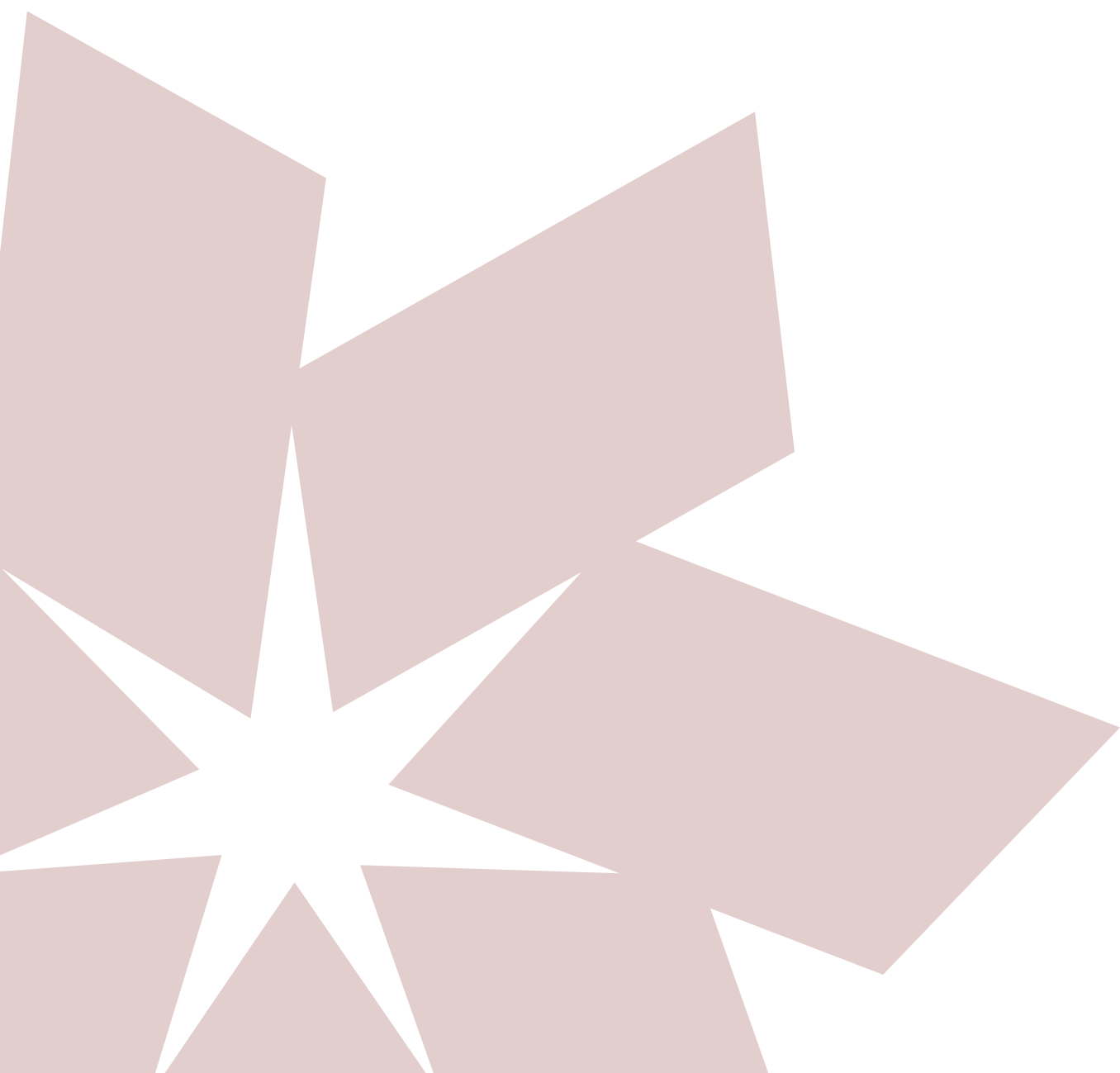




# BASE PROSPECTUS

DATED 3 OCTOBER 2022





# BASE PROSPECTUS

Dated 3 October 2022

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

## SECURED BOND ISSUANCE PROGRAMME

by



A PUBLIC LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF MALTA  
WITH COMPANY REGISTRATION NUMBER C 82098

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

THE MFSA ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE BASE PROSPECTUS OR THE APPLICABLE FINAL TERMS, 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 BASE PROSPECTUS AND APPLICABLE FINAL TERMS, INCLUDING ANY LOSSES INCURRED BY INVESTING IN ANY SECURITIES ISSUED BY THE COMPANY.

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

SPONSOR, MANAGER &  
REGISTRAR



LEGAL COUNSEL



CAMILLERI PREZIOSI  
ADVOCATES

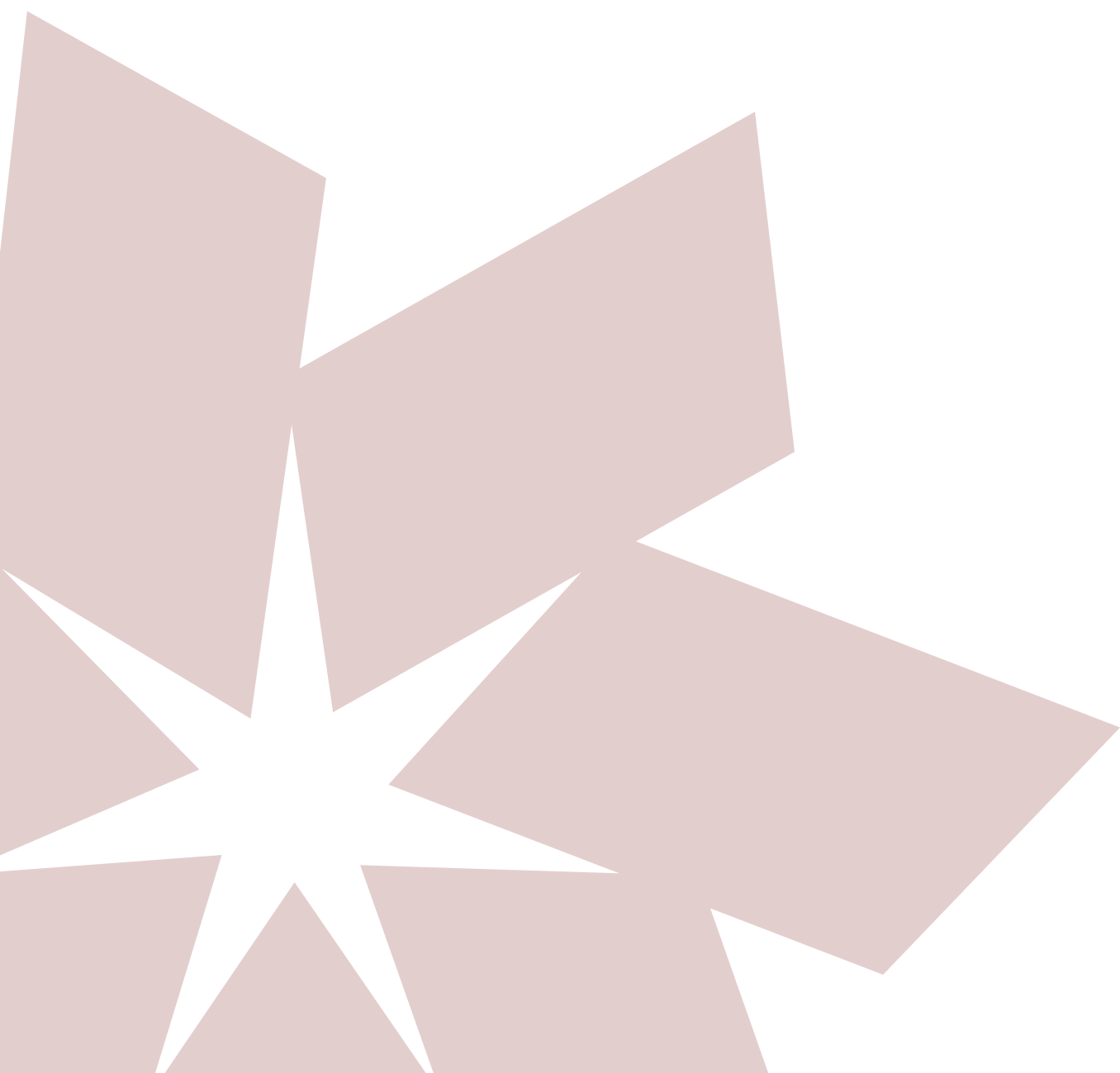
REPORTING  
ACCOUNTANTS



Approved by the Directors

Josef Dimech

in his capacity as Director of the Issuer and on behalf of Jonathan Pace, Stanley Portelli, Stephen Muscat and Jesmond Manicaro





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## GENERAL DESCRIPTION OF THE SECURED BONDS ISSUANCE PROGRAMME

Under the Secured Bonds Issuance Programme, the Issuer may, from time to time, issue Bonds in one or more tranches. The maximum aggregate principal amount of the Bonds from time to time outstanding under the Secured Bonds Issuance Programme will not exceed €25,000,000.

The Bonds to be issued under the Secured Bonds Issuance Programme constitute an integral part of the Issuer's capital expenditure investment and re-financing plan, aimed at further strengthening the Group's competitive positioning and enhancing its operational capacity and capabilities through strategic investments and re-financing. In addition, part of the proceeds raised under the Secured Bonds Issuance Programme will be used to meet general corporate funding requirements of the Group.

The Bonds may be issued on a continuing basis and may be distributed by way of offers to the public and, or intermediaries' offers via placements with Authorised Financial Intermediaries, for their own account, or on account of their underlying investors. The method of distribution of each Tranche will be stated in the applicable Final Terms.

Subject to the restrictions and conditions set out in this Base Prospectus, the categories of prospective investors to which the Bonds are intended to be offered are retail and, or non-retail investors in Malta. A proportion of any Tranche may be reserved for subscription by specified classes of investors, including but not limited to holders of existing securities issued by the Company as at the date hereof. There are no restrictions on the free transferability of the Bonds.

Bonds will be issued in Tranches, each Tranche consisting of Bonds which are to be identical in all respects except for the issue amount and the issue dates and possibly except for Interest Payment Date, issue price and Redemption Date. One or more Tranches, which are expressed to be consolidated and forming a single Series and identical in all respects, except for issue amount, issue date, Interest Payment Date, issue price and, or Redemption Date may form a single Series of Bonds. Bonds may be issued as part of an existing Series or as a new Series and the specific terms governing each Tranche will be set forth in the applicable Final Terms.

Bonds will be issued bearing a fixed rate of interest throughout the entire term of the Bonds and will be payable on that basis (as specified in the relevant Final Terms). Bonds may be issued at an Issue Price which is at par or at a discount to, or a premium over, par.

The Issuer shall notify the public of the method of publication of the Final Terms by means of electronic publication on the website of the MSE ([www.borzamalta.com.mt](http://www.borzamalta.com.mt)), or, in addition, and at the option of the Issuer, on the website of the Issuer (<https://www.jsdimech.com/investor-relations/>). Any notice so given will be deemed to have been validly given on the date of such publication. Bonds will be issued in such denominations as may be determined by the Issuer and as indicated in the applicable Final Terms.

Tranches may be issued and offered under the Secured Bonds Issuance Programme for a period of up to 12 months from date of approval of the Base Prospectus. Application will be made in respect of the admission to trading of individual Tranche of Bonds on the Official List of the MSE.

## IMPORTANT INFORMATION

THIS BASE PROSPECTUS CONTAINS INFORMATION ON: (I) THE ISSUER AND THE BUSINESS OF THE GROUP OF WHICH IT FORMS PART; AND (II) THE SECURED BONDS ISSUANCE PROGRAMME IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES, THE ACT AND THE PROSPECTUS REGULATION.

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

**THE MFSA ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE BASE PROSPECTUS AND APPLICABLE FINAL TERMS, 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 BASE PROSPECTUS OR ANY FINAL TERMS.**

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

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

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

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

**THIS BASE PROSPECTUS IS VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE HEREOF. FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD, THE COMPANY IS NOT OBLIGED TO PUBLISH A SUPPLEMENT TO THE BASE PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES. THE MFSA IS NOT REQUIRED TO APPROVE THE INDIVIDUAL FINAL TERMS THAT MAY BE ISSUED PURSUANT TO THIS BASE PROSPECTUS FROM TIME TO TIME IN RESPECT OF ONE OR MORE TRANCHES OF BONDS.**

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

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

ALL THE ADVISORS TO THE ISSUER NAMED IN THIS BASE PROSPECTUS UNDER THE HEADING “ADVISORS” IN SECTION 4.2 OF THIS BASE PROSPECTUS HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THE BASE PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE BASE PROSPECTUS, OR ANY SUPPLEMENT THEREOF, AND ANY FINAL TERMS.

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

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

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

# 1 DEFINITIONS

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

<b>Act</b>	the Companies Act (Cap. 386 of the laws of Malta);
<b>Applicant</b>	any person or persons, natural or legal, who subscribe(s) for the Bond;
<b>Application/s</b>	the application to subscribe for Bonds made by an Applicant/s through any of the Authorised Financial Intermediaries (which include the Sponsor, Manager & Registrar) in accordance with the terms of the applicable Final Terms;
<b>Authorised Financial Intermediaries</b>	the financial intermediaries whose details appear in Annex II to the Final Terms;
<b>Base Prospectus</b>	this document in its entirety;
<b>Birkirkara Office Complex</b>	has the meaning assigned to it in section 6.2.5 of this Base Prospectus;
<b>Birkirkara Site</b>	a portion of land known as 'Ta' Lannara' situated in Triq Dun Karm Street (Birkirkara Bypass), Birkirkara, corner with Triq Kanonku Karm Pirota, Birkirkara, measuring <i>circa</i> 1,437m <sup>2</sup> , together with a portion of adjacent land measuring 504m <sup>2</sup> situated at Triq Toni Wizzini, Birkirkara, and abutting unto Triq Dun Karm Street (Birkirkara Bypass), Birkirkara
<b>Bonds</b>	the secured bonds to be issued by the Issuer pursuant to the Secured Bonds Issuance Programme, including but not necessarily limited to the Tranche 1 and Tranche 2 Bonds;
<b>Bondholder/s</b>	a holder of Bonds;
<b>Bond Issue</b>	the issue of the Bonds being made pursuant to the Secured Bond Issuance Programme and in accordance with the terms and conditions of this Base Prospectus and applicable Final Terms;
<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>Business Promotion Act</b>	the Business Promotion Act (Cap. 325 of the laws of Malta);
<b>Capital Markets Rules</b>	the capital markets rules issued by the MFSA, as may be amended from time to time;
<b>Collateral</b>	the security granted by the Issuer in favour of the Security Trustee (for the benefit of the Bondholders) over the Secured Property as security for the performance of the Issuer's payment obligations under the Bonds in respect of the repayment of the nominal value of outstanding Bonds in issue plus one year's interest accruing thereon, as described in detail in section 15.2.4.1 of this Base Prospectus, and subject to the terms and conditions contained in the Security Trust Deed;
<b>CSD</b>	the Central Securities Depository of the Malta Stock Exchange, having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;
<b>Directors or Board of Directors</b>	the directors of the Company whose names are set out in section 4.1 of the Base Prospectus under the heading "Directors of the Issuer";
<b>Euro or €</b>	the lawful currency of the Republic of Malta;
<b>Final Terms</b>	the final terms issued by the Issuer from time to time in the form as set out in this Base Prospectus, which final terms shall be applicable to the Tranche of Bonds in respect of which they are drawn up;
<b>Group or JD Capital Group</b>	collectively the Issuer and the Subsidiaries;
<b>Hal Far Factory</b>	the manufacturing plant situated on the Hal Far Site, from which JD Operations Limited operates, together with any extensions or re-developments of existing buildings and any additional buildings to be developed in addition thereto, as further described in section 6.2.5 of this Base Prospectus;

<b>Hal Far Site</b>	the site measuring <i>circa</i> 16,245 m <sup>2</sup> (divided into a built-up area of <i>circa</i> 5,308 m <sup>2</sup> and a surrounding un-built area of 10,937 m <sup>2</sup> ), at the Hal Far Industrial Estate, Birzebbugia, over which the Hal Far Factory is situated;
<b>INDIS</b>	INDIS Malta Ltd (formerly Malta Industrial Parks Limited), a private limited liability company registered under the laws of Malta, with company registration number C 28965 and having its registered office at 88, Msida Valley Road, Birkirkara BKR 9020, Malta;
<b>Interest or Rate of Interest</b>	means the rate of interest payable in respect of the relevant Tranche of Bonds as specified in the applicable Final Terms;
<b>Interest Payment Date/s</b>	means the date/s specified in the applicable Final Terms for when interest on the relevant Tranche of Bonds falls due;
<b>Issuer or the Company</b>	JD Capital p.l.c., a public limited liability company registered under the laws of Malta, with company registration number C 82098 and having its registered office at HHF 303, Industrial Estate, Hal Far, Birzebbugia, BBG 3000, Malta;
<b>JD Birkirkara Limited or JDB</b>	JD Birkirkara Limited, a private limited liability company registered under the laws of Malta, with company registration number C 82135 and having its registered office at HHF 303, Industrial Estate, Hal Far, Birzebbugia, BBG 3000, Malta;
<b>JD Holdings Limited</b>	JD Holdings Limited, a private limited liability company registered under the laws of Malta, with company registration number C 82095 and having its registered office at HHF 303, Industrial Estate, Hal Far, Birzebbugia, BBG 3000, Malta;
<b>JD Operations Limited or JDO</b>	JD Operations Limited, a private limited liability company registered under the laws of Malta, with company registration number C 82100 and having its registered office at HHF 303, Industrial Estate, Hal Far, Birzebbugia, BBG 3000, Malta;
<b>JSDimech Limited or JSD</b>	JSDimech Limited, a private limited liability company registered under the laws of Malta, with company registration number C 34919 and having its registered office at HHF 303, Industrial Estate, Hal Far, Birzebbugia, BBG 3000, Malta;
<b>Malta Stock Exchange or MSE</b>	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;
<b>Memorandum and Articles of Association</b>	the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus in the form as registered with the Registrar of Companies at the Malta Business Registry. The terms “ <b>Memorandum</b> ”, “ <b>Articles</b> ” and “ <b>Articles of Association</b> ” shall be construed accordingly;
<b>MFSA</b>	the Malta Financial Services Authority, appointed as the competent authority to approve prospectuses for the purposes of the financial Markets Act (Cap. 345 of the laws of Malta);
<b>Offer Period</b>	the period during which each Tranche of Bonds will be on offer for subscription, details of which will be specified in the applicable Final Terms;
<b>Official List</b>	the list prepared and published by the MSE as its official list in accordance with the MSE Bye-Laws;
<b>Prospects Bonds</b>	the €5,000,000 5% unsecured bonds 2028, of a nominal value of €100 per bond, issued by the Issuer pursuant to a company admission document dated 16 May 2018 (the <b>Company Admission Document</b> ) admitted to listing and trading on the Prospects MTF Market of the MSE and bearing ISIN number MT0001831206;



<b>Prospectus Regulation</b>	Regulation (EU) No. 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended, and in accordance with the provisions of Commission Delegated Regulation No. 2019/979 and Commission Delegated Regulation No. 2019/980 issued thereunder;
<b>Redemption Date</b>	means the redemption date of the relevant Tranche of Bonds as specified in the applicable Final Terms;
<b>Redemption Value</b>	means the nominal amount to be paid on the Redemption Date;
<b>Secured Bonds Issuance Programme or Programme</b>	the secured bonds issuance programme of up to €25,000,000 secured bonds being made by the Issuer pursuant to this Base Prospectus (and any supplement thereto) and the applicable Final Terms;
<b>Secured Property</b>	means collectively: (i) the Birkirkara Site; and (ii) the Hal Far Factory and the underlying Hal Far Site;
<b>Security Trustee</b>	Alter Domus Trustee Services (Malta) Limited, a private limited liability company registered in Malta, with company number C 63887, having its registered office at Vision Exchange Building, Triq It-Territorjals, Zone 1, Central Business District, Birkirkara, CBD 1070, Malta;
<b>Security Trust Deed</b>	the security trust deed entered into between the Security Trustee, the Issuer, JD Operations Limited and JD Birkirkara Limited on 28 September 2022;
<b>Series</b>	one or more Tranches, which are expressed to be consolidated and forming a single series and identical in all respects, except for the applicable issue amount, issue date, Interest Payment Date, issue price and, or Redemption Date;
<b>Sponsor, Manager &amp; Registrar</b>	Calamatta Cuschieri Investment Services Limited, a private limited liability company registered in Malta, with company number C 13729, having its registered office at Ewropa Business Centre, Triq Dun Karm, Birkirkara, BKR 9034, Malta, licensed by the MFSA and a member of the MSE;
<b>Subsidiaries</b>	means collectively the Issuer and the direct subsidiaries of the Issuer as at the date of this Base Prospectus, comprised of: (i) JD Operations Limited; (ii) JD Birkirkara Limited;
<b>Terms and Conditions</b>	the terms and conditions of the Bonds contained in section 15.2 of this Base Prospectus;
<b>Tranche or Tranche of Bonds</b>	the Tranche 1 Bonds, Tranche 2 Bonds and any other Bonds which may from to time be issued as part of the Series of Bonds to which this Base Prospectus relates;
<b>Tranche 1 Bonds</b>	the secured bonds of an aggregate principal amount of up to a maximum of €14,000,000, redeemable at their nominal value on the Redemption Date as further described in the applicable Final Terms; and
<b>Tranche 2 Bonds</b>	the secured bonds of an aggregate principal amount of a maximum of up to €11,000,000, redeemable at their nominal value on the Redemption Date as further described in the applicable Final Terms.

Unless it appears otherwise from the context:

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

## 2 RISK FACTORS

### 2.1. GENERAL

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 BASE PROSPECTUS AND APPLICABLE FINAL TERMS, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE COMPANY. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY, OR MAY NOT, OCCUR AND THE COMPANY, AND ITS DIRECTORS, ARE NOT IN A POSITION TO EXPRESS A VIEW ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

THE RISK FACTORS BELOW ARE DIVIDED INTO: (I) RISKS RELATING TO THE COMPANY AND THE GROUP; AND (II) RISKS RELATING TO THE BONDS. IN TURN, THE RISKS RELATING TO THE COMPANY AND THE GROUP HAVE BEEN CATEGORISED UNDER THE FOLLOWING MAIN CATEGORIES, ACCORDING TO WHETHER THE RISK FACTORS RELATE TO: (I) THE COMPANY PER SE; (II) ECONOMIC AND FINANCIAL RISKS; AND (III) BUSINESS AND OPERATIONAL RISKS.

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

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

THE PROSPECTUS AND THE APPLICABLE FINAL TERMS, THE DOCUMENTATION INCORPORATED BY REFERENCE HEREIN, AND, OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH SECURITIES ISSUED BY THE COMPANY: (I) IS NOT INTENDED TO PROVIDE THE BASIS FOR ANY CREDIT OR OTHER EVALUATION; (II) IS NOT AND SHOULD NOT BE CONSIDERED AS A RECOMMENDATION BY THE COMPANY, THE DIRECTORS, ANY OF THE ADVISORS LISTED IN SECTION 4.2 BELOW, THE SPONSOR, OR ANY OF THE AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THE BASE PROSPECTUS, THE DOCUMENTATION INCORPORATED BY REFERENCE HEREIN, OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY SECURITIES ISSUED BY THE COMPANY, INCLUDING THE BONDS, AND, THEREFORE, PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS, AND SHOULD CONSIDER ALL OTHER SECTIONS IN THE BASE PROSPECTUS; AND (III) CONTAIN STATEMENTS THAT ARE, OR MAY BE DEEMED TO BE, "FORWARD LOOKING STATEMENTS".



## 2.2. FORWARD-LOOKING STATEMENTS

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

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may, or may not occur, in the future. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Company’s and, or the Group’s actual operational results, financial condition and performance, and trading prospects may differ materially from the impression created by the forward-looking statements contained in the Base Prospectus. In addition, even if the results of the operational results, financial condition and performance, and trading prospects of the Company and, or the Group are consistent with the forward-looking statements contained in this Base Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to, those factors identified under section 2 of this Base Prospectus, headed “Risk Factors”, and elsewhere in this Base Prospectus.

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

## 2.3. RISKS RELATING TO THE COMPANY

### 2.3.1. Risks relating to the Company’s role as the holding and financing company of the Group

As further described in section 6.1, “Principal Objects and Activities of the Issuer”, of this Base Prospectus, the Company is the holding company and financing arm of the JD Capital Group, having as its main activity the carrying on of the business of a holding, financing, re-financing and investment company within the JD Capital Group.

The only assets of the Company are its investments in the equity securities of its Subsidiaries, together with loans or other facilities that may be advanced by it to its Subsidiaries from time to time. As a result, the Company does not itself carry out any trading activities or operations of its own, with the only cash generating activities of the Company being the receipt of interest income on funds advanced to Group entities and dividends received from its Subsidiaries, if any, from time to time. The Company is thus economically dependent on the operational results and the financial position and financial performance of the companies forming part of the JD Capital Group, as well as any other entities it may establish, acquire, or otherwise have an interest in, whether by way of joint venture, partnership, merger, or other arrangement, in the future.

Consequently, the financial performance and financial position of the Company is directly affected by the financial and operational results of its Subsidiaries, as well as any other entities it may establish, acquire or have an interest in, in the future, and as such the risks faced by the Company are those risks that are inherent or attributable to the business and operations of the Subsidiaries and any such other entities. In particular, the Company is dependent on the full and timely repayment of capital and interest payable on the loans advanced by it to its Subsidiaries from time to time, including the intra-group loan agreements subsisting as at the date of this Base Prospectus, as well as the additional intra-group loans that are to be advanced by the Company to its Subsidiaries from the proceeds raised from the Secured Bonds Issuance Programme, which payment shall, in turn, depend on the positive cash flows generated by the Group.

In the event that any one or more of the Subsidiaries, and, or any other entities the Company may establish, acquire or otherwise in future have an interest in, underperforms in any one financial year or otherwise experience adverse fluctuations in cash flows, volatility in cash flows, liquidity strains or other financial

difficulties, such underperformance or adverse financial position and operational results may, in turn, adversely affect the financial position and operational results of the Group, and in turn, the Company. This may negatively impact the market value of the securities issued by the Company from time to time, including the Bonds, and, or, the ability of the Company to meet its obligations towards holder of its debt or other securities, including its obligations towards Bondholders under the Bonds.

## **2.4. ECONOMIC AND FINANCIAL RISKS**

### **2.4.1. Risks relating to the economic repercussions of the COVID-19 pandemic and its impact on the business and activities of the Group**

As a direct result of the spread of COVID-19, global economic activity has experienced a general downturn, with certain industry sectors and market segments having been affected more harshly than others. Furthermore, the global and local economic landscape has suffered from periods of significant volatility, dampened purchasing power and demand, rising unemployment, delays and disruptions in supply chains and logistical arrangements, and deterioration in credit quality, pushing some companies into severe financial difficulties, insolvency, or the brink of insolvency.

In addition, government and health authorities the world over, including Malta, have on multiple occasions resorted to the implementation and enforcement of various preventative and containment measures. The continued or renewed imposition of preventative and containment measures has had, and is expected to continue to have, a negative impact on the expectations relating to supply chain, logistical arrangements and export/import activities. Temporary closures or reduced capacity of key regional ports, airports and other logistical hubs has caused, and may continue to cause, disruptions in order and delivery times for materials, equipment, tools, and other supplies and goods that may be required and purchased by the Group from time to time to in order carry out its operations and deliver the works and projects it has been engaged, or may be engaged, to undertake. Volatility and uncertainty over the occurrence and duration of such delays or disruptions means that the Group is susceptible to the risk that its operations may be adversely affected and its inability to carry out its production and manufacturing activities, and, or complete projects within its programmed schedule of works and committed completion dates, could negatively impact the operational results and financial performance of the Group, including as a result of increased costs, liability for contractual penalties, and loss in revenue. The Group may also be required to suspend or cease activities or projects altogether due to such disruptions or due to restrictive rules or directives which may be issued by the relevant public and health authorities and which directly affect the activities and operations of the Group.

The Company and the Group's business, operations, and financial performance remain susceptible to the risk relating to the uncertainty surrounding the constantly changing circumstances within which it finds itself operating as a result of COVID-19, as well as the risks of the effects of the corresponding restrictive or prohibitive measures that have been, and may in the future, be introduced a result thereof or in connection therewith.

### **2.4.2. Risks relating to the Group's financing and investment strategies and historical gearing level**

The Group may not be able to obtain the financing it requires for the continued operation of its business, completion of major projects, and investments, including for the acquisition, development, or expansion or improvement of existing or new properties or industrial manufacturing and production facilities and, or other strategic investments, on commercially reasonable terms, or at all. Failure to obtain, or delays in obtaining, the financing required to complete current or future operations, projects and, or strategic investments on commercially reasonable terms, including increases in borrowing costs or decreases in debt capacity or funding availability, may limit the Group's growth and adversely affect its business, financial condition, results of operations and its prospects.

The Group has a number of bank credit facilities and loan facilities outstanding as at the date of this Base Prospectus and the Group's capital structure is, and is expected to remain, relatively highly geared (57% for 2019, increasing to 62% for 2020 and reducing to 47% for 2021, on book value basis) and the debt service obligations resulting from such leveraged capital structure are expected to absorb a significant portion of cash flows generated by the Group's operations. Adverse movements in the Group's actual or projected cash flows will reduce the actual or projected level of debt service cover and the ability of the Company to fulfill its obligations under its debt or other securities, including the Bonds, as well as the ability of the Group to

fulfil its obligations under any financial indebtedness outstanding from time to time, including any lump-sum commitments and, or monthly indebtedness repayment obligations. In addition, the Group may be subject to adverse movements in interest rates where it has entered into third-party financing arrangements that are subject to interest rates with a fluctuating or variable interest rate component, increasing its borrowing cost and debt servicing obligations.

Furthermore, the Group is subject to various covenants and restrictive undertakings stipulated by the terms and conditions of its third-party financing arrangements. These restrictions and covenants could limit the Group's ability to obtain future financing, make capital expenditure, withstand a future downturn in business or economic conditions generally, or otherwise inhibit the ability to conduct necessary operational activities. If the Group were to default on its obligations under its third-party financing arrangements, including, without limitation, for late payment or breach of such covenants and undertakings, the Group may be liable to default interest and, or contractual penalties and third-party financiers may exercise seek measures to enforce any security interests constituted in their favour, or to exercise early termination rights and to request immediate repayment of the loans or other financial indebtedness, together with any and all accrued interest.

Furthermore, the occurrence of an event of default under one loan or other third-party financing arrangement may give rise to cross-defaults across the third-party financing arrangements of the Group and, if such breach or default were to materialise, the Group's financial position, operational results and its business and trading prospects may be materially adversely effected, and the ability of the Company to satisfy its obligations towards holders of debt or other securities, including its obligations towards the Bondholders under the Bonds, may be materially adversely affected.

#### **2.4.3. Dependence on the Maltese market and exposure to economic conditions**

To date, the business activities and operations of the Group have been concentrated in and aimed at the Maltese market. Accordingly, the Group is highly susceptible to the economic trends that may from time to time be felt in Malta, including fluctuations in consumer demand, financial market volatility, inflation, the property market, interest rates, exchange rates, direct and indirect taxation, wage rates, utility costs, government spending and budget priorities and other general market, economic and social factors. Negative economic factors and trends in Malta, particularly those having an effect on the property construction and development, would have, in turn, a negative impact on the business of the Group and demand for its industrial and manufacturing works in the steel, glass, aluminium and related industries.

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

Furthermore, even though the Group's business and activities are concentrated in, and aimed at, the Maltese market, the Group's customers and suppliers and other key stakeholders are spread across different regional and international markets, and is consequently susceptible to adverse economic developments and trends overseas. In particular, weak economic conditions or tightening of the credit markets may affect the solvency of its suppliers or customers, which could lead to disruptions in its business operations, accelerated payments to suppliers, increased bad debts or a reduction in its revenue, which may impact the Group's ability to recoup the debts owed to it, and in turn, to fulfil its own obligations. Any future expansion of the Group's operations into other markets would render it susceptible to adverse economic developments and trends affecting such other markets.

#### **2.4.4. Risks related to changing industry trends and competitive forces**

The business of the Group is subject to constantly and rapidly evolving industry demands, preferences and trends. Consequently, the success of the Group's business operations is dependent upon the priority and preferences of its historical and prospective client base, and its ability to swiftly anticipate, identify and capitalise

upon these priorities and preferences relating to, among other factors, innovative design, manufacturing processes and techniques, safety features, project delivery and installation methods, cost-effectiveness, quality and variety of materials, equipment and other supplies, the expertise and experience of personnel, the variety of post-installation services and the Group's overall manufacturing, processing and project delivery services offering. If the Group is unable to do so, the Group could experience a loss in market share, an impaired ability to win competitive tenders or other bids, and reductions in its turnover, which losses, inability and, or reduction could have a material adverse effect on the Group's, operational results, financial condition and its prospects.

In addition, the business of the Group is also susceptible to local and global competition, influenced by a variety of determining factors, including price, variety and quality of goods, supplies and other materials, the type and depth of product and service offering, availability, reliability, post-delivery services, project management, and logistical arrangements in respect of both competing or substitute goods and services. Furthermore, the Group's current and potential competitors, particularly international operators, may have greater name recognition, larger customer bases and greater financial and other resources than the Group. Moreover, the Group's competitive strength is dependent on its ability to keep up with changes in technology, production and manufacturing processes and techniques so enhance its product and services offerings, reduce costs and improve margins. A decline in the relative competitive strength of the Group could adversely affect the Group's results of its operations, financial condition, and its prospects.

## **2.5. BUSINESS AND OPERATIONAL RISKS**

The Group's core operations entail the design, fabrication, manufacturing, processing, supply and installation of industrial aluminium, steel and glass works, and the delivery and completion of projects in relation thereto, as described in detail in section 6.2 of this Base Prospectus, and the results of the Group are subject to a number of factors that could adversely affect the Group's business, many of which are common to the industries in which it operates and are beyond the Group's control.

The purpose of this section is to set out an overview of the risks factors inherent in, or associated with, the industry sector in which the Group operates, as well as specific risk factors that are associated with the Group's own business and operational model, history, development and strategy and, therefore, those risk factors that are specific to the Group, from both an operational as well as compliance perspective.

### **2.5.1. Risks relating to industrial aluminium, steel and glass works, design, manufacturing, supply and project delivery**

The Group's principal operational risks relate to its ability to deliver projects within agreed upon project deliverables, including project design specifications, quantity requirements, quality and quality control procedures, secured storage, handling and delivery procedures, involvement of qualified and skilled personnel, adequacy of resources and equipment, technical and industry standards, certification requirements, scheduled programme of works, fitting and finishing specifications, principles of good workmanship and best industry practice, legal and regulatory requirements and, ultimately, within project budgeted costs and stipulated project deadline, including deadlines for phases or sub-phases thereof.

Non-compliance with the Group's committed projected deliverables, contractual arrangements, or applicable regulatory and legal requirements relating thereto, could result in significant penalties (including daily penalties for mere delay), fines, pre-liquidated damages or other damages, and, or early termination of project contracts and related contracts. Furthermore, the Group may be susceptible to liability for costs, expenses, losses, forfeit of or reduction in project revenue, or other liabilities incurred to remedy defects, repairs or replacement of goods, supplies or other materials that were rejected. The Group may also be liable to forfeiture of any performance guarantees put up by the Group as security for the due performance of its project delivery commitments.

Project contractual arrangements may also limit the Group's ability to recover cost overruns or other additional expenses incurred in the delivery of the project, which could reduce the revenue and margin generated by the Group on its project works. The Group may also be susceptible to the right of its customers to reject goods or other supplies, or to request a variation in the project works, which variation may not always be subject to a corresponding equivalent adjustment in project fees, or as a result of which the Group may not be able to recover the additional charges, expenses or other costs incurred as a result of such variation. In addition, the Group may not have the capacity to provide the additional services requested.



Inability to comply with such obligations could adversely impact the Group's relations with its customers, prejudice its goodwill, and, or could result in a material adverse effect on the financial position, financial performance and operational results of the Group.

Over the course of the year 2021, the prices of the raw materials used in the production process were subject to price increases on international markets caused by a combination of heightened demand and low availability, ongoing global supply chain challenges, increase in shopping costs, shortages in containers, ships, and human resources. Should the volatility in the prices of raw materials continue in an upward trajectory over subsequent years, the Group may be negatively affected if these increased costs are not capable of being reflected in increased charges for the delivery of such products by the Group. Furthermore, the imposition of sanctions on Russia coupled with the ongoing crisis in Ukraine is expected to also have a significant impact on global trade albeit the extent thereof is still uncertain. The Group may further be unable to maintain an adequate stock of the materials and resources it requires, resulting in increased costs and project delays.

### **2.5.2. Risks relating to the temporary title over the Hal Far Factory**

The core operations of the Group relating to the design, fabrication, manufacturing, processing, supply and installation of industrial aluminium, steel and glass works are principally carried out at the Hal Far Factory situated at the Hal Far Site. The Hal Far Site and Hal Far Factory are held by JD Operations Limited under a title of a 65-year temporary emphyteusis granted unto JD Operations Limited by INDIS, effective as from 6 March, 2018. The grant is subject to a number of onerous terms and conditions, including terms relating to minimum employment commitments, permitted use, payment of annual ground-rent, maintenance of adequate insurance cover, development permits, and maintenance and repairs, among others. Failure to abide with the terms and conditions to which the emphyteutical grant is subject may have an adverse material effect on the operations of the Group, including as a result of the imposition of contractual penalties or the enforcement of an event of default under the said emphyteutical deed, the occurrence of which may entitle the INDIS to terminate the temporary emphyteusis. The inability of the Group to carry out its operations at the Hal Far Factory at any time due to failure to adhere with the terms and conditions of the emphyteutical grant could have a material adverse effect on the results of the operations of the Group, its financial performance and financial condition, as well as on the ability of the Security Trustee to seek recourse to the Hal Far Site as part of the Collateral securing the Bonds, in the case of an event of default arising in terms of this Base Prospectus.

### **2.5.3. Risks relating to claims and litigation relating to industrial manufacturing, processing and works**

Since the Group's core operations involve industrial manufacturing, processing, production and project delivery works, its operations necessarily involve the use and operation of heavy and specialist equipment, apparatus, machinery, vehicles and the operation of production facilities that inherently involve health and safety risks and hazards to its employees and other third-parties, including its customers, suppliers, on-site inspectors, engineers, architects and other personnel involved in the production manufacturing, production and works processes of the Group.

Consequently, the Group is exposed to the risk of liability for death, sickness, personal injury or damage to third-party property or equipment arising out of, or in the course of, the design, execution and completion of its processing, production and works, or for willful or negligent acts of its employees or other personnel, and, is therefore, susceptible to the risk of being liable for penalties, fines, costs, expenses, losses, liabilities, revocation of authorisations and, or other sanctions made against it. Furthermore, the Group may be liable to claims for breaches of intellectual property rights or breach of design, manufacturing, production, storage, delivery, assembly and installation procedures under the applicable contractual arrangements, legal or regulatory requirements, as well as industry standards and certifications.

Litigation is expensive, time consuming and may divert management's attention away from the operation of the business of the Group. In addition, the Group cannot be certain that its insurance coverage will be sufficient to cover one or more substantial claims, adverse publicity from such allegations, claims or proceedings may also adversely affect the turnover generated by the Group, its goodwill and trading prospects, regardless of whether such allegations or claims are true or whether the Group is ultimately held liable. Furthermore, it is possible that if complaints, claims or legal proceedings such as the aforementioned were to be brought against a direct competitor of the Group, the latter could also be affected due to the adverse publicity brought against it, and concerns raised in respect of the industry in general.

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

#### **2.5.4. Risks arising from reliance on material suppliers and third-party contractors and sub-contractors**

For completion of projects for which it has been contracted to undertake, the Group places a degree of reliance on counterparties such as its material and key suppliers, specialist manufacturers, contractors, subcontractors, or other agents engaged in design, supply and manufacturing of goods, supplies, equipment and other materials, preparatory works and ancillary services that are necessary or otherwise complimentary to the design, manufacturing, supply, and project works and delivery activities of the Group.

The Group is thus dependent, to an extent, on the ability of the Group to establish, maintain and expand its relations with a diverse range of suppliers, contractors, sub-contractors and other agents who are able to offer competitive, cost-effective, and high-quality solutions, have adequate resources and capacity, including appropriate technical expertise and experience and technological capabilities, and who are reliable, of good repute and standing. Moreover, the Group relies on such third parties to manufacture, produce and deliver designs, goods, supplies, equipment, and other materials, preparatory works or other services purchased by the Group in accordance with the agreed upon purchase orders, design specifications, intended use and purpose, technical and industry standards, quality and quality control procedures, packaging and labelling, certification requirements, and delivery methods and timeframes. Failure of these third parties to meet their contractual obligations towards the Group could have a material adverse impact on the business of the Group, including the ability of the Group to complete projects within budgeted costs, stipulated deadlines or technical and design specifications, failure of which may result in the suspension or cessation of works, the early termination of contractual arrangements with clients, the imposition of contractual or regulatory fines or penalties, including daily penalties for mere delays, risk of cost of budget overruns or incurrence of additional costs, expenses or liabilities as a result of such delay or failure, and loss of revenue and reduced profitability of the Group. Furthermore, where the Group engages such contractors, sub-contractors, and other agents, it generally remains responsible for its obligations to its principal contractual counter-party, and may, therefore, not only be susceptible to a breach of such obligations, but also to limitation on warranties and limitations of liability of its contractors, sub-contractors or other agents engaged by it, in accordance with the agreed to contractual terms and conditions.

In addition, any deterioration in the Group's ability to maintain long-standing and commercially attractive relations with its suppliers, contractors, sub-contractors and other agents, including its ability to negotiate favourable exclusivity and other commercially viable or attractive arrangements, and the termination of any its material relations from time to time, could have a material adverse effect on the results of the operations of the Group, its financial condition and financial performance, and its trading prospects. Moreover, the Group's ability to source alternative third-party contractors or sub-contractors having the suitable and appropriate sector-specific expertise, experience or resources necessary to bid for, undertake, continue and successfully complete industrial works and projects could have an adverse effect on the Group's competitive positioning in the industries and market segments in which it operates.

#### **2.5.5. Risks associated with exposure to environmental liabilities**

The Group may become liable for the costs of removal, investigation or remediation of any hazardous substances or materials utilised in the process of its industrial production and manufacturing processes, storage, delivery or its works relating to project installation, construction, and finishings, the costs of which may be substantial. The Group may also be required to remove or remediate any hazardous substances that it causes or knowingly permits at its facilities or any site at which it carries out works. Laws and regulations, which may be amended over time, may also impose liability for the presence of certain materials or substances or the release of certain materials or substances into the air, land or water or the migration of certain materials or substances from a property investment and such presence, release or migration could form the basis for liability to third parties for personal injury, sickness, diseases, damage to property or other damages. These environmental liabilities, if realised, could have a material adverse effect on the Group's business, financial condition and results of operations.

There is also a growing demand for businesses to ensure that they conduct their business in a sustainable and environmentally sound manner, including by taking pro-acting measures to reduce their carbon footprint,

maximise the use of recycled and recyclable or biodegradable materials, reduce use of plastic, and increasing the use of alternative and sustainable means of design, production, manufacturing, and construction. This trend is not only drawn from a growing concern surrounding the depletion of the natural environment and natural resources, the adverse effects of climate change, and the consequential negative effects of unsustainable practices, but also by legal and regulatory requirements. The failure of the Group to ensure that it satisfies environmental and sustainability laws and regulations, or meet market pressures and consumer expectations concerning sustainability could in future, in the event of introduction of measures aimed at fostering increased sustainability and environmental protection, have a material adverse effect on the Group's business, financial condition and, or results of operations, including a loss of business or business retention, exposure to regulatory fines, and inability of the Group to obtain the necessary permits or other authorisations to carry out its business operations, projects or investments.

#### **2.5.6. Risk of loss of key senior personnel and specialist personnel**

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

The Group's inability to attract, develop and retain key and highly skilled and qualified personnel with sector-specific experience and expertise or leadership capabilities, could have an adverse effect on its relationships with stakeholders and the operational results, financial position, and, or the growth prospects and strategic objectives of the business of the Group. Furthermore, if one or more of such persons, currently or in future, employed by the Group were unable or unwilling to continue in their position, particularly if such members are lost to competitors of the Group, the Group might not be able to replace them within the short term, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Employee retention may be particularly challenging following acquisitions or divestures as the Group must continue to motivate employees and keep them focused on its strategies and goals. Moreover, the Group's inability to train and motivate its key personnel to meet the evolving trends in the industries and markets in which the Group operates could cause a decrease in the overall quality, efficacy and efficiency of such personnel. Such consequences could adversely affect the Group's business, results of operations or cash flows. Additionally, unless skills are supported by a sufficient infrastructure to enable knowledge and skills to be passed on, the Group risks losing accumulated knowledge if key employees leave.

In addition, the Group is ultimately beneficially wholly owned by Mr. Josef Dimech. Accordingly, Mr. Dimech exercises effective control over the Company and the Group. The unexpected loss or prolonged absence or indisposition of Mr. Josef Dimech or a dilution in his shareholding, control or influence over the Company and, or the Group and its business could have an adverse effect on the Company and the Group. There can be no assurance that Mr. Dimech will not, at any time, dispose of any interest, direct or indirect, in the Company and, or the Group, nor can there be any assurance that Mr. Dimech will maintain his involvement in the strategic management and direction of the Group. Moreover, Mr. Dimech is not under any obligation or firm commitment to continue to financially support or invest in the Group and the financial strength and condition of the Group, and in turn, of the Company, may be adversely affected if Mr. Josef Dimech is unwilling or unable to provide the necessary financial resources, as and when required.

#### **2.5.7. Risks relating to the production processes, information systems and technology utilised by the Group**

As the Group is increasingly dependent on the proper and uninterrupted operations of its equipment, machinery, tools, production and manufacturing processes, computer systems, information processing and management systems software and telecommunications networks, electronic communication networks, access to the internet, as well as the systems and services of other third parties (collectively the "I.T. Systems") that are necessary to carry out its production at its manufacturing facilities or project sites, and the supporting and ancillary activities relating thereto, its operational activities may become subject to a failure, disruption or other interruption in its I.T. Systems. Such event may arise as a result of a various factors that may be out of the control of the Group, as a result of (without limitation) natural disasters, electricity outages and, or technical malfunctions which could be malicious (including, but not limited to, the risks of increasingly sophisticated cyber-attacks such as malware attacks, ransomware, phishing, hacking, or any other form or type of cyber-attack, data theft or other unauthorised use of data), due to errors, negligence or force majeure. In addition,

service level agreements, business continuity plans, and disaster recovery plans intended to ensure continuity and stability of these systems may not necessarily prove sufficient to avoid any type of disruption to the Group's business.

If such failure, disruption or other interruption, even temporary, were to occur, the activities of the Group could be interrupted for the period of time for which such event subsists, which lack of access could adversely affect the Group's information management systems, manufacturing and processing systems, operational processes, and its ability to deal with its stakeholders in a timely, proper and effective manner. In addition, a failure or disruption in the I.T. Systems that support the Group's business could lead to loss of control over critical business, project information or systems and adversely impact its ability to operate. Any of the foregoing risks could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

### **2.5.8. Risks relating to rental income**

As the Group is expecting to lease certain areas of the Hal Far Factory and, if applicable the Birkirkara Office Complex, to third parties, as further described in section 6.2.5 below, the revenue which is expected to be generated from these leases is dependent, in the main part, on tenants fulfilling their obligations under their lease agreements. There can be no assurance that the tenants will not fail to perform their obligations, whether due to insolvency, lack of liquidity, market or economic downturns, operational failure or other reasons which are beyond the Group's control, which failure may have a material adverse effect on the financial condition of the Group, the results of its operations and its prospects. In addition, the Group is susceptible to the risk that tenants may terminate, or elect not to renew, their respective lease agreements. Failure to maintain a good relationship with existing tenants, or to renew lease agreements, or enter into new lease agreements, on similar or more favourable terms, could have a material adverse effect on the Group's business, the results of its operations and its prospects.

### **2.5.9. Risks connected with the Group's insurance cover**

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

No assurance can be given that the Group's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates. In addition, changes in legislation or judicial interpretation, or the issuance or alteration of directives, orders or other measures (whether interim or otherwise), by the relevant authorities (including but not limited to, governmental departments or authorities, planning and development authorities, health and safety authorities, environmental authorities, among others) may impact the ability to recoup losses under insurance coverage held by the Group. Furthermore, the actions, or inactions of employees or other officials of the Group, or of any of its contractors, sub-contractors, outsourcing parties, or other third-parties engaged by the Group from time to time, may affect the ability of the Group to successfully make a claim under its insurance policies.

### **2.5.10. Risks relating to the complex and constantly evolving regulatory environment in which the Group operates**

The Group operates in a complex regulatory environment, as a result of which it is subject to a vast array of rules and regulations, including but not limited to, the requirements prescribed by the Occupational Health and



Safety Authority Act (Cap. 424 of the laws of Malta), the Work Place (Minimum Health and Safety requirements for Work at Construction Site) Regulations (subsidiary legislation 424.36), the Development Planning Act (Cap. 552 of the laws of Malta), the Environmental Management Construction Site Regulations (subsidiary legislation 552.09), the Building Regulation Act (Cap. 513 of the laws of Malta), and the Avoidance of Damage to Third Party Property Regulations (subsidiary legislation 513.06) as each may be amended or otherwise supplemented from time to time, as well as other rules and regulations generally relating and applicable to industrial manufacturing, product standards, product liability, delivery and international consignments, environmental protection, property construction and development, among others. The regulatory environment in which the Group operates is constantly evolving, with the introduction of new rules and regulations, or the amendment or overhaul of existing ones.

Furthermore, the Group's business and activities may be subject to a variety of terms and conditions under the relevant permits, licences, or other authorisations, technical specifications, drawings, standards and other conditions relating to its manufacturing, processing and production activities, as well as the on-site works, which terms and conditions may vary on a *project-by-project* basis, may depend on the nature, scale and complexity of the project in question, and are susceptible to changes in the application and, or interpretation thereof from time to time.

The inability of the Group to meet its ongoing regulatory and legal requirements, whether in whole or in part, or the inability of the Group to equip itself to comply with forthcoming legislation or regulation in a timely and suitable manner, may expose the Group to the risk of regulatory sanctioning, including but not limited to, the imposition of public reprimands, administrative or punitive fines or penalties, temporary suspension of activities, or even revocation of licences, permits, or other authorisations, whether in whole or in part. In addition, lack of compliance with legal and regulatory requirements may negatively affect the reputation and goodwill of the Group and may result in a loss of existing or potential business, and, or a weakened competitive advantage.

If any of these risks were to materialise, they could have a material adverse effect on the operational results, financial performance and financial position of the Group.

#### **2.5.11. Risks relating to relating to the failure to implement sustainable and, or environmental, social and governance considerations in the group's business model**

There is a growing expectation for companies to implement sustainability as a feature in their business strategies to reflect changing social norms and practices. With an increased emphasis on environmental, social and governance (“**ESG**”) considerations at global level, the implementation of sustainable factors in the Issuer's business model is expected to come under increased scrutiny by investors, regulators, and the public at large.

ESG considerations for the purposes of the Group's business may include, but are not limited to, energy performance, energy and resource efficiency, waste management, energy and water use, the use of renewables, as well as social and employment considerations of workers and the health and safety thereof.

Should the Group fail to operate its business in a sustainable manner, the failure to implement sustainable factors in the Group's business operations may also have a material adverse effect on the Group's reputation and public image in both sectors as well as its relationship with clients, suppliers, business partners and other stakeholders. This in turn, may have a material adverse impact on the Group's business activities, revenues, financial condition, and operations.

## **2.6. RISKS RELATING TO THE BONDS**

### **2.6.1. Suitability**

An investment in Bonds may not be suitable for all recipients of the Base Prospectus and applicable Final Terms 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.

Such advice should also 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 Base 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 and that the Bonds meet the investment objectives of the prospective investor;
- c. understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets; and
- d. is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

An informed investment decision can only be made by investors after they have read and fully understood the risk factors associated with an investment in the Bonds and the inherent risks associated with the Issuer's business. In the event that an investor does not seek professional advice and, or does not read and fully understand the provisions of this Base Prospectus and applicable Final Terms, there is a risk that such investor may acquire an investment which is not suitable for his or her risk profile.

### **2.6.2. No prior market for the Bonds**

Prior to the Secured Bonds Issuance Programme and admission of the Bonds to listing and trading, there has been no public market for the Bonds within or outside Malta. Due to the absence of any prior market for the Bonds, there can be no assurance that the price of the Bonds will correspond to the price at which the Bonds will trade in the market. The market price of the Bonds could be subject to significant fluctuations in response to numerous factors, including the occurrence of any of the risk factors identified in this section 2 of the Base Prospectus.

### **2.6.3. Subsequent changes in interest rate and potential impact of inflation**

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

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

### **2.6.4. Orderly and liquid secondary market**

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 Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control.

The emergence of the COVID-19 pandemic in 2020 has manifested in a highly volatile economy with the magnitude of the downturn in terms of depth and duration particularly uncertain across the globe. The exact nature of the risks that the Issuer faces and the manner and the extent to which they ultimately will impact the Issuer is difficult to predict and to guard against in the light of: (i) the uncertainty as to the duration and depth of the impact of the COVID-19 pandemic; (ii) the difficulties in predicting whether recoveries will be sustained and at what rate; and (iii) the fact that the risks are totally or to a large extent outside the control of the Issuer. There can be no assurance that continued or increased volatility and disruption in the capital markets will not

impair the salability of the Bonds in the secondary markets. 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 trade in the Bonds at all.

### 2.6.5. Future public offers

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

### 2.6.6. Status and ranking of the Bonds and additional indebtedness or security

The Bonds, as and when issued and allotted pursuant to the Secured Bonds Issuance Programme, shall constitute the general, direct, unconditional and secured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves, but they shall rank with priority or preference over all unsecured indebtedness of the Issuer, if any.

In terms of Maltese law, hypothecary debts are paid according to the order of registration in the Public Registry in Malta. The Issuer shall initially secure its obligations under the Bond Issue by virtue of, *inter alia*, a second-ranking special hypothec to be granted by JD Birkirkara Limited over the Birkirkara Site and any constructions and other buildings developed thereon, up to a maximum value of €7.0 million. As further detailed in section 15.2.4.1 below, a first-ranking special hypothec over the Birkirkara Site up to an amount of €2.5 million was constituted in favour of Bank of Valletta p.l.c. by JD Birkirkara Limited in May 2022 as security for a facility issued by the bank. Accordingly, should the Issuer default under its obligations of the Bond Issue prior to the repayment of such facility and consequent cancellation of such prior ranking security, Bank of Valletta p.l.c. shall be paid out of the enforcement proceeds from the sale of the Birkirkara Site and any constructions and other buildings developed thereon, in priority to the Security Trustee, up to an amount of €2.5 million.

The Issuer shall also secure its obligations under the Bond Issue by virtue of, *inter alia*, a first-ranking special hypothec to be granted by JD Operations Limited over the *utile dominium* held by it over the Hal Far Site and any constructions and other buildings developed thereon, as approved in principle by INDIS on the 22 September, 2022 subject to certain specified terms as further detailed in section 15.2.4.1 below. As explained in section 6.2.2 below, in terms of the provisions of article 2010(a) of the Civil Code, INDIS is a privileged creditor over the Hal Far Site, for the debt due to it by JD Operations Limited as emphyteuta in respect of ground rent payable, and performance of the other obligations arising from, the relevant emphyteutical deed (as described in section 6.2.2 below). Accordingly, in the event of failure by JD Operations Limited to fulfill its obligations towards INDIS in accordance with the terms of the said emphyteutical deed, INDIS may seek recourse to the Hal Far Site.

Whilst the Security Trust Deed grants the Security Trustee a right of preference and priority for repayment over the Secured Property (subject, in the case of the Birkirkara Site, to the rights of Bank of Valletta p.l.c., and in case of the Hal Far Site, to the rights of INDIS, referred to in the preceding two paragraphs respectively), there can be no guarantee that the value of the Secured Property (or other secured property forming part of the security portfolio that may from time to time replace or be added to the Collateral, as currently constituted, as explained in section 15.2.4 of this Base Prospectus) 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 Secured Property. If such circumstances were to arise or subsist at the time when the Collateral is to be enforced by the Security Trustee, it could have a material adverse effect on the recoverability of all the amounts that may be outstanding under the Bonds.

Notwithstanding that the Bonds constitute the general, direct, unconditional and secured obligations of the Issuer, the Issuer may, without the consent of Bondholders, incur further borrowings or other indebtedness, and may, for the purpose of securing existing or additional borrowings or other indebtedness, create or permit to subsist additional security interests or other encumbrances upon the whole or any part of its present or future undertakings, assets or properties, existing or future, and there can be no guarantee that such security interests or other encumbrances, as well as privileges or security interests accorded by law in specific situations, will not arise during the course of the Issuer's business which may rank with priority or preference to the Collateral.

### **2.6.7. Conditions precedent**

The attention of prospective investors in the Bonds is drawn to section 17.1.1 of this Base Prospectus, which provides that the issue and allotment of the Bonds is conditional upon: (i) the Bonds being admitted to trading on the Official List by no later than the date specified in the Final Terms applicable to the respective Tranche; and (ii) on the Collateral being constituted in favour of the Security Trustee, and that in the event that either of the aforesaid conditions is not satisfied, the Security Trustee shall return Bond Issue proceeds raised from the relevant Tranche of Bonds to applicants who subscribed for Bonds under such Tranche.

### **2.6.8. Currency of reference**

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

### **2.6.9. Continuing obligations**

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

### **2.6.10. Amendments to the Terms and Conditions of the Bonds**

The Terms and Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bonds it shall call a meeting of Bondholders in accordance with the provisions of section 15.2.15 of this Base Prospectus. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

### **2.6.11. Changes in law**

The Terms and Conditions of the Bonds are based on Maltese law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of this Base Prospectus.

## **3 RESPONSIBILITY AND AUTHORISATION STATEMENT**

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

This Base Prospectus has been approved by the MFSA as the competent authority in Malta for the purposes of the Prospectus Regulation. The MFSA has only approved this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Company and the Bonds (as the subjects of the Base Prospectus).

## **4 IDENTITY OF DIRECTORS, ADVISORS AND AUDITORS OF THE ISSUER**

### **4.1. DIRECTORS OF THE ISSUER**

As at the date of this Base Prospectus, the Board of Directors of the Issuer is constituted by the following persons:

NAME	DESIGNATION	DATE OF APPOINTMENT
<b>Mr Josef Dimech</b>	Executive Director & Group CEO	9 August 2017
<b>Mr Jonathan Pace</b>	Executive Director	7 September 2022
<b>Dr Stanley Portelli</b>	Independent Non-Executive Director	9 August 2017
<b>Mr Stephen Muscat</b>	Chairman, Independent Non-Executive Director	26 February 2018
<b>Dr Jesmond Manicaro</b>	Independent Non-Executive Director	7 September 2022

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

The company secretary of the Issuer is **Dr Jesmond Manicaro**, holder of identity card number 146078M of 25, St Michael's Crt, Fl 5, Triq id-Dejma, Tarxien, Malta.

## 4.2. ADVISORS

The persons listed hereunder have advised and assisted the Directors in the drafting and compilation of the Base Prospectus.

### Legal Advisors

Name: **Camilleri Preziosi**  
Address: Level 3, Valletta Buildings, South Street,  
Valletta, VLT 1103, Malta

### Reporting Accountants

Name: **RSM Malta**  
Address: RSM Malta, Triq L-Imdina  
Haz-Zebbug, ZBG 9015, Malta

### Sponsor, Manager & Registrar

Name: **Calamatta Cuschieri Investment Services Limited**  
Address: Ewropa Business Centre  
Triq Dun Karm, Birkirkara, BKR 9034, Malta

## 4.3. AUDITORS

Name: **RSM Malta**  
Address: RSM Malta, Triq L-Imdina  
Haz-Zebbug, ZBG 9015, Malta

RSM Malta is a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act (Cap. 281 of the laws of Malta). The Accountancy Board registration number of RSM Malta is AB/26/84/53.

## 4.4. SECURITY TRUSTEE

The following corporate services provider has agreed to act as security trustee in respect of the Secured Bonds Issuance Programme in accordance with the terms of the Security Trust Deed:

Name: **Alter Domus Trustee Services (Malta) Limited**  
Address: Vision Exchange Building, Triq It-Territorjals, Zone 1, Central Business District  
Birkirkara, CBD 1070, Malta

Alter Domus Trustee Services (Malta) Limited is duly authorised to act as a trustee or co-trustee in terms of article 43(3) of the Trusts and Trustees Act (Cap. 331 of the laws of Malta).



## 5 INFORMATION ABOUT THE ISSUER

### 5.1. HISTORY AND DEVELOPMENT OF THE ISSUER

Full legal and commercial name of the Issuer	JD Capital p.l.c.
Registered address	HHF 303, Industrial Estate Hal Far, Birzebbugia, BBG 3000, Malta
Place of registration and domicile	Malta
Company registration number	C 82098
Legal Entity Identifier ('LEI')	391200C8XW0F6K1ROJ82
Date of registration	9 August 2017
Legal form	The Issuer is lawfully existing and registered as a public limited liability company in terms of the Act. The Issuer was converted from a private limited liability company ('ltd') to a public limited liability company ('p.l.c.') on 15 March 2018.
Telephone number	+356 21653689
Email	info@jsdimech.com
Website	<a href="https://www.jsdimech.com/investor-relations/">https://www.jsdimech.com/investor-relations/</a>

The Issuer is a holding and financing company that does not undertake any trading activities of its own. Accordingly, the Issuer is economically dependent on the financial and operating performance of the businesses of Group entities.

As at 30th June 2022, the aggregate financing obtained by the Group consists of:

- €2.4 million to finance the general working capital of the Group;
- €5.2 million revolving facility for project financing; and
- €5.0 million raised through the issue of the Prospects Bonds, the proceeds of which were utilised to settle part of the outstanding balance due to JSDimech Limited in terms of the Business Transfer Agreement described in section 6.2.3 below.

The financing referred to in (i) and (ii) above, amounting to Euro 7.6 million in aggregate, consists of four outstanding loan facilities with Bank of Valletta p.l.c. ("**BOV**") and Izola Bank p.l.c. ("**Izola**").

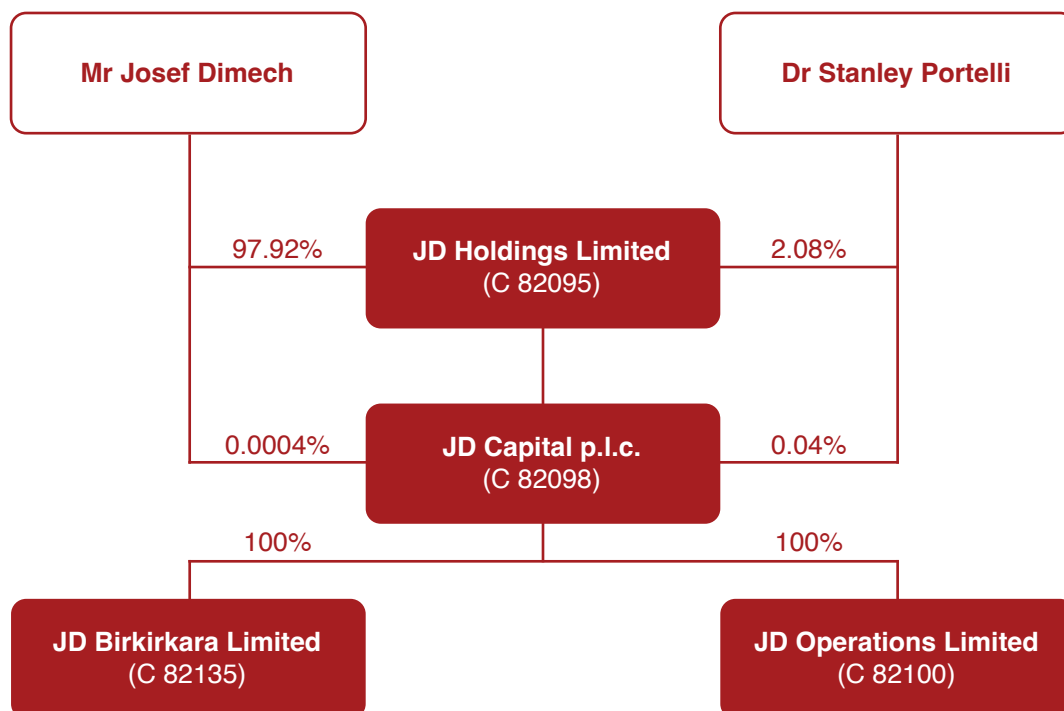
The BOV balance consists of two loan facilities -an overdraft facility of Euro 700,000 and a working capital loan of Euro 700,000 (currently drawn down to Euro 622,318). The overdraft comprises an overdraft facility at an interest rate of 3.0% per annum over the *business lending bank base rate*, and is to be used by the Group to finance working capital requirements in connection with steel and aluminium works. The second loan was a working capital loan that was made available to the Group by BOV to support cashflow shortfalls resulting from adverse business conditions due to the COVID-19 outbreak. This type of loan was made available through a scheme issued by the Malta Development Bank, backed by the Government of Malta. The Group obtained this facility for a maximum term of six years from the first drawdown at an interest rate of 2.5% and was secured by a first general hypothec for the full amount over the present and future assets of the Group, a general hypothecary guarantee for the full amount over the present and future assets of Mr. Josef Dimech.

The Izola balance consists of two loan facilities, a revolving facility of Euro 6.0 million (currently drawn down Euro 5.2 million) and a working capital loan of Euro 2.0 million (currently drawn down to *circa* Euro 1.1 million). The revolving facility was obtained to finance works related to projects which are, or will be, undertaken by the Group, and is subject to an interest rate of 5% plus the Euribor rate. The working capital loan was part of the scheme issued by the Malta Development Bank to support cashflow shortfalls resulting from adverse business conditions due to the COVID-19 outbreak. This term loan was obtained for a maximum term of four years from the first drawdown at an interest rate of 3.15% plus the Euribor rate.

Going forward, the Directors expect the Group's working capital and funding requirements to be met by a combination of the following sources of finance: (i) retained earnings and cash flow generated by the Group's operations; (ii) external bank credit and loan facilities; and (iii) the proceeds from the Bond that may be issued from time to time pursuant to the Secured Bonds Issuance Programme.

## 5.2. ORGANISATIONAL STRUCTURE OF THE GROUP

The organisational structure of the JD Capital Group as at the date of this Base Prospectus is illustrated in the organigram hereunder:



## 6 BUSINESS OVERVIEW

### 6.1. PRINCIPAL OBJECTS AND ACTIVITIES OF THE ISSUER

#### Principal Objects

The principal objects of the Issuer are set out in Article 4 of its Memorandum and Articles of Association and include, but are not limited to, the carrying on the business of a holding, financing, re-financing and investment company in connection with the ownership, development, operation and financing of the group of companies of which the Issuer forms part. The Issuer therefore intends to serve as a vehicle through which the Group will continue to finance its future projects, and for such purpose: (i) to subscribe for or otherwise acquire and hold shares, stocks, debentures or other securities of any other company, and to finance and manage the business or operation of any company in which the Issuer holds any such interest; (ii) to purchase, sell, lease, hire, or otherwise acquire, hold, or dispose of under any title any interest in an estate, land, buildings, assets, liabilities, or any other movable or immovable property of any kind, whether situated in Malta or elsewhere; (iii) to construct, reconstruct, renovate, furnish, maintain, develop and manage any immovable property of any type; and (iv) to borrow or raise money, including through the issuance of debentures, bonds, notes, loans, or other securities, and to secure the repayment of any money borrowed or raised, including through the hypothecation, privilege, charge or lien upon the whole or any part of the Issuer's property or assets.

In pursuance of the said principal objects, the Issuer will enter into loan agreements with its Subsidiaries for the purpose of financing their investment needs from time to time, including intra-group loans that are to be advanced by the Issuer to its Subsidiaries from the proceeds raised from the Secured Bonds Issuance Programme.

#### Principal Activities

The Issuer was registered on 9 August 2017 and was established as the holding company, financing, re-financing and investment arm of the Group. The Issuer, therefore, does not carry out any trading or operating activities of its own, other than the carrying out of financing and re-financing activities, including the advancing

of funds to companies forming part of the Group to fund the Group's funding requirements as and when the demands of the Group's business so requires. Accordingly, the Issuer is economically dependent on the operations undertaken by its operating Subsidiaries, as described in the next section hereunder.

## **6.2. HISTORICAL DEVELOPMENT OF THE JD CAPITAL GROUP**

This section is intended to provide an overview of the historical development of the operating divisions of the JD Capital Group, from its early days as JSDimech Limited to its present position within the industries in which it operates.

### **6.2.1 Initial Phase: from a small iron works business to the establishment of JSDimech Limited**

The Dimech family, namely Mr Josef Dimech and his father Mr Joe Dimech, has been in the business of aluminium, steel, and stainless steel works for the past 40 years, having established the business in 1979. After learning the trade first-hand in the Msida wrought iron works garage of his father, Mr Josef Dimech, took on the challenge of developing what was his mere pastime into a business and career in itself, with Mr Josef Dimech quickly expanding the family's business through a steadily growing portfolio of clientele.

Over the years, the Dimech family consolidated its position in the steel and aluminium works industries, with a critical milestone being reached as early as 2004, when Mr Josef Dimech took over the reins of the family business and established JSDimech Limited in 2004. The next watershed moment came in the very same year, with JSD moving its operations from its founding premises in Msida to larger premises in Birkirkara.

### **6.2.2 Development Phase: state-of-the-art manufacturing facilities opened at Hal Far Industrial Estate**

The second critical juncture in the growth and development of JSD came in 2009, with the company moving its operations to state-of-the-art manufacturing plant in Hal Far, offering wrought iron, steel, stainless steel, aluminium apertures, large format glass works and the installation of automatic sliding, hinged and revolving door systems.

The production area at the manufacturing facilities is equipped with the latest computer numeric control machinery, spray booths and a variety of other equipment to ensure that products are made to the highest industry standards. Moreover, beyond catering for production facilities for both residential and commercial aluminium and steel related projects, the manufacturing facilities also feature a spray booth facility, vehicle servicing and repair garage, an onsite tower crane, fuel pump station, a dedicated substation, indoor and outdoor storage facilities, as well as an administration centre covering over *circa* 500m<sup>2</sup>, together with meeting rooms and ancillary facilities.

The Hal Far Factory enabled the JSD operational set-up to be organised in such a way as to enhance cost-effectiveness, benefit from economies of scale, and ultimately, in combination with a team of highly skilled employees and fleet of over 60 delivery trucks and heavy lifting equipment, provide its clientele with a high quality product and service offering.

The Hal Far Factory is situated over a site measuring *circa* 16,245 m<sup>2</sup> (divided into a built-up area of 5,308m<sup>2</sup> and a surrounding un-built area of 10,937 m<sup>2</sup>), at the Hal Far Industrial Estate, Birzebbugia. The Hal Far Factory consists of a series of structures covering: stainless steel and aluminium manufacturing area (2,114m<sup>2</sup>); steel section manufacturing area (790m<sup>2</sup>); alucabond section (292m<sup>2</sup>); spray painting block (890m<sup>2</sup>); glass section (486m<sup>2</sup>); and administration block (236.9m<sup>2</sup>).

The Hal Far Factory was originally granted by INDIS (at the time, Malta Industrial Parks Limited, a private limited liability company, wholly owned by the Ministry of Finance (Government of Malta), responsible for the administration of government-owned industrial estates and related facilities around Malta and Gozo, and for supporting and promoting the further development of such properties) unto JSDimech Limited under title of lease by virtue of a series of lease agreements dated 11th December 2011 and 24th May 2013 respectively, following a period of two years (as from 22nd May 2009) in which such company occupied the premises on an encroachment basis. Subsequently, on 6th March 2018, the lease agreement was substituted in its entirety by a deed of temporary emphyteusis in the records of Notary Dr Vanessa Poole entered into between INDIS (at the time, Malta Industrial Parks Limited) and JD Operations Limited, by virtue of which the Hal Far Site and the



buildings making up the Hal Far Factory were granted unto JD Operations Limited under a 65-year temporary emphyteusis for industrial use purposes, against payment of an annual ground rent, revisable by 5% every five years (the “**Emphyteutical Deed**”).

The Emphyteutical Deed provides that the emphyteutical grant over the Hal Far Factory is regulated by the relevant provisions of the Civil Code (Cap. 16 of the laws of Malta) and specific conditions relative to, amongst others:

- i. the use of the property and operations to be conducted therefrom;
- ii. alternations to and improvements to the property;
- iii. maintenance of the property;
- iv. insurance cover over the property, works conducted thereon, public liability, employers’ liability;
- v. compliance with Maltese law;
- vi. access to the property;
- vii. minimum number of employees to be retained;
- viii. restrictions on the granting of servitudes over the property;
- ix. restrictions of the granting of sub-emphyteutical grants over the property;
- x. the right to transfer, dispose of, lease or otherwise transfer the right of possession or control over, the property, subject to obtaining the approval of INDIS and the payment of a *laudemium*;
- xi. causes for termination and events of default for the purposes of the Emphyteutical Deed;
- xii. rights upon termination; and
- xiii. the right of the emphyteuta to hypothecate the property.

As to the latter condition (xiii), it is pertinent to note that whilst the Emphyteutical Deed referred to the ability of the emphyteuta to hypothecate the property specifically in favour of a banking institution, by virtue of a deed in the acts of Notary Dr Vanessa Poole dated 28 September, 2022 (the “**Supplemental Deed**”), said ability of JD Operations Limited, as emphyteuta, to hypothecate the property was extended to include the granting of security in favour of a security trustee representing the rights of underlying bondholders in the context of a bond issue such as that contemplated in the present Base Prospectus.

The Hal Far Factory can only be used for industrial projects which create an adequate number of jobs and are of benefit to the economy, as approved by INDIS.

In terms of the provisions of article 2010(a) of the Civil Code, INDIS is a privileged creditor over the Hal Far Site, for the debt due to it by JD Operations Limited as emphyteuta in respect of ground rent payable, and performance of the other obligations arising from, the Emphyteutical Deed. Accordingly, in the event of failure by JD Operations Limited to fulfill its obligations towards INDIS in accordance with the terms of the Emphyteutical Deed, INDIS may seek recourse to the Hal Far Site.

### **6.2.3 Reorganisation Phase: establishment of the JD Capital Group and organisation of business lines**

In 2018, a reorganisaton and rebranding exercise was undertaken, aimed at acknowledging the accelerated growth and diversification of the business activities and industry sectors that JSDimech Limited was active in. Moreover, the reorganisation allowed the operations of the wider group (the group of companies of which JD Holdings Ltd is the parent company) to be streamlined so as to better differentiate between operating activities per se and real estate activities, as well as to enable the group to optimise its short-term and long-term financing strategies, distinguishing between short-term credit financing for its operational activities, in contrast with its debt financing structure for its capital expenditure and investment activities.

This reorganisation ultimately led to the formal establishment of the JD Capital Group, with the key milestones being those as described hereunder:

#### ***Transfer of Business from JSDimech Limited to JD Operations Limited***

A new entity, JD Operations Limited, was established in 2017, for the purpose of taking over the core business activities of the group. To this end, and by virtue of a transfer of business agreement entered into between JSDimech Limited (as seller) and JD Operations Limited (as buyer), dated 8th March 2018 (the “**Business Transfer Agreement**”) pursuant to which the business of JSDimech Limited, including its property, plant, equipment and machinery deployed in the operations of the business, was acquired by JD Operations Limited as a going concern for a total consideration of €11.9 million. Furthermore, JSDimech Limited granted JD

Operations Limited an exclusive and perpetual commercial licence to use the intellectual property rights pertaining to JSDimech Limited, including the brand, logo and tradename 'JSDimech'.

At the time of the Business Transfer Agreement, JSDimech Limited and JD Operations Limited were related parties. This is still the case as at the date hereof. Despite not forming part of the JD Capital Group, JSDimech Limited is considered as a related party to the Group in terms of International Accounting Standard (IAS) 24 due to the fact that the ultimate beneficial owner of the Group, Mr Josef Dimech, is also the ultimate beneficial owner of JSDimech Limited, and accordingly exercises control over both entities.

### ***Transfer of Birkirkara Plot from JSDimech Limited to JD Birkirkara Limited***

In line with the strategy of segregating the operational and property investment activities of the Group, by virtue of a contract of sale dated 1st December 2017, JSDimech Limited transferred the Birkirkara Site unto JD Birkirkara Limited, at a consideration of €4.0 million, for the purpose of holding the said land as investment property and subsequent development thereof.

### ***JD Capital Group goes public on the SME Prospects MTF market - issue of Prospects Bonds***

Given the volume of the operational activities of JD Operations, as well as the pipeline of committed and expected projects at the time, JD Capital issued the Prospects Bonds on 16th May 2018, the net proceeds of which, amounting to €4.9 million were advanced by JD Capital to JD Operations pursuant to an intra-group interest bearing loan agreement, which funds were raised and utilised for the following purposes:

- a. an amount of €3.9 million was utilised to partially settle the consideration of €11.9 million due by JD Operations Limited to JSDimech Limited under the Business Transfer Agreement; and
- b. an amount of €1.1 million was utilised by JD Operations on additions to the Hal Far Factory. The cost of such additions, as reported in the audited financial statements of JD Operations Limited for the financial years ended 31 December 2019 and 2020 (*vide* note 12 thereof), amounted to €1,839,071 in aggregate (2019: €1,085,528; 2020: €537,057; 2021: €216,846). Such additions related to industrial buildings, machinery, office furniture, motor vehicles, electronic equipment and electric hand tools deployed in the business and operations of JD Operations Limited.

## **6.2.4 Key projects delivered by the JD Capital Group and ongoing major projects**

The core operational activities of the JD Capital Group are undertaken by JD Operations Limited, the operating subsidiary of the Group engaged in the aluminium, steel and glass industries. Today, JD Operations employs over 130 individuals, making it one of the largest local operators in this industry.

JD Operations has garnered a strong reputation in the market for delivering a considerably large portfolio of large scale and complex aluminium, steel and glass works projects, ranging from installations of entire steel and stainless steel structures (including apertures, partitions, and railings) aluminium and PVC works, structural glazing for facades or roofing, curtain walling, cladding, louvering, specialist painting, automatic doors (hinged, sliding or revolving), glass work, glass skylights and flooring, solar shading, and other steel, aluminium or glass installations. JD Operations is the local representative for world-renowned brands such as Record & Sesamo (automatic & revolving doors), Metra & Reynaers (aluminium apertures & curtain wall & louvres for façade shading) and Secco Sistemi (steel apertures), Faraone (glass railing & spider glass), La Tecnica Nel Vetro, Cricursa and 3A Composites, James & Taylor & TTM Rossi (aluminium composite cladding) amongst others.

JD Operations is involved in various phases of the project including design, fabrication, manufacturing and processing of the necessary goods, supplies and other materials, to the delivery, installation and project implementation phase, including civil, structural, electrical and mechanical works, as well as internal and external finishings. JD Operations has undertaken close to 100 major projects for across commercial, retail, and residential units for both private and public or government entities, with some of its landmark projects included those listed hereunder:

Completed Projects		Location	Year of Completion
1.	Mgarr Sea Passenger Terminal	Mgarr, Gozo	2007
2.	Joinwell Flagship Department Store	Qormi	2008
3.	TG Complex (Deloitte Malta)	Mriehel	2009
4.	The Atrium homestore	Mriehel	2010
5.	The George Hotel	St. Julian's	2010
6.	MCM Aircraft Hangar	Luqa	2010
7.	Gauci Automobiles Showroom	Birkirkara	2010
8.	Pender Gardens	St. Julian's	2011
9.	Barrakka Lift	Valletta	2012
10.	RS2 Software	Mosta	2012
11.	MCAST Campus	Paola	2012
12.	Fort Cambridge	Sliema	2012
13.	Smart City (Phase II)	Kalkara	2013
14.	MIDI Tigne Point Q1	Sliema	2015
15.	Intercontinental Hotel	St. Julian's	2016
16.	Baystreet Hotel	St. Julian's	2016
17.	Hugo's Boutique Hotel	St. Julian's	2016
18.	Approved Office Building	St. Julian's	2016
19.	Central Bank of Malta	Valletta	2017
20.	Salini Resort	Salini Coastline	2017
21.	MIDI Tigne Point T14 - The Centre	Sliema	2017
22.	Pender Gardens (T1/T2/B17)	Sliema	2018
23.	Waterfront Hotel	Gzira	2018
24.	Hugo Hotel	St. Julian's	2018
25.	MITA Head Office	Blata L-Bajda	2018
26.	Malta Aquarium Centre	Qawra	2018
27.	14 East Tower	Gzira	2019
28.	Bilom Apartment Block	Gzira	2019
29.	KPMG Head Office	Msida	2019
30.	Centrepark Shopping Centre	Marsa	2019
31.	Crane Currency	Hal Far	2019
32.	Playmobil Factory	Hal Far	2019
33.	BT Commercials Head Office	Mriehel	2020
34.	KIA Showroom	Qormi	2020
35.	Cavalli Mansions	Qawra	2020
36.	Baystreet Hotel Zone B	St. Julian's	2020
37.	Fimbank Head Office	St. Julian's	2020
38.	Pinto Business Centre	Qormi	2020
39.	St. Vincent de Paul Home	Marsa	2020
40.	Hyatt Regency Hotel	St. Julian's	2020
41.	Fafner House	Blata L-Bajda	2021
42.	Marina Di Valletta	Pieta'	2021
43.	Panorama Hotel	Mellieha	2021
44.	Y&P Building	Naxxar	2021
45.	Halmann Apartments	Mellieha	2021
46.	Young Investments Ltd	Handaq	2021
47.	EPAM JV	Luqa	2021

Such projects included the provision of services such as: steel works; aluminium works; PVC works; fabrication and installation of stainless steel apertures, steel and stainless steel railings, glazed partitions and louvers; façade cladding; construction of steel structures; and manufacturing, installation and finishing of offices.

Ongoing Projects	Location
1. The Quad Towers	Mriehel
2. Hotel (Msida)	Msida
3. Offshore Suites	St. Julian's
4. The Ferris Business Centre	Sliema
5. Land's End	Sliema
6. Palm Court	Qawra
7. Ivory Apartments	Bugibba
8. Hotel (Bugibba)	Bugibba
9. Clover Apartments	St. Paul's Bay
10. Empire Hotel	St. Julian's
11. Avenue 77	Mriehel
12. Burmarrad Commercials	Marsa

Through its successful implementation of projects entrusted to it, often subject to tight delivery deadlines, JD Operations has been involved in some of the most avant-garde and unique structural designs, setting new standards for the local industry. JD Operations' diverse projects and involvement in iconic buildings has demonstrated its capabilities of working with a range of building structures, each with their own unique challenges and complexities, utilising the latest technologies and materials to ensure high quality fitting and installations.

## 6.2.5 Expansion Phase: investment in Hal Far Factory and potential development of Birkirkara Office Complex

### *Investment in Hal Far Factory*

With the steady historical growth in the production and manufacturing activities of JD Operations, as well as the nature and volume of projects for which JD Operations has been engaged and expects to be engaged to carry out, the Group has taken a strategic decision to further invest in the operational capacity and capabilities of the Hal Far Factory. This investment compliments JD Operations' plans to expand further in industrial activities which are related to its core business, as well as its intention to make an amount of *circa* 10,000m<sup>2</sup> available for subleasing for industrial use in economic activities falling within the ambit of the Business Promotion Act.

To this end, on 29 September, 2021, JD Operations obtained a development permit (application number DN/00886/21) to increase the built-up area of the Hal Far Factory from 5,308 m<sup>2</sup> to *circa* 27,011 m<sup>2</sup>, through a capital expenditure investment programme of €12.0 million, to be funded in full by the proceeds raised through the two tranches of the Secured Bonds Issuance Programme (as described in further detail in section 15.2.3 of this Base Prospectus entitled 'Use of Proceeds'). Once completed, the works will result in the Hal Far Factory comprising:

- an office block suspended over a three-story-high steel truss, covering a footprint of 1,722m<sup>2</sup>
- an industrial area of 19,812m<sup>2</sup>;
- loading yards and storage areas of 3,427m<sup>2</sup>; and
- roads comprising area of 2,050m<sup>2</sup>.

In addition, on 21 March 2022 INDIS approved in principle the right of the JD Operations Limited to lease the Hal Far Site, provided that:

- the design of the development at Hal Far Site will be directed towards the maximisation of land resources;
- leasing will be limited to industrial projects which create an adequate number of jobs and are of benefit to the Maltese economy;
- preference in choosing the lessee is to be given to holders of letters of intent issued by Malta Enterprise pursuant to the Business Promotion Act;
- a premium will be payable to INDIS by the JD Operations Limited; and
- any undertaking designated by INDIS shall be given the right of first refusal.

Steel framing systems manufactured by JD Operations Limited are to be used. Inclined trusses will cover the factory to allow for the installation of photovoltaic panels. The Group envisages that 14,600m<sup>2</sup> of the Factory will be rented out to third parties as from early 2025.

The development project is split over two phases: Phase 1 consists of the construction of the Factory extension and offices, whereas Phase 2 consists of the construction of the rentable areas. JD Operations plans to commence and conclude Phase 1 in H2 2022 and H2 2023 respectively, and plans to commence and conclude Phase 2 in H2 2023 and H2 2024 respectively.

### ***Birkirkara Office Complex***

JD Birkirkara Limited submitted a development permit application for the development of the Birkirkara Site into a commercial office block, comprised of *circa* 4,000 m<sup>2</sup> of office space over six overlying floors, together with 128-car spaces over five underlying floors, for a total built up space of 10,000 m<sup>2</sup>. The Group submitted a development request (PA/04895/16) on 23 June 2016 to remove the existing columns stubs and excavate the Birkirkara Site a depth of 18 metres. This application was followed by another development request (PA/04369/19) for six-car park levels, a store and six floors of Class A offices. To this end, JD Birkirkara Limited obtained development permits relative to both above applications on 31 August, 2022.

The development of the Birkirkara Office Complex, were it to be pursued, would be expected to require an investment of *circa* €4.0 million. Should the board of directors of JD Birkirkara Limited resolve, within 12 months from date of approval of this Base Prospectus, to proceed with such development, part or all of the said required investment could be funded through the proceeds raised through the second tranche of the Secured Bonds Issuance Programme. Development works would be expected to be completed within 24 months from commencement thereof. As at the date of this Base Prospectus, the Board of Directors of the Issuer is not in a position to confirm whether the development of the Birkirkara Office Complex will commence within 12 months from the date of approval of this Base Prospectus, or at all - the Issuer shall keep the market informed of the Group's plans in this regard.

## **6.2.6 Plans for international expansion**

The Group has been in operation since 1979, growing at a significant pace and being involved in a number of landmark projects locally, as evidenced in the list of projects set out in section 6.2.4. Going forward, the Group expects to be faced with opportunities for growth in that space once the economic effects of COVID-19 subside and the economic scenario in Malta reverts to growth territory. To this effect, the Group shall continue with its drive to secure major contracts based on its quality of service, excellent reputation, and capabilities in large scale projects.

In addition to consolidating its position locally, the Group intends on expanding beyond the Maltese market. Once the redevelopment of the Hal Far Factory is completed, its operational and production capacity will be increased significantly, fuelling the potential to export by targeting overseas markets mainly in the North African and Southern European regions and bidding for large scale contracts in such territories. To this effect, one of the first initiatives to be adopted by the Group is to participate in future Trade Malta and, or Malta Enterprise trade missions in order to showcase its capabilities and quality to potential customers and compete for business and contracts outside of Malta.

In addition to consolidating its market position, the Group's 2022 – 2027 target objectives are to diversify its revenue streams and reduce the current dependence on its core business activity. The Group identified the development of the site in Birkirkara and the development of the Hal Far as key strategic milestones to achieve their target objectives. Upon completion, the Group plans to generate €3.0 million per annum in additional revenue and together with its core business activity reach a total revenue of €23.0 million by 2027.

# **7 TREND INFORMATION**

## **7.1. TREND INFORMATION OF THE ISSUER**

In view of the Issuer's purpose of acting as a financing company to the Group, its business is limited to the raising of capital for the financing of capital projects and the loaning of such capital to entities forming part of the Group, the collection of interest from Group entities and the settlement, in turn, of interest payable on

capital raised from third parties, including the payment of interest payable by the Issuer in respect of the Bonds. The Issuer is thus dependent on the business prospects of the Group and, therefore, the trend information relating to the Group has a material effect on its financial position and prospects.

There has been no significant change in the prospects of the Group since 31 December 2021.

## **7.2. TREND INFORMATION OF THE GROUP**

At the time of publication of this Base Prospectus, the Group considers that generally it shall be subject to the normal business risks associated with the industries in which the Group companies are involved and operate in, or expected to be involved in over the term of the Bonds, as disclosed in this Base Prospectus 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 Group companies and their respective businesses, at least with respect to the financial year 2022. However, investors are strongly advised to carefully read the risk factors disclosed in this Base Prospectus and to consult their independent and professional advisers.

# **8 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES**

## **8.1. THE BOARD OF DIRECTORS OF THE ISSUER**

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

The Articles of Association of the Company provide that the Board of Directors shall be composed of a minimum of two and a maximum of six directors.

As at the date of this Base Prospectus, the Board of Directors of the Issuer consists of five Directors who are entrusted with the overall direction, administration and management of the Issuer. The Board currently consists of two executive Director and three independent non-executive Directors.

### **8.1.1. EXECUTIVE DIRECTORS**

Mr Josef Dimech, the ultimate beneficial owner of the Issuer and the Group, is entrusted with the day-to-day management of the Group as the Group Chief Executive Officer (CEO). Mr Dimech also occupies directorship positions in respect of other companies within the Group. Mr Jonathan Pace is the second executive Director of the Company.

The executive Directors are supported in this role by members of the key management team of the Group and benefit from the know-how gained by members and officers of the Group.

### **8.1.2. NON-EXECUTIVE DIRECTORS**

The non-executive Directors' main functions are to monitor the operations and performance of the executive Director, as well as to review any proposals tabled by the executive Directors, bringing to the Board the added value of independent judgment.

As at the date of this Base Prospectus, the non-executive Directors of the Issuer are Dr Stanley Portelli, Dr Jesmond Manicaro and Mr Stephen Muscat.



### 8.1.3. CURRICULUM VITAE OF DIRECTORS

#### *Mr Josef Dimech (Group CEO and Executive Director)*

Mr Josef Dimech is the ultimate beneficial owner of the JD Capital Group. Mr Dimech's roots are in wrought iron works during his time working in his father's garage in Msida on a part-time basis at the very young age of 16. What initially was seen as a part-time hobby quickly turned out in regular work with a steady and growing flow of established clients. In 2004, at the age of 25, he set up JSDimech Limited. Since then, Mr Josef Dimech has been the driving force behind the gradual expansion, development and diversification of the JD Capital Group, playing a leading role in formulating and implementing the vision for the Group's long-term growth and development. Mr Josef Dimech has been central to the drive to grow the customer base of the Group, overseeing the Group's involvement towards large-scale projects.

Today, Mr Josef Dimech serves as the Chief Executive Officer (CEO) of the JD Capital Group and oversees the overall strategic direction and development of the Group.

#### *Mr Jonathan Pace (Executive Director)*

Mr Jonathan Pace is involved in several businesses in various capacities (shareholder, director, and even CEO), spanning across a number of industry sectors, from retail, manufacturing and leisure industries with a successful track record spanning over 30 years. Mr Pace commenced his career with a number of startups in the early 1990s, partnering in a freight forwarding company and opening an auto customization shop branded as Pace Auto Centre. In 1994, Mr Pace established the Logografix signs, specialising in signage such as banners, billboards and wall papers as well as vehicle, boat and airplane wrapping. During the mid-1990s, Mr Pace also became involved in companies relating to water sports operators, namely Yellow Fun Watersports and D1 Watersport. In 2014, Mr Pace together with a partner founded 360 Manufacturing Limited (C-49513) which specialises in the apertures market by offering the Finestral Brand. Mr Pace is also involved in the property industry by buying, developing and selling properties including both commercial and residential developments.

#### *Dr Stanley Portelli (Independent Non-Executive Director)*

Dr Stanley Portelli is a partner of the law firm GS Advocates, based in Sliema Malta, where his area of practice focuses on assisting corporate clients, as well as shipping and employment legislation. Until March 2013, Dr Portelli was the Chief Executive Officer of the Authority for Transport in Malta and of Malta Maritime Authority. Between 2001 and 2009, Dr Portelli held the position of executive Director for Human Resources, Legal and Corporate Affairs as well as Company Secretary at Malta Freeport Terminals Limited (C 27581) where he was also on the Board of Directors from 1999 to 2004. From 1994 to 2001, Dr Portelli was employed with the Financial Services Unit at Coopers Lybrand and eventually PricewaterhouseCoopers. He was also a director of Malta Investment Management Company Limited (C-9588) and Malta Government Investments Ltd (C-10175) between 2004 and 2008. In 2007, Dr Portelli was appointed member of the Port Workers Board representing Malta Freeport Terminals, and in 2008 was appointed member of the Board of the Lotteries and Gaming Authority (now the Malta Gaming Authority). Dr Stanley Portelli is a member of the Chamber of Advocates and the Institute of Financial Services Practitioners.

#### *Mr Stephen Muscat (Independent Non-Executive Director)*

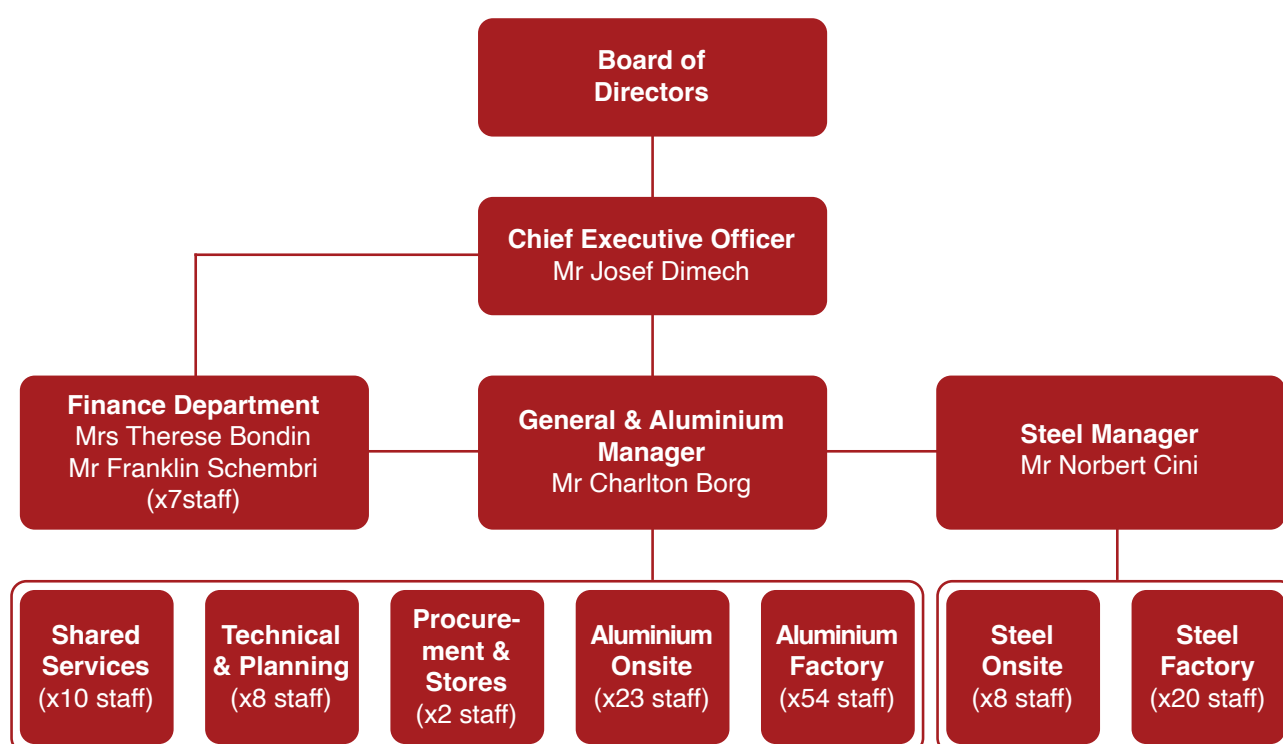
Mr Stephen Muscat is a Certified Public Accountant and a graduate of the University of Malta with a B.A. Accountancy degree, a fellow of the Malta Institute of Accountants, the Malta Institute of Taxation and the Institute of Directors. Mr Muscat is a former CEO and Director of Maltacom p.l.c. (today GO p.l.c. – C-22334). Since 2006, Mr Muscat has acted as a corporate services provider with his own advisory practice and serves as an independent non-executive director of a number of companies operating in financial services, including a locally licensed bank, as well as resident director of various companies. Within locally regulated entities, Mr Muscat practices as a member of Audit, Investment and Risk Committees. Mr Muscat is also a member of the Board of Directors as well as Chairman of the Audit Committee of SD Finance p.l.c. (C 79193), AgriHoldings p.l.c. (C 57008), and Mercury Projects Finance p.l.c. (C 89117), which issued bonds on the Malta Stock Exchange.

### *Dr Jesmond Manicaró (Independent Non-Executive Director)*

Dr Jesmond Manicaró's background is in both the practice of law and business management, having graduated with a Master of Laws (LL.M.) specialising in Information Technology, Telecommunications, Cultural Property, International Air Law from University College London, University of London. In 2015, Dr Manicaró was appointed administrator of the Gaming Malta Foundation, a non-profit making organisation which was launched in March 2015 and whose main objective is the promotion of Malta as a leading jurisdiction and a centre of excellence in the gaming industry. Dr Manicaró also serves as a director on a number of Maltese companies involved in various cross-border and overseas activities. In 2019, Dr Manicaró continued his professional development through the Institute of Directors (UK), with attaining the status of Chartered Director. Dr Manicaró is a member of the Chamber of Advocates and currently sits on its executive board.

#### **8.1.4. SENIOR MANAGEMENT**

The Board of Directors is supported by the senior management team of the JD Capital Group, all of whom report directly to the CEO, as indicated below. Group employees, in turn, report directly to either of the General & Aluminium Manager and the Steel Manager:



Brief *curricula vitae* of the senior management are set out below:

#### *Mr Charlton Borg, General & Aluminium Manager*

Mr Charlton Borg joined JSDimech Limited over 15 years ago. After having amassed experience and specialisation in glass and aluminium installations, Mr Borg was entrusted with managing the aluminium section of the operations of JSDimech Limited, which are today undertaken by JD Operations Limited. In time, Mr Borg was entrusted with additional functions and responsibilities and today occupies the role of General Manager of JD Operations Limited, bringing together his knowledge and experience in the sector, and his management and organizational skill set.

#### *Mr Norbert Cini, Steel Manager*

Mr Norbert Cini is a qualified welder and previously worked for a period of over 20 years at the Malta Drydocks, specializing in steel welding and works. Mr Cini joined JSDimech Limited way back in 2005, initially on a part-time basis, moving to a full-time basis as from 2008. In 2010, Mr Cini was entrusted with the management of the operations of the steel section of JSDimech Limited, now undertaken by JD Operations Limited.



### *Mr Franklin Schembri, Chief Financial Officer*

Mr Franklin Schembri is a qualified and warranted accountant holding a Masters Degree in Accounting from the University of Malta. During his studies, Mr Schembri gained experience with his own family business, Schembri Import & Export Limited (C 8715), taking on the role of general manager. After completing his studies, Mr Schembri joined PriceWaterhouseCoopers (PwC) on a full-time basis as an audit associate and subsequently practiced with HLB CA Malta, an advisory and accounting firm, as an accounting associate, and was subsequently promoted to the role of assistance manager. In 2020, Mr Franklin Schembri joined JD Operations Limited as an in-house accountant and Chief Financial Officer of the Group and is currently responsible for the Finance and Administration Department of the JD Group, together with Mrs Therese Bondin.

### *Mrs Therese Bondin, Finance Department*

Mrs Therese Bondin is an ACCA (Association of Chartered Certified Accountants) qualified and warranted accountant. Mrs Bondin's gained practical experience in accounting and auditing after having practiced within the accounting department of a local wine and beverage manufacturer, as well as the audit department of Deloitte Malta, spending *circa* three-year stints in each role as a full time Accounting Clerk. She worked with Marsovin Winery for three years, whilst studying ACCA. In 2015, Mrs Therese Bondin joined JSDimech Ltd as an in-house accountant and has since been entrusted with overall responsibility for the Finance and Administration Department of the JD Group.

## **8.1.5. POTENTIAL CONFLICTS OF INTEREST**

As at the date of this Base Prospectus, Mr Josef Dimech is the sole ultimate beneficial owner of the Issuer and the Group, and sits as a director of JD Operations Limited and JD Birkirkara Limited, being the operating subsidiaries of the Issuer and companies in which Mr. Dimech has an ultimate beneficial ownership interest. Accordingly, Mr Dimech is susceptible to conflicts between the potentially diverging interests of the different companies forming of the Group.

Other than those disclosed above, the Directors are not aware of any potential conflicts of interest which could relate to their roles within the Issuer or the Group.

The Memorandum and Articles of Association of the Issuer require any Director of the Issuer who in any way, whether directly or indirectly, has an interest in a contract, arrangement, transaction or proposal with the Issuer, to declare the nature of his interest at a meeting of the Board. Furthermore, said Director shall not be permitted to vote at that meeting in respect of any contract, arrangement, transaction or any other proposal in which he has, either directly or indirectly, a personal material interest. Where appropriate, the Board of Directors of the Issuer also consults the Audit Committee and, or external legal counsel to ensure that situations giving rise to a conflict of interest, actual or perceived, is managed in a suitable and effective manner and in the best interests of the Issuer, in accordance with the Directors' general duties at law and in accordance with the provisions of the Capital Markets Rules governing conflicts of interest and transactions with related parties.

## **9 BOARD PRACTICES**

### **9.1. AUDIT COMMITTEE**

The Audit Committee's primary objective is to assist the Board of Directors in fulfilling its oversight responsibilities over the financial reporting processes, financial policies and internal control structure. The Audit Committee oversees the conduct of the internal and external audit and acts to facilitate communication between the Board, management and the external auditors. The Audit Committee is a sub-committee of the Board and reports directly to the Board and the external auditors are invited to attend the Audit Committee meetings.

The Board has set formal terms of establishment and the terms of reference of the Audit Committee which set out its composition, role and function, the parameters of its remit, as well as the basis for the processes that it is required to comply with. The Audit Committee meets at least four times a year.

The terms of reference of the Audit Committee include:

- a. its monitoring responsibility over the financial reporting processes, financial policies and internal control structures;
- b. maintaining communications on such matters between the Board, management and the external auditors;
- c. preserving the Issuer's assets by assessing the Issuer's risk environment and determining how to deal with those risks; and
- d. support to the Board in its responsibilities in dealing with issues of risk, control and governance, and associated assurance of the Issuer.

As part of the systems of internal controls and procedures established by the Audit Committee, the Issuer and the Subsidiaries are required to submit quarterly budget-to-actual comparisons, as well as interim financial statements. The Audit Committee reviews the financial position and performance of the consolidated Group and the Issuer at least on a quarterly basis.

In addition, the Audit Committee:

- a. has the role and function of evaluating any proposed transaction to be entered into by the Issuer and a related party to ensure that the execution of any such transaction is at arm's length, on a commercial basis and ultimately in the best interests of the Issuer;
- b. has the role of assessing any potential conflicts of interest that may arise from time to time, including conflicts between the interests of the Issuer and those of its Directors, including, in particular, the potential situations of conflict described in section 8.1.5 above;
- c. has been tasked with ensuring that the total indebtedness of the Group shall, throughout the term of the Bonds, not exceed 70% of the gearing ratio which shall be calculated by dividing the Group's net debt by its equity and net debt; and
- d. is tasked with ensuring that prior to entering into any additional investment opportunities there are sufficient liquid funds within the Group to cover current contractual obligations as well as privileged creditors for a period of 12 months from the proposed investment date. For this purpose, the Audit Committee has, pursuant to its terms of reference, been granted express powers to be given access to the financial position of the Issuer and all other entities comprising the Group on a quarterly basis. To this end, the Issuer and all other entities within the Group are to submit to the Audit Committee bi-annual financial statements as well as, as a minimum, quarterly comparisons of actual against projected financial accounts.

The Audit Committee is made up entirely of independent non-executive Directors. The Audit Committee is composed of Mr. Stephen Muscat (independent non-executive director), Dr Stanley Portelli (independent non-executive director) and Dr Jesmond Manicaro (independent non-executive director). Mr. Stephen Muscat is considered by the Board to be competent in accounting and, or auditing in terms of the Capital Markets Rules. The Chairman of the Audit Committee, appointed by the Board, is entrusted with reporting to the Board on the workings and findings of the Audit Committee. Mr. Stephen Muscat currently occupies the post of Chairman of the Audit Committee.

## **9.2. INTERNAL AUDIT**

In addition to the above, the Audit Committee of the Issuer is tasked with the setting up and oversight of the internal audit function of the Group. This function acts as an independent internal auditor and provides independent and objective assurances to the Board through the Audit Committee.

The internal audit function supports the Audit Committee in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the internal risk management, control, and governance processes.

In carrying out the internal audit function role, the internal auditor reports to the Audit Committee on emerging trends and standards in internal auditing at least on a quarterly basis. The internal auditor further assists the Issuer in identifying, analysing, responding, gathering information and monitoring strategic risks that could actually or potentially impact the ability of the Issuer and the Group in achieving their objectives and meeting their obligations at law.

As at the date of this Base Prospectus, the internal auditor of the Issuer is Embark (Malta) Limited (C 91184), of Trident Park, No. 1 Level 4, Notabile Gardens, Mdina Road, Zone 2, Central Business District, Birkirkara CBD2010, Malta.

### 9.3. COMPLIANCE WITH CORPORATE GOVERNANCE

Since the admission to listing and trading of the Prospects Bonds on the Prospects MTF Market in 2018, the Issuer has supported and adopted the principles set out in the provisions of the Code of Principles of Good Corporate Governance forming part of the Capital Markets Rules (the “Code”). Going forward, the Issuer remains committed to fully support of the Code and undertakes to comply with the Code to the extent that this is considered complementary to the size, nature and operations of the Issuer.

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

In view of the reporting structure adopted by the Code, the Company reports, on an annual basis in its annual report, on the level of the Issuer’s compliance with the principles of the Code, in line with the “comply or explain” philosophy of the Code, explaining the reasons for non-compliance, if any.

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

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***Principle 4: Succession Policy for the Board (Code provision 4.2.7)***

Although the Board of Directors is responsible for the recruitment and appointment of senior management, the Company has not established a formal succession plan. In practice, however, the Board is actively engaged in succession planning and in ensuring that appropriate schemes to recruit, retain and motivate employees and senior management are in place.

***Principle 7: Evaluation of the Board’s Performance (Code provision 7.1)***

The Board believes that the size of the Company and the Board itself does not warrant the establishment of a committee specifically for the purpose of carrying out a performance evaluation of its role. Whilst the requirement under Code Provision 7.1 might be useful in the context of larger companies having a more complex set-up and a larger Board, the size of the Company’s Board is such that it should enable it to evaluate its own performance without the requirement of setting up an ad hoc committee for this purpose. The Board shall retain this matter under review over the coming year.

***Principle 8A: Remuneration Committee (Code provision 8.A.1) and Nominations Committee (Code provision 8.B.1)***

The Board has not established a Remuneration and, or Nominations Committee. The Board has formulated the view that the size, structure and management of the Company are such that the establishment of an ad hoc Remuneration Committee is not warranted, and the responsibility for establishment, review and implementation of the Company’s remuneration policies has been retained within the remit of the Board itself. In particular, the current remuneration policy of the Company comprises purely fixed-rate remuneration, with no entitlement to any performance-based remuneration, or any entitlement to share options, retirement pensions benefit or other retirement based benefits.

Furthermore, the Board believes that the procedure for the nominations and appointment of directors as contained in the Articles of Association are commensurate to the size and operations of the Company, and does not consider the requirement to establish an ad hoc Nominations Committee to be necessary for the Company. Instead, the Board takes on the role of periodically assessing the skills, knowledge and experience of individual directors for the Board to have the appropriate level of collective skill, knowledge and experience that would endow the Board with the requisite collective competence for the proper functioning, management and oversight of the Company by the Board.

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## 9.4. DIVIDEND POLICY

Since its inception, the Group has distributed a one-off dividend of €527,000. The Issuer has set up a dividend policy wherein dividends may only be distributed depending on, *inter alia*:

- the profits available for distribution for the year;
- the Board's view on the prevailing market outlook;
- any debt servicing and repayment requirements including financial and other restrictive covenants or agreements in place or entered into during the year;
- the cashflows for the Group;
- working capital requirements; and
- the Group's continuing obligations.

Without prejudice to the aforesaid, such dividend policy is conditioned in terms of the agreement entered into by the Issuer with JD Holdings Limited which *inter alia* ensures that in meeting its (JD Holding Limited's) liabilities with the Group, any dividends declared and paid by the Issuer to JD Holdings Limited will be immediately set-off with any outstanding debt balances due by JD Holdings Limited to the Group.

## 10 SHARE CAPITAL AND MAJOR SHAREHOLDERS

### 10.1 SHAREHOLDING OF THE ISSUER

As at the date of this Base Prospectus, the authorised and issued share capital of the Issuer is €7,546,700 divided 7,543,621 ordinary shares of a nominal value of one Euro (€1.00) each and 3,079 Ordinary A shares of a nominal value of one Euro (€1.00) each. As at the date of this Base Prospectus, the entire issued share capital of the Issuer has been fully subscribed for as follows:

Name of Shareholder	Number of Shares	Class of Shares	% Paid Up
<b>JD Holdings Limited</b> (C 82095)			
HHF 303, Industrial Estate Hal Far, Birzebbugia, BBG 3000, Malta	7,543,590	Ordinary Shares	100%
<b>Mr Josef Dimech</b> (ID 326179M)			
Blue Harbour Frobisher, B11 Ta' Xbiex Seafront, Ta' Xbiex, Malta	31	Ordinary Shares	100%
<b>Dr Stanley Portelli</b> (ID 163472M)			
Dar il-Barbagann, Triq Strejnu, Zejtun, Malta	3,079	Ordinary A Shares	100%

All ordinary shares rank *pari passu* in all respects, save that Ordinary A shares do not confer any rights in the Issuer except for the right to the return of capital upon winding up of the Issuer.

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

There is no capital of the Issuer which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Issuer is to be put under option. To the best of the Issuer's knowledge, there are no arrangements in place as at the date of this Base Prospectus which may, at a subsequent date, result in a change in control of the Issuer.

## 10.2 MAJOR SHAREHOLDERS

Mr Josef Dimech is the sole ultimate beneficial owner of the Issuer, ultimately holding *circa* 98% of the ownership interests of the Issuer: (i) directly as the registered holder of 0.0004% of the issued share capital of the Issuer; and (ii) indirectly as the registered holder of 97.92% of the issued share capital of the JD Holdings Limited, the immediate parent company and majority registered shareholder of the Issuer.

## 11 FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

### 11.1 HISTORICAL FINANCIAL INFORMATION

The historical financial information relating to the Issuer for the three financial years ended 31 December 2019, 2020, and 2021 as audited by RSM Malta are set out in the consolidated financial statements of the Issuer. Such audited consolidated financial statements are available for inspection as set out in section 22 of this Base Prospectus, are incorporated by reference and may be accessed on the Issuer's website <https://www.jsdimech.com/investor-relations/>.

Page number in Annual Report			
Information incorporated by reference in this Registration Document	Financial year ended 31 December 2019	Financial year ended 31 December 2020	Financial year ended 31 December 2021
Statement of Comprehensive Income	17	18	17
Statement of Financial Position	18	19	18
Statement of Cash Flows	20	21	20
Notes of the Financial Statements	21-46	22-46	21-46
Independent Auditor's Report	10-16	11-17	10-16

The audit reports of these three financial years do not contain any qualification, modification of opinion, disclaimers, or emphasis of matter except for financial year 2019. The emphasis of matter issued by the auditors for financial year ended 31 December 2019 is being reproduced below.

*As at 31 December 2019, the Group's current liabilities exceeded its current assets by €7,275,435 (2018: €2,663,945). The directors are actively working on obtaining long-term financing to improve the liquidity of the Group. Some arrangements have already been concluded since the end of the financial year, including with the privileged payables. The directors are confident that the positive results being constantly obtained, together with the business strategy that is being implemented, will improve the liquidity of the Group. This will ensure that the Group will be able to fund its commitments as and when the need arises to enable the Group to realise its assets and discharge its liabilities in the normal course of business. On the above basis, the directors considered it appropriate to prepare the financial statements of the Company and the Group on a going concern basis.*

Extracts from the historical consolidated financial information covering financial years ended 31 December 2019, 31 December 2020, and 31 December 2021 are set out below.

*Extracts from the historical consolidated financial information of the Issuer*

**Consolidated statement of comprehensive income**

	<b>31 Dec 2021</b> <i>(Audited)</i> <i>Euro 000</i>	<b>31 Dec 2020</b> <i>(Audited)</i> <i>Euro 000</i>	<b>31 Dec 2019</b> <i>(Audited)</i> <i>Euro 000</i>	<b>01.01.2022 to 30.06.2022</b> <i>(Unaudited)</i> <i>Euro 000</i>	<b>01.01.2021 to 30.06.2021</b> <i>(Unaudited)</i> <i>Euro 000</i>
Revenue	16,268	15,145	11,329	4,524	8,211
Cost of sales	(14,448)	(12,876)	(8,249)	(3,873)	(7,219)
<b>Gross profit</b>	<b>1,820</b>	<b>2,269</b>	<b>3,080</b>	<b>651</b>	<b>992</b>
Selling and distribution expenses	(151)	(111)	(156)	(47)	(75)
Administrative expenditure	(807)	(768)	(1,609)	(400)	(356)
Other income	294	5	23	98	-
<b>Operating profit</b>	<b>1,155</b>	<b>1,394</b>	<b>1,338</b>	<b>302</b>	<b>561</b>
Finance and dividend income	206	241	60	21	108
Finance costs	(584)	(525)	(476)	(300)	(221)
Other losses	(12)	(90)	-	-	-
Loss on disposal	-	-	-	-	-
Impairment of financial assets	(297)	(200)	(56)	(41)	(99)
<b>Profit/(loss) before income tax</b>	<b>468</b>	<b>821</b>	<b>867</b>	<b>(19)</b>	<b>349</b>
Taxation charge	(309)	(412)	(392)	(92)	(122)
<b>Profit/(loss) for the year</b>	<b>159</b>	<b>410</b>	<b>475</b>	<b>(110)</b>	<b>227</b>

Revenue comprised income generated from the design, production and installation of industrial aluminium, steel and glassworks. Revenue increased during 2020 by approximately €3.8 million, driven by the Group's ability to secure the Quad Towers project. In addition, the Group supported this increase in revenue with an investment of €1.2 million during 2019 and 2020 to upgrade the Group's Factory in Hal Far. Revenue in FY21 is primarily composed of the execution of outstanding projects from FY20 and commencement works on the Hotel (Bugibba) and Fafner House. Revenue for the interim period 1 January 2022 to 30 June 2022 decreased significantly compared to the interim period 1 January 2021 to 30 June 2021 due to delays in finalising the Quad Towers project. The Group has €1 million in work in progress that could not be invoiced, in line with the requirements of IFRS 15. The Group expects that the €1 million will be invoiced by end of FY22. In addition, the Group has a total of an additional €1.4 million in accrued income related to other projects which will also be invoiced in FY22.

We also note that the Group currently has a strong order book reaching a total value of €18.5 million and 72% of which (approximately €13 million) comprises contracted works. The Group is targeting to complete the contracted works by Q2 of FY23 and therefore is confident that the current shortfall in revenue will be compensated by the contracted works in FY22.

Cost of sales primarily comprised purchasing of inventory, staff costs, and subcontracting costs. Subcontracting costs were reclassified from administrative expenditure to cost of sales during 2020 resulting into a material increase when comparing 2019 with 2020.



Increases in cost of sales during 2020 were due to a rise in inventory and subcontracting costs of €2.9 million and €839k, respectively. Both these cost increases were mainly in relation to the Quad Towers project. This trend persisted during 2021, with subcontracting cost and staff costs growing by 47.2% and 16.0%, respectively. Equipment hire also increased from €17k in 2020 to €168k in FY21 due to the specific scaffolding and tower crane requirements by the Msida Hotel, Fafner and Quad projects that the Group does not currently own.

The Group generated *circa* €1.2 million in operating profit in 2021 and €1.4 million in 2020, representing an operating profit margin (i.e. operating profit divided by revenue) of 7% in 2021 and 9% in 2020. During 2021, the operating profit margin decreased from 2020 due to increases in subcontracting fees. Notwithstanding the delays in finalising the Quad Towers project, the Group still managed to generate an operating profit during the interim period 1 January 2022 to 30 June 2022.

Profit before income tax ("PBT") declined by €571k in 2019 and €45k in 2020. In 2019, finance costs and depreciation increased by €231k and €168k, respectively, due to a one-off addition of €500k representing revaluation of property in the previous year. In 2020, the Group recognised an impairment of financial assets due to the provision for expected losses of €200k. Given the Group's operating performance in 2021, the PBT declined to €468k. Other contributing factors for the decline include the increase in impairment provision for financial assets by €97k as well as the increase in finance cost by €59k.

### Consolidated statement of financial position

	31 Dec 2021 (Audited) Euro 000	31 Dec 2020 (Audited) Euro 000	31 Dec 2019 (Audited) Euro 000	30 Jun 2022 (Unaudited) Euro 000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	23,627	15,039	15,413	23,469
Investment property	4,523	4,522	4,518	4,677
Intangible assets	224	224	224	224
Financial assets at amortised cost	1,619	5,925	6,988	1,443
Trade and other receivables	1,085	-	-	3,357
Deferred tax asset	-	5	-	-
	<b>31,078</b>	<b>25,716</b>	<b>27,144</b>	<b>33,170</b>
<b>Current assets</b>				
Financial assets at amortised cost	3,151	1,789	811	3,969
Inventories	1,529	1,375	2,102	2,982
Contract assets	4,514	1,984	-	5,590
Trade and other receivables	6,647	2,385	838	3,223
Cash and cash equivalents	361	11	15	526
	<b>16,202</b>	<b>7,544</b>	<b>3,766</b>	<b>16,290</b>
<b>Total assets</b>	<b>47,280</b>	<b>33,260</b>	<b>30,910</b>	<b>49,460</b>
<b>Non-current liabilities</b>				
Borrowings	7,398	8,167	6,470	9,848
Lease liabilities	3,492	3,528	3,562	3,470
Trade and other payables	3,899	3,810	788	3,878
Deferred tax liabilities	1,593	360	360	1,605

Non-current tax liabilities	508	661	-	637
	<b>16,890</b>	<b>16,526</b>	<b>11,180</b>	<b>19,438</b>
<b>Current liabilities</b>				
Borrowings	3,602	2,018	1,378	2,555
Lease Liabilities	36	34	33	39
Contract liabilities	2,212	696	2,168	5,012
Current tax liabilities	1,080	556	801	835
Trade and other payables	6,873	4,859	6,662	4,962
	<b>13,804</b>	<b>8,163</b>	<b>11,041</b>	<b>13,404</b>
<b>Total liabilities</b>	<b>30,693</b>	<b>24,689</b>	<b>22,221</b>	<b>32,842</b>
<b>Equity</b>				
Share capital	7,547	245	245	7,547
Other equity	-	7,302	7,302	-
Revaluation reserve	7,857	-	-	7,998
Retained earnings	1,183	1,024	1,142	1,073
<b>Total equity</b>	<b>16,587</b>	<b>8,571</b>	<b>8,688</b>	<b>16,618</b>
<b>Total equity and liabilities</b>	<b>47,280</b>	<b>33,260</b>	<b>30,910</b>	<b>49,460</b>

The Group's main assets comprise the Hal Factory and the Birkirkara site. The Hal Far Factory and Birkirkara Site make up to 57% of the Group's assets. The Hal Far factory was carried at cost less depreciation and was increased by €2.7 million in 2019 following the adoption of International Financial Reporting Standard 16 – Leases. The Birkirkara Site was classified as an investment property since it was held for appreciation and carried at the revalued amount. The increase in the factory and right of use assets to €23.8 million in 2021 is due to the revaluation of the Hal Far factory to €17.0 million. The carrying amount of the factory and right of use assets comprise 50.0% of the total assets in 2021. There were no material changes as at 30 June 2022.

The Group's other principal assets include financial assets mainly comprising a loan to the ultimate parent and a receivable from trading operations. The loan to the ultimate parent is repayable by 1st October 2024 and attracts interest at 4.5% per annum. The amount receivable from trading operations amounting to €2.2 million will be settled via monthly instalments of €60k. The Group indicated that the receivable from the trading operations has been fully paid as at Q2 2022. The decrease in the financial assets is due to the partial repayment in the loan from ultimate parent.

Group borrowings of €10.2 million in 2020 are primarily due to banks (47%) and the amount payable to the holders of the Prospects Bonds (48%). Interest payable per annum on the bank loans varies from 2.5% to 4.88% and will be fully repaid by 30 August 2026. During 2021, the Group made an additional drawdown from current facilities available with Izola.

Equity in 2020 mainly comprised €245k in share capital and €7.0 million in other equity. The Group commenced the process of converting the other equity balance into share capital, which process was completed in FY21. The increase in total equity in 2021 to €16.6 million in 2021 is due to the revaluation of the Hal Far factory (€7.9 million).

## Consolidated statement of cash flows

	31 Dec 2021 <i>Euro</i> <i>000</i> <i>(Audited)</i>	31 Dec 2020 <i>Euro</i> <i>000</i> <i>(Audited)</i>	31 Dec 2019 <i>Euro</i> <i>000</i> <i>(Audited)</i>	01.01.2022 to 30.06.2022 <i>Euro 000</i> <i>(Unaudited)</i>	01.01.2021 to 30.06.2021 <i>Euro 000</i> <i>(Unaudited)</i>
Profit/(loss) before tax	468	821	867	(18)	349
<i>Adjustments for:</i>					
Finance costs	584	525	476	300	221
Depreciation	832	788	693	421	340
Impairment of financial assets	297	200	56	41	99
Amortisation of bond issue costs	11	10	10	6	5
Loss on disposal of motor vehicles	12	90	-	-	-
Finance and dividend income	(206)	(241)	(61)	(21)	(108)
<b>Cash movement from operating activities</b>	<b>1,998</b>	<b>2,193</b>	<b>(2,040)</b>	<b>729</b>	<b>966</b>
Decrease/(increase) in inventories	(154)	727	(2,102)	(1,452)	(855)
Decrease/(increase) in trade and other receivables and contract assets	(7,131)	(3,609)	(909)	1,016	(5,171)
Increase/(decrease) in trade and other payables and contract liabilities	3,619	(252)	(203)	992	3,391
Cash flows from operations	(1,669)	(942)	(1,173)	1,284	(1,669)
Interest paid	-	(65)	(78)	(59)	(42)
Taxation paid	(60)	(957)	-	(208)	(60)
<b>Net cash flows from/(used in) operating activities</b>	<b>(1,728)</b>	<b>(1,008)</b>	<b>(1,251)</b>	<b>1,018</b>	<b>(1,770)</b>
Less fixed capital investment					
Acquisition of property, plant and equipment	(217)	(537)	(1,086)	(264)	(96)
Movement in amounts due from related company	(591)	-	40	(1,603)	11
Investment property	(1)	(4)	(18)	-	-
Receipt from the disposal of property, plant and equipment	2	23	-	-	-
Interest received	-	241	-	-	-
Movement in amounts due from subsidiary and related parties	-	(313)	-	-	-
Receipts from loan	2,349	286	-	-	-
Repayment of loans receivable	-	-	-	-	582
<b>Free cash flow to the Issuer</b>	<b>1,542</b>	<b>304</b>	<b>(1,063)</b>	<b>(1,866)</b>	<b>497</b>
Add net borrowings					
Movement in amounts due to subsidiary	(104)	309	43	-	(1)

Payments on finance leases	(211)	(211)	(144)	(18)	(75)
Advance/(repayment) of bank loans	(1,680)	(2,312)	-	(407)	-
Net proceeds from short-term borrowings	2,438	4,783	2,349	2,287	1,468
Interest paid	(407)	(284)	(250)	(278)	(250)
Interest paid on lease liabilities	-	-	-	(88)	-
Dividends paid	-	(527)	-	-	-
<b>Net cash flows from/(used in) financing activities</b>	<b>(36)</b>	<b>1,756</b>	<b>1,998</b>	<b>1,496</b>	<b>1,142</b>
<b>Net change in cash</b>	<b>(151)</b>	<b>445</b>	<b>(317)</b>	<b>648</b>	<b>(131)</b>
Cash and cash equivalents held on 1 January	11	(434)	(118)	(140)	11
<b>Cash at bank held at 31 December</b>	<b>(140)</b>	<b>11</b>	<b>(434)</b>	<b>508</b>	<b>(121)</b>

During FY20 and FY21, the Group undertook a number of initiatives to address the negative working capital suffered during FY18 and FY19. These initiatives included:

- the restructuring of privileged creditors from current to long-term;
- ensuring that the amount receivable from the related party followed a fixed repayment date;
- re-negotiation of trade creditors' terms in favour of the Group; and
- better use of the facility made available by Izola to cover any delays in the collectability of the trade receivables.

During FY22, the Board gave additional remit to the Audit Committee to further monitor the working capital and the cashflow position of the Group.

The negative working capital in FY19 was mainly due to the setoff of the trade receivables with the remaining balance due from the Business Transfer Agreement. The working capital during the interim FY22 improved significantly to a positive position of €2.9 million.

During the first six months of the interim FY22, the Group generated positive cash flows from its operating activities. This result was primarily due to a better recovery in its trade receivables. From negative €5.0 million during the interim FY21, the Group managed to increase its trade receivable recoverability to positive €1.0 million during the interim FY22.

Financing activities increased significantly during the interim FY22 due to an additional drawdown made by the Group. The Group further used its current facilities available for project financing, whereby the loan increased from €3.4 million to €5.5 million.

Overall during the interim FY22, the Group experienced a better cash flow performance, resulting in a positive position of €508k by 30 June 2022.

## 11.2 SIGNIFICANT CHANGE IN THE GROUP'S FINANCIAL OR TRADING POSITION

There has been no significant change in the financial or trading position of the Group since 31 December 2021.

## 11.3 LEGAL AND ARBITRATION PROCEEDINGS

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

## 12 ADDITIONAL INFORMATION - MEMORANDUM AND ARTICLES OF ASSOCIATION

The Memorandum and Articles of Association of the Issuer are registered with the Registrar of Companies at the Malta Business Registry. A full list of the objects for which the Issuer is established is set out in clause 4 of the Memorandum.

## 13 MATERIAL CONTRACTS

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

## 14 PROPERTY VALUATION REPORTS

The Company commissioned Architect Mr Peter Zammit, on behalf of Innovative Architectural Structures Limited (C 79087), to issue a property valuation reports in relation to the Hal Far Factory, Hal Far Site and Birkirkara Site.

The following are the details of the said valuer:

<b>Name:</b>	Mr Peter Zammit
<b>Business address:</b>	Innovative Architectural Structures Limited (C 79087) Level 4, "Cobalt House", Notabile Road Mriehel, BKR 3000, Malta
<b>Qualifications:</b>	B.E&A (Hons) A&C.E. Msc(Surrey) MIStructE CEng

Capital Markets Rule 7.4.3 provides that property valuations to be included in a prospectus must not be dated (or be effective from) more than 60 days prior to the date of publication of the Base Prospectus or subsequent Final Terms, as applicable. The valuation report drawn up in relation to the Hal Far Factory and Hal Far Site is dated 1 September 2022 and the valuation report drawn up in relation to the Birkirkara Site is dated 1 September 2022.

A copy of the reports compiled by Architect Mr Peter Zammit in respect of the Hal Far Factory and Hal Far Site (estimated at *circa* €17 million) and the Birkirkara Site (estimated at *circa* €5.5 million) is annexed to this Base Prospectus as Annex I and is available for inspection as set out in section 22 below.

## 15 TERMS AND CONDITIONS OF THE SECURED BONDS ISSUANCE PROGRAMME

### 15.1 CONSENT FOR USE OF THE BASE PROSPECTUS AND FINAL TERMS

Tranches of Bonds may be subscribed for through any of the Authorised Financial Intermediaries in terms of this Base Prospectus and relevant Final Terms 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 Base Prospectus and relevant Final Terms (and accepts responsibility for the information contained therein) with respect to any such subsequent resale or placement or other offering of Bonds, provided this consent is limited only:

- i. in respect of Bonds subscribed for through the Authorised Financial Intermediaries listed in Annex I of the Final Terms;
- ii. to any resale, placement or other offering of Bonds subscribed for as aforesaid, taking place in Malta;
- iii. the resale, placement or other offering of Bonds is only made during the Offer Period specified in the

relevant Final Terms; and

- iv. to any resale, placement or other offering of Bonds subscribed for as aforesaid, taking place within the period of 12 months from the date of this Base Prospectus.

None of the Issuer, the Sponsor, Manager & Registrar or any of their respective advisers take any responsibility for any of the actions of any Authorised Financial Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale, placement or other offering of the 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 Base Prospectus and Final Terms in connection with) the making of any public offer of the Bonds by any person in any circumstance. 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 Base Prospectus and Final Terms. If the investor is in doubt as to whether it can rely on the Base Prospectus and Final Terms 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 Base Prospectus and Final Terms. 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 Base Prospectus and any Final Terms.

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

Any resale, placement or other offering of the Bonds to an investor by an Authorised Financial Intermediary will be made in accordance with any terms and other arrangements in place between such Authorised Financial Intermediary and such investor including as to price, allocations and settlement arrangements. Where such information is not contained in the Base Prospectus or Final Terms, 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 has any responsibility or liability for such information.

**Any Authorised Financial Intermediary using this Base Prospectus and the applicable Final Terms in connection with a resale, placement or other offering of the Bonds shall, limitedly for the duration of the applicable Offer Period set out in the applicable Final Terms, publish on its website a notice to the effect that it is using this Base Prospectus, and the applicable Final Terms, 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 the approval of this Base Prospectus or the Final Terms will be made available through a company announcement which will also be made available on the Issuer's website: <https://www.jsdimech.com/investor-relations/>.

## **15.2 TERMS AND CONDITIONS**

The terms and conditions set out in this section 15.2 of this Base Prospectus shall be terms and conditions governing the Bonds ("**Terms and Conditions**"), which, together with the terms of the applicable Final Terms in respect of the relevant Tranche of Bonds, shall apply to any Bonds issued by the Issuer pursuant to the Secured Bonds Issuance Programme.



## 15.2.1 Key Statistics of the Bonds

<b>Denomination:</b>	Euro (€);
<b>Bond Issue Price:</b>	the price of €100 per Bond;
<b>Issue Date:</b>	shall be the issue date set out in the applicable Final Terms;
<b>Plan of Distribution:</b>	save with respect to the part of the Tranche 1 Bonds which shall be offered exclusively to the holders of Prospects Bonds as part of an offer for the exchange of Prospects Bonds for Tranche 1 Bonds, distribution of Bonds shall be by way of an offer to the public and, or intermediaries' offer, as shall be specified in the applicable Final Terms;
<b>Minimum amount per subscription:</b>	minimum application amounts during any Offer Period will be subscription to a minimum subscription amount of €2,000 of Bonds and multiples of €100 thereafter;
<b>Interest:</b>	shall be the rate of interest set out in the applicable Final Terms;
<b>Interest Payment Date(s):</b>	shall be the interest payment date set out in the applicable Final Terms;
<b>Redemption Date:</b>	shall be the redemption date set out in the applicable Final Terms;
<b>Form:</b>	<p>certificates will not be delivered to Bondholders in respect of the Bonds. The entitlement to Bonds will be represented in uncertificated and dematerialised form without interest coupons 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 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.</p> <p>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.</p> <p>The CSD will issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/her/its entitlement to Bonds held in the register kept by the CSD. Bondholders may also opt to subscribe for the online e-portfolio of the MSE. The Bondholder's statement of holdings evidencing entitlement to the Bonds held in the register kept by the CSD and registration advice evidencing movements in such register will be available through the said e-portfolio facilities on <a href="https://eportfolio.borzamalta.com.mt/">https://eportfolio.borzamalta.com.mt/</a>. Further details on the e-portfolio may be found on <a href="https://eportfolio.borzamalta.com.mt/Help">https://eportfolio.borzamalta.com.mt/Help</a>;</p>
<b>Underwriting:</b>	the Bonds issued under the Secured Bonds Issuance Programme will not be underwritten;
<b>No Credit Rating:</b>	the Issuer shall not obtain any credit rating in respect of any of the Bonds that may be issued from time to time pursuant to the Secured Bonds Issuance Programme;
<b>Governing Law:</b>	the Bonds issued under the Secured Bonds Issuance Programme shall be issued under and shall governed by and construed in accordance with the laws of Malta;
<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.

## 15.2.2 Prospects Bond Exchange Offer

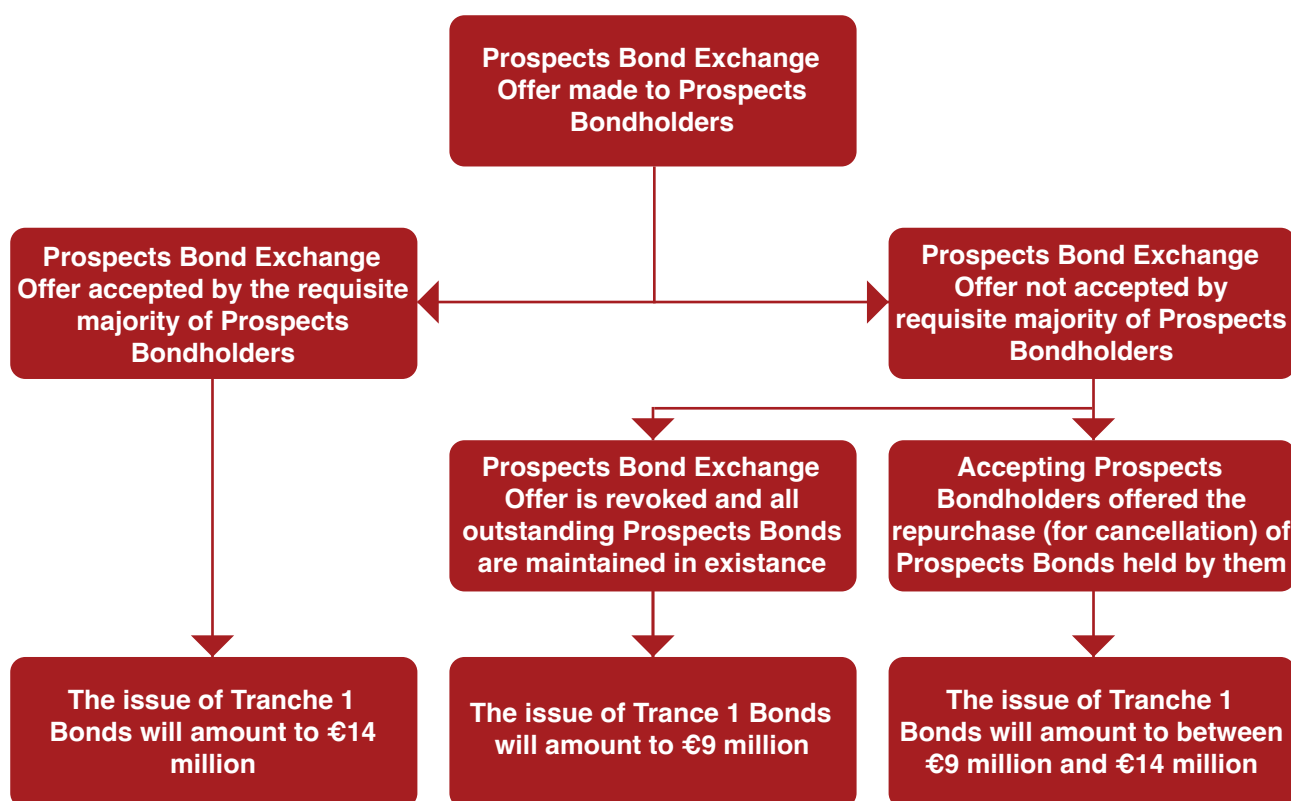
The Issuer has reserved an aggregate amount of up to €5,000,000 out of the Tranche 1 Bonds for subscription by holders of Prospects Bonds appearing on the register of Prospects Bonds as at the close of business of 10 October 2022 (the “**Prospects Bondholders**”), in exchange for such number of Prospects Bonds held by Prospects Bondholders equivalent to the nominal value of Prospects Bonds being surrendered by the Prospects Bondholders to the Issuer pursuant to such exchange offer (the “**Prospects Bond Exchange Offer**”).

A meeting of Prospects Bondholders shall be convened by the Issuer in accordance with section 17.15 of the Company Admission Document of the Issuer dated 16 May, 2018. Specifically, the meeting shall be convened in accordance with section 17.15.1 (ii) of the Company Admission Document, requiring a meeting of the Prospects Bondholders for the purpose of considering and, if deemed fit, approving the exchange or substitution of the Bonds by, or the conversion of the Bonds into, shares, debentures or other obligations or securities of the Issuer.

In this respect, depending on the outcome of the meeting of Prospects Bondholders, the following scenarios may arise:

- i. **Scenario 1: Prospects Bond Exchange Offer is approved by the requisite majority of Prospects Bondholders:** the Prospects Bond Exchange Offer is approved by the requisite majority of Prospects Bondholders prescribed by section 17.15.8 of the Company Admission Document, that is, by at least sixty per cent (60%) in nominal value of the Prospects Bondholders present at the meeting when the vote is being taken, in person or by proxy, having voted in favour of the Prospects Bond Exchange Offer. In such case all of the Prospects Bonds held by the Prospects Bondholders on the relevant record date would be surrendered to the Issuer for subsequent cancellation, in exchange for the allocation of such number of Tranche 1 Bonds equivalent to the nominal value of Prospects Bonds in issue as at said record date. The obligations of the Issuer with respect of the Prospects Bonds would be extinguished in their entirety and replaced by the obligations on the part of the Issuer towards Bondholders under the Tranche 1 Bonds to be issued.
- ii. **Scenario 2: Prospects Bond Exchange Offer is not approved by the requisite majority of Prospects Bondholders:** the Prospects Bond Exchange Offer is not approved by the requisite majority prescribed by section 17.15.8 of the Company Admission Document. In this scenario, the Issuer may elect, at its own discretion, to:
  - a. revoke the Prospects Bond Exchange Offer and maintain all of the Prospects Bonds then outstanding in existence, to the effect that: no Prospects Bonds will be exchanged for Tranche 1 Bonds; the issue of Tranche 1 Bonds will be reduced from €14,000,000 to €9,000,000; and Prospects Bondholders shall retain their Prospects Bonds in the proportions as held by them as at the Cut-Off Date; or
  - b. offer those Prospects Bondholders who voted in favour of the Prospects Bond Exchange Offer (the “Accepting Prospects Bondholders”) to repurchase (for cancellation) the Prospects Bonds held by them in consideration for such amount of Tranche 1 Bonds equivalent to the nominal value of Prospects Bonds being repurchased as aforesaid. In such case the issue of Tranche 1 Bonds will be for an amount of between €9,000,000 and €14,000,000. Should the Accepting Prospects Bondholders elect to accept the Issuer’s offer to repurchase their Prospects Bonds notwithstanding that the Prospects Bond Exchange Offer was not approved by the requisite majority of Prospects Bondholders, such acceptance shall constitute their irrevocable mandate to the Issuer to: cause the surrender of said Prospects Bonds in favour of the Issuer in consideration for the issuance and allocation of Tranche 1 Bonds in favour of such Accepting Prospects Bondholders; and engage, at the Issuer’s cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in said Prospects Bonds and appropriate number of Tranche 1 Bonds in the Issuer and the Accepting Prospects Bondholders respectively. The obligations of the Issuer with respect to the Prospects Bonds held by the Accepting Prospects Bondholders would in such case be extinguished and replaced by the obligations on the part of the Issuer towards Bondholders under the Tranche 1 Bonds.

If such scenario were to materialise, the Issuer would subsequently have bonds listed on the Prospects MTF as well as on the Official List of the Malta Stock Exchange, trading separately on distinct markets and having different ISINs.



Further details on the procedures relating to the meeting of holders of Prospects Bonds shall be set out in the circular enclosed with the notice convening the meeting.

### 15.2.3 Use of Proceeds

The aggregate proceeds raised from the Secured Bonds Issuance Programme, which net of estimated programme expenses amounting to €400,000 (“**Bond Programme Expenses**”) and excluding the amount of €5,000,000 reserved for allocation to Prospects Bondholders pursuant to the Prospects Bond Exchange Offer, are expected to amount to approximately a minimum of €15,600,000 and a maximum of €19,600,000, will be used by the Issuer for the following purposes:

#### 15.2.3.1 Utilisation of proceeds raised from Tranche 1 Bonds

- the amount of €5,000,000 will be loaned by the Issuer to JD Operations Limited, pursuant to the terms of a loan agreement entered into between the Issuer (as lender) and JDO (as borrower) (the “**JD Capital – JDO loan**”), for the purpose of financing Phase 1 of the redevelopment of the Hal Far Factory, as further described in section 6.2.5 of the Base Prospectus and in the respective independent expert valuation report contained in Annex I thereof (the “**Hal Far Phase 1 Financing**”); and
- the remaining balance of €3,600,000, will be used by the Issuer for the general corporate funding purposes of the JD Capital Group (the “**General Corporate Funding**”).

In the event that Tranche 1 is not fully subscribed, the subscription for the Tranche 1 Bonds shall be deemed not to have been accepted by the Issuer, and all proceeds received from Applicants shall be refunded accordingly, and the Bond Issue shall be cancelled forthwith.

#### 15.2.3.2 Utilisation of proceeds raised from Tranche 2 Bonds (as may be split in one or more tranches of Bonds as part of the Secured Bonds Issuance Programme):

The Company will issue the Tranche 2 Bonds as secured bonds of an aggregate principal amount of a minimum of €7,000,000 and a maximum of up to €11,000,000, redeemable at their nominal value on the Redemption Date as further described in the applicable Final Terms. In this respect, depending on the amount ultimately issued, the following scenarios may arise:

i. **Scenario 1: Tranche 2 Bonds are issued as secured bonds of an aggregate principal amount of €7,000,000, redeemable at their nominal value on the Redemption Date as further described in the applicable Final Terms.**

- a. the amount of €7,000,000 will be loaned by the Issuer to JDO, pursuant to the terms of an extension to the JD Capital - JDO Loan, for the purpose of financing Phase 2 of the redevelopment of the Hal Far Factory, as further described in section 6.2.5 of the Base Prospectus and in the respective independent expert valuation report contained in Annex I thereof (the “**Hal Far Phase 2 Financing**”).

The above shall hereinafter be referred to as “**Scenario 1**”.

ii. **Scenario 2: Tranche 2 Bonds are issued as secured bonds of an aggregate principal amount of €11,000,000, redeemable at their nominal value on the Redemption Date as further described in the applicable Final Terms.**

- a. the amount of €7,000,000 will be loaned by the Issuer to JDO, pursuant to the terms of an extension to the JD Capital - JDO Loan, for the purpose of the Hal Far Phase 2 Financing; and
- b. further to a decision of the board of directors of JD Birkirkara Limited, within 12 months from date of approval of this Base Prospectus, to proceed with the development of the Birkirkara Office Complex, the amount of €4,000,000 will be loaned by the Issuer to JD Birkirkara Limited, pursuant to the terms of a loan agreement to be entered into between the Issuer (as lender) and JDB (as borrower) (the “**JD Capital – JDB loan**”) for the purposes of financing such development of the Birkirkara Office Complex as further described in section 6.2.5 of this Base Prospectus (the “**Birkirkara Office Complex Financing**”).

The above shall hereinafter be referred to as “**Scenario 2**”.

The Issuer has established a minimum subscription amount of €7,000,000 on which the issue of the Tranche 2 Bonds is conditional. In the event that the Tranche 2 Bonds are not fully taken up, to the effect that the total subscriptions for the Bonds does not equate to at least €7,000,000, the subscription for the Tranche 2 Bonds shall be deemed not to have been accepted by the Issuer, and all proceeds received from Applicants shall be refunded accordingly, and the issue of the Tranche 2 Bonds shall be cancelled forthwith.

Provided that, should the issue of Tranche 2 Bonds be in terms of Scenario 2, notwithstanding whether the issue is under-subscribed, if the minimum subscription threshold of €7,000,000 is met, the Issuer shall issue Tranche 2 Bonds up to the amount subscribed for and the proceeds from the issue of the Tranche 2 Bonds shall first be utilised for the purpose set out in 15.2.3.2(ii)(a) above, and any remaining balance shall be utilised for the purposes specified in 15.2.3.2(ii)(b) (whilst the remainder of the *circa* €4.0 million investment required for the development of the Birkirkara Office Complex will be funded through the Group’s own resources or bank financing)

The JD Capital - JDO Loan shall be subject to the payment of interest at 6.2% per annum.

The JD Capital - JDO Loan is conditional upon the issue and allotment of the Tranche 1 Bonds, whereas the extension thereto referred to in paragraph (ii)(a) above is conditional upon the issue and allotment of the Tranche 2 Bonds.

The JD Capital - JDB Loan is conditional upon the issue and allotment of the Tranche 2 Bonds.

## **15.2.4 Security**

### **15.2.4.1 Collateral**

*15.2.4.1.1 The Bonds that may be issued by the Issuer from time to time pursuant to the Secured Bonds Issuance Programme shall be secured by, and Bondholders shall have the benefit of, the following security:*

- i. the first ranking special hypothec granted by JD Operations Limited over the utile dominium held by it over the Hal Far Site, together with any and all constructions and other buildings developed thereon, pursuant

to a deed of hypothec to be made in the records of Notary Dr Vanessa Poole (the “**Hal Far Collateral**”), as approved in principle by INDIS on the 22 September 2022 on the following specific terms;

- a. final approval to be granted on admission to trading of the Bonds on the Official List of the Malta Stock Exchange;
  - b. the Birkirkara Property will be hypothecated in favour of the Security Trustee (either in part, prior to the Cancellation, or in full, following the Cancellation);
  - c. the Hal Far Site will at no point in time secure the repayment of the uses of proceeds relating to the Bond Programme Expenses and, or the Birkirkara Office Complex Financing, amounting in aggregate to up to Euro 4.4 million;
  - d. the Issuer will build the Collateral Account as from the financial year ending 31 December 2028, the value of which will, by no later than three months prior to the redemption of the Bonds, amount to €5.0 million; and
  - e. in the event of default by the Issuer, recourse to the Hal Far Site shall only be required to the extent of the difference between the value of the Bonds outstanding as at the date of default, and the aggregate sum of: the Collateral Account as at the date of default; the amount recovered through the said enforcement of the security over the Birkirkara Property; and the amount referred to in section 15.2.4.1.1 (iv) below, to the extent applicable should the issue of the Tranche 2 Bonds be in terms of Scenario 2.
- ii. the second ranking special hypothec granted by JD Birkirkara Limited over the Birkirkara Site and any and all constructions and other buildings developed thereon, subject to a maximum of €7.0 million, pursuant to a deed of hypothec to be made in the records of Notary Dr Vanessa Poole (the “**Birkirkara Collateral**”), provided that, following the cancellation of an existing first ranking special hypothec over the Birkirkara Site up to an amount of €2.5 million granted by JD Birkirkara Limited to Bank of Valletta p.l.c. as security in terms of a loan agreement entered into between Bank of Valletta p.l.c. and JSDimech Limited in May 2022 (the “**Cancellation**”), which Cancellation shall be effected following the repayment of an outstanding balance of €2.5 million due by JSDimech Limited to Bank of Valletta p.l.c. by no later than the Redemption Date of the Tranche 1 Bonds, the special hypothec granted in terms of the Birkirkara Collateral shall be converted into a first ranking special hypothec over the Birkirkara Site and any and all constructions and other buildings developed thereon, for the full value of the Bond Issue, plus one year interest thereon. Such first ranking special hypothec shall be granted in favour of the Security Trustee for the benefit of Bondholders from time to time registered in the register of Bondholders maintained by the CSD. Accordingly, until the Cancellation, the Birkirkara Collateral shall secure an amount equivalent to the difference between (a) the aggregate value of the Birkirkara Site and any buildings constructed thereon and (b) the amount of up to €2.5 million due by JSDimech Limited to Bank of Valletta p.l.c., subject to a maximum of €7.0 million. Following the Cancellation, the converted first ranking special hypothec shall be increased to the full value of the Bond Issue, plus one year interest thereon;
- iii. the Collateral Account (as defined in section 15.2.5 below);
- iv. should the issue of the Tranche 2 Bonds be in terms of Scenario 2, the Bond proceeds allocated for the Birkirkara Office Complex Financing (up to a maximum of €4.0 million) until such time as the Security Trustee is presented with invoices confirming the works being undertaken at the Birkirkara Site; and
- v. the Insurance Pledge Agreement (as defined in section 15.2.6 below).

*15.2.4.1.2 The Collateral shall be constituted in favour of the Security Trustee for the benefit of all Bondholders from time to time registered in the register of Bondholders maintained by the CSD, subject, however, to the following split:*

- i. Following completion of the issue of the Tranche 1 Bonds, the Hal Far Collateral shall secure an amount of up to €17.0 million, while the Birkirkara Collateral shall secure an amount of up to either: the difference between (a) the aggregate value of the Birkirkara Site and any buildings constructed thereon; and (b) the amount of up to €2.5 million due by JSDimech Limited to Bank of Valletta p.l.c., subject to a maximum of €7.0 million (assuming the Cancellation has not been effected); or the full value of the Birkirkara Site and any and all constructions and other buildings developed thereon (assuming the Cancellation has been effected); and
- ii. Following the issue of the Tranche 2 Bonds and completion of Phase 1, the Bonds will be further secured by an increase of €7.5 million in the market value of the Hal Far Factory.



*15.2.4.1.3 In the event that the Security Trustee were to enforce the Collateral in the case of an event of default in terms of this Base Prospectus (see section 15.2.8 below), then in terms of the Security Trust Deed entered into between the Issuer, the Security Trustee and the providers of the Collateral (JD Birkirkara Limited and JD Operations Limited) (see section 15.2.4.2 below), prior to enforcing the Hal Far Collateral, recourse is to first be made by the Security Trustee to a combination of:*

- i. the Birkirkara Collateral (which shall, pre-Cancellation, be for the value of the Birkirkara Site and any and all constructions and other buildings developed thereon, less the amount of up to €2.5 million secured in favour of Bank of Valletta p.l.c. pursuant to its first ranking special hypothec, subject to a maximum amount of €7.0 million, or shall, post-Cancellation, be for the full value of the Birkirkara Site and any and all constructions and other buildings developed thereon); and
- ii. the Collateral Account (as defined in section 15.2.5 below); and
- iii. the amount referred to in section 15.2.4.1.1 (iv) above, to the extent applicable should the issue of the Tranche 2 Bonds be in terms of Scenario 2.

Accordingly, the Security Trustee shall be obliged to make recourse to the above pool of security assets prior to enforcing the Hal Far Collateral for any remaining balance, and as a result, recourse to the Hal Far Collateral would be limited to the extent of the difference between the value of the Bonds outstanding as at the date of default and the aggregate sum recovered from said pool of security assets. Furthermore, in terms of the in-principle approval granted by INDIS referred to in section 15.2.4.1.1, the Hal Far Collateral shall at no point in time secure the repayment of the uses of proceeds relating to the Bond Programme Expenses and, or the Birkirkara Office Complex Financing.

#### ***15.2.4.2 Appointment of Security Trustee pursuant to Security Trust Deed***

The Issuer, JD Operations Limited, and JD Birkirkara Limited have entered into a Security Trust Deed with the Security Trustee, which sets out: the covenants of the Issuer to pay the principal amount under the Bonds and interest thereon on the Redemption Date; the hypothecary rights under the deeds of hypothec constituting the Hal Far Collateral and Birkirkara Collateral; and all the rights and benefits enjoyed by the Security Trustee (for the benefit of Bondholders) under the Security Trust Deed.

The Security Trustee's role includes the holding of the Collateral for the benefit of the Bondholders and the enforcement of the said Collateral upon the happening of specified events of default. The Security Trustee shall have no payment obligations to Bondholders under the Bonds, such obligations remaining exclusively the obligations of the Issuer.

The rights under the Collateral will be vested in the Security Trustee for the benefit of the Bondholders in proportion to their respective holding of Bonds. Pursuant to the provisions of the Security Trust Deed, the Security Trustee shall:

- i. retain all proceeds from the Tranche 1 Bonds until such time as the Hal Far Collateral and the Birkirkara Collateral shall have each been constituted in favour of the Security Trustee in the manner set out in section 15.2.4.1.2(i); and
- ii. retain all proceeds from the Tranche 2 Bonds until such time as the Hal Far Collateral shall have been extended in the manner set out in section 15.2.4.1.2(ii).

In turn, a Tranche of Bonds shall not be issued and allotted until: (i) the Bonds are admitted to trading on the Official List, by no later than the date specified in the applicable Final Terms relative thereto; and (ii) the relevant Collateral has been constituted in favour of the Security Trustee for the benefit of the Bondholders, in accordance with the provisions of the Security Trust Deed.

#### ***15.2.4.3 Variations to the Collateral***

In terms of the Security Trust Deed, the Security Trustee reserves the right to demand to the Issuer that additional or alternative immovable (and unencumbered) property owned by the Group be made available as security in addition to and, or in place of the Secured Property, should at any given time the value of the Secured Property be reported, pursuant to an independent architect's valuation report, to be lower than the nominal value of outstanding Bonds in issue plus one year's interest yet to accrue, after taking into consideration the security thresholds set out in section 15.2.4.1.



In such case, the Issuer shall identify, at its discretion, which of the unencumbered property/ies forming part of the Group's property portfolio as at the date thereof, if any, would replace or be added to the existing Secured Property for the purposes of securing the Bonds, and shall take such steps as may be necessary for such unencumbered property/ies to replace or be added to the existing Secured Property. In the event that, upon such request being made by the Security Trustee, the Group's property portfolio does not comprise any immovable property which is unencumbered, the Issuer shall procure that the Group shall either: (i) provide a cash guarantee in favour of the Security Trustee sufficient to cover the difference between the nominal value of outstanding Bonds in issue (plus one year's interest yet to accrue) and the revised value of the Secured Property as set out in the abovementioned independent architect's valuation report; (ii) or take such steps as may be necessary to free any one or more of the immovable properties in its property portfolio from any existing encumbrances, and grant a first ranking special hypothec thereon in favour of the Security Trustee for the purpose of securing the Bonds.

Without prejudice to the aforesaid, the Issuer retains the right to substitute any of the Secured Property with another immovable (and unencumbered) property which forms part of the property portfolio that is owned by the Group or any other company or legal entity that is an affiliate of the Group or the ultimate beneficial owner of the Group – (Mr. Josef Dimech), subject: (i) to an independent architect's valuation report confirming that the value of the immovable property added as a Secured Property is at least equal to the value of the immovable property removed as a Secured Property, or otherwise sufficient to ensure that the value of the aggregate Secured Property remains equal to or in excess of the nominal value of outstanding Bonds in issue plus one year's interest yet to accrue; and (ii) to obtaining the Security Trustee's prior consent.

In addition, the Issuer retains the right to disencumber any of the properties (or part thereof) constituting Secured Property in the event that, following an increase in value of any one or more of the properties constituting Secured Property, the value of the residual Secured Property would, after disencumbering part thereof, remain equal to or in excess of the nominal value of outstanding Bonds in issue plus one year's interest, provided that no part of the Secured Property may be disencumbered as aforesaid unless the Issuer obtains: (i) an independent architect's valuation report confirming that the value of the residual immovable property constituting the Secured Property be equal to or in excess of the nominal value of outstanding Bonds in issue plus one year's interest yet to accrue; and (ii) the Security Trustee's prior written consent. For this purpose, it is also acknowledged and accepted that in the event that only part of one or more of the properties constituting the Secured Property is disencumbered as aforesaid, the Issuer retains the right to utilise the excess value of the Secured Property so disencumbered as security for other indebtedness of the Issuer or any of the companies forming part of the Group, or otherwise affiliated with the Group, provided that any such security over the Secured Property may not rank equally with, or ahead of, the special hypothec constituted in favour of the Security Trustee, for the benefit of the Bondholders, at any time until the cancellation and release thereof.

#### ***15.2.4.4 Release of proceeds raised from the Tranche 1 Bonds***

The net bond proceeds from the issue of the Tranche 1 Bonds shall be released to the Issuer by the Security Trustee on condition that the Security Trustee:

- i. receives appropriate assurance that publication and registration of the deed of special hypothec pursuant to which the security over the Hal Far Factory for the benefit of Bondholders is to be duly perfected and registered, will be effected;
- ii. receives appropriate assurance that the consent to the constitution of the special hypothec referred to in (i), required from INDIS, has been duly granted and remains in place;
- iii. receives appropriate assurance that publication and registration of the deed of special hypothec pursuant to which the collateral over the Birkirkara Site for the benefit of Bondholders is to be duly perfected and registered, will be effected;
- iv. receives appropriate assurance that Izola has waived the restrictive covenants contained in clauses 16.1.1 to 16.1.4 (both inclusive) of the reducing balance loan agreement entered into between JDO (as borrower) and Izola (as lender), dated 26 May 2020, and, therefore, that Izola has no objection to the creation of the additional indebtedness pursuant to the Secured Bonds Issuance Programme and the creation of encumbrances pursuant to the creation of the Collateral over the Secured Property for the benefit of the Bondholders;
- v. receives appropriate assurance that Izola has waived the restrictive covenants contained in clauses 16.1.1 to 16.1.4 (both inclusive) of the revolving loan facility agreement entered into between JDO (as borrower) and Izola (as lender), dated 4 July 2019, and, therefore, that Izola has no objection to the creation of the additional indebtedness pursuant to the Secured Bonds Issuance Programme and the creation of

- encumbrances pursuant to the creation of the Collateral over the Secured Property for the benefit of the Bondholders; and
- vi. receives confirmation that the Tranche 1 Bonds will be admitted to the Official List by no later than 25 November 2022.

#### *15.2.4.5 Release of proceeds raised from the Tranche 2 Bonds*

The net bond proceeds from the issue of the Tranche 2 Bonds shall be released to the Issuer by the Security Trustee on condition that the Security Trustee:

- i. receives appropriate assurance that publication and registration of the deed necessary in order for the abovementioned special hypothec creating security over the Hal Far Factory for the benefit of Bondholders to be extended to the increased amount of €24.5 million is to be duly perfected and registered, will be effected;
- ii. receives a certificate of completion of works from an independent architect engaged by the Issuer confirming that Phase 1 of the redevelopment of the Hal Far Factory has been materially completed;
- iii. receives an updated property valuation report drawn up by an independent architect engaged by the Issuer and dated not more than 60 days prior to the date of admission to trading of the Tranche 2 Bonds, in respect of the Hal Far Factory;
- iv. receives an updated property valuation report drawn up by an independent architect engaged by the Issuer and dated not more than 60 days prior to the date of admission to trading of the Tranche 2 Bonds, in respect of the Birkirkara Site;
- v. receives a declaration made by the Issuer that, having regard to the updated property valuation reports referred to in sub-paragraphs (iii) and (iv) above, the value attributed to Hal Far Factory and the Birkirkara Site is sufficient to secure the aggregate amount outstanding under the Tranche 1 Bonds and Tranche 2 Bonds, together with one year interest thereon.
- vi. Furthermore, by reference to section 15.4.2.1.1(iv) and 15.4.2.1.2(iii) above, should the issue of Tranche 2 Bonds be in terms of Scenario 2, proceeds raised for the Birkirkara Office Complex Financing shall be withheld by the Security Trustee, for the benefit of Bondholders, until such time as the Security Trustee is presented with invoices confirming the works being undertaken at the Birkirkara Site and a certificate of completion of works from an independent architect engaged by the Issuer confirming that the development of the Birkirkara Office Complex has been materially completed.

#### **15.2.5 Cash Collateral**

In terms of the requirements imposed by INDIS on the Issuer for the provision of the Hal Far Collateral, the Issuer hereby undertakes that as from the financial year ending 31 December 2028 it shall initiate the process for building a collateral account the value of which will, by no later than three months prior to the Redemption Date, amount to €5.0 million (the “**Collateral Account**”). The Issuer shall make periodic payments for the purpose of building up the Collateral Account, subject to a commitment on a best endeavors basis to build up such account on a €1.0 million per year basis.

The Issuer has appointed the Security Trustee as the custodian of the Collateral Account. The funds paid into the Collateral Account by the Issuer shall be held in a clients’ account held by the Security Trustee and designated for such purpose and shall be kept segregated from any other assets of the Issuer or the Security Trustee. The assets constituting the Collateral Account and any benefits accruing thereon, shall remain the assets of the Issuer.

The Security Trustee shall, in its capacity as custodian of the Collateral Account, undertake the following activities:

- i. maintain control of the assets constituting the Collateral Account, which assets shall be segregated from any other assets of the Issuer and, or of the Security Trustee;
- ii. monitor the Issuer’s contributions to the Collateral Account and report on the amounts deposited therein and Issuer’s obligation to inform the market of amounts deposited on an annual basis;
- iii. ensure that the full value of €5.0 million is deposited into the Collateral Account by no later than three months prior to the Redemption Date;
- iv. draw up an annual report, addressed to the MFSA, as to the extent of compliance by the Issuer with item (ii) above. A copy of the report shall be published through a company announcement and shall be included in the annual financial statements of the Issuer; and
- v. authorise the release of the assets of the Collateral Account, in full or in part for the utilization thereof for any of the permitted use of the Collateral Account specified below.

The assets comprising the Collateral Account may be applied for one or more of the following permitted purposes:

- i. buying back Bonds for subsequent cancellation;
- ii. to invest in any of the following eligible investment assets:
  - a. Malta Government Stocks or local SICAVs or other investment vehicles that principally invest in Malta Government stocks;
  - b. debt instruments denominated in the same currency as the Bonds and quoted on a secondary market, issued by local or international entities which are unrelated to the Issuer and which are rated as 'A', or better, by a reputable credit rating agency.

### 15.2.6 The Insurance Pledge Agreement

In terms of the Security Trust Deed, JD Operations Limited and the Security Trustee shall enter into a pledge agreement pursuant to which any proceeds recoverable by JD Operations Limited (as insured) from its insurer in terms of an existing 'industrial all risks' policy covering the Hal Far Factory shall be reserved as security in favour of the Security Trustee, for the benefit of Bondholders (the **"Insurance Pledge Agreement"**). A pledge creates a right of preference in favour of the collateral holder to be paid out of the asset so secured (the insurance policy) in priority to other creditors.

The Issuer shall in due course procure JD Operations Limited to revise the respective insurance policy as needed in accordance with a valuation undertaken by a qualified architect in order to ensure that the insurance coverage corresponds to the increased value of the insured site following completion of each of Phase 1 and Phase 2 developments on the Hal Far Factory.

### 15.2.7 Status and Ranking of the Bonds

The Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and secured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference amongst themselves. The Bonds shall rank with first priority and preference over all present and future unsecured obligations of the Issuer, save for such exceptions as may be provided by applicable law, by virtue and to the extent of the Collateral. The payment of the principal under the Bonds and interest thereon shall be secured through the Collateral.

As explained in the preceding section, pursuant to the Security Trust Deed, JD Operations Limited and JD Birkirkara Limited have each agreed to constitute in favour of the Security Trustee, for the benefit of Bondholders as beneficiaries, the Collateral over the Secured Property. The special hypothec will secure the claim of the Security Trustee, for the benefit and in the interest of Bondholders, for the repayment of the principal and interest under the Bonds by a preferred claim over the Secured Property. Accordingly, following the issue of the Bonds and application of the proceeds of the Tranches of Bonds as shall be specified in the applicable Final Terms, the Security Trustee for the benefit of Bondholders will have the benefit of a special hypothec over the Secured Property for the Bonds plus interest thereon.

### 15.2.8 Additional Indebtedness and Encumbrances

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further debentures, debenture stock, bonds, loan notes, or any other debt securities, either having the same terms and conditions as any outstanding debt securities of any series (including the Bonds or Tranches thereof) and so that such further issue shall be consolidated and form a single series with the outstanding debt securities of the relevant series (including the Bonds or Tranches thereof), or upon such terms as the Issuer may determine at the time of their issue. Provided that in creating and, or issuing further indebtedness, the Group shall not exceed 70% of the gearing ratio calculated on the basis outlined in section 9.1 of this Base Prospectus.

Notwithstanding that the Bonds constitute the general, direct, unconditional and secured obligations of the Issuer, if the Issuer incurs further borrowings or other indebtedness as aforesaid, the Issuer may, without the consent of the Bondholders, create or permit to subsist additional security interests or other encumbrances upon the whole or any part of its present or future undertakings, assets or properties, existing or future, and there can be no guarantee that such security interests or other encumbrances, as well as privileges or security interests accorded by law in specific situations, will not arise during the course of the Issuer's business which may rank with priority or preference to the Collateral.

### 15.2.9 Events of Default

Pursuant to the Security 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 value of the registered beneficiaries (the Bondholders appearing on the register of Bondholders from time to time), by notice in writing to the Issuer 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**”):

- i. the Issuer fails to effect payment of interest under the Bonds on an Interest Payment Date and such failure continues for a period of 60 days after written notice thereof has been given to the Issuer by the Security Trustee; or
- ii. the Issuer fails to pay the principal amount on any Bond on the Redemption Date, and such failure continues for a period of 60 days after written notice thereof has been given to the Issuer by the Security Trustee; or
- iii. the Issuer fails to duly perform or otherwise breaches any other material obligation contained in the Prospectus and such failure continues for a period of 60 days after written notice thereof has been given to the Issuer by the Security Trustee; or
- iv. in terms of article 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;
- v. the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or
- vi. the Issuer is unable, or admits in writing of its inability, to pay its debts within the meaning of article 214(5) of the Act, or any statutory modification or re-enactment thereof; or
- vii. an order is made or an effective resolution is passed for winding up of the Issuer, except for the purpose of a reconstruction, amalgamation or division, the terms of which have been approved in writing by the Security Trustee; or
- viii. a judicial or provisional administrator is appointed upon the whole or any part of the property of the Issuer; and such appointment is certified by the Security Trustee to be prejudicial, in its opinion to the Bondholders; or
- ix. the Issuer substantially changes the object or nature of its business as currently carried on; or
- x. the Issuer commits a breach of any of the covenants or provisions contained in the Security Trust Deed and on its part to be observed and performed and the said breach still subsists for 60 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); or
- xi. the security constituted by any hypothec, pledge or charge upon the whole or any part of the undertaking or assets of the Issuer shall become enforceable and steps are taken to enforce the same and the taking of such steps shall be certified in writing by the Security Trustee to be in its opinion prejudicial to the Bondholders; or
- xii. any representation or warranty made or deemed to be made or repeated by or in respect of the Issuer is or proves to have been incorrect in any material respect in the sole opinion of the Security Trustee; or
- xiii. any material indebtedness of the Issuer is not paid when properly due or becomes properly due and payable or any creditor of the Issuer (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 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 €7.5 million; or
- xiv. any consent, permit, authorisation, licence or approval of, or registration with, or declaration to governmental, statutory or public bodies, or authorities or courts, required in connection with the operation of the Secured Property, or required by the Issuer for the performance of its obligations hereunder or under the Security Trust Deed, is substantially modified in the sole opinion of the Security Trustee, or is not granted, or is revoked, or terminated, or expires and is not renewed, or otherwise ceases to be in full force and effect; or
- xv. the Issuer repudiates, or does or causes or permits to be done any act or thing evidencing an intention to repudiate the Bonds and, or the Security Trust Deed; or
- xvi. it becomes unlawful at any time for the Issuer to perform all or any of its obligations hereunder, or under the Security Trust Deed; or
- xvii. all, or in the sole opinion of the Security Trustee, a material part, of the undertakings, assets, rights, or revenues of or shares or other ownership interests in the Issuer are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government.

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 of any of the covenants, obligations or provisions herein contained due to any fortuitous event of a calamitous nature or otherwise beyond the control of the Issuer, then the Security Trustee may, but shall be under no obligation so to do, give the Issuer 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 take cognizance of and, to the extent considered reasonably possible, act on and in accordance with any directions it may receive in a meeting of Bondholders satisfying the conditions set out in the Security 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 is observing and performing all the obligations, conditions and provisions on their respective parts contained in the Secured Bonds and the Security Trust Deed.

### **15.2.10 Rights of Bondholders**

A Bondholder shall have such rights as are, pursuant to the terms and conditions of the Base Prospectus and the relevant Final Terms, attached to the Bonds, including:

1. the repayment of capital;
2. the payment of interest;
3. the benefit of enforcing the Collateral through the Security Trustee;
4. the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bonds; and
5. the enjoyment of all such other rights attached to the Bonds emanating from the Base Prospectus and applicable Final Terms.

### **15.2.11 Transferability of the Bonds**

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

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 transferee.

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

### **15.2.12 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 the Secured Bonds Issuance Programme are estimated not to exceed €400,000 in the aggregate.



There is no particular order of priority with respect to such expenses. The expenses pertaining to the Secured Bonds Issuance Programme shall be deducted entirely from the proceeds of the Secured Bonds Issuance Programme and accordingly shall be borne exclusively by the Issuer. Any additional expenses that may be incurred in connection with the issuance of a specific Tranche of Bonds shall be specified in the applicable Final Terms.

### 15.2.13 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 effected within seven days of the Redemption Date. The Issuer shall not be responsible for any loss or delay in transmission. Upon payment of the applicable Redemption Value, 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 of the register cut-off date as specified in the applicable Final Terms (the “**Register Cut-Off Date**”), by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven days of the applicable 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.

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 years.

### 15.2.14 Yield

The gross yield in respect of each Tranche, which shall be calculated on the basis of the applicable Interest, the Issue Price and the Redemption Value of the Bonds at the Redemption Date, shall be specified in the Final Terms.

### 15.2.15 Redemption

Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on the Redemption Date, set out in the Final Terms.

Subject to the provisions of this section 15.2.14, 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 reissued or re-sold.

### 15.2.16 Meeting 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 Base Prospectus and, or the applicable Final Terms require the approval of a Bondholders’



meeting and to effect any change to the applicable Terms and Conditions of the Bonds and, or the applicable Final Terms. In the event that the Issuer is desirous of amending the Final Terms of one particular Tranche only, it is only the Bondholders of that particular Tranche (the “**Affected Bondholders**”) who shall be entitled to attend and vote at a meeting summoned for this purpose. Meetings of Bondholders and Affected Bondholders shall be summoned and conducted in the manner prescribed hereunder.

A meeting of Bondholders or Affected Bondholders (as applicable) shall be called by the Directors by giving the Security Trustee not less than 21 days’ notice in writing. Upon receiving due notice from the Directors, the Security Trustee shall call such meeting by giving all Bondholders, or Affected Bondholders (as applicable) listed on the register of Bondholders as at a date being not more than 30 days preceding the date scheduled for the meeting, not less than 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 Base Prospectus and, or applicable Final Terms that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders.

Following a meeting of Bondholders or Affected Bondholders (as applicable) 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 section 15.2.15 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

The Issuer may, from time to time, call meetings of Bondholders or Affected Bondholders (as applicable) for the purpose of consultation with Bondholders or Affected Bondholders (as applicable) or for the purpose of any of the following: (i) considering and approving any matter affecting their interest, including the amendment, modification, waiver, abrogation or substitution of any of the Terms and Conditions of the Bonds and the rights of the Bondholders or Affected Bondholders (as applicable), whether or not those rights arise under the Base Prospectus; (ii) considering and approving the exchange or substitution of the Bonds by, or the conversion of the Bonds into, shares, debentures or other obligations or securities of the Issuer; and (iii) obtaining the consent of Bondholders on other matters which in terms of the Base Prospectus require the approval of a Bondholders’ meeting.

A meeting of Bondholders or Affected Bondholders (as applicable) shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose at least two Bondholders or Affected Bondholders (as applicable) present, in person or by proxy, representing not less than: (i) fifty per cent (50%) in nominal value of the Bonds then outstanding in the case of a meeting of all Bondholders; or (ii) fifty per cent (50%) in nominal value of a particular Tranche held by the Affected Bondholders, in the case of a meeting of Affected Bondholders only, shall constitute a quorum. If a quorum is not present within 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 or Affected Bondholders (as applicable) present at that meeting. The Issuer shall within two 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 days, and not later than 15 days, following the original meeting. At an adjourned meeting: the number of Bondholders or Affected Bondholders (as applicable) 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 or Affected Bondholders, as the case may be.

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 or Affected Bondholders (as applicable) 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 or Affected Bondholders (as applicable) 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 or Affected Bondholders (as applicable) present at the time at which the vote is being taken, and any Bondholders or Affected Bondholders (as applicable) 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.

The proposal placed before a meeting of Bondholders or Affected Bondholders (as applicable) shall only be considered approved if at least sixty five per cent (65%) in nominal value of the Bondholders or Affected Bondholders (as applicable) present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal. Where the requisite majority of Bondholders or Affected Bondholders (as applicable) has approved the resolution/s put forward for approval at the meeting, the decision of the meeting of Bondholders or Affected Bondholders (as applicable) shall be binding on the Bondholders or Affected Bondholders (as applicable), regardless of whether the Bondholder/s or Affected Bondholder/s bound by such decision abstained from voting, or voted against such resolution/s.

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.

## 16 FORM OF FINAL TERMS

# FORM OF FINAL TERMS

dated [●]

### SECURED BONDS ISSUANCE PROGRAMME OF A MAXIMUM OF €25,000,000

Series No: [●]

Tranche No: [●]

[amount of Bonds]

issued by:

**JD CAPITAL P.L.C.**

### PART A - CONTRACTUAL TERMS

Capitalised terms used in these Final Terms which are not defined herein shall have the definitions assigned to them in the Base Prospectus dated 3 October 2022 which was approved by the MFSA in Malta on 3 October 2022 which constitutes a base prospectus for the purposes of the Prospectus Regulation.

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

The Base Prospectus is available for viewing at the office of the Issuer and on the websites of: (a) the MFSA during a period of 12 months from the date of approval of the Base Prospectus; and (b) the Issuer (<https://www.jsdimech.com/investor-relations>) and copies may be obtained free of charge from the registered office of the Issuer (HHF 303, Industrial Estate, Hal Far, Birzebbugia, BBG 3000, Malta). A summary of this individual issue is annexed to these Final Terms.

1.	Issuer	JD Capital p.l.c. (C 82098)
2.	Series Number	[●]
3.	Tranche Number	[●]
4.	Specified Currency	Euro (€)
5.	Aggregate nominal amount:	
	(i) Series	[●]
	(ii) Tranche	[●]
6.	(i) Issue Price of Tranche	[●]
	(ii) Net proceeds	[●]
7.	Specified Denomination	[●]
8.	Number of Bonds offered for subscription	[●]
9.	(i) Issue Date	[●]
	(ii) Interest Commencement Date	[●]
10.	Maturity Date	[●]
11.	Early Redemption Date/s	[●]
12.	Redemption Value	[●]

13. Register Cut-Off Date	[•]
<b>INTEREST</b>	
14. Rate of Interest	[•]
15. Interest Payment Date/s	[•]
<b>GENERAL PROVISIONS</b>	
16. Taxation	As per section 18 (“ <i>Taxation</i> ”) of the Base Prospectus.

## PURPOSE OF FINAL TERMS

These Final Terms comprise the Final Terms required for the offer for subscription, issue and admission to trading on the Official List of the MSE of the Tranche of Bonds described herein pursuant to the Secured Bonds Issuance Programme of a maximum of €25,000,000 of the Issuer dated 3 October 2022.

## RESPONSIBILITY

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

Signed on behalf of the Board of Directors of the Issuer by: [•]

## PART B - OTHER INFORMATION

### 1. Admission to listing and trading

Admission to Listing	The Bonds were authorised as admissible to listing on the Official List of the Malta Stock Exchange by virtue of a letter of the MFSA dated [•].
Admission to Trading	Application has been made to the MSE for the Bonds being issued pursuant to these Final Terms to be admitted to trading thereon. The Bonds are expected to be admitted to the MSE with effect from [•] and trading is expected to commence on [•].
Previous admission to trading	[•]
Estimate of total expenses relating to Admission to Trading	[•]
Dates of the corporate authorisations for issuance of the Bonds	[•]

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

Reasons for the Offer / Use of Proceeds	[•]
Estimated Expenses	[•]
Estimated Net Proceeds	[•]
Conditions to which the Offer is subject	[•]

### 3. Yield

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

### 4. Expected Timetable

Opening of offer period	[•]
Closing of offer period	[•]
Announcement of basis of acceptance	[•]
Commencement of interest	[•]
Expected date of admission of the Bonds to listing	[•]
Issue date of the Bonds	[•]
Expected date of commencement of trading in the Bonds	[•]

The Issuer reserves the right to shorten or extend the closing of the offer period, in which case, the remaining events set out above will be brought forward or moved backwards (as the case may be) in the same chronological order set out above. In the event that the timetable is revised as aforesaid, the Interest Payment Dates and the Maturity Date may change, in which case the revised dates will be communicated by the Issuer by company announcement and/or on its website, without the requirement to amend these Final Terms.

### 5. Method of Distribution and Allocation

Offer Period	[•]
Plan of Distribution and Allotment	[•]
Reservation of Tranche, of part thereof, in favour of specific class of investors	[•]
Minimum amount of application	[•]
Description of application process	[•]
Oversubscription and refunds	[•]
Payment and delivery	[•]
Allocation policy	[•]
Results of the offer	[•]
Selling Commission	[•]

### 6. Interests of Natural and Legal Persons involved in the Issue

[•]

## **7. Third Party information and Statement by Experts and Declarations of any interest**

[•]

## **ANNEX I - ISSUE SPECIFIC SUMMARY**

[•]

## **ANNEX II - LIST OF AUTHORISED FINANCIAL INTERMEDIARIES**

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## **17 TERMS AND CONDITIONS OF APPLICATION FOR TRANCHES OF BONDS**

The following terms and conditions shall be read in conjunction with the applicable Final Terms relevant to the Tranche of Bonds being applied for.

- 17.1.1. The issue and allotment of the Bonds is conditional upon: (i) the relevant Tranche of Bonds being admitted to the Official List of the MSE by no later than the date of admission specified in the applicable Final Terms; and (ii) the Collateral being constituted in favour of the Security Trustee, in accordance with the provisions of the Security Trust Deed. In the event the latter condition is not satisfied within sixty (60) Business Days from the date of admission specified in the applicable Final Terms and, or the Bonds are not admitted to the Official List of the MSE by the date indicated, the Issuer undertakes to procure that any application monies received by the Registrar will be returned without interest by direct credit into the Applicant's or Authorised Financial Intermediary's bank account, as applicable, as indicated by the Applicant or Authorised Financial Intermediary in the respective Application, or subscription agreement, as applicable, for the eventual refund to the Applicant.
- 17.1.2. An Applicant applying for the Bonds is thereby confirming to the Issuer, the Registrar and the Authorised Financial Intermediary through whom the application is made, as applicable, that the Applicant's remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the Issuer and the Registrar reserve the right to invalidate the relative application. Furthermore the Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders, unless the Applicant makes payment in cleared funds and such consideration is accepted by the respective Authorised Financial Intermediary, Registrar and, or Issuer, as applicable, which acceptance shall be made in the Authorised Financial Intermediary, Registrar and, or Issuer's absolute discretion and may be on the basis that the Applicant indemnifies the Authorised Financial Intermediary, Registrar and, or Issuer 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.
- 17.1.3. The contract created by the Issuer's acceptance of an Application filed by a prospective bondholder shall be subject to all the terms and conditions set out in the Base Prospectus, the applicable Final Terms and the Memorandum and Articles of Association of the Issuer. It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.
- 17.1.4. Any Application signed on behalf of another person, legal or natural, will be deemed to have duly bound the person signing such application who will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such representative may be requested to submit the relative power of attorney, or resolution or a copy thereof duly certified by a



lawyer or notary public if so required by the Issuer and the Sponsor, Manager & Registrar, but it shall not be the duty or responsibility of the Registrar or Issuer to ascertain that such representative is duly authorised to appear on the Application.

- 17.1.5. In the case of joint Applications, reference to the Applicant in these terms and conditions is a reference to each of the joint Applicants, and liability therefor is joint and several. The person whose name shall be inserted in the field entitled "Applicant" on the Application, or first-named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders whose names appear in the field entitled "Additional Applicants" in the Application or joint holders in the register, as the case may be. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.
- 17.1.6. In the case of corporate Applicants or Applicants having separate legal personality, the Application must be signed by a person/s authorised to sign and bind such Applicant. It shall not be incumbent on the Company or Registrar to verify whether the person or persons purporting to bind such an Applicant is or are in fact authorised. Applications by corporate Applicants have to include a valid legal entity identifier (LEI) which must be unexpired. Applications without such information or without a valid LEI will not be accepted.
- 17.1.7. 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).
- 17.1.8. 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 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 until such time as the minor attains the age of 18 years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of 18 years.
- 17.1.9. By completing and delivering an Application, the Applicant:
  - a. accepts to be irrevocably contractually committed to acquire the number of Bonds allocated to such Applicant at the Bond Issue Price and, to the fullest extent permitted by law, accepts to be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment, such irrevocable offer to purchase, and pay the consideration for, the number of Bonds specified in the Application submitted by the Applicant (or any smaller number of Bonds for which the Application is accepted) at the Bond Issue Price (as applicable) being made subject to the provisions of the Base Prospectus, the applicable Final Terms, the Application and the Memorandum and Articles of Association of the Company;
  - b. agrees and acknowledges to have had the opportunity to read the Base Prospectus (and any supplement thereto, if any), and the applicable Final Terms, and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;
  - c. warrants that the information submitted by the Applicant in the Application is true and correct in all respects. All Applications need to include a valid MSE account number in the name of the Applicant/s. Failure to include an MSE account number will result in the Application being cancelled by the Issuer (acting through the Registrar) and subscription monies will be returned to the Applicant in accordance with section 17.1.1 above. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the Application and those held by the MSE in relation to the MSE account number indicated on the Application, the details held by the MSE shall be deemed to be the correct details of the Applicant;
  - d. acknowledges the processing of any personal data for the purposes specified in the privacy notice published by the Issuer, which is available on the Issuer's website at <https://www.jsdimech.com/investor-relations/>. The Applicant hereby acknowledges that the processing of personal data may validly take place, even without the Applicant's consent, in the circumstances set out in the GDPR and the Data Protection Act (Cap. 586 of the Laws of Malta) and any applicable subsidiary

legislation, as may be amended from time to time. The Applicant hereby confirms that he/she/it has been provided with and read the privacy notice;

- e. authorises the Issuer (or its service providers, including the CSD and, or the Sponsor, Manager & Registrar) and, or the relevant Authorised Financial Intermediary, as applicable, to process the personal data that the Applicant provides in the Application, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Cap. 586 of the Laws of Malta) and the GDPR. The Applicant has the right to request access to and rectification of the personal data relating to him/her in relation to the Bond Issue. Any such requests must be made in writing and sent to the Issuer and sent to the CSD at the MSE. The requests must be signed by the Applicant to whom the personal data relates;
- f. 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;
- g. agrees that any refund of unallocated Application monies, without interest, will be paid by direct credit, at the Applicant's own risk, to the bank account as indicated in the Application. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith;
- h. warrants that the remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured: (i) the Applicant will not be entitled to receive a registration advice or to be registered in respect of such Bonds, unless and until a payment is made in cleared funds for such Bonds and such payment is accepted by the respective Authorised Financial Intermediary or by the Issuer acting through the Registrar (which acceptance shall be made in its absolute discretion and may be on the basis that the Authorised Financial Intermediary or the Issuer acting through the Registrar is indemnified for 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 at any time prior to unconditional acceptance by the Issuer acting through the Registrar of such late payment in respect of the Bonds); or (ii) the Issuer may, without prejudice to other rights, treat the agreement to allocate such Bonds as void and may allocate such Bonds to another person, in which case the Applicant will not be entitled to a refund or payment in respect of such Bonds (other than return of such late payment);
- i. 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;
- j. agrees to provide the Sponsor, Manager & Registrar and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;
- k. agrees that all Applications, acceptances of Applications and contracts resulting therefrom will be governed, and construed, in accordance with Maltese law, and to submit to the jurisdiction of the Maltese courts, and agrees that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such Applications, acceptance of Applications and contracts resulting therefrom in any manner permitted by law in any court of competent jurisdiction;
- l. warrants that, where an Applicant signs and submits an Application on behalf of another person or on behalf of a corporation or corporate entity or association of persons, the Applicant is duly authorised to do so and such person, corporation, corporate entity, or association of persons will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in the Terms and Conditions and accordingly will be deemed also to have given the confirmations, warranties and undertakings contained in the Terms and Conditions and undertake to submit your power of attorney or a copy thereto duly certified by a lawyer or notary public if so required by the Issuer or the Registrar;
- m. warrants that where the Applicant is under the age of 18 years, or where an Application is being lodged in the name and for the benefit of a minor, the Applicant is the parent/s or legal guardian/s of the minor;
- n. 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 or the Sponsor, Manager & Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bond and, or his/her Application;

- o. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- p. 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;
- q. agrees that the Advisors to the Bond Issue (listed in section 4.2 of the Base Prospectus) will owe the Applicant no duties or responsibilities concerning the Bonds or the suitability of the Applicant;
- r. 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 the Application; and
- s. 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.

17.1.10. 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 from the respective Authorised Financial Intermediary 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 credit transfer to such account indicated in the Application, at the Applicant’s sole risk. The Issuer shall not be responsible for any charges, loss or delay arising in connection with such direct credit transfer.

17.1.11. For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations (Subsidiary Legislation 373.01 of the laws of Malta), as amended from time to time, the Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the “Members’ Code of Conduct” appended as Appendix 3.6 to Chapter 3 of the MSE Bye-Laws, irrespective of whether the said appointed Authorised Financial Intermediaries are MSE Members or not. Such information shall be held and controlled by the MSE in terms of the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR) (EU) 2016/679 (“**GDPR**”), as may be amended from time to time, for the purposes and within the terms of the MSE Data Protection Policy as published from time to time.

17.1.12. 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 requirements set out in Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No. 648/2012 (“**MiFIR**”), as well as applicable MFSA Rules for investment services providers.

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

17.1.14. Subscription for Bonds by persons resident in, or who are citizens of, or who are domiciled in, or who have a registered address in, a jurisdiction other than Malta, may be affected by the law of the relevant jurisdiction. Those persons should consult their professional advisers (including tax and legal advisers) as to whether they require any governmental or other consents, or need to observe any other formalities, to enable them to subscribe for the Bonds. It is the responsibility of any person (including, without limitation, nominees, custodians, depositaries and trustees) outside Malta wishing to participate in the Bond Issue, to satisfy himself/herself/itself as to full observance of the applicable laws of any relevant jurisdiction, including, but not limited to, obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes (of any nature whatsoever) due in such territories. The Issuer shall not accept any responsibility for the non-compliance by any person of any applicable laws or regulations of foreign jurisdictions.

17.1.15. 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.

## 18 TAXATION

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the 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.

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

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

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

### 18.1. MALTA TAX ON INTEREST

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

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

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

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

### 18.2. MALTESE TAXATION OF CAPITAL GAINS ON TRANSFERS OF THE BONDS

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



### 18.3. DUTY ON DOCUMENTS AND TRANSFERS

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

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

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

**INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF BONDS AS WELL AS INTEREST PAYMENTS MADE BY THE ISSUER. THE 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.**

### 18.4. EXCHANGE OF INFORMATION

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

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

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

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

Foreign Tax Compliance Act (“**FATCA**”) has been implemented into Maltese law through the Exchange of Information (United States of America) (FATCA) Order, Subsidiary Legislation 123.156 (“**FATCA Legislation**”). Under the FATCA Legislation, FIs in Malta (defined as such for the purposes of FATCA) are obliged to identify

and report financial accounts held by Specified U.S. persons, as defined under the FATCA Legislation, and certain non-U.S. entities which are controlled by U.S. Controlling Persons, as defined under the FATCA Legislation, to the Maltese tax authorities. The Maltese Government and the Government of the U.S. shall annually exchange the information obtained pursuant to the Order on an automatic basis. Non-compliance may result in a punitive thirty (30%) withholding tax on distributions captured by FATCA. 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 particular, FIs reserve the right to store, use, process, disclose and report any required information including all current and historical data related to the past and, or present account/s held by Reportable Persons, including, but not limited to, the name, address, date of birth, place of birth and US TIN, the details of any account transactions, the nature, balances and compositions of the assets held in the account, to the Maltese competent authority.

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

**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.**

## **19 THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST**

Save for the valuation reports prepared in relation to the Birkirkara Site, Hal Far Site and the Hal Far Factory contained in Annex I to this Base Prospectus, the Base Prospectus does not contain any statement or report attributed to any person as an expert.

The valuation reports have been included in the form and context in which they appear with the authorisation of Architect Mr. Peter Zammit (on behalf of Innovative Architectural Structures Ltd), which has given and has not withdrawn his consent to the inclusion of such reports herein.

The Issuer confirms that the valuation reports has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information contained therein, no facts have been omitted which render the reproduced information inaccurate or misleading.

## **20 AUTHORISATION AND LISTING AND ADMISSION TO TRADING**

The establishment of the Secured Bonds Issuance Programme was authorised by the Board of Directors of the Issuer on 23 September 2022.

The MFSA has authorised the Secured Bonds Issuance Programme as admissible to listing on the Official List of the MSE pursuant to the Capital Markets Rules by virtue of a letter dated 3 October 2022. Application will be made to list each Tranche (and, or Series) of the Bonds on the Official List of the MSE and to be admitted to trading on the Regulated Market of the MSE.

## **21 NOTICES**

Notices will be mailed to Bondholders at their registered addresses and shall be deemed to have been served at the expiration of 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.

## **22 DOCUMENTS AVAILABLE**

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

- a. the Memorandum and Articles of Association of the Issuer;
- b. the Property Valuation Reports issued by Architect Mr. Peter Zammit (on behalf of Innovative Architectural Structures Limited);
- c. the Financial Analysis Summary, prepared by the Sponsor and dated 3 October, 2022;
- d. the Security Trust Deed;
- e. the Emphyteutical Deed, dated 6 March, 2018;
- f. the Supplemental Deed, dated 28 September, 2022;
- g. the Annual Financial Reports of the Issuer for the years ended 31 December 2019, 2020, and 2021; and
- h. the Audited Consolidated Financial Statements of the Issuer for the years ended 31 December 2019, 2020, and 2021

These documents are also available for inspection in electronic form on the Issuer's website at <https://www.jsdimech.com/investor-relations/>.



[www.ias.com.mt](http://www.ias.com.mt)

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1st september 2022

Project Ref: Misc\_0463  
Our Ref: Misc\_0463\_11\_R00  
PA Ref Number:

Location: Industrial plots ref HHF 303 and HHF 304 – Hal Far Industrial Estate, Birzebbugia, Malta  
Tenure: Temporary emphyteutical grant of 65 years

**To whom it may concern,**

**RE: PROPERTY VALUATION**

### 1. Introduction

The undersigned architect and civil engineer has been appointed by JD Operations Limited to undertake the valuation of the above captioned property which is currently being used as an industrial facility for the manufacturer of steel and aluminium works. The proposal is to construct a new facility aimed at serving as an industrial facility with ancillary offices. The valuation is being undertaken at present market conditions.

The valuation is being made without a formal structural or technical assessment. The valuation covers the property when complete. The property is being valued on a Market Value basis, as defined by the Royal Institute of Chartered Surveyors ('RICS') Standards, namely, the price at which land and buildings could be sold under private contract between a willing seller and an arm's length buyer on the date of valuation, it being assumed that the property is publicly exposed to the market, that market conditions permit orderly disposal and that a normal period, having regard to the nature of the property, is available for the negotiation of sale

The land in question falls within the South Malta Local Plan as issued by MEPA in 2006 and the land is zoned for industrial use and duly covered by Policy SMHF 01 as per local plan map HF1.

### 2. Purpose of Valuation

It is understood that the purpose of the valuation is for inclusion with the Base Prospectus, to be published in connection with a proposed bond issue by JD Capital plc, in accordance with the Capital Markets Rules published by the Malta Financial Services Authority. The valuation has been prepared in accordance with Chapter 7 Section 7.7 'Properties held for development' and 7.8 'Valuation of Property for Business use' of the said Capital Markets Rules, and with the disclosure requirements related to property Companies seeking listing on the Malta Stock Exchange. The following Capital Markets Rules found in Chapter 7 Sections 7.5, 7.6, and 7.10 are not applicable.

I understand that my express consent will be needed in writing for this report, or parts thereof, to be included in the Base Prospectus of JD Capital plc.

The valuation has been carried out by the undersigned, as an external and independent valuer in terms of, and with regard given to, the RICS Valuation and Professional Standards Manual.

As a non-RICS regulated member of a firm over which RICS cannot exert control, the undersigned declares that

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Innovative Architectural Structures Ltd is registered in Malta Reg No. C79087



[www.ias.com.mt](http://www.ias.com.mt)

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In preparing this valuation the undersigned has complied with the RICS valuation standards and guidelines.

The undersigned declares a site visit was undertaken on the 30th of April 2022. This visit was intended to better understand the characteristics and qualities of the Property and its surroundings, to evaluate the condition of the existing property and to establish what could influence the value of the property.

This valuation has been prepared solely for the abovementioned purpose and is not suitable for any other use. In accordance with standard practice, neither the whole, nor any part of this valuation, nor any reference thereto, may be included in any document published without the prior written approval of the undersigned for the context in which it may appear.

### 3. Declaration of Independence

The undersigned declares that he has no financial interest in JD Capital plc.

The undersigned also declares that he is currently the architect responsible for the design and the attainment of the permit for the said site. Notwithstanding the aforesaid, in light of the terms of engagement applicable to this particular assignment, both the undersigned and the Board of Directors of the Company, are of the view that the undersigned is independent of the Issuer in satisfaction of chapter 7 of the Capital Market Rules.

### 4. Basis of Valuation

An opinion of the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of valuation assuming:

- a. A willing seller;
- b. That, prior to the date of valuation, there had been a reasonable period, (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and conditions of the sale;
- c. That the state of the market, level of values and other circumstances were, on an earlier assumed date of exchange of contracts, the same as on the date of valuation;
- d. That no account is taken of any additional bid by a purchaser with a special interest; and
- e. That both parties to the transaction had acted knowledgeable, prudently and without compulsion.

The Guidance Notes refer to the fact that certain types of property designed or adapted for particular uses, invariably change hands in the open market at prices based directly on trading potential for a strictly limited use.

In drawing up this report, the undersigned has relied on information provided to him by JD Capital plc, management and their advisors or which was otherwise in the public domain.

### 5. Valuation

#### a. Current State

The existing property consists of a series of adjacent process-dedicated structures together with an administration office block and a sizeable open-air storage area, as indicated on image 1. The entire complex is accessible from several strategic points leading directly to the respective storage, hauling or fabrication areas,

and spreads onto an overall area of 16,245sqm.

Image 1 indicates areas of the individual buildings. Buildings A, B, C and D are utilised for industrial purposes whilst building E is the administration block. The areas have been determined from a topographical survey undertaken recently by Mr. Alan Micallef, a professional survey

In relation to the time of construction of the buildings found on site the following has been noted:

- Building A and the majority of building B have been constructed before 1968 as they are visible on the Planning authority survey sheets of 1968;
- In relation to Building E it is calculated that this was built in the 1970s'; and
- minor extensions to building B, and the whole of buildings C and D have all been constructed over the last 10 years.

All industrial buildings are finished and maintained to a basic operational level whilst the administration block is maintained to a high level of finish



Image 1





b. Ownership

The premises are currently subject to a temporary emphyteusis agreement with INDIS Malta Ltd (previously Malta Industrial Parks Limited) (C. 28965), dated 28 June 2018 for an annual ground rent of €121,139.80 for a period of 65 years. The valuer is informed that the ground rent will increase every 5 years by 5% with the first increase being assumed to be in 2023. The value has been informed that the ground rent is not dependent on the ratio of built to unbuilt area.

The above translates into a rate of 7.46 euro per square metre for the year 2022 increasing to 13.38 euro per square metre at the end of the term

The undersigned has also been informed that the assets of JD operations Limited, which includes the title over the Hal Far property, is presently encumbered by a general hypothec in favour of BoV.

c. Permitting

The property forms part of an industrial zone marked for industrial use within the South Malta Local Plan (2006) as per map HF1 and policy SMHF 01.

A development permit with reference DNO 886/21 has been approved by the Planning authority on the 29th of September 2021. The approved permit envisages the following development:

- Industrial use 19,812 sqm
- Office use 1,722 sqm
- External Store use 3,427 sqm
- Roads 2,050 sqm

A copy of the approved plans have been included as part of this report

It is the understanding of the undersigned that the developer intends to develop the facility in two phases in order not to impact the current operations being undertaken on the site. The phasing will be as indicated in the table below (Areas are Gross Floor Areas).

Designation	Phase 1 - Site area 6405 sqm	Phase 2 - Site Area 9840 sqm
	Area (sqm)	Area (sqm)
Industrial	7,234	12,578
Offices	1,722	
External Storage	497	2,930
Roads	807	1,243

It is also pertinent to point out that recent modifications to the planning policies in the area allow the building height to be increased to 21m. This adds further potential to the site as it allows for larger storage areas and



potential introduction of additional floors. This added potential is not being considered in this valuation

d. Built up complete property valuation

JD operations limited have indicated that they intend to initiate construction in September 2022 and it is estimated that construction of phase 1 would be complete in August 2023 and Phase 2 in December 2024. The above is based on the assumption that a competent contractor is commissioned by the developer.

An estimate of the value of the completed premises has been provided by taking into consideration the following parameters:

- The property will be constructed in steel/concrete and the different areas will be finished as follows:
  - Warehousing - smooth concrete floor slab, rendered walls and exposed roofs. Basic level of services including lighting, power, water supply, smoke detection and basic ELV points
  - Offices - Tiled floors, rendered walls and exposed ceilings. In relation to services, lighting, power, water supply, smoke detection and basic ELV points
  - External storage - concrete floor
  - Roads - Tarmac / concrete roads
- The following rental rates have been assumed:
  - Industrial €100 per sqm - rate was derived by researching rates for industrial/warehousing currently available on the market. Rates found across southern villages in Malta ranged between 70 euro per square metre to 140 euro per square metre. It is the considered opinion of the valuer that the rate adopted is in line with current market and does not take into consideration beneficial factors of this property such as its accessibility to the main road network, its proximity to Malta Freeport etc.
  - Office €80 per sqm - rate was derived by researching office rates in the southern area of Malta with rates varying between 100 euro per square metre to 140 euro per square metre. The rate adopted is less than the minimum rate specified since it is believed that there will be a limited market interested in renting offices in Hal Far.
  - External Store €60 per sqm - No rates for external storage could be sourced. The Valuer has assumed the above rate on the basis that the site is ideal for the leasing of external storage for hauliers in view of its proximity to the Malta Freeport.
- A capitalisation rate of 6.00% will be utilised. This rate has been determined from an assessment of similar properties currently on the market.

Designation	Phase 1 - Site area 6405 sqm		Phase 2 - Site Area 9840 sqm	
	Area (sqm)	Rent (Euro)	Area (sqm)	Rent (Euro)
Industrial	7,234	€723,400	12,578	€1,257,800
Offices	1,722	€137,760		€0
External Storage	497	€29,820	2,930	€175,800
Roads	807	€0	1,243	€0





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Designation	Phase 1 - Site area 6405 sqm		Phase 2 - Site Area 9840 sqm	
Total - A		€890,980 Circa €900,000		€1,433,600 Circa €1,450,000
Apportionment of land lease (121,139.8 Euro) by ratio of Areas of site utilised - B		€47,762		€73,378
Capitalisation @ 6.00% (C = (A-B)/0.06)		€14,203,959 Circa €14.20M		€22,943,710 Circa €22.90M

Based on the above, the value of the complete property (post completion of phase 2) will be approximately thirty seven million one hundred thousand Euro (37,100,000).

Taking into consideration that the ownership is a ground rent with circa 61 years remaining, and not freehold, the value of the completed property is deemed to be in the region of thirty six million euro (36,000,000) when calculating the present value of the annuity for the remaining term. This has been achieved by undertaking a discounted cash flow taking into consideration the following factors:

- Annual growth in rental rates of 3%
- Increase in ground rent of 5% as of 2023 and applicable every 5 years
- Tax on industrial at 35%
- Tax on offices at 15%
- e. Land Valuation

A valuation of the plot has been carried out by considering an approximate construction, servicing and finishing cost of 19M Euros composed as follows:

- 12M euro ex VAT for construction which is based on rate per square metre indicated below which are based on market rates for such projects:
  - Rate of construction and basic servicing of industrial facility at €500 per sqm;
  - Rate of construction and basic servicing of offices €675 per sqm
  - Rate of construction of external storage at €200 per sqm
  - Rate of access roads at €80 per sqm
- 7M euro ex VAT for the following items assuming that an interested investor would purchase the site to undertake the project:
  - Opportunity cost (3% on cost to buy site over a 2 year period - approx 1.02M Euro)
  - Finance cost at 4.5% for 10 years (loan on construction cost only - approx 3.29M Euro))
  - Project Preliminaries (10% of construction cost - approx 1.20M Euro)
  - Tax to buy land (5% of cost - approx 0.85M Euro)
  - Contingency (5% of construction cost - approx 0.60M euro)

The facility will be developed in two phases in order not to disrupt the current operations. The subdivision of



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areas in the two phases with their respective costs will be as follows

Designation	Phase 1		Phase 2	
	Area (sqm)	Cost (Euro)	Area (sqm)	Cost (Euro)
Industrial	7,234	€3,617,000	12,578	€6,289,000
Offices	1,722	€1,162,350		
External Storage	497	€99,400	2,930	€586,000
Roads	807	€64,560	1,243	€99,440
<b>Total</b>		<b>€4,943,310</b> <b>Circa €5.0M</b>		<b>€6,974,440</b> <b>Circa €7.0M</b>

Based on the above it is the considered opinion of the undersigned that a fair value for the plot of land located at the above captioned address is in the region of seventeen million Euro (36,000,000 - 19,000,000 = 17,000,000 Euro)

f. Valuation of Property when Phase 1 only complete

JD Operations have also requested the calculation of the value of the property when phase 1 is complete. As per values provided above the site Area of Phase 1 is 6405 square metres whilst that of phase 2 is 9840 square metres.

From the "built up property valuation" the value of phase 1 when complete is circa €14.20M. Considering that the total value of the land has been estimated at €17.00M, the value of the portion of land covering phase 2 would be €10.30M ( $9840 * 17.00M / (9840 + 6405)$ )

Based on the above the value of the property when phase 1 only is complete will be €24.50M. This valuation does not assume the potential rental rate that the existing remaining buildings situated within phase 2 may attract

g. Valuation of Property in its current condition

Consideration has also been given to the value of the property in its current state. The said buildings are in their vast majority older than 50 years and building permits for the more recent buildings could not be traced. Whilst the area is zoned for industrial purposes, the attainment of the necessary sanctioning development permits is, in the opinion of the undersigned, a possibility, however this cannot be guaranteed.

In view of the basis upon which the value of the property in its current condition was deduced by deducting the costs that a willing buyer would take into consideration when assessing the project in its totality. This was extrapolated by deducting the construction costs and other costs related to the completion of the project (expanded in granular detail in point 5(e) above) from the project value.

h. Summary of Values

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The Table below is a summary of the values as calculated

Description	Value
Cost to build	€12,000,000
Other costs in executing the project	€7,000,000
Value of property when complete taking into consideration remaining term	€36,000,000
Value of property when only phase 1 complete	€24,500,000
Value of land for redevelopment purposes taking into consideration remaining term and permit in hand	€17,000,000

  
Perit Peter Zammit

B.E&A (hons), A&C.E., MSC (Surrey), MIStructE, CEng

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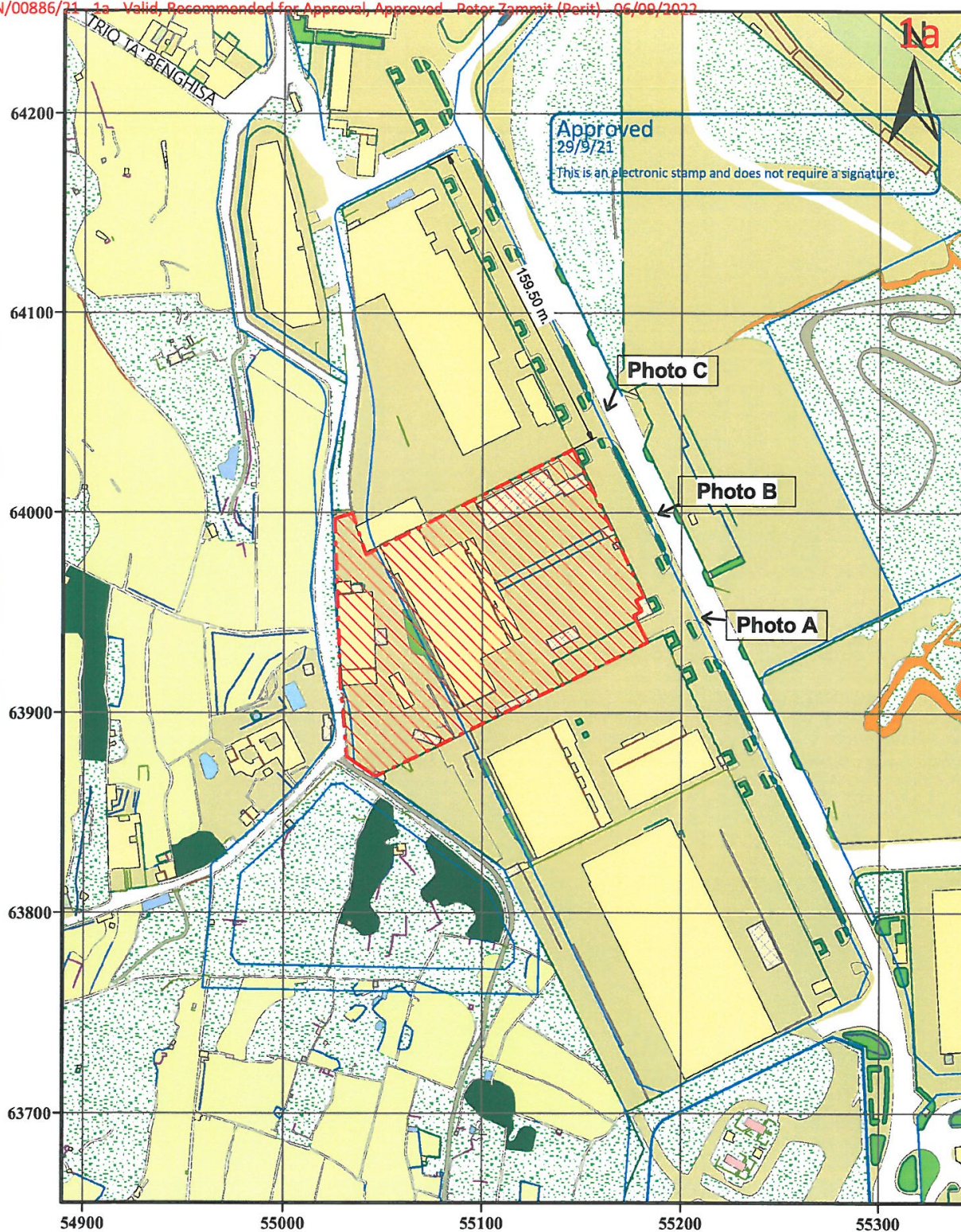
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## Appendix 1 - Approved Plans

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0 25 50 100 150 200 250 Meters

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Date Printed: 18/02/2021

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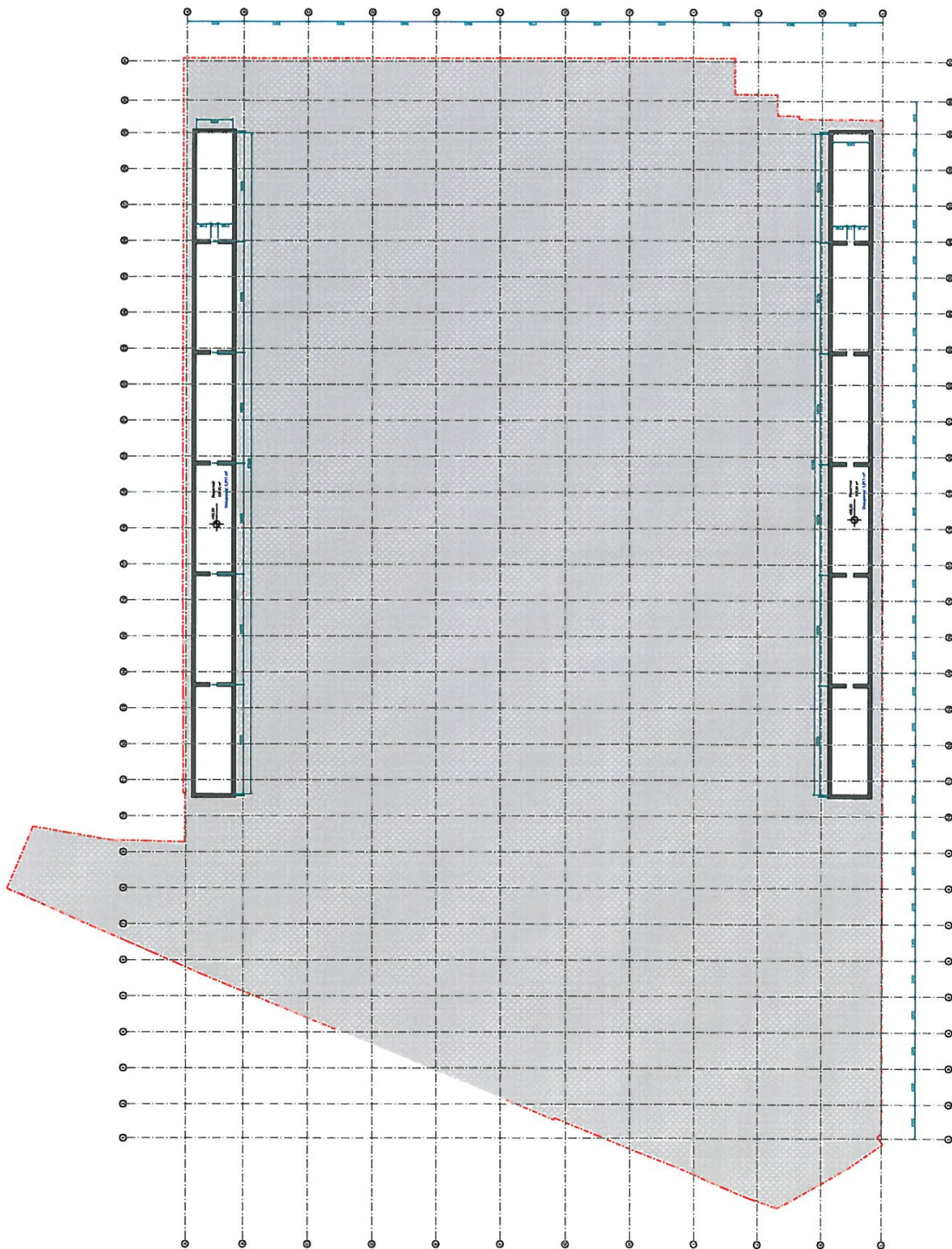
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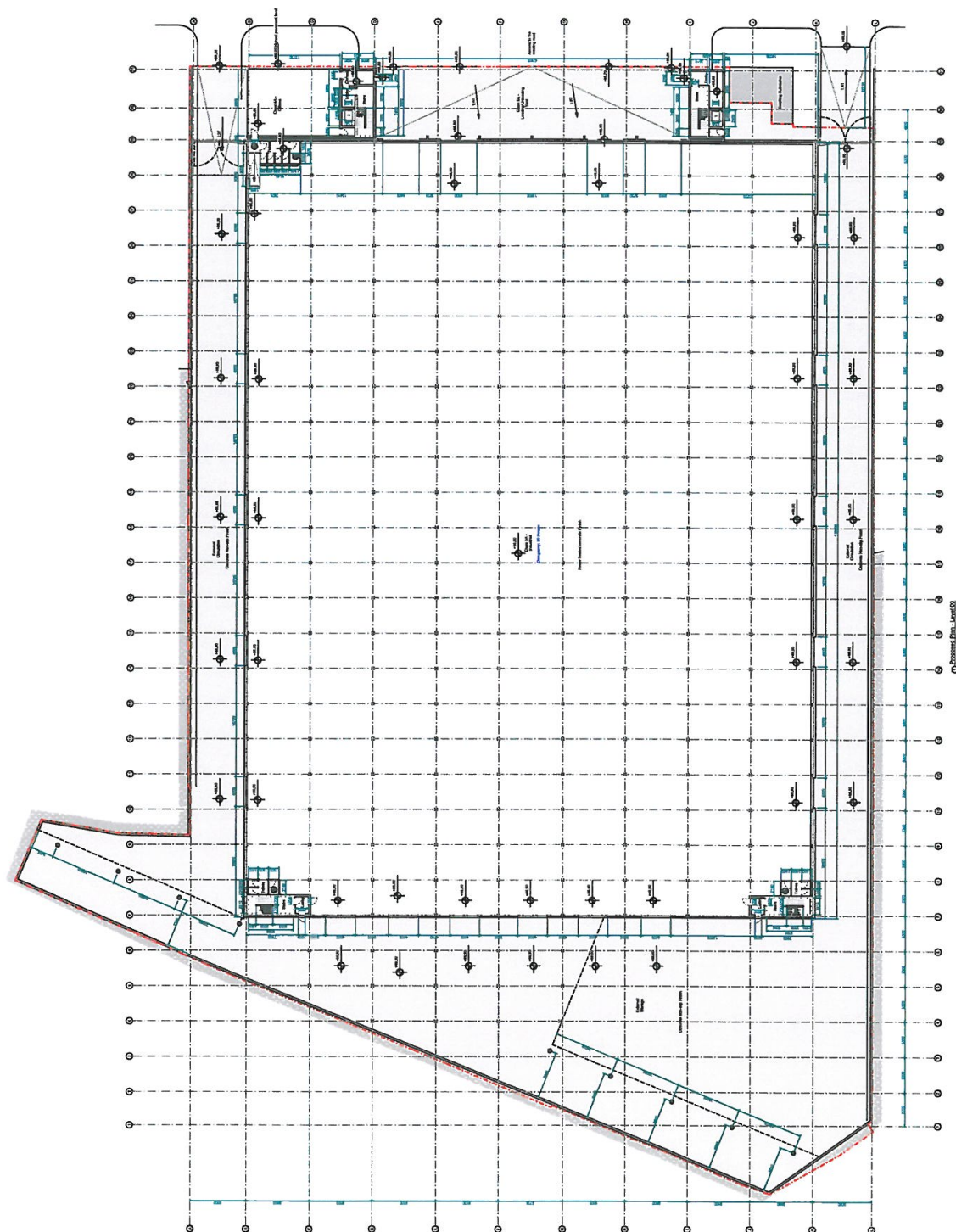
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www.pa.org.mt, mappingshop@pa.org.mt



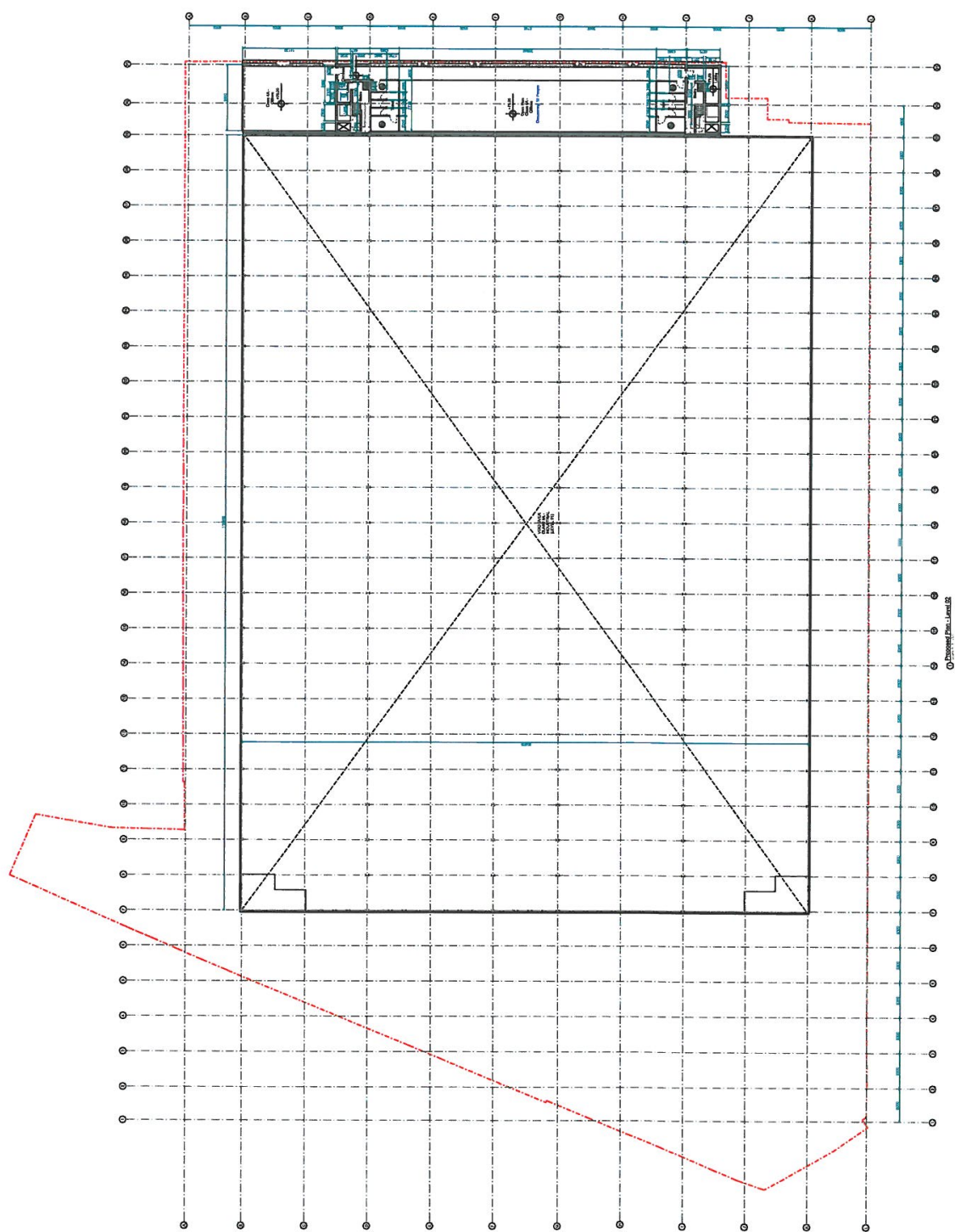


① Proceeding Plan - Level B1

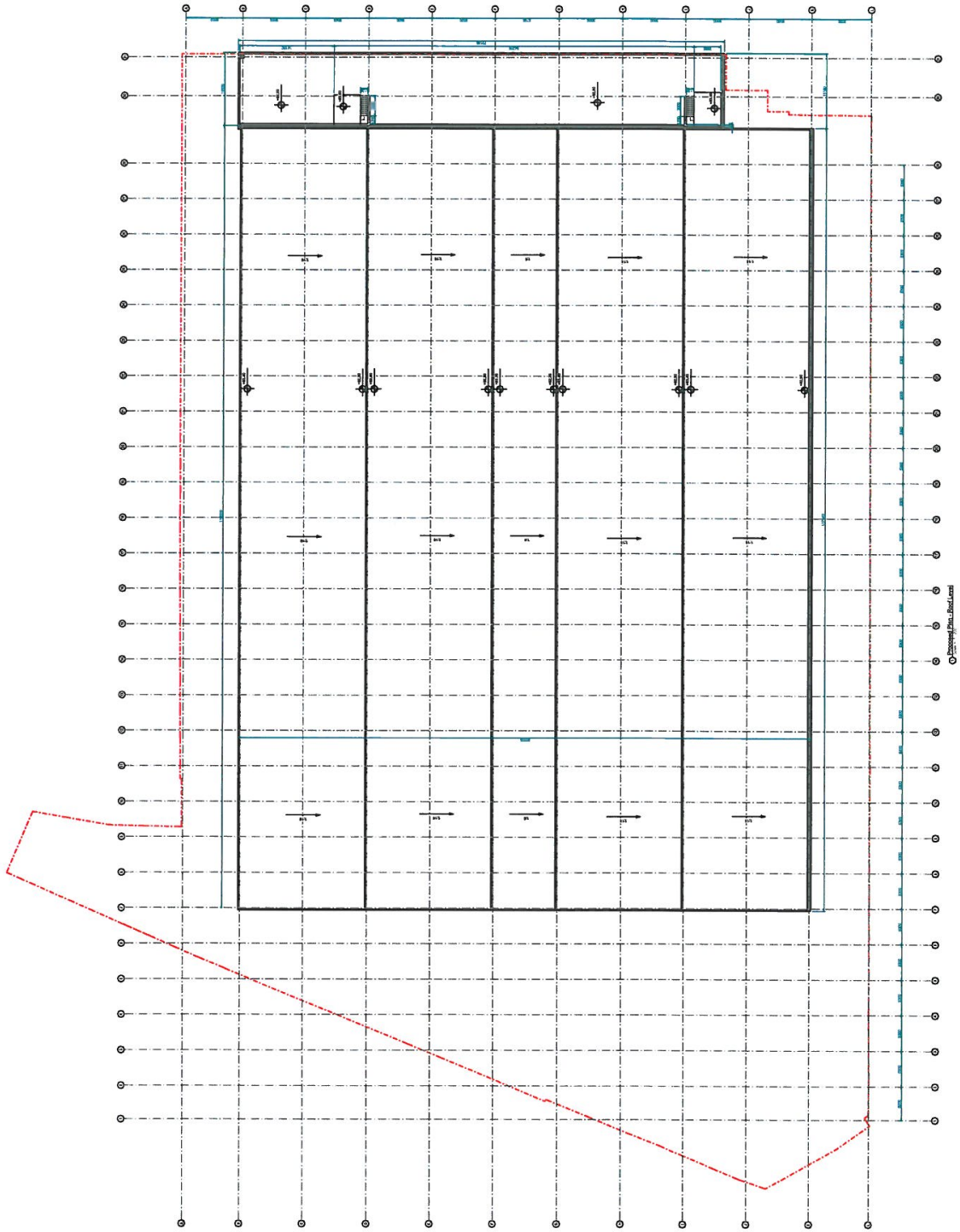




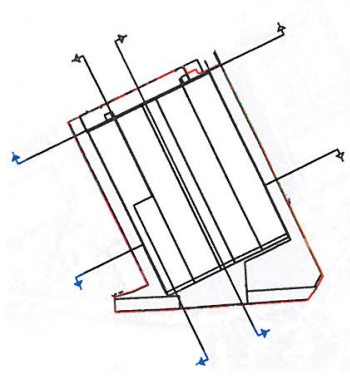


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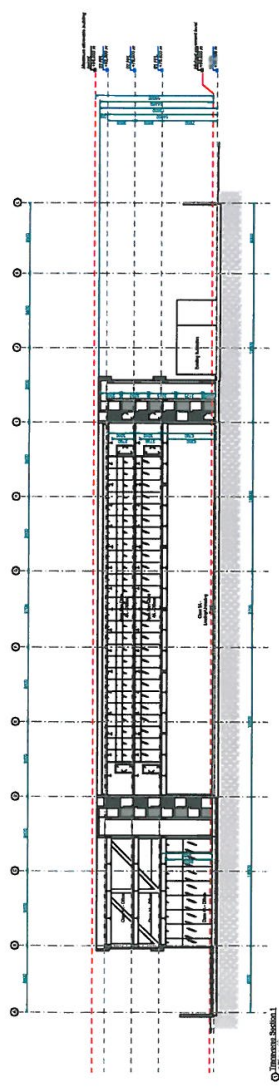




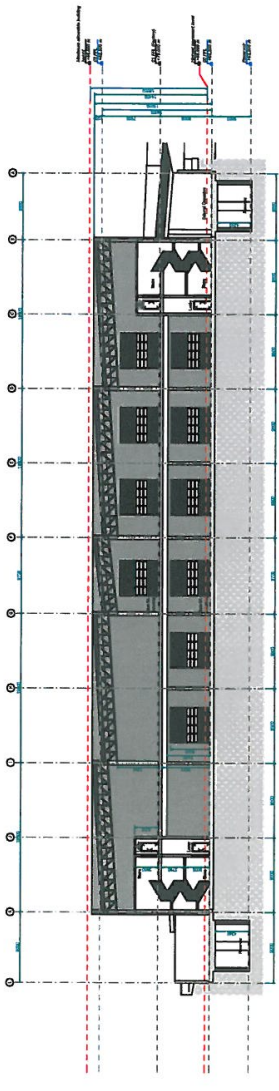
Approved  
1/1/2017  
1/1/2017



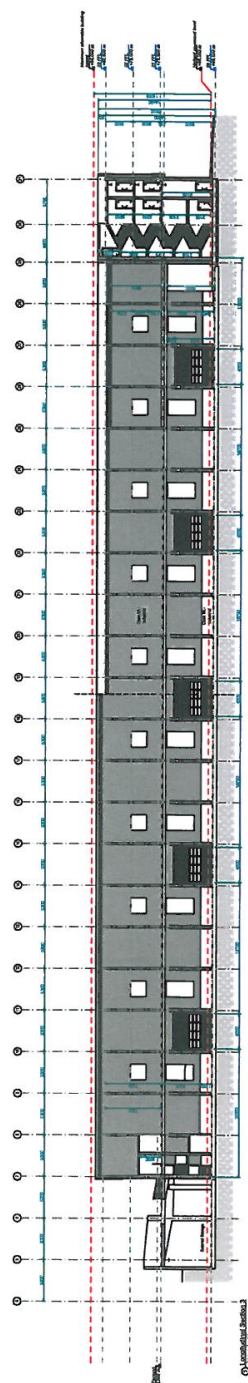
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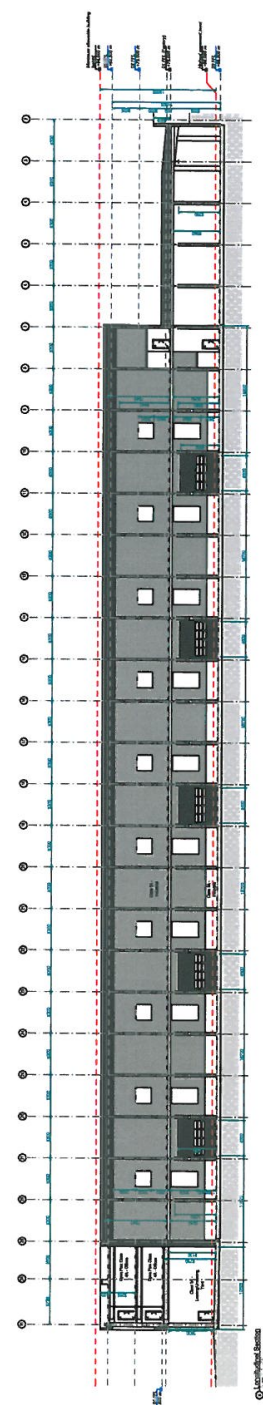
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Section 3



Section 4

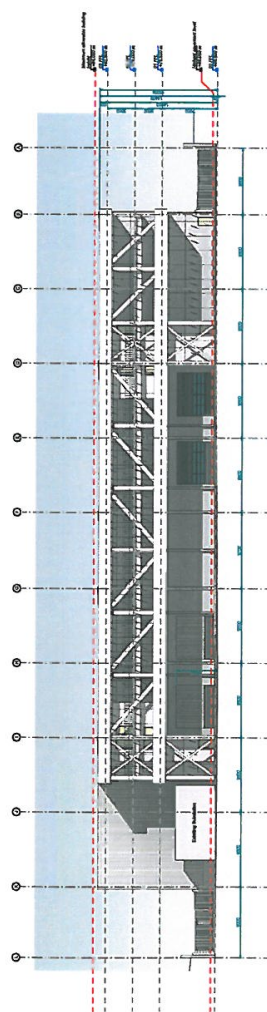


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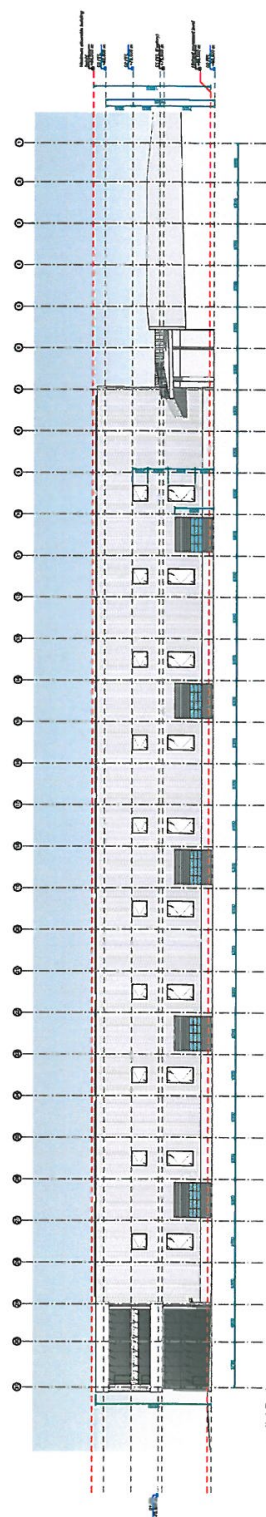
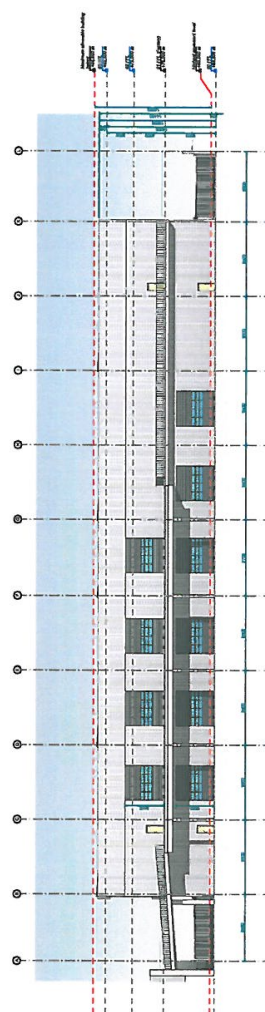


Project Name	1/1/2017
Client Name	1/1/2017
Architect Name	1/1/2017
Engineer Name	1/1/2017
Structural Engineer	1/1/2017
Electrical Engineer	1/1/2017
Mechanical Engineer	1/1/2017
Plumbing Engineer	1/1/2017
Fire Engineer	1/1/2017
Environmental Engineer	1/1/2017
Acoustic Engineer	1/1/2017
Lighting Engineer	1/1/2017
Transportation Engineer	1/1/2017
Other	1/1/2017

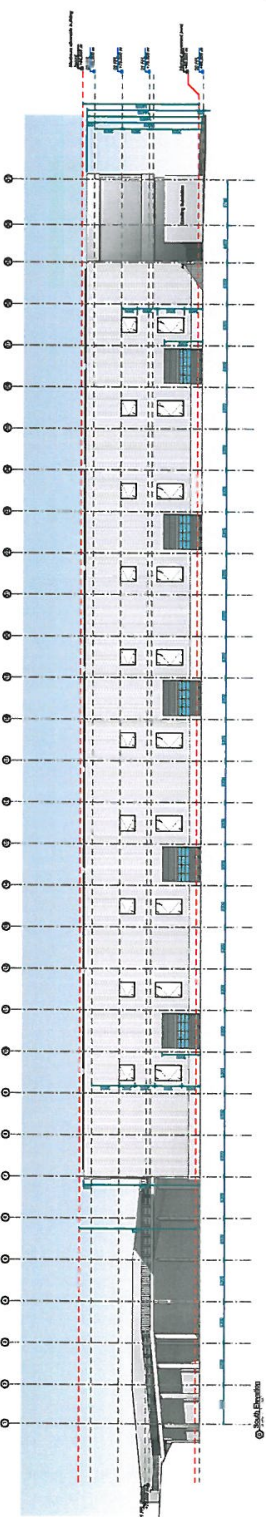




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1st September 2022

Project Ref: 0549  
Our Ref: Misc-0549-016  
PA Ref Number:

Location: Site at, Ta' Lannara, Triq Dun Karm c/w Triq Kanonku Karm Pirotta  
Proposal: Proposed 6 levels of car park from Level B6 to Level B1 consisting of 127 car spaces, store at part Level B1 and 6 floors of Class 4A offices from Level 0 to Level 5.

To whom it may concern,

**RE: PROPERTY VALUATION**

#### 1. Introduction

The undersigned architect and civil engineer has been appointed to undertake the valuation of the above captioned property which is currently in a state of a partially vacant land and which when constructed will comprise a 6 storey office block with an underlying five floor of car parking. The Valuation will be undertaken at present market conditions.

The valuation is being made without a formal structural or technical assessment. The valuation covers the building when complete. The property is being valued on a market value basis, as defined by the Royal Institute of Chartered Surveyors ('RICS') Standards, namely, the price at which land and buildings could be sold under private contract between a willing seller and an arm's length buyer on the date of valuation, it being assumed that the property is publicly exposed to the market, that market conditions permit orderly disposal and that a normal period, having regard to the nature of the property, is available for the negotiation of sale

#### 2. Purpose of Valuation

It is understood that the purpose of the valuation is for inclusion with the Base Prospectus, to be published in connection with a proposed bond issue by JD Capital plc, in accordance with the Capital Markets Rules published by the Malta Financial Services Authority. The valuation has been prepared in accordance with Chapter 7 Section 7.7 'Properties held for Development' of the said Capital Markets Rules, and with the disclosure requirements related to property Companies seeking listing on the Malta Stock Exchange. The following Capital Markets Rules found in Chapter 7 Sections 7.5, 7.6, 7.8, 7.9 and 7.10 are not applicable.

I understand that my express consent will be needed in writing for this report, or parts thereof, to be included in the Base Prospectus of JD Capital plc, public offer.

The valuation has been carried out by the undersigned, as an external and independent valuer in terms of, and with regard given to, the RICS Valuation and Professional Standards Manual.

As a non-RICS regulated member of a firm over which RICS cannot exert control, the undersigned declares that in preparing this valuation the undersigned has complied with the RICS valuation standards and guidelines.

The undersigned declares a site visit was undertaken on the 30th of April 2022. This visit was intended to

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better understand the characteristics and qualities of the property and its surroundings, to evaluate the site and to establish what could influence the value of the property.

This valuation has been prepared solely for the abovementioned purpose and is not suitable for any other use. In accordance with standard practice, neither the whole, nor any part of this valuation, nor any reference thereto, may be included in any document published without the prior written approval of the undersigned for the context in which it may appear.

### 3. Declaration of Independence

The undersigned declares that he has no financial interest in JD Capital plc.

The undersigned also declares that he is currently the architect responsible for the design and construction of the said site. Notwithstanding the aforesaid, in light of the terms of engagement applicable to this particular assignment, both the undersigned and the Board of Directors of the Company, are of the view that the undersigned is independent of the Issuer in satisfaction of chapter 7 of the Capital Market Rules.

### 4. Basis of Valuation

An opinion of the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of valuation assuming:

- a. A willing seller;
- b. That, prior to the date of valuation, there had been a reasonable period, (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and conditions of the sale;
- c. That the state of the market, level of values and other circumstances were, on an earlier assumed date of exchange of contracts, the same as on the date of valuation;
- d. That no account is taken of any additional bid by a purchaser with a special interest; and
- e. That both parties to the transaction had acted knowledgeable, prudently and without compulsion.

The Guidance Notes refer to the fact that certain types of property designed or adapted for particular uses, invariably change hands in the open market at prices based directly on trading potential for a strictly limited use.

In drawing up this report, the undersigned has relied on information provided to him by JD Capital plc, management and their advisors or which was otherwise in the public domain.

### 5. Valuation

#### a. Current State

The site is currently undeveloped and partially excavated with some foundations and columns at the lower excavated level. The proposed construction will require the demolition of the existing columns and some additional excavation to the required levels

#### b. Ownership

Based on information provided by the owner the land is freehold. The undersigned has not undertaken any



checks to confirm or otherwise.

The undersigned has also been informed that the assets of JD Birkirkara Limited, which includes the title over this Property, is presently encumbered by a first ranking special hypothec in favour of BOV as a result of JSDimech Limited's (bearing company registration number C 34919) banking facilities.

c. Permitting process

The land in question falls within the Central Malta Local Plan as issued by MEPA in 2006 and the land is zoned as a 'Commercial Area' as per local plan map BKM1. The building line alignment of the site has been modified through PC 21/18 which was approved in December 2018.

Two valid development permits (approved on the 31st of August 2022) exist on the said site as follows:

- PA 4895/16 relates to the demolition of the existing structures and excavation of the site to the required levels.
- PA 4369/19 relates to the construction of the new parking and office building.

The said permits will be published on the 14th of September 2022 as indicated on the PA internet portal. A full executable permit will be issued 28 days after the date of publication on closing of the appeals period and payment of all permit guarantees by the developer.

d. Built up complete property valuation

On the assumption that a development permit will be in hand by the end of 2022 we have been informed by the developer that he intends to commence construction in September 2023 and we estimate that the project will require 24 months for completion.

An estimate of the value of the completed premises has been provided by taking into consideration the following parameters:

- The submitted permit plans, involving a total rentable area of 3,900m<sup>2</sup> distributed over the 7 floors for offices, 600m<sup>2</sup> of which are at level -1;
- The plans also include 127 car parking spaces distributed over five floors
- An assumed of a rental value of 220 Euro/m<sup>2</sup> for the office space. Rental rates have been deduced by investigating rental rates of similar offices in similar areas. Rate for such offices range between 140 euro per square metre to 300 euro per square metre annually and as such a rental rate of 220 euro per square metre is deemed fair and reasonable
- An annual rental rate of 500 Euro per parking space. Rental rates for parking have been derived from garage rental rates in the area which are in the region of 1500 euro annually. Considering the fact that this is an open car park a rate of 500 euro per car park space annually is being adopted
- A capitalisation rate of 6.25% typically expected for such premises.
- Further to discussions with the developer it is the intention to finish all common areas including flooring, false ceilings, power lighting and fire detection and lifts. All office and lettable areas will be retained in shell form until eventually leased where they will then be finished to the specification of the tenant. A basic level of finish will be established and improvement to this basic level of finish will be at tenants cost.

Based on the above the annual rental income will be 921,500 Euro. Capitalising this value with the rate of





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6.25% will result in a value of fourteen million seven hundred and forty four thousand Euro (14,744,000 Euro) for the property at the above captioned address.

e. Land Valuation

In addition to the above, a valuation of the plot has been carried out by considering an approximate construction, servicing and finishing cost of 9.25M Euros (composed of 5.50M construction + 3.75M for, tax, financing costs, project preliminaries, other project expenses etc) which has been deduced by considering the following:

- Total floor area of basement garages of 7,000m<sup>2</sup> with an assumed construction, servicing and finishing rate of 375 Euro/m<sup>2</sup> based on typical rates for similar projects;
- Total floor area of office floors of 3,900m<sup>2</sup> with an assumed construction, servicing and finishing rate of 650 Euro/m<sup>2</sup> based on typical rates for similar projects (services and finishes for common parts only included ;
- Consideration or a relevant profit margin on the project including all property transfer taxes, financing costs etc.

All rates considered above have been based on current market rates and a contingency has been included.

Based on the above it is the considered opinion of the undersigned that a fair value for the plot of land located at the above captioned address taking into consideration the current building permit in hand is in the region of five million and five hundred thousand Euro (14,744,000-9,250,000 = 5,494,000 Euro)

f. Valuation of Property in its current condition

Consideration has also been given to the value of the property in its current state. The existing structures on site are not suitable for the intended construction and as such the value of the plot of land in its current condition should be based on the value of the land taking into consideration its potential to develop and also the fact that a planning authority permit is in hand.



Perit Peter Zammit

B.E&A (hons), A&C.E., MSC (Surrey), MIStructE, CEng

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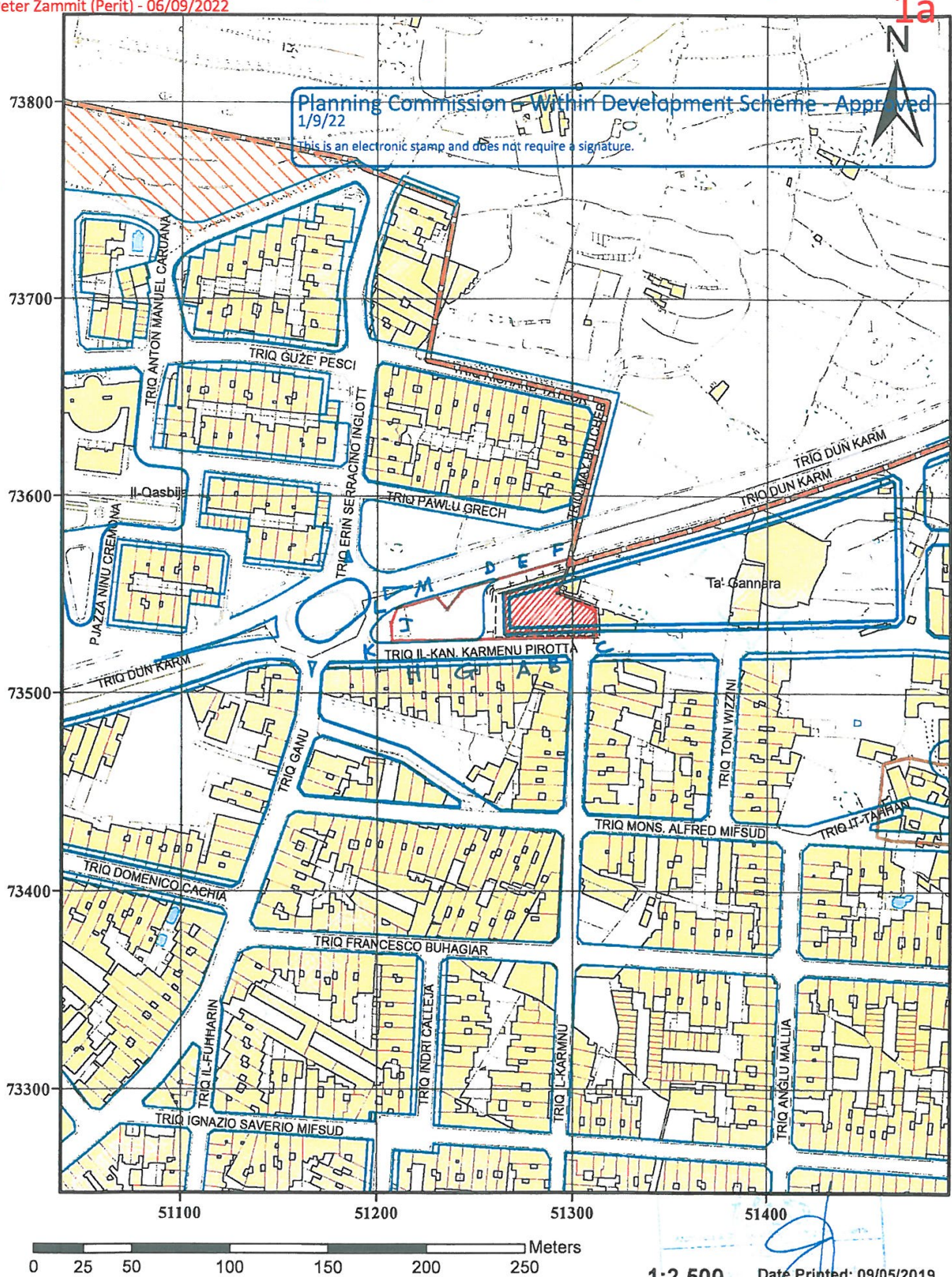
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## Appendix 1 - Permit Plans

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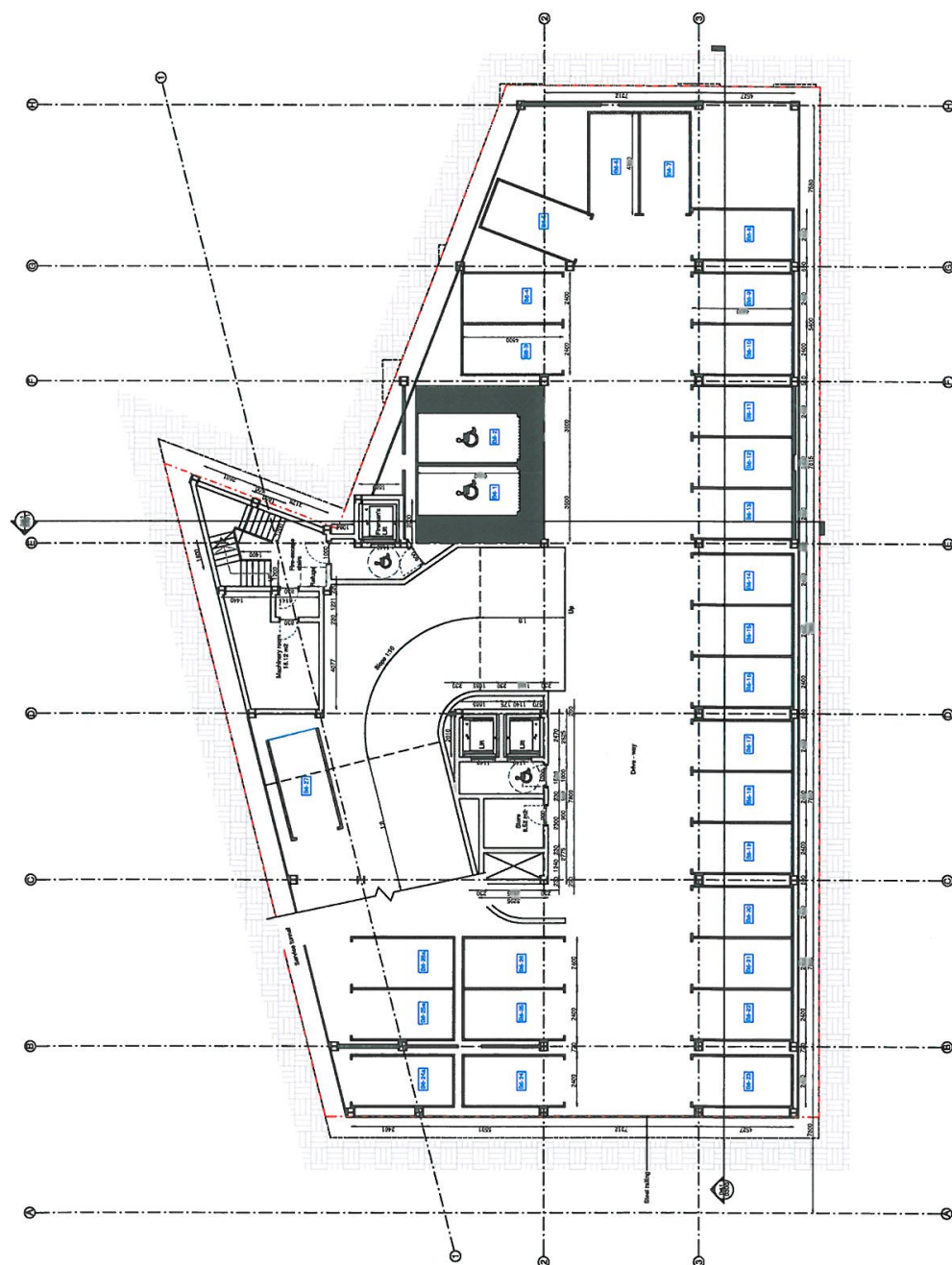
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 Data Captured from: 1988, 1994, 1998, 2004 & 2008 aerial photography and updates from 2012 orthophotos.  
 Truncated U.T.M. Coordinates. Levelling Datum M.S.L. (Mean sea level). Contours when shown are at  
 5m vertical interval. Not to be used for interpretation or scaling of scheme alignments  
 Copyright © PA - Planning Authority. Not for resale



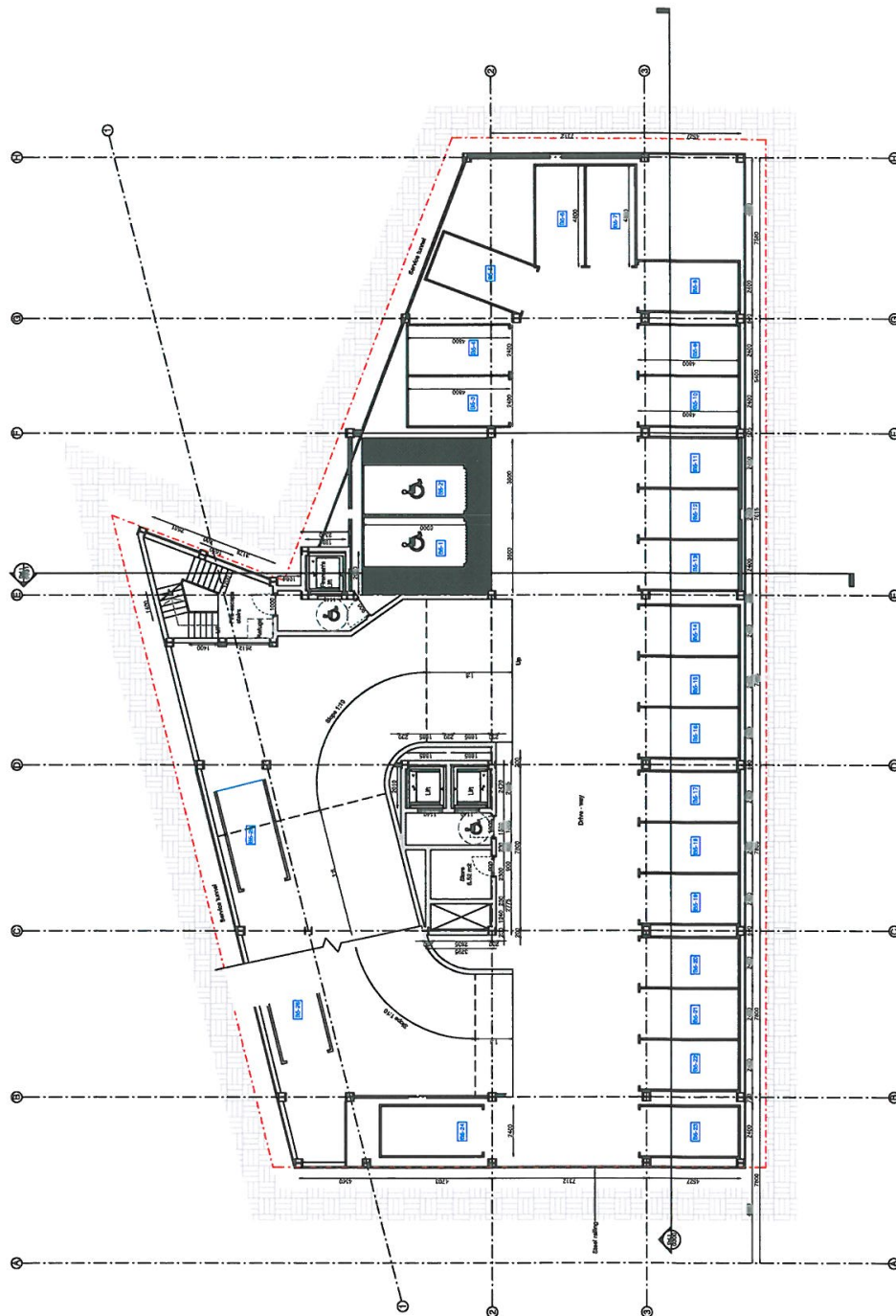
PLANNING AUTHORITY

St Francis Ravelin, Floriana.  
 Tel: +356 2290 0000, Fax: +356 2290 2295  
 www.pa.org.mt, mappingshop@pa.org.mt





Ref	Date	Description
1/AS		<p>Line 1: Colored House</p> <p>Line 2: 1000</p> <p>Line 3: 1000</p> <p>Line 4: 1000</p> <p>Line 5: 1000</p> <p>Line 6: 1000</p> <p>Line 7: 1000</p> <p>Line 8: 1000</p> <p>Line 9: 1000</p> <p>Line 10: 1000</p> <p>Line 11: 1000</p> <p>Line 12: 1000</p> <p>Line 13: 1000</p> <p>Line 14: 1000</p> <p>Line 15: 1000</p> <p>Line 16: 1000</p> <p>Line 17: 1000</p> <p>Line 18: 1000</p> <p>Line 19: 1000</p> <p>Line 20: 1000</p> <p>Line 21: 1000</p> <p>Line 22: 1000</p> <p>Line 23: 1000</p> <p>Line 24: 1000</p> <p>Line 25: 1000</p> <p>Line 26: 1000</p> <p>Line 27: 1000</p> <p>Line 28: 1000</p> <p>Line 29: 1000</p> <p>Line 30: 1000</p> <p>Line 31: 1000</p> <p>Line 32: 1000</p> <p>Line 33: 1000</p> <p>Line 34: 1000</p> <p>Line 35: 1000</p> <p>Line 36: 1000</p> <p>Line 37: 1000</p> <p>Line 38: 1000</p> <p>Line 39: 1000</p> <p>Line 40: 1000</p> <p>Line 41: 1000</p> <p>Line 42: 1000</p> <p>Line 43: 1000</p> <p>Line 44: 1000</p> <p>Line 45: 1000</p> <p>Line 46: 1000</p> <p>Line 47: 1000</p> <p>Line 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<b>Project Information</b> Project Name: <b>Project 1</b> Project Number: <b>00000000</b> Project Date: <b>00/00/00</b>		<b>Client Information</b> Client Name: <b>Client 1</b> Client Address: <b>Client Address</b> Client Phone: <b>Client Phone</b>		<b>Architect Information</b> Architect Name: <b>Architect 1</b> Architect Address: <b>Architect Address</b> Architect Phone: <b>Architect Phone</b>	
<b>Project Details</b> Project Type: <b>Project Type</b> Project Location: <b>Project Location</b> Project Status: <b>Project Status</b>		<b>Client Details</b> Client Contact: <b>Client Contact</b> Client Email: <b>Client Email</b> Client Website: <b>Client Website</b>		<b>Architect Details</b> Architect Contact: <b>Architect Contact</b> Architect Email: <b>Architect Email</b> Architect Website: <b>Architect Website</b>	
<b>Project Schedule</b> Project Start: <b>Project Start</b> Project End: <b>Project End</b> Project Duration: <b>Project Duration</b>		<b>Client Schedule</b> Client Start: <b>Client Start</b> Client End: <b>Client End</b> Client Duration: <b>Client Duration</b>		<b>Architect Schedule</b> Architect Start: <b>Architect Start</b> Architect End: <b>Architect End</b> Architect Duration: <b>Architect Duration</b>	
<b>Project Budget</b> Project Budget: <b>Project Budget</b> Project Cost: <b>Project Cost</b> Project Profit: <b>Project Profit</b>		<b>Client Budget</b> Client Budget: <b>Client Budget</b> Client Cost: <b>Client Cost</b> Client Profit: <b>Client Profit</b>		<b>Architect Budget</b> Architect Budget: <b>Architect Budget</b> Architect Cost: <b>Architect Cost</b> Architect Profit: <b>Architect Profit</b>	



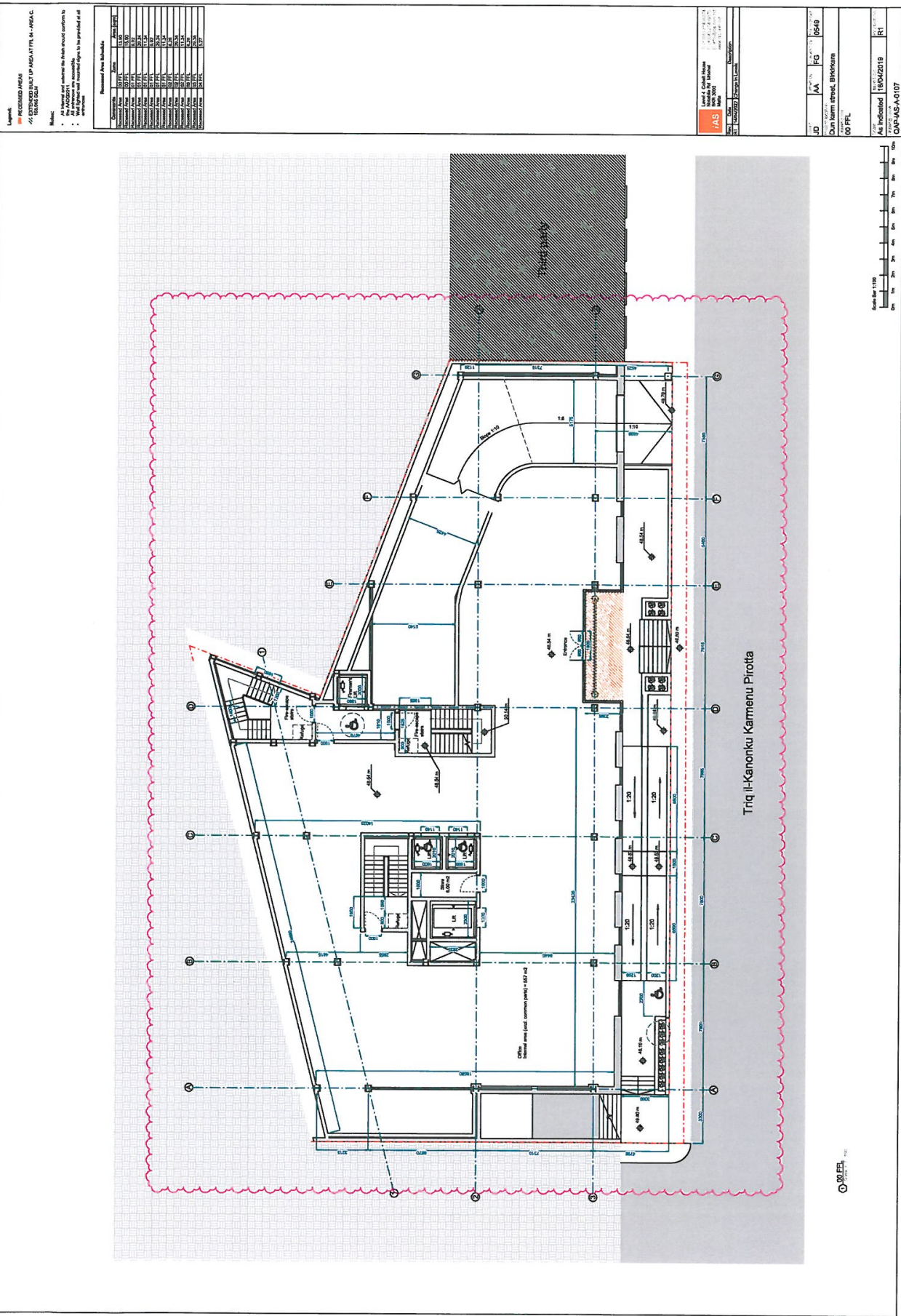
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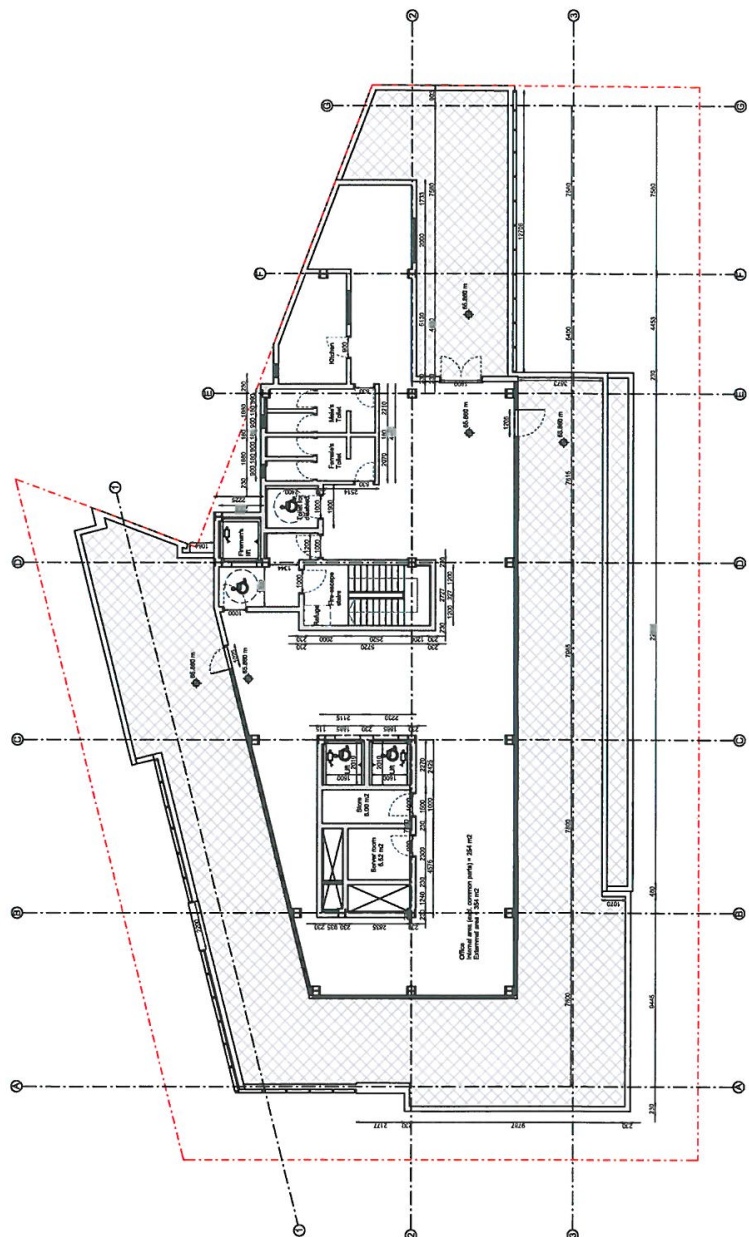




**Legend:**  
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**Notes:**  
 • All internal and external walls should conform to the requirements of the relevant building code.  
 • All dimensions are in millimeters.  
 • All dimensions are to the centerline of the wall unless otherwise indicated.

Roomed Area Schedule	
Room	Area (m²)
Room 1	10.00
Room 2	10.00
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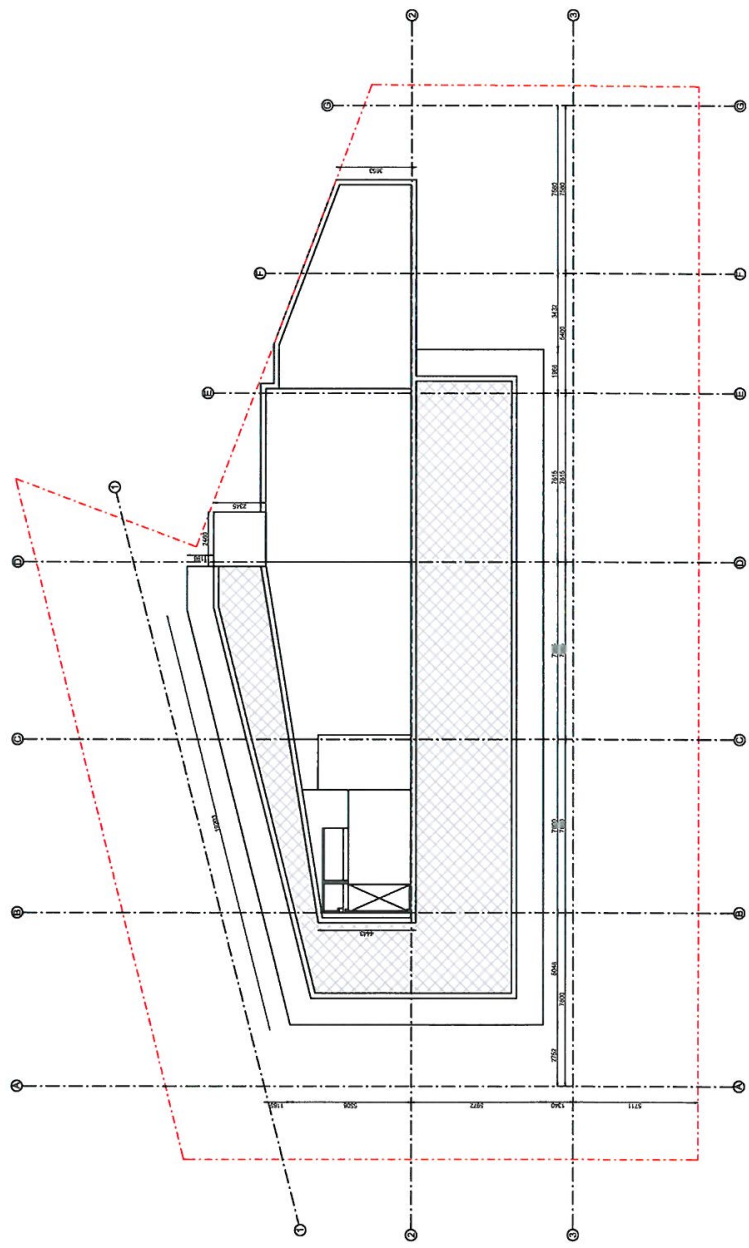
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Roof FFL



<b>IAS</b> Institut Teknologi Sepuluh Nopember School of Architecture Building Design Building Design		Date: 18/04/2019 Drawn by: [Signature] Checked by: [Signature]	
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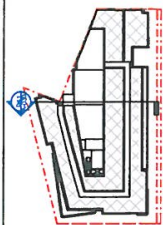




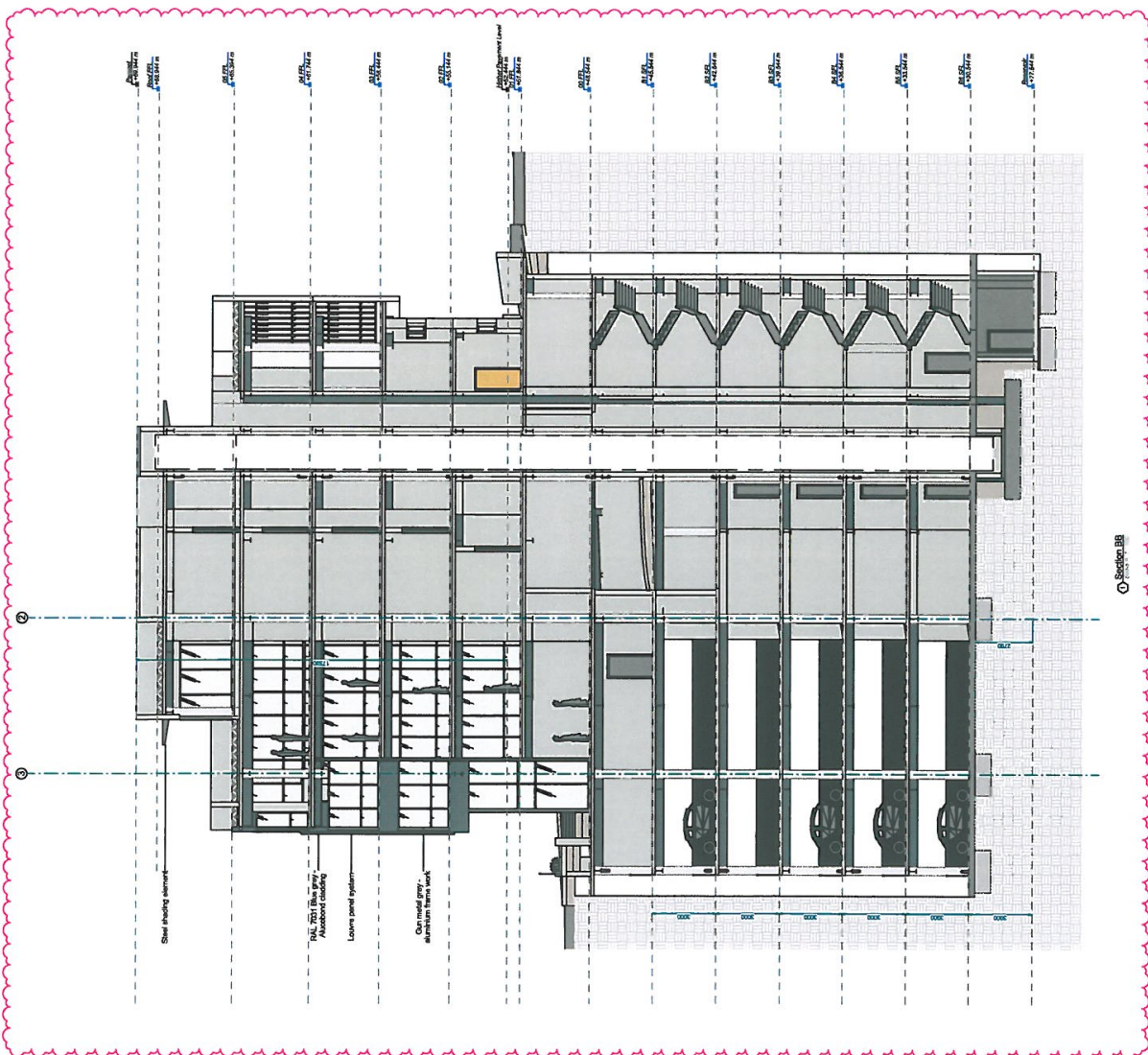


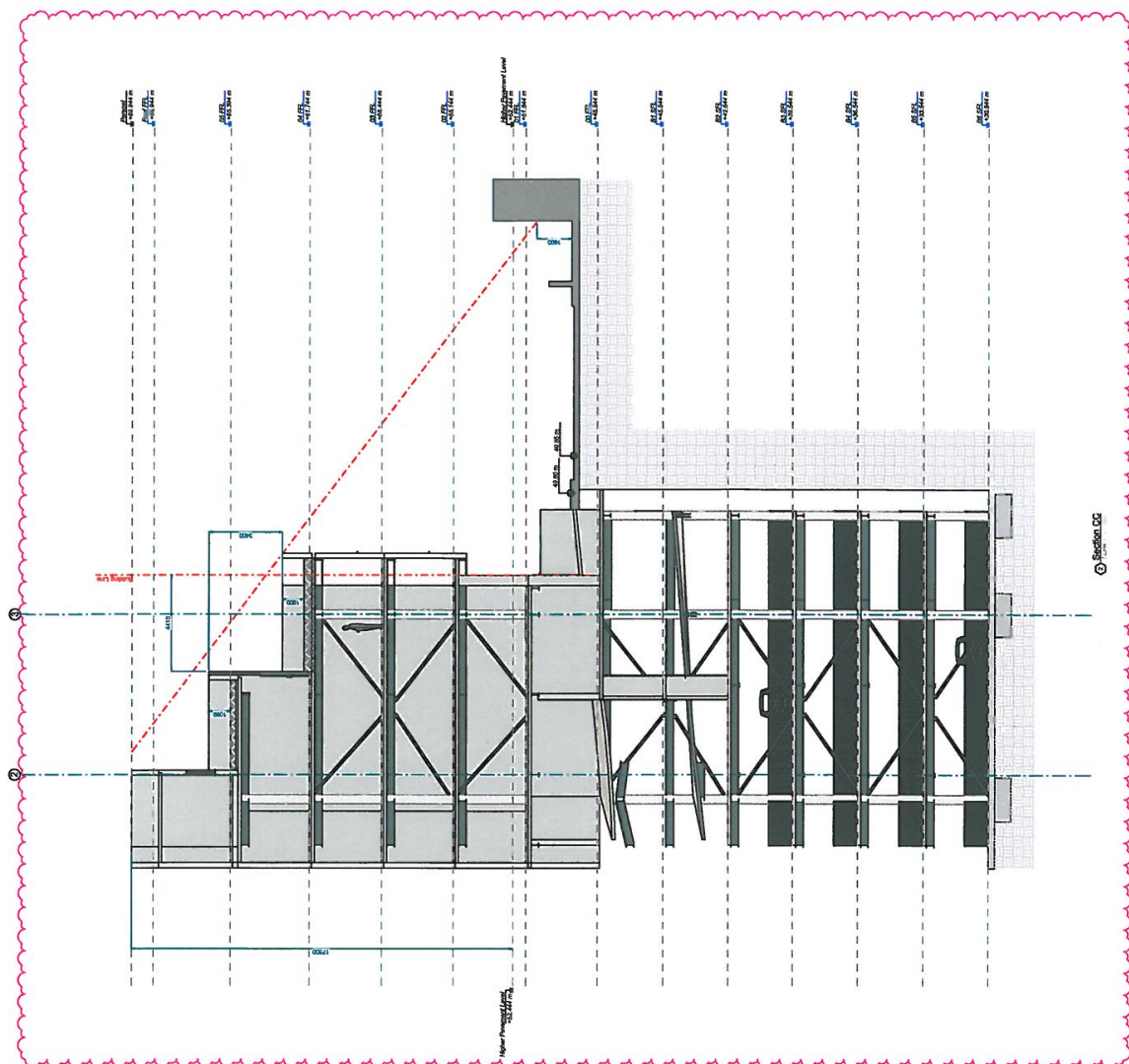






Section BB



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[www.ias.com.mt](http://www.ias.com.mt)

Level 4, Cobalt House  
Notabile Road  
Mrieħel BKR3000  
Malta  
T:+356 2149 9374

## Appendix 2 - Current site condition



Innovative Architectural Structures Ltd is registered in Malta Reg No. C79087

## NOTES

[illegible]



