the purpose of this section 4.6, the following definitions are applicable, some of which are repeated for ease of reference:

“**BOV Loan I**” means a fixed term loan of €9,625,550 which is repayable over a period of thirteen (13) years starting from January 2022.

“**BOV Loan II**” means a fixed term loan of €8,050,000 which is repayable over a period of sixteen (16) inclusive of a two (2) year moratorium starting from June 2020, during which interest is to be paid.

“**OD**” means an overdraft facility of €50,000.

(BOV Loan I, BOV Loan II and the OD collectively the “**BOV Borrowings**”)

“**BOV Repayment**” means the €10,000,000 that will be utilised to make a payment to BOV to repay BOV Loan I in full, with the remaining balance (*circa* €374,450) to be put toward partial repayment of BOV Loan II; and

“**BOV Current Security**” means the BOV Loan I Security, the BOV Loan II Security, the OD Security and the CAL Borrowings Security.

“**BOV Remaining Security**” means the BOV Current Security as amended, cancelled and/or postponed in terms of and as better described in the penultimate paragraph of this section 4.6.

“**CAL Debt**” means the unsecured amount of €3,000,000 outstanding and owed by Goldvest to CAL as part of the purchase price for the Casa Antonia Property.

“**Goldvest Debt**” means the unsecured amount of €5,150,000 outstanding and owed by Company to CAL as the purchase price for Goldvest.

“**PD**” means principal debtor, “**JSS**” means joint and several surety, “**SH**” means special hypothec, “**GH**” means general hypothec and “**SP**” means special privilege.

“**Remaining Debts**” mean the CAL Debt, the Goldvest Debt, the Second CAL Debt, the Second Goldvest Debt and the Third CAL Debt,

“**Second CAL Debt**” means the unsecured amount of €6,000,000 outstanding and owed by Goldvest to CAL in relation to the COVID Loans.

“**Second Goldvest Debt**” means the unsecured amount of €587,834 outstanding and owed by Company to CAL in relation to the purchase price for Goldvest.

“**Third CAL Debt**” means the unsecured amount of €2,771,000 outstanding and owed by Goldvest to CAL in relation to refurbishment costs associated with the Imperial Property.

#### **A. The BOV Current Security and the BOV Remaining Security**

As per section 5.7 of the Registration Document, as at the date of the Prospectus, Goldvest has the BOV Borrowings in place with BOV.

- BOV Loan I is secured in favour of BOV as follows:
  - GH granted by Goldvest;
  - SH and SP over the Imperial Property granted by Goldvest;
  - SH over the Casa Antonia Property granted by Goldvest;
  - GH granted by CAL as JSS.

(collectively the “**BOV Loan I Security**”).

- BOV Loan II is secured in favour of BOV as follows:
  - GH granted by Goldvest;
  - GH granted by CAL;
  - SH and SP over the Imperial Property granted by Goldvest; and
  - SH over the Casa Antonia Property granted by Goldvest.

(collectively the “**BOV Loan II Security**”).

- The OD is secured in favour of BOV as follows:
  - GH granted by Goldvest;
  - SH over the Imperial Property granted by Goldvest;
  - SH over the Casa Antonia Property granted by Goldvest; and
  - GH granted by CAL as JSS.

(collectively the “**OD Security**”).

Lastly, as security for the BOV Borrowings, BOV also enjoys a pledge on comprehensive insurance policy covering the full replacement value of the Casa Antonia Property and the Imperial Property (the “**Pledge**”).

In addition to the above, CAL also has the following facilities with BOV in place:

- a fixed term loan of €4,000,000 to be repaid by October 2034 (“**FT Loan I**”);
- a fixed term loan of €4,849,500 to be repaid by January 2035 (“**FT Loan II**”);
- COVID-19 Assist loan of €4,000,000 to be repaid over a period not exceeding 6 years (i.e. August 2026) (“**COVID Loan I**”); and
- COVID-19 Assist loan of €2,000,000 to be repaid over a period not exceeding 6 years (i.e. August 2026) (“**COVID Loan II**”).

(**COVID Loan I and COVID Loan II collectively the “COVID Loans”** and the COVID Loans, FT Loan I and FT Loan II collectively the “**CAL Borrowings**”).

The CAL Borrowings have been provided as Goldvest acts as guarantor for the CAL Borrowings and has provided security in terms of the same as hereunder described:

- FT Loan I is secured in favour of BOV as follows:
  - GH granted by CAL; and
  - SH over the Casa Antonia Property granted by Goldvest as JSS.
- FT Loan II is secured in favour of BOV as follows:
  - GH granted by CAL;
  - GH granted by Goldvest as JSS; and
  - SH over the Imperial Property granted by Goldvest as JSS.
  - SH over the Casa Antonia Property granted by Goldvest as JSS.
- COVID Loan I is secured in favour of BOV as follows:
  - GH granted by CAL;
  - GH granted by Goldvest as JSS.
- COVID Loan II is secured in favour of BOV as follows:
  - GH granted by CAL;
  - GH granted by Goldvest as JSS.

(the security provided in respect of the CAL Borrowings, collectively the “**CAL Borrowings Security**”)

As better described in sub-section 4.1 of this Securities Note, €10,000,000 of the Bond Proceeds will be utilised to make the BOV Repayment. Upon the issue and allotment of the Bonds, the Security Trustee shall receive and retain the Bond Proceeds as security for the Bond Obligations in favour of the Bondholders. Following the issue and allotment of the Bonds, the Security Trustee shall make the BOV Repayment and contemporaneous with the said BOV Repayment being made, the Security Interest will be constituted and, with respect to the BOV Current Security:

- BOV Loan I Security will be cancelled;
- BOV Loan II Security will be reduced to the amount outstanding on Loan II following the BOV Repayment (*circa* €7,675,550); and
- insofar as BOV Loan II Security, the CAL Borrowings Security and the OD Security are concerned, and only with respect to the Casa Antonia Property, (i) the Pledge and (ii) the privileges and hypothecary rights (general and special) in favour of BOV shall be postponed in favour of the Bondholders up to an amount of €16,275,000, to allow for the constitution of the Security Interest. The rights being postponed are those emanating *inter alia* from the following registrations duly inscribed in the Public Registry of Malta:

- H.2211/2017
- H.3193/2017
- H.12422/2017
- H.12423/2017
- H.8942/2020
- H.8943/2020
- H.8944/2020
- H.8945/2020
- H.22458/2021
- H.22459/2021

It is important to note that (i) the aforementioned postponement by BOV is up to an amount of €16,275,000 and (ii) there can be no guarantee that the value of the relevant hypothecated immovable property over the term of the Bonds will be sufficient to cover the Bond Obligations. Furthermore, the Guarantor has, as better described above and by way of the BOV Current Security, constituted further hypothecs and privileges as security for its own and related parties’ obligations which are outside the scope of this Bond Issue. As such, should the Security Interest not cover the full amount of interest and principal outstanding under the Bonds, the rights of the Bondholders, beyond the Security Interest, will rank after the BOV Remaining Security.

## **B. The Cross Guarantees**

The Issuer and OpCo shall also be providing customary unsupported cross guarantees to secure (i) the BOV Borrowings (as will be reduced through the repayment of BOV Loan I and partial repayment of BOV Loan II) and (ii) the CAL Borrowings. As such, should the Security Interest not cover the full amount of interest and principal outstanding under the Bonds, the rights of the Bondholders, beyond the Security Interest, will, insofar as the repayment obligations of the Company are concerned, rank *pari passu* with BOV.

### C. The Remaining Debts

The Remaining Debts are unsecured and therefore, until repaid, in an event of the insolvency of the Company, beyond the Security Interest and should the Security Interest not be sufficient to satisfy all the Bond Obligations, the Bondholders and CAL shall rank *pari passu*.

#### 4.7 Rights attaching to the Bonds

This Securities Note in its entirety contains the terms and conditions of issue of the Bonds and creates the contract between the Issuer and a Bondholder. Any and all references to the terms and conditions of the Bonds shall be construed as a reference to all and each section of this Securities Note. A Bondholder shall have such rights as are, pursuant to this Securities Note, attached to the Bonds, including:

- i. the repayment of capital;
- ii. the payment of interest;
- iii. ranking with respect to other indebtedness of the Issuer in accordance with the provisions of section 4.6 above;
- iv. the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
- v. enjoy all such other rights attached to the Bonds emanating from the Prospectus.

#### 4.8 Interest

The Bonds shall bear interest from and including 7 February 2022 at the rate of 4.55% *per annum* on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be made on 7 February 2023 (covering the period 7 February 2022 to 6 February 2023). 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. In terms of article 2156 of the Civil Code (Cap. 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.

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.

#### 4.9 Yield

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds is 4.55% *per annum*.

#### 4.10 Registration, Form, Denomination and Title

Certificates will not be delivered to Bondholders in respect of the Bonds. The entitlement to the Bonds will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There will be entered in such electronic register the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers, and any other relevant information as required from time to time, 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.

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

Upon submission of an Application Form, Bondholders who opt to subscribe for the online e-portfolio account with the CSD, by marking the appropriate box on the Application Form, 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. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by 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 the afore-mentioned website.

The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100, provided that on subscription the Bonds will be issued for a minimum of €2,000 per individual Bondholder. Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €2,000 to each underlying client.

Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including 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 section 4.15 of this Securities Note.

## **4.11 Redemption and Repurchase of the Bonds**

### **4.11.1 Redemption at Maturity**

The Issuer shall redeem all, but not only some, of the outstanding Bonds in full on the Redemption Date with an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest. If the Redemption Date is not a Business Day, then the redemption shall occur on the following applicable Business Day.

### **4.11.2 Issuer's purchase of Bonds**

The Issuer may, subject to applicable law, at any time and at any price purchase Bonds on the market or in any other way, provided that the Bonds will be cancelled by the Issuer.

### **4.11.3 Discharge of Obligations**

In terms of this sub section 4.11.3, 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 is payable by the Bondholders.

## **4.12 Payments**

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, 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 affected within seven (7) days of the Redemption Date. The Issuer shall not be responsible for any charges, loss or delay in transmission. 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.

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. Such payment shall be affected within seven (7) days of the Interest Payment Date. The Issuer shall not be responsible for any loss or delay in transmission.

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

No commissions or expenses shall be charged by the Issuer to Bondholders in respect of such payments. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

## **4.13 Redemption and Purchase**

Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 7 February 2032. 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 is payable by the Bondholders. Subject to the provisions of this sub section 4.13, 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. All Bonds repurchased by the Issuer shall be cancelled forthwith and may not be re-issued or re-sold.

## **4.14 Events of Default**

Pursuant to the Trust Deed, the Security Trustee may in its absolute and uncontrolled discretion, and shall upon the request in writing of not less than seventy five per cent (75%) in nominal value of the Bonds then outstanding, by notice in writing to the Issuer and Guarantor declare the Bonds to have become immediately due and repayable at their principal amount together with accrued interest, upon the happening of any of the following events ("Events of Default"):

- a. the Issuer fails to effect the payment of interest under the Bonds on an Interest Payment Date and such failure continues for a period of sixty (60) days after written notice thereof by the Security Trustee to the Issuer;
- b. the Issuer fails to pay the principal amount of a Bond on the date fixed for its redemption and such failure continues for a period of sixty (60) days after written notice thereof by the Security Trustee to the Issuer;
- c. the Issuer fails duly to perform or shall otherwise be in breach of any other material obligation contained in the Prospectus and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by a Bondholder;



- d. 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 month;
- e. the Issuer stops payment of its debts or ceases or threatens to cease to carry on its business;
- f. the Issuer or Guarantor is unable to pay its debts within the meaning of section 214(5) of the Act, or any statutory modification or re-enactment thereof;
- g. a judicial or provisional administrator is appointed upon the whole or any part of the property of the Issuer or Guarantor; and such appointment is certified by the Security Trustee to be prejudicial, in its opinion, to the Bondholders;
- h. an order is made or an effective resolution is passed for winding up of the Issuer or Guarantor, except for the purpose of a reconstruction, amalgamation or division, the terms of which have been approved in writing by the Security Trustee;
- i. the Issuer or Guarantor commits a breach of any of the covenants or provisions contained in the Trust Deed and on its part to be observed and performed and the said breach still subsists for thirty (30) days after having been notified by the Security Trustee (other than any covenant for the payment of interests or principal monies owing in respect of the Bonds);
- j. the security constituted by any hypothec, pledge or charge upon the whole or any part of the undertaking or assets of the Issuer or Guarantor shall become enforceable and steps are taken to enforce the same and the taking of such steps shall be certified in writing by the Security Trustee to be in its opinion prejudicial to the Bondholders;
- k. any representation or warranty made or deemed to be made or repeated by or in respect of the Issuer or Guarantor is or proves to have been incorrect in any material respect in the sole opinion of the Security Trustee;
- l. any material indebtedness of the Issuer or Guarantor is not paid when properly due or becomes properly due and payable or any creditor of the Issuer or Guarantor (as the case may be) becomes entitled to declare any such material indebtedness properly due and payable prior to the date when it would otherwise have become properly due or any guarantee or indemnity of the Issuer or Guarantor in respect of indebtedness is not honoured when properly due and called upon; PROVIDED THAT for the purposes of this provision, material indebtedness shall mean an amount exceeding €1,000,000 (one million Euro);
- m. the Issuer or Guarantor repudiates, or does or causes or permits to be done any act or thing evidencing an intention to repudiate the Bonds and/or the Trust Deed; or
- n. all, or in the sole opinion of the Security Trustee, a material part, of the undertakings, assets, rights, or revenues of or shares or other ownership interests in the Issuer or Guarantor are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government.

Upon any such declaration being made as aforesaid the said 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. Provided that in the event of any breach by the Issuer or Guarantor of any of the covenants, obligations or provisions herein contained due to any fortuitous event of a calamitous nature beyond the control of the Issuer or Guarantor, then the Security Trustee may, but shall be under no obligation so to do, give the Issuer or Guarantor such period of time to remedy the breach as in its sole opinion may be justified in the circumstances and if in its sole opinion the breach is remediable within the short term and without any adverse impact on the Bondholders.

Provided further that in the circumstances contemplated by this proviso, the Security Trustee shall at all times act on and in accordance with any directions it may receive in a meeting of Bondholders satisfying the conditions set out in the Trust Deed. The Security Trustee shall not be bound to take any steps to ascertain whether any event of default or other condition, event or circumstance has occurred or may occur, and, until it shall have actual knowledge or express notice to the contrary, the Security Trustee shall be entitled to assume that no such event of default or condition, event or other circumstance has happened and that the Issuer and Guarantor are observing and performing all the obligations, conditions and provisions on their respective parts contained in the Bonds and the Trust Deed.

#### **4.15 Transferability of the Bonds**

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

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 as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person.

All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.

The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Issuer.



The Issuer will not take into account 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.

#### **4.16 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 or upon such terms as the Issuer may determine at the time of their issue.

#### **4.17 Meetings of Bondholders**

The Issuer may, through the Security Trustee, 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 effect any change to the applicable Terms and Conditions of the Bonds.

A meeting of Bondholders shall be called by the Directors by giving the Security Trustee not less than twenty-one (21) days' notice in writing. Upon receiving due notice from the Directors, the Security Trustee shall call such meeting by giving 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 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 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 4.17, at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

The amendment or waiver of any of the Terms and Conditions contained in this Securities Note may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.

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 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, in person or by proxy, shall constitute a quorum, and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.

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.

Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the directors or their representative shall present to 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.

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

The proposal placed before a meeting of Bondholders shall only be considered approved if at least 75% 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.

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.

#### **4.18 Authorisations and approvals**

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a board of directors' resolution passed on 24 November 2021. The MFSA has authorised the Bonds as admissible to the Official List pursuant to the Capital Markets Rules by virtue of a letter dated 6 December 2021.

The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 7 February 2022 and trading may commence as from the next Business Day therefrom.

#### **4.19 Notices**

Notices will be mailed to Bondholders 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 at his registered address and posted.

#### **4.20 Governing Law and Jurisdiction**

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

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.

### **5. Taxation**

#### **5.1 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 them in respect of the Bonds, including their acquisition, holding and transfer as well as on any income derived therefrom or on any gains derived on the transfer of such Bonds. The following is a summary of the anticipated tax treatment applicable to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive.

The information below is based on 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. 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.

#### **5.2 Tax on Interest**

Since interest is payable in respect of a Bond which is the subject of a public issue and such interest should constitute "investment income" in terms of article 41(a)(iv)(1) of the Income Tax Act, Chapter 123 of the Laws of Malta (the 'Income Tax Act'), unless the Bondholder elects, by means of an instruction in writing sent to the Issuer in terms of article 35 of the Income Tax Act, 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, interest shall be paid to such person net of a final withholding tax, currently at the rate of fifteen percent (15%) (ten percent (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 abovementioned 'investment income' final withholding tax and should seek advice on the taxation of such income as special rules may apply.

Article 41(c) of the Income Tax Act defines the term "recipient" for the purposes of the provisions therein applicable to "investment income", and includes (*inter alia*) a person (or a receiver, guardian, tutor, curator, judicial sequestrator, trustee, foundation or other fiduciary acting on behalf of a person) who is resident in Malta during the year in which "investment income" is payable to him/her, and EU/EEA nationals (and their spouse were applicable) who are not resident in Malta for Maltese tax purposes but who apply the tax rates applicable to Maltese residents on the basis that the income that arises in Malta is at least 90% of their world-wide income.

The aforementioned withholding tax is considered a final tax and a Maltese resident individual Bondholder is not obliged to declare the interest so received in his or her income tax return (to the extent that the interest is paid net of tax). No person should be charged to further tax in respect of such income. Furthermore, such tax should not be available as a credit against the recipient's tax liability or for a refund, as the case may be, for the relevant year of assessment in Malta. The Issuer will render an account to the Maltese Commissioner for Revenue of all payments of qualifying 'investment income' as well as an account of the amounts so deducted, including the identity of the recipient.

In the case of a valid election in terms of article 35 of the Income Tax Act 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 or her Maltese income tax return and be subject to tax on such interest at the standard rates applicable to such Bondholder at that time. Additionally, in this latter case the Issuer will advise the Maltese Commissioner for 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.

#### **5.3 Exchange of Information**

In terms of the applicable Maltese legislation, the Issuer and/or its agent may be required to collect and forward certain information (including, but not limited to, information regarding payments made to certain Bondholders) to the Maltese Commissioner for 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.

### **5.3.1 The Common Reporting Standard and the Directive on Administrative Cooperation**

The Organisation for Economic Co-operation and Development ('OECD') has developed a global framework, commonly known as the Common Reporting Standard ('CRS') for the identification and timely reporting of certain financial information on individuals, and controlling persons of certain entities, who hold financial accounts with financial institutions of participating jurisdictions in order to increase tax transparency and cooperation between tax administrations. Numerous jurisdictions, including Malta, have signed the OECD multilateral competent authority agreement, which is a multilateral agreement outlining the framework to automatically exchange certain financial and personal information as set out within CRS.

So as to introduce an extended automatic exchange of information regime in accordance with the global standard released by the OECD, CRS has also been adopted in the EU through the implementation of Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of tax information in the field of taxation. This has been transposed in Malta by means of Legal Notice 384 of 2015 amending the Cooperation with Other Jurisdictions on Tax Matters Regulations, Subsidiary Legislation 123.127 ('CRS Legislation'), and has been applicable since 1 January 2016. In terms of this legal notice, the automatic exchange of information obligations shall extend to jurisdictions that are not EU Member States with which there is a relevant arrangement in place.

Malta based financial institutions (defined as such for the purposes of CRS) are obliged to identify and annually report to the Malta Commissioner for Revenue financial accounts held by a reportable person, as defined under the CRS Legislation, including certain entities with one or more controlling persons, as defined under the CRS Legislation. Financial information relating to the Bonds and the holders thereof may fall within the purview of CRS and may be subject to reporting and information exchange provisions.

Under CRS, financial institutions resident in a CRS participating jurisdiction (such as Malta) would be required to apply onerous due-diligence procedures for the identification of reportable accounts. Bondholders may be required to provide certain information and certifications to financial institutions, such as qualifying custodians or any intermediaries, in order to satisfy their obligations under CRS. Certain confidential information in relation to the Bondholders and/or other reportable persons may be reported to the Commissioner for Revenue or other relevant overseas tax authorities and automatically exchanged pursuant to these arrangements with the tax administrations of other participating jurisdictions.

*Prospective investors are advised to seek professional advice in relation to the CRS and EU Council Directive 2014/107/EU. Not complying with the CRS rules may give rise to certain fines or closure of financial accounts*

### **5.3.2 Foreign Account Tax Compliance Act**

The United States of America ('U.S.') has enacted rules, commonly referred to as 'FATCA', that generally impose a reporting regime and, in some cases withholding requirements, with respect to certain U.S. source payments (including dividends and interest), gross proceeds from the disposition of property that can produce U.S. source interest and dividends as well as certain payments made by, and financial accounts held with, entities that are classified as financial institutions under FATCA. The U.S. has entered into an intergovernmental agreement with Malta dated 6 December 2013 regarding the implementation of FATCA with in Malta which has been implemented into Maltese law through the Exchange of Information (United States of America) (FATCA) Order, Subsidiary Legislation 123.156 ('FATCA Legislation').

Under the FATCA Legislation, financial institutions in Malta (defined as such for the purposes of FATCA) are required to satisfy applicable due diligence requirements 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 Malta Commissioner for Revenue. The Maltese Government and the Government of the U.S. shall annually exchange the information obtained pursuant to the FATCA Legislation on an automatic basis.

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. In order to comply with its FATCA obligations, if any, the Issuer and/or its agent may be required to obtain certain information, forms and other documentation on the Bondholders to report information on reportable accounts to the Commissioner for Revenue, in accordance with applicable laws and regulations, which will in turn report this information to the Internal Revenue Service in the U.S. Bondholders should note that a specified US person in terms of FATCA may include a wider range of investors than the current U.S. Person definition referred to in the Terms And Conditions Of Application.

Financial institutions 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 any referring legislation. In the case of failure to provide satisfactory documentation and/or information, financial institutions may take such action as it thinks fit, including without limitation, the closure of the financial account.

## **5.4 Taxation on Capital Gains on a Transfer of the Bonds**

On the basis that the Bonds should 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", and to the extent that the Bonds are held as capital assets by the Bondholder, no income tax or capital gains should be chargeable in respect of a transfer of the Bonds.

### Duty on Documents and Transfers

In terms of the Duty on Documents and Transfers Act, Chapter 364 of the Laws of Malta (the “Duty on Documents and Transfers Act”), duty of 2% on the consideration or the real value (whichever is higher) is chargeable, *inter alia*, on the transfer or transmission *causa mortis* of a “marketable security”. However, on the basis that the Bonds should not fall within the definition of a “marketable security”, defined in the Duty on Documents and Transfers Act as “a holding of share capital in any company and any document representing the same”, the transfer/transmission of the Bonds should not be chargeable to duty.

Furthermore, in terms of article 50 of the Financial Markets Act, Chapter 364 of the Laws of Malta, as the Bonds should constitute qualifying financial instruments of a company quoted on a regulated market (that is, the MSE) any transfers or transmissions of the Bonds should, in any case, be exempt from duty.

**THE ABOVE INFORMATION IS BASED ON TAX LAW AND PRACTICE APPLICABLE AS AT THE DATE OF THIS PROSPECTUS. 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 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 AND DEPENDS, AMONG OTHER THINGS, ON THE PARTICULAR INDIVIDUAL CIRCUMSTANCES OF THE INVESTORS AND OF THE CLASSIFICATION OF THE BONDS FROM A MALTESE TAX PERSPECTIVE.**

## 6. Terms and Conditions of the Bond Issue

### 6.1 Expected Timetable of the Bond Issue

1. Application forms available	3 January 2022
2. Opening and closing of subscription lists relative to the Offer Period	10 January 2022 to 28 January 2022, both days included
3. Commencement of interest on the Bonds	7 February 2022
4. Expected date of announcement of basis of acceptance	7 February 2022
5. Refunds of unallocated monies	7 February 2022
6. Expected dispatch of allotment advices	7 February 2022
7. Expected date of admission of the securities to listing	7 February 2022
8. Expected date of commencement of trading in the securities	8 February 2022
9. Expected completion date for the constitution of Security Interest	Not later than 17 February 2022

The Issuer reserves the right to close the Offer Period before 28 January 2022 in the event that the Bonds are fully subscribed prior to such date, in which case, the subsequent events set out in the ‘Expected Timetable of the Bond Issue’ shall be anticipated in the same chronological order in such a way as to retain the same number of Business Days between the said events.

### 6.2 Terms and Conditions of Application

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 Applicant on the other.

- (a) The issue and allotment of the Bonds is conditional upon: (i) the Trust Deed and the agreement/s granting the Guarantee and the Pledge being executed, (ii) the Bond Issue being at least 60% subscribed, and (iii) the Bonds being admitted to the Official List of the MSE. In the event that either of the aforesaid conditions is not satisfied within 20 Business Days of the close of the Offer Period, any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant’s bank account as indicated by the Applicant.
- (b) The general public may subscribe for Bonds either by completing an Application Form and lodging same with any of the Authorised Financial Intermediaries or through the Authorised Financial Intermediaries in the manner instructed thereby during the Offer Period, which will open at 08:30 hours on 10 January 2022 and will close no later than 12:00 hours on 28 January 2022. In the event of an Intermediaries’ Offer, the general public may apply for the Bonds through the respective Authorised Financial Intermediary in the manner instructed thereby.
- (c) The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by Applicants is €2,000. Applications for the Bonds must be accompanied by the full price of the Bonds applied for, in Euro.
- (d) By submitting an Application, the Applicant is thereby confirming to the Issuer and the Authorised Financial Intermediary through whom the Application is made that the Applicant’s remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the respective Authorised Financial Intermediary and Issuer reserve the right to invalidate the relative Application. Furthermore the Applicant will not be entitled to be registered in the register of Bondholders, unless the Applicant makes payment in cleared funds and such consideration is accepted by the respective Authorised Financial Intermediary (which acceptance shall be made in the Authorised Financial Intermediary’s absolute discretion and may be on the basis that the Applicant indemnifies the Authorised Financial 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).



- (e) The contract created by the Issuer's acceptance of an Application submitted by a prospective bondholder through an Authorised Financial Intermediary shall be subject to all the terms and conditions set out in this Securities Note and the Memorandum and Articles of Association of the Issuer.
- (f) If an Application is submitted on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person submitting such Application will be deemed to have duly bound his 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 and the Registrar, but it shall not be the duty or responsibility of the Registrar or Issuer to ascertain that such representative is duly authorised to submit an Application.
- (g) Legal entities (including corporations or corporate entities or associations of persons) applying for the Bonds need to have a valid Legal Entity Identifier ("LEI") which needs to be valid and unexpired, at least, until the admission to listing of the Bonds. Without a valid LEI code the Application would be cancelled by the respective Authorised Financial Intermediary or the Issuer acting through the Registrar and subscription monies will be returned to the Applicant.
- (h) In the case of joint applicants, 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. The person first-named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all joint Applicants. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held. It shall not be incumbent on the Registrar or the Issuer to verify the signatory/ies on any Application Form submitted.
- (i) 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-à-vis* the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bond (which shall be due to the bare owner). It shall not be incumbent on the Registrar or the Issuer to verify the signatory/ies on any Application Form submitted.
- (j) Applications in the name of deceased persons shall not be accepted by the Issuer and Authorised Financial Intermediaries.
- (k) Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or the legal guardian/s and may be required to be accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application is submitted. 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 parents / legal guardian/s signing the Application Form until such time as the minor attains the age of 18 years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer is duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. It shall not be incumbent on the Registrar or the Issuer to verify the signatory/ies on any Application Form submitted.
- (l) 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.
- (m) No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any registration or other legal requirements.
- (n) It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself 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.
- (o) Subject to all other terms and conditions set out in the Prospectus, the Issuer through the Registrar or the Authorised Financial Intermediary reserve 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 through the Registrar or the Authorised Financial Intermediary, is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents.
- (p) By not later than 7 February 2022, the Issuer shall announce the result of the Issue through an announcement on its website. The result of the Bond Issue will also be made public via a company announcement upon listing of the Bonds.
- (q) In the event that an Applicant has not been allocated any Bonds or has 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 cheque sent by mail to the address shown on the Application Form, or by credit transfer to such account indicated in the Application Form, at the Applicant's sole risk within 10 Business Days from the date of final allocation. The Authorised Financial Intermediaries, the Registrar and the Issuer shall not be responsible for any charges, loss or delay arising in connection with such direct credit transfer.
- (r) For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations 2008 (Legal Notice 180 of 2008, as subsequently amended), all Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the "Members' Code of Conduct" appended as Appendix 3.6 of the MSE Bye-Laws, irrespective of whether the Authorised Financial Intermediaries are MSE members or

not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679 for the purposes and within the terms of the MSE's data protection and privacy policy as published from time to time.

- (s) It shall be incumbent on the respective Authorised Financial 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 anti-money laundering and counter-terrorist financing rules and regulations, all applicable MiFIR requirements as well as applicable MFSA Conduct of Business Rules and MFSA Rules for investment services providers.
- (t) By submitting an Application, 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 and in the case where an MSE account number is provided by the Applicant, such MSE account number is the correct account of the Applicant. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on any Application Form submitted and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;
  - iii. authorises the Issuer, the Registrar and the MSE to process the personal data that the Applicant provides on Application, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679. The Applicant has the right to request access to, and rectification of, the personal data relating to him/her as processed in relation to the Bond Issue. Any such requests must be made in writing and sent to the MSE. The requests must further 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 remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
  - vi. agrees to provide the Authorised Financial Intermediary, the Registrar and/or the Issuer, as the case may be, with any information which may be requested 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 Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer, the Registrar or the Authorised Financial Intermediary acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bond or his/her Application;
  - viii. warrants that all applicable exchange control or other such 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) as well as not to be 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 all documents in connection with the issue of the Bonds will be sent at the Applicant's own risk and may be sent by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in any Application Form submitted by the Applicant or on its behalf; and
  - xi. 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.
- (u) Any licensed financial intermediary effecting a transfer of Bonds in the secondary market shall be required to carry out an Appropriateness Test and, if providing advice, a Suitability Test, in respect of the transferee, and be satisfied, based on the results of such test (or tests, as applicable), that an investment in the Bonds may be considered appropriate and/or suitable (as applicable) for such transferee.

### 6.3 Plan of Distribution and Allotment

The Bond Issue is open for subscription by all categories of investors including the general public and will be distributed by the Authorised Financial Intermediaries participating in the Intermediaries' Offer. Accordingly, the Issuer has reserved the full amount of the Bond Issue for subscription by Authorised Financial Intermediaries for their own account or for the account of their underlying clients.

In this regard, the Issuer shall enter into conditional subscription agreements with a number of Authorised Financial Intermediaries for the subscription of Bonds, whereby it will bind itself to allocate the Bonds to the Authorised Financial Intermediaries in accordance with the terms of such subscription agreements. In terms of each subscription agreement to be entered into with an Authorised Financial Intermediary, the Issuer will be conditionally bound to issue, and each Authorised Financial Intermediary will be conditionally bound to subscribe for, such number of Bonds specified in the relevant subscription agreement subject to approval by the MSE of the Issuer's application for the Bonds to be admitted to listing and trading on the Official List. Each subscription agreement will become binding on each of the Issuer and the relevant Authorised Financial Intermediary upon signing, subject to receipt by the Sponsor of all subscription proceeds in cleared funds on the date specified in the signed subscription agreement.



Authorised Financial Intermediaries subscribing for Bonds may do so for their own account or for the account of their underlying clients, and shall in addition, be entitled to distribute any portion of the Bonds subscribed to their underlying clients upon commencement of trading or instruct the Sponsor to issue a portion of the Bonds subscribed by them directly to their underlying clients.

#### **6.4 Pricing**

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

#### **6.5 Allocation Policy**

The Issuer shall allocate the entirety of the Bonds to Authorised Financial Intermediaries participating in the Intermediaries' Offer, without priority or preference and in accordance with the allocation policy determined by the Issuer and the Sponsor. The Issuer shall announce the results of the Bond Issue, upon the admission of the Bonds to listing and the basis of acceptance of Applications and allocation policy, through a company announcement. It is expected that any allotment advice will be made available to Applicants by the CSD shortly after listing of the Bonds. The registration advice and other documents and 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). Such monies will not bear interest while retained as aforesaid.

#### **6.6 Admission to Trading**

- i. The MFSA has authorised the Bonds as admissible to listing pursuant to the Capital Markets Rules by virtue of a letter dated 6 December 2021.
- ii. Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List of the Malta Stock Exchange.
- iii. The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 7 February 2022 and trading is expected to commence on 8 February 2022.

#### **6.7 Credit rating**

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

#### **6.8 Additional Information**

Save for the financial analysis summary set out as Annex III 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 has been included in the form and context in which they appear with the authorisation of Calamatta Cuschieri Investment Services Limited (C 13729) with registered address situated at Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta. Calamatta Cuschieri Investment Services Limited has given and has not withdrawn its consent to the inclusion of such reports herein. Calamatta Cuschieri Investment Services Limited does not have any material interest in the Company. The Company confirms that the financial analysis summary has been accurately reproduced in the Prospectus and that there are no facts of which the Company is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

# **Annex I – List of Authorised Financial Intermediaries**

**Bank of Valletta p.l.c.**

Address: Premium Banking Centre, Triq il-Kbira San Guzepp, St Venera SVR 1011

Telephone: 22751732

**Calamatta Cuschieri Investment Services Ltd**

Address: Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034

Telephone: 25688688

**FINCO Treasury Management Ltd**

Address: The Bastions, Office No 2, Emvin Cremona Street, Floriana FRN 1281

Telephone: 21220002

**MeDirect Bank (Malta) p.l.c.**

Address: The Centre, Tigne` Point, Sliema TPO 0001

Telephone: 25574400

**Michael Grech Financial Investment Services Limited**

Address: The Brokerage, Level O A, St Marta Street, Victoria VCT 2550, Gozo

Telephone: 21554492

# Annex II – Guarantee

To: **Alter Domus Trustee Services (Malta) Limited**

Vision Exchange Building, Triq it-Territorjals, Zone 1,

Central Business District, Birkirkara CBD 1070, Malta

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

[.] 2021

Dear Sirs,

Re: GUARANTEE & INDEMNITY

**Goldvest Company Limited (C 18266) (hereinafter together with our lawful successors and assigns referred to as the “Guarantor”), having noted that:**

- I. by virtue of a prospectus dated 6 December 2021 issued by St. Anthony Co. p.l.c. (the “**Issuer**”) in connection with the issue of €15.5 million 4.55% Bonds 2032 (as the same may be amended, varied or supplemented hereinafter referred to as the “**Prospectus**”) the Issuer shall, under the joint and several guarantee of the Guarantor, issue up to €15,500,000 in Bonds at an annual interest rate of 4.55% to be redeemed and finally repaid on 7 February 2032 subject to the terms and conditions of the Prospectus (the “**Secured Bonds**”);
- II. the Guarantor is a subsidiary company of the Issuer;
- III. in connection with the issue of the Bonds, the Guarantor has agreed to grant and execute this Guarantee and Indemnity (hereinafter referred to as “**Guarantee**”) in favour of the Security Trustee for the benefit of the Bondholders; and
- IV. the Guarantor has agreed to the conclusion and execution of this Guarantee in favour of the Security Trustee for the benefit of the Bondholders;

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

## 1. INTERPRETATION

In this Guarantee, unless the context otherwise requires:

- (a) terms and expressions defined in or construed for the purposes of the Prospectus shall have the same meanings or be construed in the same manner when used in this Guarantee, unless defined otherwise in this Guarantee;
- (b) “**Indebtedness**” means any and all moneys, obligations and liabilities now or hereafter due, owing or incurred by the Issuer under the Secured Bonds to the Bondholders in terms of the Prospectus and in any and all cases whether for principal, interests, capitalised interests, charges, disbursements, or otherwise and whether for actual or contingent liability;
- (c) “**writing**” or “**in writing**” shall mean any method of visual representation and shall include facsimile transmissions, telexes and other such electronic methods.

## **2. GUARANTEE**

### **2.1 COVENANT TO PAY**

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

### **2.2 MAXIMUM LIABILITY**

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

**€15,500,000 (fifteen million five hundred thousand Euro)**

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

### **2.3 INDEMNITY**

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

## **3. CONTINUING AND UNCONDITIONAL LIABILITY**

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

- (a) the bankruptcy, insolvency or winding up of the Issuer; or
- (b) the incapacity or disability of the Issuer; or
- (c) any change in the name, style, constitution, any amalgamation or reconstruction of either the Issuer or Guarantor; or
- (d) the Security Trustee conceding any time or indulgence, or compounding with, discharging, releasing or varying the liability of the Issuer or any other person liable or renewing, determining, reducing, varying or increasing any accommodation or transaction or otherwise dealing with the same in any manner whatsoever or concurring in, accepting or in any way varying any compromise, composition, arrangement or settlement or omitting to claim or enforce or exact payment from the Issuer or any other person liable.

The Guarantor is hereby expressly consenting to any assignments and transfers made by the Issuer in accordance with the Prospectus and this without the need of any prior or subsequent notice to the Guarantor and without any prejudice to the rights of the Security Trustee hereunder.

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

- 4.1 This Guarantee shall be for the full amount of the Indebtedness due from time to time. The liability of the Guarantor under this Guarantee shall be decreased from time to time to the extent, if any, that the Issuer or the Guarantor shall have made any irrevocable payment of the Indebtedness.
- 4.2 Until the Indebtedness has been paid in full the Guarantor agrees that it will not, without the prior written consent of the Security Trustee:
- (a) exercise any rights of subrogation, reimbursement and indemnity against the Issuer or any other person liable for the Indebtedness; or
  - (b) demand or accept repayment, in whole or in part, of any indebtedness now or hereafter due to the Guarantor either from the Issuer or from any other person liable for the Indebtedness or demand any collateral in respect of same or dispose of same; or
  - (c) take any step to enforce any right against the Issuer or any other person liable for the Indebtedness; or
  - (d) claim any set-off or counter-claim against the Issuer or any other person liable for the Indebtedness nor shall the Guarantor claim or prove in competition with the Security Trustee in the liquidation of the Issuer or any other person liable for the Indebtedness or benefit or share any payment from or in composition with the Issuer or any other person liable for the Indebtedness.

**5. ADDITIONAL GUARANTEE**

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

**6. NO ASSIGNMENT**

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

**7. REPRESENTATIONS AND WARRANTIES**

- 7.1 The Guarantor represents and warrants:
- (i) that it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business;
  - (ii) that it has power to grant this Guarantee and that this Guarantee is duly authorised and all corporate action has been taken by the Guarantor in accordance with its deeds of constitution and the laws of its incorporation and regulation;
  - (iii) that this Guarantee constitutes and contains valid and legally binding obligations of the Guarantor enforceable in accordance with its terms;
  - (iv) that this Guarantee does not and will not constitute default with respect to or run counter to any law, by-law, articles of incorporation, statute, rule or regulation, to which the Guarantor is or may be subject;
  - (v) that the granting of this Guarantee is in the commercial interest of the Guarantor and that the Guarantor acknowledges that it is deriving commercial benefit therefrom.
- 7.2 As from the date of this Guarantee, until such time as the Indebtedness is paid in full to the Security Trustee or until such time as the Guarantor is released from the Guarantee by the Security Trustee, and for as long as this Guarantee shall remain in force, the Guarantor shall hold true, good and valid all the representations and warranties given under this clause.

## 8. DEMANDS AND PAYMENTS

8.1 All the Indebtedness shall be due by the Guarantor under this Guarantee as a debt, certain, liquidated and due on the sixtieth (60th) day following the Security Trustee's first written demand to the Guarantor to pay in the case of an Event of Default under the Prospectus. All demands shall be sent to the address or facsimile or other numbers as are stated below in Article 9 as the same may be changed by notice in writing by one party to the other.

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

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

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

## 9. NOTICES

Any notice required to be given by any party hereto to the other party shall be deemed to have been validly served if delivered by hand or sent by pre-paid registered letter through the post or by facsimile to such other party at his address given herein or such other address as may from time to time be notified to the other party for this purpose and any notice so served shall be deemed to have been served, if delivered by hand, at the time of delivery, or if by post, seven (7) days after posting and if by facsimile, at the time of transmission of the facsimile.

For the purposes of this Guarantee, the proper addresses and numbers of the Parties are:

### **St. Anthony Co. p.l.c.**

**Address:** Casa Antonia, Pope Alexander VII Junction, Balzan BZN 1530, Malta

**Telephone No:** +356 21470 677

**Contact Person:** Ms Elaine Naudi

### **Goldvest Company Limited**

**Address:** Hotel Imperial, Rudolph Street, Sliema SLM 1279, Malta

**Telephone No:** +356 2145 6440

**Contact Person:** Ms Elaine Naudi

### **Alter Domus Trustee Services (Malta) Limited**

**Address:** Vision Exchange Building, Triq it-Territorjals, Zone 1, Central Business District, Birkirkara CBD 1070, Malta

**Telephone No:** +356 2205 1000

**Contact Person:** Mr Chris Casapinta

Provided that each party may at any time change such address or telefax number by giving seven (7) days' prior written notice to the other party. Every notice, request, demand, letter or other communication hereunder shall be in writing and shall be delivered by hand or by post or through any other communication methods including telex, telefax or otherwise and shall be deemed to be received in case of post within seven (7) days of dispatch or in case of other methods immediately upon confirmed transmission.



## 10. APPLICABLE LAW AND JURISDICTION

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

Any dispute, controversy or claim arising out of or relating to this Guarantee or as to the interpretation, validity, performance or breach thereof shall be referred to and finally resolved by arbitration under the UNCITRAL Rules of Arbitration in accordance with the provisions of Part V (International Arbitration) of the Arbitration Act, 1996. Any arbitration commenced pursuant to this clause shall take place in Malta and be administered by the Malta Arbitration Centre. The number of arbitrators shall be three (3), one arbitrator to be appointed by each of the Parties or, in default, by the Malta Arbitration Centre, whereas the third arbitrator shall be appointed by the first two arbitrators or, if they fail to agree on such an appointment, by the Malta Arbitration Centre. No appeal shall lie from any such award given.

Yours faithfully,

\_\_\_\_\_  
Name: [-]  
duly authorised, for and on behalf of  
**St. Anthony Co. p.l.c.**

Yours faithfully,

\_\_\_\_\_  
Name: [-]  
duly authorised, for and on behalf of  
**Goldvest Company Limited**

WE ACCEPT.

\_\_\_\_\_  
Name: [-]  
duly authorised, for and on behalf of  
**Alter Domus Trustee Services (Malta) Limited**

## ANNEX III – FINANCIAL ANALYSIS SUMMARY



The Directors  
St. Anthony Co p.l.c.  
Casa Antonia,  
Pope Alexander VII Junction  
Balzan BZN 1530  
Malta

6 December 2021

### Re: Financial Analysis Summary – 2021

Dear Sirs,

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 St. Anthony Co p.l.c. (the “**Issuer**”) as explained in part 1 of the Analysis. The data is derived from various sources or is based on our own computations as follows:

- (a) Historical financial data for the three years ended 31 December 2018, 2019 and 2020 has been extracted from the audited financial statements of Casa Antonia Limited for the three years in question.
- (b) The forecast data for the financial years ending 2021, 2022 and 2023 has been provided by management.
- (c) Our commentary on the Issuer’s results and financial position is based on the explanations set out by the Issuer in the Prospectus and on the MFSA Listing Policies.
- (d) The ratios quoted 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 or websites providing financial data.

The Analysis is meant to assist potential investors by summarising the more important financial data set out in the Prospectus. The Analysis does not contain all data that is relevant to potential investors and is meant to complement, and not replace, the contents of the full Prospectus. The Analysis does not constitute an endorsement by our firm of the proposed bond issue and should not be interpreted as a recommendation to invest in 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. Potential investors are encouraged to seek professional advice before investing in the Issuer’s securities.

Yours sincerely,

Nick Calamatta  
Director

# FINANCIAL ANALYSIS SUMMARY



**St. Anthony**  
Co. P.l.c.

**St. Anthony Co. p.l.c.**

**6 December 2021**

**Prepared by Calamatta Cuschieri  
Investment Services Ltd**

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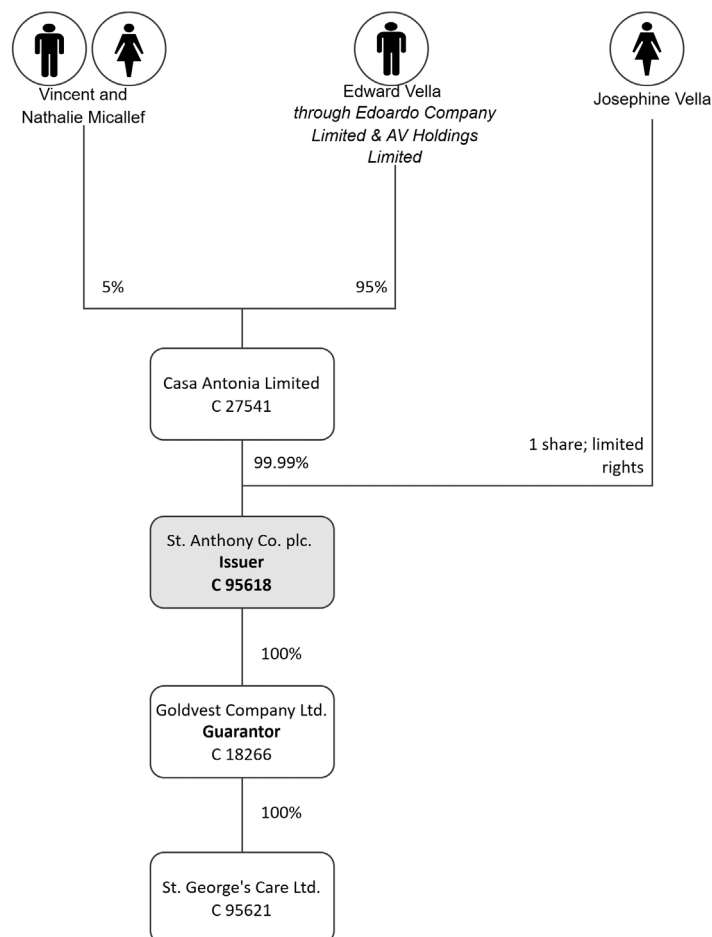
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## Part 1 – Information about the Group

St. Anthony Co p.l.c. is issuing €15.5 million 4.55% Secured Bonds 2032 pursuant to a prospectus dated 6 December 2021. This Financial Analysis Summary has been prepared in line with the MFSA Listing Policies

### 1.1 Issuer’s Key Activities and Structure

The Group structure is as follows:



The “Group” of companies or the “Casa Antonia Group”, consists of St. Anthony Co p.l.c. (the “Issuer” or “SACL”); Casa Antonia Limited as the parent company of said Issuer; and the Issuer’s two subsidiary companies, Goldvest Company Limited, acting as the “Guarantor” of the Group, and St. George’s Care Ltd. The principal business activity of the Group is the ownership, development, and operation of retirement homes.

Prior to a group restructuring exercise carried out in Q2 and Q3 of 2020, Casa Antonia Limited (“CAL”) directly owned and operated the Casa Antonia retirement home, and directly owned Goldvest Company Limited, which owns the new Imperial Palace retirement home. Further detail may be found in section 1.4. of this Analysis.

The Issuer, which is a fully owned subsidiary of CAL, was incorporated on 18 May 2020 and registered under Maltese Law as a public liability company with registration number C 95618. The Issuer has an authorised share capital of €30,000,000 divided into 2,499,999 Ordinary A Shares, 1 Ordinary B Share, 20,000,000 Ordinary C Shares, and 7,500,000 Ordinary D Shares, all having a nominal value of €1 each. The issued share capital of the Issuer is €14,676,284 divided into 1,199 Ordinary A Shares, 1 Ordinary B Share, and 14,675,084 Ordinary C Shares of €1 each, all fully paid up.

The principal objective of the Issuer is that of a holding and finance company and to promote, the ownership and operation of nursing and residential retirement homes, offering long term, short-stay, and respite care. As such, the Issuer is mainly dependent on the business prospects of the subsidiaries.

Goldvest Company Limited (“Goldvest”), company registration number C 18266, was set up on 12 April 1995 and currently acts as the Guarantor of the Group. It is a property holding company and is the legally registered owner of the Casa Antonia and Imperial Palace properties.

The Guarantor has an authorised share capital of €26,625,895.75 divided into 610,000 Ordinary A shares, 2,234,497 Ordinary B shares, and 8,586,002 Ordinary C shares all having a nominal value of €2.329373 each. The issued share capital is €19,900,851.48 divided into 610,000 A ordinary shares, €1,584,537 Ordinary B Shares, and €6,340,900 Ordinary C Shares, all having a nominal value of €2.329373 each. The sole shareholder of Goldvest is the Issuer.

St. George’s Care Limited (“SGCL”), company registration number C 95621, was incorporated on 18 May 2020. The principal activity of SGCL is to carry out the operations of both the Casa Antonia retirement home and the Imperial Palace retirement home.

## 1.2 Directors and Key Employees

### Board of Directors – Issuer

As of the date of this Analysis, the board of directors of the Issuer is constituted by the following persons:

Name	Office Designation
Dr Sarah Cassar	Executive Director
Mr Edward Vella	Executive Director
Mr Joshua Vella	Executive Director
Ms Lora Cascun	Non-Executive Director
Mr Stephen Paris	Non-Executive Director
Mr Joseph M. Zrinzo	Non-Executive Director

The business address of all of the directors is the registered office of the Issuer.

Dr Luca Vella is the company secretary of the Issuer.

The board of the Issuer is composed of six directors who are entrusted with its overall direction and management. The executive directors are entrusted with the decision-making and the day-to-day management of the Issuer, whereas the non-executive directors, all of whom are independent of the Issuer, monitor the executive activity of the Issuer and contribute to the development of its corporate strategy, by providing objective and impartial scrutiny.

### Board of Directors – Guarantor

As of the date of this Analysis, the board of directors of the Guarantor is constituted by the following persons:

Name	Office Designation
Dr Malcolm Cassar	Executive Director
Dr Sarah Cassar	Executive Director
Mr Carmel Pullicino	Executive Director
Mr Edward Vella	Executive Director

The business address of all of the directors is the registered office of the Issuer.

Dr Malcolm Cassar is the company secretary of the Guarantor.

The board of the Guarantor is composed of four directors who are entrusted with its overall direction and management of the day-to-day management.

## 1.3 Major Assets owned by the Group

### Casa Antonia Retirement Home

Casa Antonia is a nursing and residential home, offering long term care, short-stay convalescent, and respite care. The home started operating in 2003 and is located in Balzan, overlooking the Presidential Palace and the San Anton Gardens.

The home has 80 rooms with a capacity of 169 beds. Facilities within Casa Antonia include an outdoor swimming pool equipped with rails; a chapel; and a library. In its current state, this property is currently valued at €20m.

### Imperial Palace

The Imperial Palace site is located in central Sliema. The retirement home is positioned at the higher end of the market by offering an upmarket location and wide-ranging amenities. The project incorporates extensive features such as a cinema, gym, meeting rooms, foyers, billiard room, a state-of-the-art spa and indoor pool, and 6 additional roof level rooms offering improved views. Certain amenities will also be open for use by non-residents in order to generate additional income for the Group.

The development comprises of 252 beds across a number of single, double rooms, and shared rooms. It also incorporates a high dependency unit that will cater for 27 residents. Management indicated that the total development costs of the project amounted to €23.2m, excluding the land acquisition costs, and the Imperial Palace received its first guests on 3 May 2021. This property is currently valued at €42.6m.

## 1.4 Operational Developments

As provided for in section 1.1 above, the principal activity of the Issuer is concerned with the ownership, development, and operation of retirement homes.

Prior to the group restructuring exercise carried out in 2020, CAL owned and operated the Casa Antonia retirement home, and directly owned the Guarantor, which owns the new Imperial Palace.

### Restructuring exercise

As part of the restructuring process, all commercial substance and assets discussed in section 1.3 of this Analysis, have been transferred to a new group structure under the Issuer in the following steps:

- The Issuer and SGCL were incorporated as subsidiaries to CAL and the Guarantor respectively. Goldvest was acquired by CAL in February 2017 and now acts as the Group's Guarantor and property company, which fully owns Casa Antonia and Imperial Palace.
- CAL transferred Casa Antonia property to the Guarantor for a consideration of €17.0m.
- CAL transferred its shareholding in Goldvest to the Issuer for €5.15m.
- CAL transferred its going concern operations to SGCL for a consideration of *circa* €1m.
- €14.8m of amounts due from the Guarantor and the Issuer to CAL in relation to the above-mentioned transfers were assigned and capitalised. The remaining balance was retained as a back-to-back loan that mirrored bank debt obligations further upstream of the SACL group. In summary, the remaining payables comprise of:
  - i. €9.8m mirrors the interest and repayment terms of borrowings retained in upstream entities and which relate to Casa Antonia and Imperial Palace.
  - ii. A €3.0m payable in part settlements of dues related to the transfer of Casa Antonia to the SACL group. €2.0m of said amount will be settled through bond proceeds, and which will be applied as repayments of upstream loans used to partly finance the original acquisition of Goldvest (i.e. the Imperial Palace property).
  - iii. €807k in relation to trade and other payables retained at CAL.



### Use of proceeds

The net proceeds of the bond issue, which are expected to amount within the region of €15.15 million, are earmarked by the Issuer for the following purposes:

- Circa €10.0m to be used to refinance existing bank loans that are currently at Guarantor level;
- Circa €2.0m of bond proceeds shall be used to pay CAL for the partial settlement of the amount owed for the acquisition of the Casa Antonia property; and
- Circa €3.15m to be kept for general corporate funding purposes.

Bond issue costs are estimated at €350k and consist of broker, sponsor, legal, and financial advisory fees.

### 1.5 COVID-19 impact on the Group's operational and financial performance

The COVID-19 pandemic has had a dramatic impact on world economies since March 2020, significantly causing disruption to business and economic activity. Travel and freedom of movement remain conditioned despite an aggressive vaccine drive in Malta, while the rest of Europe is expected to be tackling their backlog until the latter parts of 2021.

The Group may be adversely affected by the wider macroeconomic effect of the ongoing COVID-19 pandemic and any possible future outbreaks. While the final effects of the COVID-19 pandemic are, at this stage, difficult to assess, it is possible that it will have a substantial negative effect on the Group's operations, mainly in terms of occupancy rate of the Group's retirement homes. These effects may also take place in case of any possible future outbreaks.

A spread of such diseases amongst the employees of the Group, as well as any quarantines affecting the employees of the Group or the Group's facilities, may reduce the possibility of the Group's personnel to carry out their work and thereby affect the Group's operations. In addition, the current pandemic and any possible future outbreaks of viruses may have an adverse effect on the Group's care home residents and its suppliers, resulting in a deficit of production inputs necessary for the Group to carry out its operations.

Notwithstanding the potential negative repercussions stemming from the pandemic, the Group, to date, maintained respectable occupancy rates in terms of its retirement homes. Management noted that the decrease in occupancy rates experienced during 2020 was predominantly as a result of restrictions concerning the on-boarding of new residents during the lock-down period. While it has been noted that such restrictions have since been lifted, management is conscious that it is operating in a sector that caters to vulnerable persons, whose health and well-being must remain its paramount concern. However, save for the aforementioned decline in occupancy rates, the operations at Casa Antonia were not adversely impacted by the current pandemic.

Importantly, apart from the additional costs incurred and the full use of personal protective equipment at Casa Antonia, management highlighted that the following measures were taken to minimise the impact of COVID-19 on the Imperial Palace site:

- The body temperature of all contractors and their staff was monitored every morning at the entrance to the site;
- 40 beds were prepared on-site for workers should the eventuality of a lockdown for construction works have been introduced, thus ensuring that works were carried on; and
- All materials and equipment were locally available meaning that the COVID-19 situation should have not deterred the delivery time plans.

In light of their experience with the COVID-19 cases found in Casa Antonia in September 2020, management indicated that the Group is in a strong position to control any cases within its homes due to the following:

- Casa Antonia's resident capacity is 169 beds, spread over 4 tumoli of land.
- Within Casa Antonia, rooms are either single rooms or shared by a maximum of 2 persons.
- Both of the above factors allow for a high area per resident ratio, which helps control the spread when compared to other, denser elderly homes.
- The Imperial Palace is based on the same concept as Casa Antonia.
- The Imperial Palace has reached an average occupancy of 44 beds in September 2021. Management indicated that should it be deemed required, residents may be relocated from Casa Antonia to the Imperial Palace to provide more space and a lower occupancy rate while the COVID-19 pandemic persists.

## Part 2 – Historical Performance and Forecasts

In view of the Group restructuring exercise explained above, the financial statements detailed below, from sections 2.1 to 2.3 include the consolidated historical financial statements of CAL, due to the fact that prior to the Group restructuring, CAL was the owner and the operator of Casa Antonia retirement home. Following the restructuring, the ownership of the Casa Antonia retirement home was moved to the Guarantor while the day-to-day operations were moved to SGCL.

The financial projections of the Issuer are found in section 2.4 of this Analysis. These projected financials relate to events in the future and are based on assumptions which the Group believes to be reasonable. In view of that, the actual outcome may adversely be affected by unforeseen situations and the variation between forecast and actual results may be material.

### 2.1 The Group's Statement of Comprehensive Income

Income Statement	FY 2018	FY 2019	FY 2020
	€000s	€000s	€000s
Revenue	4,111	4,258	4,226
Cost of sales	(2,555)	(2,497)	(2,445)
<b>Gross profit</b>	<b>1,556</b>	<b>1,761</b>	<b>1,781</b>
Administration expenses	(962)	(937)	(1,328)
<b>EBITDA</b>	<b>594</b>	<b>824</b>	<b>453</b>
Depreciation	(59)	(60)	(63)
<b>Operating profit</b>	<b>535</b>	<b>764</b>	<b>390</b>
Other income	–	–	15
Net finance costs	(360)	(281)	(300)
<b>Profit before tax</b>	<b>175</b>	<b>483</b>	<b>105</b>
Income tax	(128)	(247)	(47)
<b>Profit for the Year</b>	<b>47</b>	<b>236</b>	<b>58</b>
Revaluation	–	–	1,757
<b>Total comprehensive income</b>	<b>47</b>	<b>236</b>	<b>1,815</b>

Ratio Analysis	FY 2018	FY 2019	FY 2020
<b>Profitability</b>			
Growth in Revenue (YoY Revenue Growth)	N/A	3.6%	-0.8%
Gross Profit Margin (Gross Profit / Revenue)	37.8%	41.4%	42.1%
EBITDA Margin (EBITDA / Revenue)	14.4%	19.4%	10.7%
Operating (EBIT) Margin (EBIT / Revenue)	13.0%	17.9%	9.2%
Net Margin (Profit for the year / Revenue)	1.1%	5.5%	1.4%
Return on Common Equity (Net Income / Total Equity)	0.4%	2.2%	0.5%
Return on Assets (Net Income / Total Assets)	0.2%	0.7%	0.1%

The main source of revenue for the Group can be broken down into three parts: room revenue, care revenue, and other revenue. Room revenue includes income from the provision of accommodation to the elderly. Management indicated that residents either pay on a monthly basis or in advance for a number of months. In FY20, circa 18 residents have opted to pay for the year in advance and were given 30 days free accommodation.

Care revenue includes income from the provision of general care and health care services provided by CAL's carers to residents of the home. Room rates are charged on a per bed or per room basis, whilst care revenue is charged on a needs basis. Other revenue includes the provision of home care services and in out of pocket costs, such as doctor fees and medication, which were then recharged back to clients.

On the expenditure side, the Group's cost of sales amounted to €2.4m in FY20. Cost of sales reflects the direct costs of the services provided and are mainly made up of salaries and food and beverage costs. Salaries include those paid to care staff, catering staff, and maintenance staff. Care staff consists of general management, nursing management, nursing staff, and carers. Catering staff includes all employees working in the kitchen as well as the waiters serving within the home. Other staff includes the activity coordinator, linen carer, and employees working within the cleaning, reception, and maintenance departments.

The Group has incurred €1.3m in administration expenses in FY20. These include directors' remuneration, costs related to the Group's finance function, as well as, legal, audit, and other professional fees. Administrative expenses also include costs related to the setting up of the Imperial Palace, amounting to €58k, such as earlier recruitment of key staff, recruitment fees, training and advertising fees. Utilities, cleaning, repairs and maintenance as well as additional operating costs relating to COVID-19 are also part of the administrative expenses.

COVID-19 related costs that were incurred in FY20 amounted to €117k. However, the Group was granted government funding to partially cover the pandemic-related costs that have been incurred.

Depreciation amounted to *circa* €60k across the historical period and it includes depreciation on furniture and fittings, soft furnishings, improvements to premises, motor vehicles and computer, medical and kitchen equipment.

Finance costs were partially expensed and partially capitalised in FY20. The capitalised portion of the finance costs relates to the interest paid on loans directly related to the acquisition and development of the Imperial Palace. Total finance costs (including capitalised finance costs) increased from *circa* €403k in 2018 to *circa* €700k in FY20. Of note, €401K of the total finance costs were capitalised.

CAL's profit for the year amounted to €58k for FY20. In the same year, the Group reported €1.8m of aggregate deferred tax arising in the reporting period and was recognised in the statement of other comprehensive income as deferred tax income on gains of property revaluation. This gain is composed of a gain on the revaluation of the Imperial Palace property of *circa* €2.6m and a deferred tax charge of negative €842k.

## 2.2 Group's Statement of Financial Position

Statement of Financial Position	FY 2018	FY 2019	FY 2020
	€'000s	€'000s	€'000s
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	29,145	33,700	44,171
Deferred tax assets	99	103	189
<b>Total non-current assets</b>	<b>29,244</b>	<b>33,803</b>	<b>44,360</b>
<b>Current assets</b>			
Inventories	21	26	52
Trade and other receivables	507	1,231	1,747
Cash and cash equivalents	111	3	2,442
<b>Total current assets</b>	<b>639</b>	<b>1,260</b>	<b>4,241</b>
<b>Total assets</b>	<b>29,883</b>	<b>35,063</b>	<b>48,601</b>
<b>Equity</b>			
Share capital	2,394	2,394	2,394
Revaluation reserve	9,442	9,442	11,199
Retained earnings	(996)	(760)	(703)
<b>Equity attributable to owners of the Group</b>	<b>10,840</b>	<b>11,076</b>	<b>12,890</b>
Non-controlling interest	-	-	1
<b>Total equity</b>	<b>10,840</b>	<b>11,076</b>	<b>12,891</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	15,202	19,315	29,762
Deferred tax liabilities	904	904	1,749
<b>Total non-Current liabilities</b>	<b>16,106</b>	<b>20,219</b>	<b>31,511</b>

<b>Current liabilities</b>			
Borrowings	717	721	1,807
Trade and other payables	1,911	2,462	1,749
Current tax liabilities	309	585	643
<b>Total current liabilities</b>	<b>2,937</b>	<b>3,768</b>	<b>4,199</b>
<b>Total liabilities</b>	<b>19,043</b>	<b>23,987</b>	<b>35,710</b>
<b>Total equity and liabilities</b>	<b>29,883</b>	<b>35,063</b>	<b>48,601</b>
<b>Net assets</b>	<b>10,840</b>	<b>11,076</b>	<b>12,891</b>

<b>Ratio Analysis</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Financial Strength</b>			
Gearing 1 (Net Debt / Net Debt and Total Equity)	59.3%	64.4%	69.3%
Gearing 2 (Total Liabilities / Total Assets)	63.7%	68.4%	73.5%
Gearing 3 (Net Debt / Total Equity)	145.8%	180.9%	225.9%
Net Debt / EBITDA	26.6x	24.3x	64.3x
Current Ratio (Current Assets / Current Liabilities)	0.22x	0.33x	1.01x
Interest Coverage level 1 (EBITDA / Cash interest paid)	1.7x	3.2x	1.6x
Interest Coverage level 2 (EBITDA / Finance costs)	1.7x	2.9x	1.5x

As explained earlier, prior to the Group's restructuring exercise, CAL owned the Group's properties and managed all operations relating to the main activity of the Group.

The property, plant and equipment ("PPE") of the Group (except for land and buildings) is carried at cost less accumulated depreciation. Land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated impairment losses. The Group's non-current assets amounted to *circa* €44.3m in FY20. The majority of these assets were PPE with a value of €44.2m in FY20. Therefore, one can note an increase of €10.6m from FY19. Notably, Imperial Palace was originally valued in its uncompleted state for €21.75m. The valuation gave rise to a €2.6m uplift in the value of the property relative to the cost of the land and additions incurred as at the date of transfer. The remainder of the increase can mostly be attributed to the finishing works implemented at the Imperial Palace home relating to improvements in premises, furniture and fittings, machinery, air conditioning, and medical equipment.

Cash and cash equivalents have also substantially increased from €3k in FY19 to €2.5m in FY20 as a result of drawdowns from the Malta Development Bank ("MDB") COVID-19 loan.

Borrowings, under non-current assets, have increased from €19.3m to €30.3m as at end of FY20, while short term borrowings have increased from €0.7m to €1.3m as at end of FY20. The main reason for the increases relate to the funds raised by CAL for the construction of Imperial Palace retirement home. The Group also took advantage of the MDB Covid-19 assistance loan.

Deferred tax liabilities increased from €0.9m as at end of FY19 to €1.6m as at end of FY20. The pick-up can be attributed to the additional tax liabilities due to the gains that are related to the revalued Imperial Palace property.

### 2.3 Group's Statement of Cash Flows

<b>Cash Flows Statement</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
	<b>€'000s</b>	<b>€'000s</b>	<b>€'000s</b>
<b>Cash flows from operating activities</b>			
Profit before tax	174	483	104
Adjustments for:			
Depreciation	59	60	63
Interest expense	340	255	286
Provision for bad debts	(5)	9	-
<b>Operating profit before working capital changes:</b>	<b>568</b>	<b>807</b>	<b>453</b>
Movement in trade and other receivables	206	(729)	(511)
Movement in inventories	10	(5)	(26)
Movement in trade and other payables	911	551	(713)
<b>Cash generated from/(used in) operations</b>	<b>1,695</b>	<b>624</b>	<b>(797)</b>
Interest paid	(340)	(255)	(286)
Tax paid	-	-	(72)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>1,355</b>	<b>369</b>	<b>(1,155)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	(2,817)	(4,614)	(7,935)
<b>Net cash outflow from investing activities</b>	<b>(2,817)</b>	<b>(4,614)</b>	<b>(7,935)</b>
<b>Cash flows from financing activities</b>			
Proceeds from bank loan	1,853	4,083	11,845
Advances of bank loans	(277)	-	-
Payments from related parties	(74)	58	(143)
<b>Net cash inflow from financing activities</b>	<b>1,502</b>	<b>4,141</b>	<b>11,702</b>
<b>Net movement in cash and cash equivalents</b>	<b>40</b>	<b>(105)</b>	<b>2,613</b>
Cash and cash equivalents at beginning of the year	(107)	(67)	(171)
<b>Cash and cash equivalents at end of year</b>	<b>(67)</b>	<b>(172)</b>	<b>2,442</b>
<b>Ratio Analysis</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Cash Flow</b>			
Free Cash Flow (Net cash from operations + Interest - Capex)	(1,122)	(3,990)	(8,804)

Cash flow from investing activities were consistently negative throughout the analysed period due to the fact that CAL invested €15.3m in property improvements between FY18 and FY20, predominately in relation to the development of the Imperial Palace. The Imperial Palace was purchased through the Group's acquisition of Goldvest in 2017. The figures in cash flow from financing activities are largely offsetting these figures.

Contrarily, cash flow from financing activities was largely positive for the Group over the analysed period. Reason being that CAL predominately financed its investments through bank borrowings secured against the development project itself as well as on the Casa Antonia property and business. Apart from bank loans, cash flow from financing activities also include inflows from related parties. As at 31 December 2020, the Group's closing cash balance amounted to €2.5m.

## 2.4 Issuer's Financial Forecasts

Income Statement - Consolidated	FY 2021	FY 2022	FY 2023
	€'000s	€'000s	€'000s
Revenue	4,908	7,840	11,308
Cost of sales	(2,770)	(3,872)	(5,110)
<b>Gross profit</b>	<b>2,138</b>	<b>3,968</b>	<b>6,198</b>
Operating costs	(701)	(866)	(1,080)
Administrative expenses	(1,104)	(1,098)	(1,213)
<b>EBITDA</b>	<b>333</b>	<b>2,004</b>	<b>3,905</b>
Depreciation	(255)	(681)	(1,090)
<b>Operating profit</b>	<b>78</b>	<b>1,323</b>	<b>2,815</b>
Interest income on excess cash	-	25	10
Other income	15	40	211
Net finance costs	(705)	(1,213)	(1,339)
Bond issue costs	(12)	(35)	(35)
<b>Profit before tax</b>	<b>(624)</b>	<b>140</b>	<b>1,662</b>
Income tax	669	253	(386)
<b>Profit for the year</b>	<b>45</b>	<b>393</b>	<b>1,276</b>
<b>Other comprehensive income for the year</b>			
Gains on property revaluation net of deferred tax	7,436	606	1,013
<b>Other comprehensive income for the year, net of income tax</b>	<b>7,436</b>	<b>606</b>	<b>1,013</b>
<b>Total comprehensive income for the year</b>	<b>7,481</b>	<b>999</b>	<b>2,289</b>

Ratio Analysis	FY 2021	FY 2022	FY 2023
<b>Profitability</b>			
Growth in Revenue (YoY Revenue Growth)	16.1%	59.7%	44.2%
Gross Profit Margin (Gross Profit / Revenue)	43.6%	50.6%	54.8%
EBITDA Margin (EBITDA / Revenue)	6.8%	25.6%	34.5%
Operating (EBIT) Margin (EBIT / Revenue)	1.6%	16.9%	24.9%
Net Margin (Profit for the year / Revenue)	0.9%	5.0%	11.3%
Return on Common Equity (Net Income / Total Equity)	0.2%	1.8%	5.5%
Return on Assets (Net Income / Total Assets)	0.1%	0.6%	1.9%

Total revenue is expected to increase from €4.9m to €11.3m during the projected period, of which €4.6m is expected to be generated by the Casa Antonia home and €6.7m is projected to come from the Imperial home. Room revenue is expected to make up *circa* 78% of the generated revenue while the care and the other revenue streams are expected to generate the remainder of the total.

Occupancy of the Casa Antonia retirement home has been projected to decrease due to the effect of COVID-19. Management is projecting that occupancy will recover in FY22 and beyond. Management have explained that occupancy in June 2021 dropped as a result of COVID-19 on-boarding restrictions. The Imperial care home is expected to gradually increase its occupancy rate and reach near full occupancy by FY24.

Cost of sales are projected to increase from €2.8m to €5.1m until FY23. These direct costs are predominately projected to be variable in nature, as most workers are contracted on a per shift basis. However, the salaries for full-timers such as for the general manager and nursing manager are fixed irrespective of occupancy.

Certain direct costs are of a fixed nature and thus the low occupancy in the first years is expected to result in direct costs per occupied bed night for Imperial to be higher than Casa Antonia. Once occupancy is expected to stabilise in FY24, direct costs per occupied bed night are projected to be slightly lower than those of Casa Antonia in the same year. The Imperial Palace has 252 beds compared to 169 beds at Casa Antonia, and will therefore enjoy a larger degree of economies of scale over fixed direct costs.



Gross profit for the Issuer, the Guarantor and SGCL (hereinafter referred to as the “**Bond Group**”) is expected to increase substantially from €1.8m to €6.2m by FY23 as the Imperial Palace revenue stream picks up. A 2% general inflation assumption has been applied to all costs and revenues upon stabilisation. Beyond FY23, no operational assumption changes are applied other than inflation.

Operating costs in total are anticipated to climb to €1.1m by FY23. These types of costs are mainly variable in terms of utility costs (including electricity, water, and gas), as well as cleanliness and sanitary costs, which include cleaning and sanitary consumables, laundry costs, and refuse collection charges as well as repairs and maintenance. Utility costs and sanitary costs were projected on a per occupied bed basis, utilising the results for FY20 and adjusted for 2% inflation in the projected period. For the most part, other operating costs include costs of a somewhat fixed nature, such as entertainment costs and landscaping costs. Other operating costs also include uniform costs, which were projected on a per occupied bed basis utilising FY20 results.

In the case of Casa Antonia, both the utilities and the cleanliness and sanitary cost categories are expected to be fairly stable in terms of total operating costs, and amount to roughly around 30% of total operating costs. Repairs and maintenance in FY20 amounted to 1.8% of revenue. This was increased to 2% of revenue in the projections in order to add a level of prudence and cater for the lower occupancy projections in FY21 and FY22.

Casa Antonia has incurred costs related to COVID-19 procedures, which were partially financed by government assistance. In FY21 and FY22, COVID-19 related costs, are projected to amount to €37k and €12k respectively.

With regard to the Imperial Palace home, operating costs have been projected to be mainly in line with the Casa Antonia figures with some notable differences. A dedicated home manager for Imperial is included in the projections. Utility costs per occupied bed for Imperial Palace are projected to be slightly higher than for Casa Antonia due to additional common area costs and indoor facilities. In addition, Imperial Palace repairs and maintenance expenses are projected at 1% of revenue (Casa Antonia: 2% of revenue) since the Imperial Palace enjoys a new build. Uniform costs (included in

other expenses) for Imperial Palace are projected at *circa* €51k in the opening year, decreasing gradually to stabilise in line with Casa Antonia’s per occupied bed ratio by FY24. COVID-19 related costs have not been projected for Imperial Palace as the low occupancy rates in the first two years are expected to bring COVID-19 related costs down to a minimal level.

Administrative expenses are expected to increase substantially from €539k in FY20 to €1.2m in FY23, with a jump between FY20 and FY21 to €1.1m. The sharp increase is projected to be attributed to more than one factor. Two additional directors were hired in October 2020 in order to handle the added workload related to Imperial Palace. Director costs are expected to increase to €228k by FY21 and to increase in line with inflation thereon. Similarly, additional finance and HR resources were hired in FY20 to cope with the additional workload, and such costs are expected to reach €295k in FY21, compared to €84k in FY19, and to increase with inflation thereon. Finance and HR cost are allocated between Imperial Palace and Casa Antonia on the basis of expected workloads (which roughly equate to an allocation by available room). Advertising costs are also expected to spike in FY21 from €35k to €113k in line with starting up the new Imperial Palace retirement home.

EBITDA is projected to temporarily drop to €333k in FY21 from €453k in FY20. However, it is expected to reach €3.9m in FY23 due to the much higher revenues generated by the higher number of occupied beds and the gradual pick-up of the Imperial Palace operations.

Other income is expected to be generated from the use of Imperial Palace amenities by non-residents and, therefore, expected to pick up in line with the upswing in its operations. Other income is expected to be around €15k in FY21 and projected to surge to €211k in FY23.

Finance costs are also projected to increase as the Bond Group commences the payment of interest for the bonds in question. The anticipated finance costs are €705k in FY21 while they are €1.3m in FY23. Bond issue costs are assumed at €350k and are amortised over the term of the bond, and thus net bond proceeds will amount to €15.15m.

Statement of Financial Position	FY 2021	FY 2022	FY 2023
	€'000s	€'000s	€'000s
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	63,017	63,017	63,017
Deferred tax assets	871	1,124	879
Intangible assets	53	53	53
<b>Total non-current assets</b>	<b>63,941</b>	<b>64,194</b>	<b>63,949</b>
<b>Current assets</b>			
Inventories	61	85	112
Trade receivables	224	360	520
Prepayments and other receivables	36	58	85
Cash and cash equivalents	2,482	1,069	2,648
<b>Total current assets</b>	<b>2,803</b>	<b>1,572</b>	<b>3,365</b>
<b>Total assets</b>	<b>66,744</b>	<b>65,766</b>	<b>67,314</b>
<b>Equity</b>			



Share capital	14,676	14,676	14,676
Revaluation reserve	6,594	7,201	8,214
Retained earnings	249	642	1,918
Other equity	(616)	(616)	(616)
<b>Total equity</b>	<b>20,903</b>	<b>21,903</b>	<b>24,192</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Amounts due to CAL	15,234	13,189	11,948
Bank debt	7,676	7,640	7,567
Amounts due to the UBOs	83	83	83
Bond	15,162	15,197	15,232
Deferred tax liabilities	6,302	6,302	6,302
<b>Total non-current liabilities</b>	<b>44,457</b>	<b>42,411</b>	<b>41,132</b>
<b>Current liabilities</b>			
Trade and other payables	330	461	608
Accrued expenses & prepaid income	1,054	991	1,382
<b>Total current liabilities</b>	<b>1,384</b>	<b>1,452</b>	<b>1,990</b>
<b>Total liabilities</b>	<b>45,841</b>	<b>43,863</b>	<b>43,122</b>
<b>Total equity and liabilities</b>	<b>66,744</b>	<b>65,766</b>	<b>67,314</b>
<b>Net assets</b>	<b>20,903</b>	<b>21,903</b>	<b>24,192</b>

Ratio Analysis	FY 2021	FY 2022	FY 2023
<b>Financial Strength</b>			
Gearing 1 (Net Debt / Net Debt and Total Equity)	63.0%	61.5%	57.0%
Gearing 2 (Total Liabilities / Total Assets)	68.7%	66.7%	64.1%
Gearing 3 (Net Debt / Total Equity)	170.3%	159.6%	132.7%
Net Debt / EBITDA	107.1x	159.6x	8.2x
Current Ratio (Current Assets / Current Liabilities)	2.0x	1.1x	1.7x
Interest Coverage level 1 (EBITDA / Cash interest paid)	0.3x	1.7x	2.9x
Interest Coverage level 2 (EBITDA / finance costs)	0.5x	1.7x	2.9x

The Bond Group's total assets are projected to be fairly stable during FY21 to FY23 as most of the increases with regards to the Imperial Palace development and property revaluation will have taken place prior to the projected period. PPE is projected to constitute €63m of the Bond Group's total assets in FY21. The PPE balance sheet value will have two main constituents, namely the Casa Antonia property, held at *circa* €20m, and the Imperial Palace property, carried at €42.6m in FY21.

The Bond Group is anticipated to accumulate significant cash reserves over the projected period. Cash and cash equivalents are expected to be around €2.4m in FY21 and they are anticipated to reach their minimum point in FY22 when reserves are predicted to drop to €940k.

The Bond Group's debt structure is expected to decrease slightly during the projected period following a sharp increase from FY20. In FY20 borrowings amounted to €31.6m. After the issuance of this proposed bond, total borrowings are expected to amount within the region of €38.1m during FY21. As discussed in section 1.4, the proceeds of the proposed bond are earmarked to fully repay a bank loan of Guarantor amounting to €9.6m, as well as a portion of another loan (€374k) in FY21, thereby not increasing the overall debt values of the Bond Group. In FY21, the MDB loan and the Scaletta Loan are scheduled to be fully drawn down (€4.6m and €2m respectively).

The total equity is projected to increase from €20.1m to €24.2m in the projected period in line with the increase in retained earnings and the revaluation reserve.

<b>Cash Flows Statement</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
	<b>€'000s</b>	<b>€'000s</b>	<b>€'000s</b>
<b>Cash flows from operating activities</b>			
Profit before tax	(624)	140	1,662
Adjustments for:			
Depreciation	255	680	1,090
Interest expense	705	1,213	1,339
Interest income	-	(25)	(10)
Bond issue costs	12	35	35
<b>Operating profit before working capital changes:</b>			
Movement in trade and other receivables	(39)	(148)	(187)
Movement in inventories	(9)	(24)	(27)
Movement in trade and other payables	579	68	538
<b>Cash generated from operations</b>	<b>880</b>	<b>1,939</b>	<b>4,440</b>
Interest income on excess cash	-	25	10
Tax paid	(118)	(9)	(141)
<b>Net cash inflow from operating activities</b>	<b>761</b>	<b>1,955</b>	<b>4,309</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	(6,162)	(75)	(77)
<b>Net cash outflow from investing activities</b>	<b>(6,162)</b>	<b>(75)</b>	<b>(77)</b>
<b>Cash flows from financing activities</b>			
Bond issue drawdown/(repayment)	15,150	-	-
Bank loan drawdown/(repayment)	(7,966)	(36)	(73)
Amounts due to CAL drawdown/(repayment)	1,674	(2,045)	(1,241)
Interest paid	(1,004)	(1,213)	(1,339)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>7,854</b>	<b>(3,294)</b>	<b>(2,653)</b>
<b>Net movement in cash and cash equivalents</b>	<b>2,453</b>	<b>(1,414)</b>	<b>1,579</b>
Cash and cash equivalents at beginning of year	30	2,483	1,069
<b>Cash and cash equivalents at end of year</b>	<b>2,483</b>	<b>1,069</b>	<b>2,648</b>
<b>Ratio Analysis</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Cash Flow</b>			
Free Cash Flow (Net cash from operations + Interest - Capex)	(4,397)	3,093	5,571

Following an anticipated improvement in financial performance across the projected period as noted above, in addition to favourable movement in working capital, the Issuer's net cash flow from operating activities is expected to improve from €0.8m in FY21 to €4.3m in FY23.

As further noted throughout this Analysis, the Issuer is currently implementing additional development works on the Imperial site, in order for the property to be fully operational in due course. In this respect, projected cash flow from investing activities amounting

to €6.2m in FY21 are specifically related to the development works taking place at the imperial site.

Moreover, financing activities in FY21 predominantly reflect the proceeds to the proposed bond amounting to circa €15.2m. In line with the Issuer's use of proceeds, the projected financing activities also reflect the repayments of the respective outstanding debt of the Issuer. End of year cash balance as at FY21 is expected to amount to €2.5m.

## Part 3 – Key Market and Competitor Data

### 3.1 General Market Conditions

At the time of publication of this Analysis, management considers that generally, it shall be subject to the normal business risks associated with the industries in which the companies are involved and operate and, barring unforeseen circumstances, does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of the companies and their respective businesses, at least with respect to the financial year 2021. However, investors are strongly advised to carefully read the risk factors disclosed in the Prospectus.

#### Economic Update

Economic activity in the second quarter of 2021 continued to be affected by the COVID-19 pandemic and associated containment measures, although these were less stringent than those a year earlier. Hence, annual real GDP increased sharply by 13.4%, following a contraction of 1.3% in the previous quarter. However, its level stood 3.6% below that which prevailed in the second quarter of 2019, and private consumption remains in particular well below pre-pandemic levels.

On an annual basis, the main driver behind the growth in the quarter under review was domestic demand. Net exports also contributed positively to annual GDP growth but to a lower extent. Sector data show that the expansion was primarily driven by the services sector, especially the sector comprising wholesale and retail trade, transportation, accommodation, and related activities.

Nevertheless, this sector continues to be severely affected by the pandemic, with its gross value added (GVA) standing almost 35.0% lower than its level in the corresponding quarter of 2019. The Bank's BCI rose sharply during the quarter under review, reflecting strong annual increases in a number of variables, although economic activity levels remain below those prevailing before the pandemic. Moreover, in the second quarter of 2021, the output gap remained firmly in negative territory, as demand remained short of the economy's potential, especially in the tourism and entertainment sectors.

During the second quarter of 2021, the labour market continued to recover, with employment returning to pre-pandemic levels and unemployment falling further. The employment and activity rates increased, standing above those prevailing in the second quarter of 2019 and only marginally below those recorded in the first quarter of 2020.

Government measures – such as the Wage Supplement Scheme – continued to support employment, although the latter also benefited from the ongoing normalisation of economic activity. The unemployment rate remained low from a historical perspective – falling to pre-pandemic rates, while also remaining well below that in the euro area<sup>1</sup>.

In September, business conditions continued to improve when compared to a year earlier when activity was hit hard by the pandemic, but are gradually receding from recent historical highs. This is reflected in large annual percentage changes for several indicators. Nevertheless, the aggregate level of economic activity remained below pre-pandemic levels. European Commission data show that sentiment eased in September, particularly reflecting a

sharp decline in industrial confidence and to a lesser extent lower consumer confidence. It however remains well above its level a year earlier and its historical average.

In August, industrial production contracted on an annual basis following four consecutive months of growth. Meanwhile, the volume of retail trade rose at a faster pace. The number of registered unemployed fell, while the unemployment rate remained unchanged from that in the previous month and well below last year's rate.

In August, commercial and residential permits rose on their levels from one year ago. Meanwhile, in September the number of final deeds of sale for residential property also rose on an annual basis while promise-of-sale agreements decreased. The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) stood at 0.7% in September, up from 0.4% in the previous month. Inflation based on the Retail Price Index (RPI) rose to 2.2% in September from 2.1% a month earlier. The large difference between these two measures of inflation is primarily due to technical factors related to the revision of HICP weights in 2021.

Maltese residents' deposits expanded at an annual rate of 10.4% in August, following an increase of 11.0% in the previous month, while annual growth in credit to Maltese residents eased to 8.0%, from 8.6% a month earlier. In August, the cash-based Consolidated Fund recorded a surplus when compared with a deficit a year earlier, reflecting an increase in government revenue, which more than offset a rise in government expenditure.<sup>2</sup>

#### Economic Outlook<sup>3</sup>

The Central Bank of Malta (Bank) expects that Malta's gross domestic product (GDP) will grow by 5.1% in 2021, by 5.9% in 2022, and by 4.7% in 2023. Compared to the Bank's earlier projections, GDP growth is being revised upwards by 0.2 percentage points in 2021, and by 0.4 percentage points in 2022.

The upward revision in 2021 is driven primarily by stronger than previously expected private consumption and non-tourism exports, reflecting respectively improved consumer sentiment due to the higher vaccination rate, and higher foreign demand. These tailwinds are partly offset by weaker tourism exports than those envisaged in the June 2021 projection round. In addition, elevated labour shortages are assumed to limit the speed of recovery in 2021. The factors are expected to be less relevant in 2022 as progress with vaccination in trading partners should contribute to a recovery in travel flows. Hence, in 2022, GDP growth is being revised upwards more significantly than in 2021.

Overall, domestic demand is expected to be the main driver of growth, though the recovery in all demand components will be partially absorbed by an increase in imports. Net exports are expected to exert a smaller negative impact on GDP growth in 2021, as foreign demand starts to recover, with a positive contribution thereafter. However, the outlook for the tourism sector remains very cautious and has been revised down.

The labour market is expected to extend the resilience it displayed in 2020. However, employment growth is projected to be contained in 2021, in part as net migration flows remain constrained by ongoing travel restrictions. Working hours are envisaged to gradually return to normal. Employment growth is therefore set to

<sup>1</sup> Central Bank of Malta – Quarterly Review 4/2021

<sup>2</sup> Central Bank of Malta – Economic Update 10/2021

<sup>3</sup> Central Bank of Malta – August 2021 projections – news release – <https://www.centralbankmalta.org/en/news/88/2021/9957>

decelerate to 1.1% this year, and pick up gradually in the following years, reaching 2.9% in 2023. Unemployment is projected to fall to 3.5%, which would mark a new record low for Malta. Wage growth is set to rise significantly over the projection horizon and exceed inflation consistently.

Annual inflation based on the Harmonised Index of Consumer Prices is set to decrease to 0.5% in 2021, from 0.8% in 2020, largely reflecting technical factors. Overall HICP inflation is set to increase to 1.8% by 2023, reflecting a pick-up in economic activity, which is expected to lift prices of services and non-energy industrial goods further.

Fiscal policy is projected to remain highly expansionary in 2021, partly driven by the extension of COVID-19 related support. In 2021, the general government deficit is set to narrow slightly to 9.9% of GDP. The deficit is projected to narrow substantially over the remainder of the forecast horizon as COVID-19 measures unwind and macroeconomic conditions improve further. By 2023, it is forecast to narrow to 4.1% of GDP. As a fiscal deficit is expected to prevail throughout the forecast horizon, the government debt-to-GDP ratio is projected to rise to 63.8% by 2023.

On balance, risks to economic activity are judged to be on the upside. In particular, the savings ratio is at historical highs and is assumed to remain above pre-pandemic levels until 2023. A faster decline in the savings ratio – also spurred by pent-up demand – could lead to faster than expected growth in economic activity. On the other hand, tourism remains a downside risk, and uncertainty is expected to prevail for an extended period.

Risks to inflation are judged to be on the upside, reflecting the possibility of faster transmission of the recent surge in transport costs to consumer prices. Risks to public finances are mainly deficit-increasing and primarily reflect the need to provide State aid to the national airline.

This publication also includes two boxes. The first elaborates on tourism projections adopted in this forecast round. It shows that tourism exports are projected to remain well below 2019 levels this year. These are then expected to recover gradually over the next two years but remain below pre-pandemic levels. The second box compares the Bank's latest GDP projections with those of other institutions and indicates that the Bank's forecasts are close to the median of these projections.

### Care home industry

In recent years, the population in Malta grew significantly, mainly due to both immigration and an increase in life expectancy for both genders. As per the latest National Statistics Office's records (issued on 11 July 2020), the estimated population of Malta and Gozo at the end of 2020 stood at 516,100, up by 0.3% when compared to 2019. The last year brought the population growth on Malta to a halt however before COVID-19 caused worldwide travel restrictions, the Maltese islands were experiencing rapid population growth. The population grew by 23.6% in the last ten years (2011-2020), significantly faster than when compared to the previous ten-year period between 2001 and 2010 when the number of inhabitants only increased by 5.6%.

The population increase in 2019 was driven by a net migration of 20,343 persons, with the remaining 662 persons representing the natural increase between births and deaths. Life expectancy has also increased throughout the years, with the average life expectancy for those born in 2019 standing at 82.6 years, an increase of 2.4 years when compared to 10 years ago.

In addition, life expectancy for an average 65-year-old was 20.8 years, an increase of two years over 2008. The old-age dependency ratio (number of people aged 65+ years as a percentage of the number of people aged 15-64 years) is projected to increase consistently from 29.1% in 2016 (EU: 29.6%) to 55.8% in 2070 (EU: 51.2%), an increase of 26.7 percentage points (EU:21.6).

Demographic statistics show that the population in Malta is aging considerably. As of 31 December 2020, the population aged 65 years and above comprised 18.9% (97,418) of the total population of 516,100, an increase of 4% from the 14.9% recorded in 2010.

This data is summarised in the below table:

On the same note, according to the '2019 Ageing Report' prepared by the European Commission and the Economic Policy Committee, the EU-28's median age is projected to rise by 5 years for both men and women by 2070, to reach 47.3 years for men and 50.3 for women by 2070. This pattern will be repeated in each of the EU Member States, with the median age of the population projected to rise by 8.0 years or more in Malta, Poland, Slovakia, and Cyprus.

Informal care plays an important role in Maltese society, due to the strong traditional role of the family. Caring for the dependent relatives is traditionally considered as the responsibility of women, even if men are also likely to be involved, without disrupting their working pattern. Living at home in the community as long as possible remains the preferred option amongst elderly people.

However, the demand for long-term care services has been growing due to the aging of the population and the intensification of labour-market participation of women. Since the mid-1980s, issues related to long-term care have been given more attention. Long-term care capacity has already been expanded in recent years. However, although the public capacity for institutional care (i.e. residential homes) is around the EU average, and provided by the government at both central and local levels, it remains insufficient to meet the demand. The private sector has been developing a complementary offer of long-term care services. Home-based services have also expanded in recent years.<sup>4</sup>

<sup>4</sup> <https://eurocarers.org/country-profiles/malta/>

3.2 Comparative Analysis

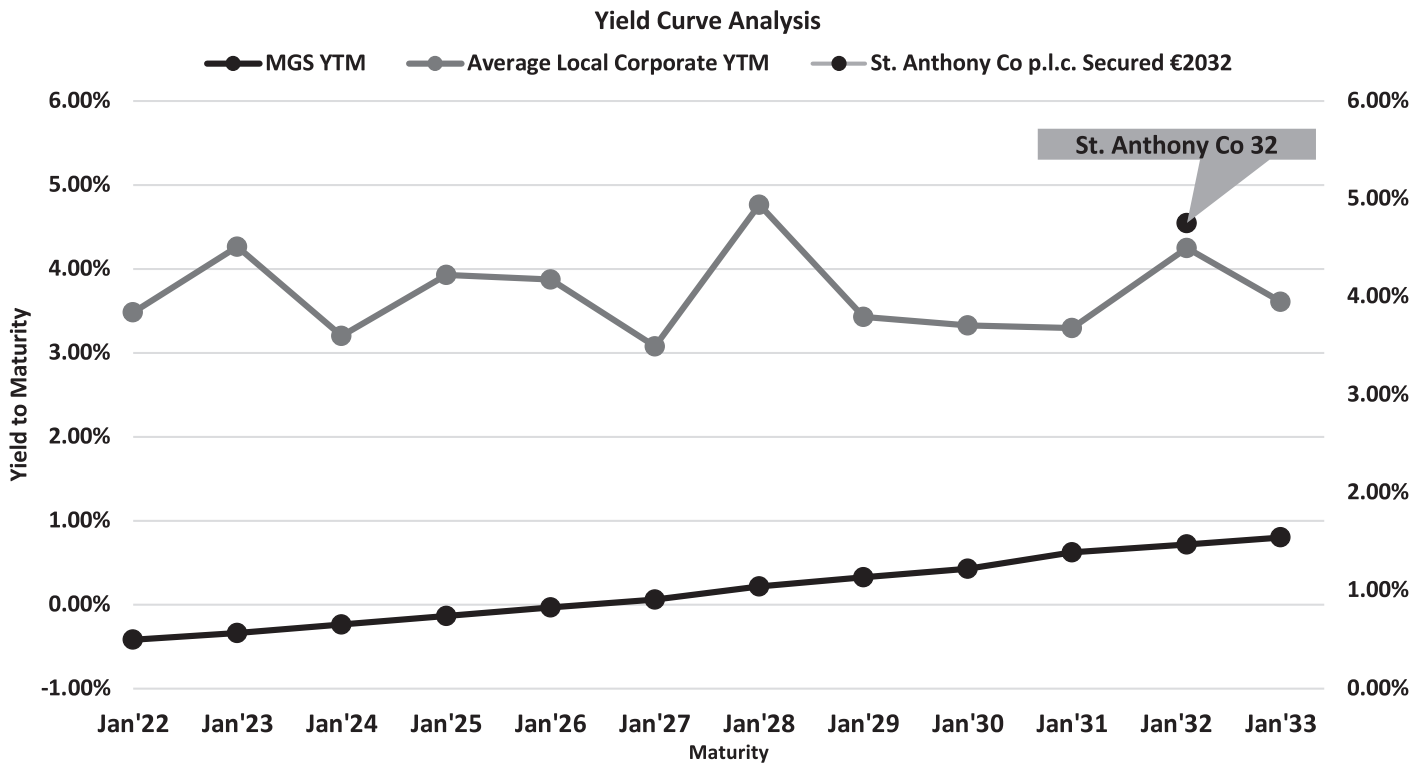
The purpose of the table below compares the proposed debt issuance of the Issuer to other debt instruments. Additionally, we believe that there is no direct comparable company related to the Issuer and as such, we included a variety of Issuers with different maturities. More importantly, we have included different issuers with a similar maturity to the Issuer. One must note that given the material differences in profiles and industries, the risks associated with the business and that of other issuers are therefore different.

Security	Nom Value	Yield to Maturity	Interest coverage (EBITDA)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt / Net Debt and Total Equity	Net Debt / EBITDA	Current Ratio	Return on Common Equity	Net Margin	Revenue Growth (YoY)
	€000's	(%)	(times)	(€'millions)	(€'millions)	(%)	(%)	(times)	(times)	(%)	(%)	(%)
3.85% Hili Finance Company plc Unsecured € 2028	40,000	3.51%	4.1x	628.9	110.1	82.5%	77.1%	5.7x	1.2x	20.5%	4.6%	0.0%
4% Exalco Finance plc Secured € 2028	15,000	3.49%	4.5x	70.9	42.0	40.8%	28.1%	4.5x	1.7x	5.6%	47.7%	10.0%
3.75% TUM Finance plc Secured € 2029	20,000	3.56%	0.0x	66.6	35.9	11.5%	35.7%	0.0x	0.4x	14.9%	166.9%	0.0%
3.65% Stivala Group Finance plc Secured € 2029	15,000	3.62%	2.6x	354.1	231.4	34.6%	26.5%	11.5x	5.0x	11.7%	229.8%	-46.9%
3.8% Hili Finance Company plc Unsecured € 2029 (kxd)	80,000	3.79%	4.1x	628.9	110.1	82.5%	77.1%	5.7x	1.2x	20.5%	4.6%	0.0%
3.75% AX Group plc Unsec Bds 2029 Series II	10,000	3.46%	0.8x	348.7	217.4	37.6%	25.5%	28.3x	0.8x	-3.5%	-27.5%	-44.7%
4.25% Mercury Projects Finance plc Secured € 2031	11,000	3.67%	34.1x	69.4	24.3	65.0%	57.1%	1.1x	0.9x	210.3%	125.6%	119.2%
4% Cablenet Communication Systems plc Unsecured € 2030	40,000	3.71%	11.4x	91.1	13.1	86.3%	66.5%	1.6x	1.1x	-19.5%	-6.1%	17.9%
4.65% Smartcare Finance plc Secured € 2031	13,000	4.22%	2.0x	24.9	13.4	46.0%	38.2%	15.9x	1.9x	-1.0%	-2.9%	355.0%
4.55% St. Anthony Co p.l.c. Secured €2032	15,500	4.55%	1.6x	48.6	12.9	73.5%	69.3%	64.3x	1.0x	0.5%	1.4%	-0.8%
3.5% GO plc Unsecured € Bonds 2031	60,000	3.19%	48.3x	357.4	126.4	64.6%	47.8%	1.6x	1.0x	11.2%	7.6%	4.2%
3.9% Browns Pharma Holdings plc Unsec Call € Bonds 2027-2031	13,000	3.64%	6.4x	45.9	18.9	37.6%	32.7%	2.9x	0.3x	8.1%	5.3%	103.5%
Average***		3.62%										

Source: Latest available audited financial statements

\* Last closing price as at 16/11/2021

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



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 illustrates on a stand-alone basis, the yield of the 4.55% St. Anthony Co. p.l.c. bond.

As at 17 November 2021, the average spread over the Malta Government Stocks (MGS) for comparable issuers with maturity range of 7-10 years was 320 basis points. The proposed 4.55% St. Anthony Co. p.l.c. 2032 bond is being priced with a 4.55% coupon issued at par, meaning a spread of 392 basis points over the equivalent MGS, and therefore at a premium to the average on the market of 72 basis points. It is pertinent to note that the above analysis is based on a maturity-matching basis and that the Issuer's industry is significantly different to the corporates identified and as such its risks also differ to that of other issuers.



## 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>Operating Profit (EBIT)</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>Net Income</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.

Balance Sheet	
<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>Total Debt</b>	All interest-bearing debt obligations inclusive of long and short-term debt.



**Net Debt** Total debt of a Group/Company less any cash and cash equivalents.

**Current Liabilities** Obligations which are due within one financial year.

### Financial Strength Ratios

**Current Ratio** 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.

**Quick Ratio (Acid Test Ratio)** 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.

**Interest Coverage Ratio** The interest coverage ratio is calculated by dividing EBITDA of one period by cash interest paid of the same period.

**Gearing Ratio** The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance total assets.

**Gearing Ratio Level 1** Is calculated by dividing Net Debt by Net Debt and Total Equity.

**Gearing Ratio Level 2** Is calculated by dividing Total Liabilities by Total Assets.

**Gearing Ratio Level 3** Is calculated by dividing Net Debt by Total Equity.

**Net Debt / EBITDA** The Net Debt / EBITDA ratio measures the ability of the Group/Company to refinance its debt by looking at the EBITDA.

### Other Definitions

**Yield to Maturity (YTM)** 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.