

1st July 2022

The Directors,
Segond Boutique Hotels Limited
326 Mdina Road
Qormi
Malta

Subject: Valuation Report

Property: Wing 1 The Segond, Triq il-Komittiva , Xaghra - Gozo, Xaghra

I, the undersigned Architect and Civil Engineer (BE&A Hons.), have been requested to evaluate the property in caption.

General

The valuation has been prepared in accordance with Chapter 7 of the Capital Market Rules published by the Malta Financial Services Authority and in particular, with the disclosure requirements relating to Companies seeking listing on the Official List of the Malta Stock Exchange.

Requirement for a valuation report

The purpose of this valuation is for inclusion thereof within the Prospectus, to be published in connection with the proposed bond issue by Smartcare Finance plc, in accordance with the Capital Market Rules.

Reporting Standards

The valuation has been carried out by the undersigned, as an independent valuer, in terms of the UK Royal Institution of Chartered Surveyors Appraisal and Valuation Manual.

Independence of valuer

The undersigned confirms that there is no conflict of interest in advising you of the opinion of the value of the property, since the undersigned or his associates will not benefit from the valuation instruction, other than the valuation fee.

A. Contents of valuation report

1. Address

The location of this complex is Wing 1 The Segond, Triq il-Komittiva , Xaghra - Gozo, Xaghra, and the site plan has been included in Appendix A of this report. Site photos are available for inspection at the Issuer's registered office.

2. Nature of valuer's inspection

The undersigned declares that he has visited the site, and is fully familiar with the plans of the property which is functional and operating.

3. Brief Description

On 15 October 2019, through PA/08752/18, Segond Boutique Hotels Limited (C 92650) (hereinafter 'SBH') was granted a permit to demolish two existing townhouses retaining both facades, excavate basement level and construct three floors, including swimming pool on Triq ta' Gajdoru, and excavate garage at basement level, construct four floors plus one recessed floor on vacant plot on Triq il-Komittiva, to be used as Class 3A Tourism Accommodation.

On 10 December 2019, the Group, through SBH acquired the two sites in Xaghra, Gozo, for a consideration of €785k, over which it developed a 51-room boutique hotel. Together, the sites have a total footprint of circa 892 square meters. Wing one comprises 30 out of the total 51 rooms. Wing 1 can function independently from Wing 2.

The hotel was developed by Smart Homes Limited through a contract of works agreement. The hotels' facilities include 2 reception areas, bar area, restaurant and bar which doubles up as a breakfast room, seating area, luggage room and a roof-top pool. The hotel has 14 large suites with private pools and 37 double rooms. Wing one comprises 30 out of the total 51 rooms. The hotel opened its doors to the public on 14 January 2022.

4. Existing Use

Class 3A boutique hotel

5. Relevant planning applications

PA 8752/18 On 15 October 2019, through PA/08752/18, SBH was granted a permit to demolish two existing townhouses retaining both facades, excavate basement level and construct three floors, including swimming pool on Triq ta' Gajdoru, and excavate garage at basement level, construct four floors plus one recessed floor on vacant plot on Triq il-Komittiva, to be used as Class 3A Tourism Accommodation.

6. Material contravention of statutory requirements

CMR 7.4.1.6: Not applicable.

7. Tenure

The site in caption is freehold.

8. Main terms of tenants' leases or sub-leases

CMR 7.4.1.8: Not applicable.

9. Approximate age of any buildings

Apart from retained facades, the building is four years old.

10. Present capital value in existing state

The estimated present capital value of the property in its existing state using the comparative method and taking into consideration current rental rates for the rooms at 80 per cent occupancy. Wing 1 can function independently from Wing 2.

Using scaled drawings, site visit, the comparative method, and also having considered the existing, location and current market trends the commercial entity in Wing 1 independently from Wing 2 has at present potential market value in the region of:

Wing 1 (independently from wing 2) euro 3.5 million or 3,500,000 (Wing one comprises 30 out of the total 51 rooms. Wing 1 can function independently from Wing 2).

11. Terms of intra-Group lease on Property occupied by the Group (identifying the Properties) to the extent that such leases are taken into account in the valuation

CMR7.4.1.11: Not applicable.

12. Other matters which materially affect the value

CMR7.4.1.12: Not applicable.

13. Sources of information and verification

All information that was considered necessary for the purpose of drawing up the present report was obtained from the directors and advisors of Smartcare Finance plc. This included all planning applications, construction and finishing cost estimates, design, management and supervision costs, marketing and selling costs, estate management costs, and financing costs. There was also access to the projections of sales and cash flow.

14. Details of registered mortgages and privileges and other charges, real rights atheron including details of emphyteutical concessions, easements and other burdens

No details were given in this regard.

B. Details of valuer

Colin Zammit
B.E.&A. (Hons) A.&C.E.P.G. Dip. Cons. Tech
Perit – Maniera Group
Tel: [+356] 21 411790; 21420895
Mob: [+356] 9947 8744
Email: perit@manieragroup.com
Address: 80, Triq it-Torri, Mosta MST 3502
Warrant No 386

C. Date of valuation

The valuation was completed on, and the effective date thereof is, 1st July 2022

D. Basis of valuation

The Capital Market Rules require that the valuation be made on the basis of an open market value for existing use. An open market value represents an opinion of the best price for which the sale of an interest in a property would have been completed unconditionally for a cash consideration on the date of valuation. A comparative method of direct sales and current rental rates has been used.

E. Assumptions

An open market valuation assumes that there is a willing seller, that the interest being valued would have been, prior to the transaction, properly marketed, that the state of the market, level of values and other circumstances are consistent over the period of the valuation, that no account is taken of any additional bid by a prospective purchaser with special interest, and that both parties to the transaction act knowledgeably, prudently and without compulsion. An existing use value follows on the definition of the open market value, with the added assumptions that the property can be used, for the foreseeable future, only for the existing use, and that vacant possession is provided on completion of the sale of all parts occupied by the business.

F. Title

The site in caption is freehold.

G. Benefits/Detriments of contractual agreements

CMR 7.4.7: Not applicable.

H. Acquisitions/Disposals Interest

CMR 7.4.8: Not applicable.

I. Other Relevant matters

No responsibility is being assumed to the third parties to whom this report may be disclosed and no liability is accepted in contract, negligence, restitution with regards to any loss including profits, goodwill or opportunity. While the above is deemed to provide a reasonable valuation of the property in question, such estimate may also vary between one valuer and another. This valuation is also subject to changes over relatively short periods due to economic conditions.

J. Standards and Guidelines

The valuation has been carried out in accordance with standards and guidelines issued by the Royal Institute of Chartered Surveyors. (RICS)



Colin Zammit

B.E.&A. (Hons) A.&C.E.P.G. Dip. Cons. Tech

Perit

APPENDIX A

