

NOT FOR DISTRIBUTION IN THE UNITED STATES

Prospectus

TRISTONE HEALTHCARE BOND DAC

(incorporated in Ireland with registered number 600107)

For the admission to trading on the Corporate Bond Market of the regulated market of the Cyprus Stock Exchange of up to £19,100,000 8.5% Secured Notes due 2027

Tristone Healthcare Bond DAC (the “**Issuer**” or the “**Company**”) has authorised the issue of up to £19,100,000 **8.5% Secured Notes** (the “**Notes**”) due 2027.

This Prospectus has been drawn up in accordance with the provisions of Regulation (EU) 2017/1129 of the European Parliament and of the Council of Europe 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 and has been approved by the Cyprus Securities and Exchange Commission (“**CySEC**”) as the competent authority in Cyprus, which the Issuer has elected as its Home Member State for the Notes, under Article 2 (m) (ii) of Regulation (EU) 2017/1129.

CySEC only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the Issuer or of the quality of the Notes that are the subject of this Prospectus.

The Notes will be issued to the wholesale market in the European Union, to qualified investors as defined in the Second Appendix of the Investment Services and Activities and Regulated Market Law of 2017, Law 87(I)/2017 (as amended) and Annex II of the Markets in Financial Investments Directive (2014/65/EU) (“**MiFID II**”). No Notes will be issued or offered or sold to the retail market.

The Notes will be placed in tranches with qualified investors on a reasonable endeavor basis. A tranche of £1,091,000 Notes (1,091 Notes of par value £1,000) has been placed and issued between June 2018 and August 2019. Subsequent tranches will follow. The placement of the Notes is not underwritten.

Unless previously redeemed or cancelled, the Notes will be redeemed at their principal amount on the Maturity Date. The Notes are subject to redemption, in whole but not in part, at their principal amount, plus interest, if any, to the date fixed for redemption at the option of the Issuer at any time at an amount calculated on a “*make-whole*” basis.

The Notes will bear interest from the issue date of each Tranche (the “**Issue Date**”) at the rate of 8.5 per cent per annum. Interest on the Notes will be payable annually in arrears on 31 December in each year starting on 31 December of the year in which they were acquired. Payments on the Notes will be made in £GBP (British Pounds Sterling) without deduction for or on account of any taxes. The issue price of the Secured Notes of the Issuer due 2027 is 100 per cent of their principal amount.

The Notes will constitute secured obligations of the Issuer which will at all times rank *pari passu* among themselves and ahead of all other present and future secured obligations of the Issuer, save for certain mandatory exceptions of applicable law.

Neither the Trustee nor the Legal advisors to the Issuer in England or Cyprus has separately verified or takes responsibility for the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Legal advisors to the Issuer in England or Cyprus or the Trustee as to the accuracy or completeness of the financial information contained herein, or any other financial statements or any further information supplied in connection with the issue of the Notes or their distribution. The statements made in this paragraph are without prejudice to the respective responsibilities of the Issuer in relation to the Notes.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this document or any other financial statements or further information supplied pursuant to the terms of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Issuer, the directors of the Issuer, the Legal advisors to the Issuer in England or Cyprus or the Trustee.

This document and any further information supplied pursuant to the terms of the Notes should not be considered as a recommendation or as constituting an invitation or offer by or on behalf of any of the Issuer, the Trustee or the Legal advisors to the Issuer in England or Cyprus that any recipient of this document or any further information supplied pursuant to the terms of the Notes should subscribe for or purchase any of the Notes. This document does not constitute an offer of, or an invitation by, or on behalf of, the Issuer, the Trustee or the Legal advisors to the Issuer in England or Cyprus to subscribe for or purchase any Notes and this document should not be used for or in connection with an offer to, or solicitation by, any person in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

Accordingly, the Notes may not be offered or sold, directly or indirectly, and this Prospectus nor any other prospectus, form of application, advertisement, other offering material or other information may be issued, distributed or published in any country or jurisdiction (including the United Kingdom and the Republic of Ireland), except in circumstances that will result in compliance with all applicable laws, orders, rules and regulations of that country or jurisdiction.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”) and are not subject to United States tax law requirements. The Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Investors should take account of and fully consider, when making a decision as to whether or not to invest in the Notes, that all payments under the Notes are wholly dependent upon the performance of the Issuer and (on the occurrence of an Event of Default) the effectiveness of the value and efficacy of the Security.

Investing in the Notes involves a number of other risks. Prospective investors should carefully consider the factors described in the section of this document headed “RISK FACTORS” in connection with an investment in the Notes.

Application has been made to the Cyprus Stock Exchange (the “CSE”) to admit to trading up to £19,100,000 (19,100 Notes of par value £1,000) 8.5% Secured Notes due 2027 on the Corporate Bond Market of the Regulated Market of the CSE. The Prospectus constitutes a prospectus for the purposes of Regulation (EU) 2017/1129 and the related Delegated Acts supplementing it (Regulation 2019/979 and Regulation 2019/980), as well as the Public Offer and Prospectus Law of the Republic of Cyprus of 2005 (as amended). The Corporate Bond

Market of the Regulated Market of the CSE is a regulated market of the purpose of Directive (2014/65/EU).

The Issuer confirms that all third party sourced information contained in the document has been accurately reproduced and that as far as the Issuer is aware and is 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 Company and all of the Directors signing the Prospectus by virtue of section 20 of the Prospectus Law, assume full responsibility, both jointly and severally, for the contents and information set out in the Prospectus and responsibly declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

Global Capital Securities and Financial Services Limited, in its capacity as Underwriter (hereinafter referred to as the “Underwriter”) responsible for the drawing up of this Prospectus, by virtue of section 23 of the Prospectus Law, responsibly declares that, having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus is, to the best of its knowledge, in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

The date of this Prospectus is **1st November 2019**.

IMPORTANT NOTICES

In this Prospectus, except where otherwise specified or the context otherwise requires, all references to “**we**”, “**us**”, “**our**” or “**ourselves**” are references to Tristone Healthcare Bond DAC except where otherwise specified or the context otherwise requires. The “**Issuer**” or “**Company**” refers to Tristone Healthcare Bond DAC, or any successor thereof.

Words defined in the Terms and Conditions and set out in the Prospectus under the section headed “**TERMS AND CONDITIONS OF THE NOTES**” shall have the same meaning when issued in this Prospectus unless otherwise defined.

The Issuer and the Issuer’s directors signing the Prospectus accept full responsibility for the information contained in this Prospectus. To the best knowledge of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and that the Prospectus makes no omission likely to affect the import of such information. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Notes offered hereby by any person in any jurisdiction in which it is unlawful for such person to make an offer or solicitation. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus come are required by the Issuer, the Trustee or the Legal advisors to the Issuer in England or Cyprus to inform themselves about and to observe any such restrictions.

Pursuant to Article 12(1) of Regulation 2017/1129, this Prospectus is valid for 12 months from its date, provided that it is completed by any supplement required pursuant to Article 23. According to Article 23 of Regulation (EU) 2017/1129 as regards supplements to the Prospectus, should there arise any significant new factor, material mistake or material inaccuracy relating to information included in the Prospectus subsequent to its approval by CySEC and before admission the Company shall have an obligation to prepare and publish a supplement to the Prospectus detailing such changes which shall be subject to prior approval by CySEC in line with procedures followed for approval of this Prospectus.

Each prospective purchaser of the Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and the Issuer shall not have any responsibility therefor.

See the section of this Prospectus headed “**RISK FACTORS**” for a description of certain factors relating to an investment in the Notes, including information about the Issuer’s business. Neither the Issuer nor the Trustee or the Legal advisors to the Issuer in England or Cyprus is making any representation to you regarding the legality of an investment by you under applicable legal investment or similar laws. You should consult with your own advisers as to legal, tax, business, financial and related aspects of a purchase of the Notes.

FORWARD-LOOKING STATEMENTS

The Prospectus contains statements that constitute forward-looking statements. These forward-looking statements are based principally on the Issuer’s current expectations and on projections of future events and financial trends that currently affect or might affect the Issuer’s business.

The words “*believe*,” “*expect*,” “*continue*,” “*understand*,” “*estimate*,” “*will*,” “*may*,” “*anticipate*,” “*should*,” “*intend*” and other similar expressions are intended to identify forward-looking statements. Such statements refer only to the date on which they were

expressed and the Issuer assumes no obligation to publicly update or revise any forward-looking statements as a result of new information or any other events. In light of these risks and uncertainties, the forward-looking statements, events and circumstances discussed in this Prospectus may not be accurate and the Issuer's actual results and performance could differ materially from those anticipated in the Issuer's forward-looking statements. Investors should not make an investment decision based solely on the forward-looking statements in this Prospectus.

RESPONSIBILITY STATEMENTS

This document comprises a Prospectus in the form of a single document and is prepared in accordance with Regulation (EU) 2017/1129 and the related Delegated Acts supplementing it (Regulation 2019/979 and Regulation 2019/980). This document is a prospectus for the purpose of giving information with regard to the Issuer and the Notes, which is necessary to enable investors to make an informed assessment as to the Issuer and the Notes.

The Issuer and the Underwriter accept responsibility for the information contained in the Prospectus. To the best of the knowledge and belief of the Issuer and the Underwriter (having taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and that the Prospectus makes no omission likely to affect the import of such information or the content of this document. This document contains the necessary and required disclosures set forth in Regulation (EU) 2017/1129 and the related Delegated Acts supplementing it (Regulation 2019/979 and Regulation 2019/980).

Neither the Trustee nor the Legal advisors to the Issuer in England or Cyprus (notwithstanding that one entity may be performing multiple roles) has separately verified or takes responsibility for the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Legal advisors to the Issuer in England or Cyprus or the Trustee as to the accuracy or completeness of the financial information contained herein, or any other financial statements or any further information supplied in connection with the issue of the Notes or their distribution. The statements made in this paragraph are without prejudice to the respective responsibilities of the Issuer in relation to the Notes.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with the Prospectus or any other financial statements or further information supplied pursuant to the terms of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Issuer, the directors of the Issuer, the Legal advisors to the Issuer in England or Cyprus or the Trustee.

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PROSPECTUS SUMMARY

SECTION A – INTRODUCTION AND WARNINGS

This summary should be read as an introduction to the Prospectus.

Any decision by the investor to invest in the Notes should be based on a consideration of the Prospectus as a whole.

The investor could lose more than the capital invested in the Secured Notes.

Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.

Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Notes.

A1. Name, ISIN and SEDOL Code of the Notes

Name /Code: 8.5% Secured Notes Due 2027

ISIN: GB00BZ3TBX81

SEDOL: BZ3TBX8

A2. Identity, contact details and LEI of the Issuer

Issuer: Tristone Healthcare Bond Designated Activity Company

Issuer's registered number: 600107

Issuer's registered office: 17 Pembroke Street Upper, Dublin 2, D02 AT22, Republic of Ireland.

LEI number: 213800LNC3EGB8NEE562

A3. Identity and contact details of the competent authority approving the Prospectus

The Cyprus Securities and Exchange Commission ("CySEC"), 19, Diagorou Street, 1097 Nicosia, Cyprus, as the competent authority in Cyprus which the Issuer has elected as its Home Member State for the said Notes.

Date of approval of the Prospectus

1st November 2019

SECTION B – KEY INFORMATION ON THE ISSUER

B1. Issuer’s domicile, legal form, LEI, law under which it operates, and country of incorporation

The Issuer is a special purpose vehicle incorporated in Ireland on 9 March 2017 as a limited company. The principal legislation under which the Issuer operates is the Irish Companies Act, 2014.

Issuer’s LEI number: 213800LNC3EGB8NEE562

B2. Issuer’s principal activities

The Issuer is a special purpose vehicle incorporated solely to act as Issuer of the Secured Notes.

B3. Issuer’s shareholders, and information on direct and indirect controlling parties

The issued share capital of the Issuer is wholly owned by Yannis Loucopoulos, who is also a director of the Issuer.

Yannis Loucopoulos is among the ultimate beneficial owners of Tristone Capital Limited which is the sole shareholder of THC Limited to whom the proceeds of the issue of the Notes will be lent and subsequently be utilised for investment in healthcare projects which meet the applicable Eligibility Criteria in the UK and Ireland.

B4. Identity of key managing directors

- Yannis Loucopoulos
- Andrew Williamson
- Ivano Cafolla

B5. Identity of statutory auditors

Howlett Kavanagh

Chartered Accountants and Registered Auditor

16 South Main Street, Naas, Co. Kildare

Republic of Ireland

WHAT IS THE KEY FINANCIAL INFORMATION REGARDING THE ISSUER?

B6. Selected historical key financial information

| Income Statement | Year ended 31/12/2018 (£) | Period from 1 April 2017 to 31/12/2017 (£) | Period ended 30/06/2019 (£) | Period ended 30/06/2018 (£) |
|------------------|---------------------------------|--|-----------------------------------|-----------------------------------|
| Loss before tax | (48,835) | - | (19,351) | (14,982) |

| Balance Sheet | As at 31/12/2018 (£) | As at 31/12/2017 (£) | As at 30/06/2019 (£) |
|---|----------------------------|----------------------------|----------------------------|
| Net financial debt (long term debt plus short term debt minus cash) | 1,115,085 | - | 1,896,007 |

Net financial debt as at 31/12/2018 results from loans and borrowings of £1,124,475 less cash and cash equivalents of £9,390 as at the same date.

Net financial debt as at 30/06/2019 results from loans and borrowings of £1,897,202 less cash and cash equivalents of £1,195 as at the same date.

| Cash Flow Statement | Year ended 31/12/2018 (£) | Period from 1 April 2017 to 31/12/2017 (£) | Period ended 30/06/2019 (£) | Period ended 30/06/2018 (£) |
|--|---------------------------------|--|-----------------------------------|-----------------------------------|
| Net Cash flows from operating activities | (63,951) | (2) | (20,380) | (13,580) |
| Net Cash flows from financing activities | 473,341 | 2 | 12,185 | 129,203 |
| Net Cash flow from investing activities | (400,000) | - | - | - |

Pro forma financial information

Not applicable

Reference to qualifications in the audit report

No qualifications

WHAT ARE THE KEY RISKS THAT ARE SPECIFIC TO THE ISSUER?

B7. Brief description of the most material risk factors specific to the Issuer contained in the Prospectus

The key risks specific to the Issuer are the following:

(i) Dependence on the expertise of the Directors and attraction/ retention of key personnel: The Company's future success is substantially dependent on the continued services and continuing contributions of its Directors.

(ii) The Issuer is dependent on related companies: The Issuer will lend the proceeds of the issue of the Notes to THC Limited, a related company, which in turn will grant collateral as

security for such loan to the Issuer. The Issuer's ability to meet interest payments and /or principal repayment is dependent on THC Limited meeting its obligations under the Loan Agreement.

(iii) "Brexit" and the EU/Eurozone: The decision by the United Kingdom to exit from the European Union could have an impact on the Company's business, financial condition and results of operations.

(iv) Taxation: This Prospectus has been prepared having regard to current Irish tax legislation, practice and concession and interpretation thereof. Any change in the Company's tax status or in taxation legislation could affect the Company's ability to provide returns to Noteholders or alter post tax returns to Noteholders.

SECTION C – KEY INFORMATION ON THE NOTES

What are the main features of the Notes?

C1. Type, class ISIN and SEDOL code of the Notes

The Notes are to be issued by the Issuer with an entitlement to interest at the rate of 8.5% from the date of issue over the term of the Notes. The form of the Notes is registered represented by a Global Registered Certificate which will be held by the Registrar. The register of the Notes shall be maintained by the Registrar. Settlement of the Notes will be cleared through CREST. The Notes have been assigned:

ISIN: GB00BZ3TBX81

SEDOL: BZ3TBX8

C2. Currency denomination

The currency denomination is sterling

C3. Par value of Notes

Each Note is denominated in Stg £1,000 or integral multiples thereof.

C4. Number of Notes issued

£1,091,000 Notes (1,091 Notes of par value £1,000) have been placed with qualified investors and issued and will be admitted to trading following approval for admission from the CSE. These Notes are of the same class as the £900,000 Notes (900 Notes of par value £1,000) issued and already admitted on the Corporate Bond Market of the CSE.

Further Notes of up to £18,009,000 will be placed with qualified investors and will be issued with the same terms and conditions as the Notes already placed and will also be admitted to trading following approval for admission from the CSE.

C5. Term of the Notes

The Notes carry interest rate of 8.5%, which is fixed and payable annually from date of issue until the maturity of the Notes, on 31 December, 2027.

C6. Rights Attached to the Notes

The 8.5% secured Notes rank *pari passu* amongst themselves and in priority to any subsequent unsecured creditors. The interest is payable from date of issue until the maturity of the Notes. The interest rate is fixed and can only be changed with a vote of 75% of the holders of the Notes. Payment of interest and principal sums on maturity has priority and ranks only subject to payment of Exceptional Expenses which are defined as being costs and expenses relating to fees, out-of-pocket expenses, liabilities (inclusive of VAT), which are not operating expenses owed to any operating creditors (being trustee, auditors, legal advisers or any delegate or person appointed by the trustee). The security trustee is Templar Steele (Trust and Custody) Limited.

The interest rate of 8.5% is fixed and commences from date of issue of the Notes. Interest is payable annually on 31 December in each year, on the basis of a 360 day year. The maturity date of the Notes is 31 December, 2027. Interest payments will be made directly to the noteholders and the Issuer will only be able to vary the 8.5% interest rate and frequency of the annual interest with the prior consent of 75% of the noteholders.

C7. Relative seniority of the Notes in the Issuer's capital structure in the event of insolvency, including information on the level of subordination of the Notes

First ranking (in priority of any other creditors)

C8. Restrictions on the free transferability of the Notes

There are no restrictions on transferability.

WHERE WILL THE NOTES BE TRADED?

C9. Market where Notes will be traded

The Corporate Bond Market of the Regulated Market of the CSE, following approval for admission from the CSE.

WHAT ARE THE KEY RISKS THAT ARE SPECIFIC TO THE NOTES?

C10. The key risks specific to the Notes are the following:

- i) Speculative nature of the investment:** Noteholders may receive less than the original amount invested.
- ii) The secondary market generally:** The Notes may have no established trading market when issued, and one may never develop.
- iii) Realisation from sale of the Notes may be less than original investments:** Noteholders who choose to sell their Notes at any time prior to their maturity, may receive a price from such sale which is less than the original investment made.
- iv) Exchange rate risks and exchange controls:** The Company will pay principal and interest on the Notes in British Pounds Sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than Sterling.
- v) Interest rate risks:** Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of them.
- vi) Legal investment considerations may restrict certain investments**

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities.
- vii) The Notes may not be a suitable investment for all investors:** Potential investors in the Notes must determine the suitability of that investment in light of their own circumstances.

SECTION D – KEY INFORMATION ON THE OFFER OF NOTES TO THE PUBLIC AND /OR THE ADMISSION TO TRADING ON A REGULATED MARKET

D1. General terms, conditions and expected timetable of the offer

The board of directors of the Issuer have by a resolution dated 27 September 2017 resolved to issue up to £20,000,000 8.5% Secured Notes due 2027 on the terms and conditions set out herein and in the Trust Deed.

Since the aforementioned Board resolution:

- (i) Notes of £900,000 were issued and admitted to trading on the Corporate Bond Market of the CSE;
- (ii) Notes of £1,091,000 were placed with qualified investors and issued and will be admitted to trading on the same Market of the CSE on approval of the CSE for admission. These Notes are of the same class as the £900,000 Notes issued and already admitted on the Corporate Bond Market of the CSE;
- (iii) The Company expects to issue a further £18,009,000 Notes (18,009 Notes of par value £1,000) in £500,000 - £1,000,000 tranches to qualified investors within the

next 12 months, with the same terms and conditions as the Notes already placed. No Notes will be issued, offered or sold to the retail market.

The Secured Notes are due 2027 and carry interest 8.5% per annum from the date of issue over the term of the Notes.

The Prospectus relates to the listing on the Corporate Bond Market of the CSE of up to £19,100,000 (19,100 Notes of par value £1,000) 8.5% Secured Notes due 2027.

D2. Details of the admission to trading on a regulated market

The Notes will be listed and admitted to trading on the Corporate Bond Market of the Regulated Market of the CSE;

D3. Estimated expenses charged to the investor by the Issuer

There are no expenses charged to the investors.

WHY IS THIS PROSPECTUS BEING PRODUCED?

D4. Reasons for the offer or for the admission to trading on a regulated market

The Issuer is publishing this Prospectus for the admission to trading on the Corporate Bond Market of the regulated market of the CSE of up to £19,100,000 8.5% Secured Notes due 2027.

D5. Use of the proceeds

The Issuer will lend the proceeds of the issue of the Notes to THC Limited, a related company, who in turn will grant collateral as security for such loan to the Issuer. THC Limited's investment policy is to invest in certain healthcare businesses or companies, principally based in the UK and Ireland, where the management team has previous experience within the sector.

D6. Underwriting Agreement

The placement and issue of the Secured Notes is not underwritten.

Material conflicts of interest pertaining to the offer or the admission to trading

No material conflicts of interest arise pertaining to the admission to trading of the Notes and /or the issue of additional Notes in the future.

RISK FACTORS

In addition to the other relevant information set out in this Prospectus, the following specific risk factors should be considered carefully by potential investors in evaluating whether to make an investment in the Notes. An investment in the Notes may not be suitable for all potential investors. If you are in any doubt about the action you should take, or the contents of this Prospectus, you should seek your own independent financial advice, including as to any tax consequences from your stockbroker, solicitor, accountant, bank manager or other independent financial advisor authorised to conduct investment business and who specialises in advising on investments in such securities.

Factors that may affect the Company's ability to fulfil its obligations under the Notes include the following:

1. Risks associated with the structure of the Transaction

1.1. Speculative nature of the investment

Noteholders may receive less than the original amount invested. Investment in a security of this nature, being an illiquid investment, is speculative, involving a degree of risk. It may not be possible to redeem the Note(s) prior to the redemption date. There may not be buyers willing to purchase the Note(s) in the market.

1.2. Dependence on the expertise of the Directors and attraction/ retention of key personnel

The Company's future success is substantially dependent on the continued services and continuing contributions of its Directors. The loss of the services of any of the Company's executive and non-executive officers could have a material adverse effect on the Company's business.

The Company's future success will also depend on its ability to attract and retain additional suitably qualified and experienced employees. There can be no guarantee that the Company will be able to attract and retain such employees, and failure to do so could have a material adverse effect on the financial condition, results or operations of the Company. As the Notes have a maturity date of 31 December, 2027, it is possible that the identity of the Directors may change during the term of the Notes and, therefore, the ability of the Company to continue to be able to meet its obligations to Noteholders will also depend, *inter alia*, on its future directors and management team. The recruitment of suitably skilled directors and retention of their services or the services of any future management team cannot be guaranteed.

In addition, the future success of the Company may be dependent on the Company's ability to integrate new teams or professionals. There can be no guarantee that the Company will be able to recruit such teams or effect such integration. Failure to do so could have a material adverse effect on the financial condition, results or operations of the Company.

1.3. Issuer Dependent on Related Companies

The Issuer will lend the proceeds of the issue of the Notes to THC Limited, a related company, who in turn will grant collateral as security for such loan to the Issuer. The Issuer's ability to meet interest payments and/or principal repayments is dependent on THC Limited meeting its obligations under the Loan Agreement. Should THC Limited default, for example by failing to make an interest payment

or to repay the Loan, then the Issuer may be unable to make interest payments or to repay any principal to the Noteholders the Notes. The Issuer is not dependent on any other entities associated with the Issuer and /or its major shareholder, Yannis Loucopoulos.

THC Limited's investment policy is to invest in certain healthcare businesses or companies, principally based in the UK and Ireland, where the management team has previous experience within the sector. It is the intention of the THC Limited Directors that the Company will source investments that have the potential to generate strong cash flows, profits and investment growth. It is intended that the cash flows generated from these investments will be used to pay the interest and repay the principal on the Loan.

2. Risks related to the market generally

Set out below is a brief description of the principal market risks of the Notes:

2.1. The secondary market generally

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. The Notes are designed for specific investment objectives or strategies. As such, the Notes generally will have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Notes.

2.2. Realisation from sale of the Notes may be less than original investments

Noteholders who choose to sell their Notes at any time prior to their maturity, may receive a price from such sale which is less than the original investment made. Factors that will influence the price may include, but are not limited to, market appetite, inflation, and the time of redemption, interest rates and the current financial position and an assessment of the future prospects of the Company.

2.3. Exchange rate risks and exchange controls

The Company will pay principal and interest on the Notes in British Pounds Sterling ("**Sterling**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than Sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of Sterling or revaluation of the investor's currency) and the risk that authorities with jurisdiction over the investor's currency may impose or modify exchange controls.

An appreciation in the value of the investor's currency relative to Sterling would decrease (i) the investor's currency-equivalent yield on the Notes, (ii) the investor's currency-equivalent value of the principal payable on the Notes and (iii) the investor's currency-equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

2.4. Interest rate risks

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of them.

2.5. Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult his or her legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, him or her, (ii) the Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its, his or her purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

2.6. “Brexit” and the EU/Eurozone

The decision by the United Kingdom to exit from the European Union could have an impact on the Company’s business, financial condition and results of operations. There still remains significant uncertainties in relation to the terms and time frame within which such an exit (due by law to take place by Friday, 29 March 2019 but subsequently delayed) would be effected, and there are significant uncertainties as to what the impact will be on the fiscal, monetary and regulatory landscape in the UK, including inter alia, the UK’s tax system, the conduct of cross-border business and export and import tariffs. There is also uncertainty in relation to how, when and to what extent these developments will impact on the economy in the United Kingdom and the future growth of its various industries and on levels of investor activity and confidence, on market performance and on exchange rates. However, it should be reported that whilst the Bank of England has recently cut its growth target for the United Kingdom it is still forecasting positive growth. Equally, there are widely reported concerns about the future economic conditions of the EU and the Eurozone, with both Germany and Italy recently reported to have entered “recession” and the possible effects across the Eurozone from an Italian “debt pile” of 2.3 trillion euros representing 130 per cent. of GDP. Although it is not possible to predict the effects of possible economic and political uncertainty in either the United Kingdom or the European Union, any of these risks, taken singularly or in the aggregate, could have a material adverse impact on the Company’s business, financial condition and results of operations.

3. Business specific risks

3.1. Taxation

This Prospectus has been prepared having regard to current Irish tax legislation, practice and concession and interpretation thereof. Any change in the Company’s tax status or in taxation legislation could affect the Company’s ability to provide returns to Noteholders or alter post tax returns to Noteholders. Statements in this Prospectus concerning the taxation of Noteholders are based on current tax law and practice which is subject to change. The taxation of an investment in the Company depends on the individual circumstances of investors.

Further, investors should note that the tax legislation of their Member State and of the Issuer's country of incorporation may have an impact on the income received from the Notes.

4. Factors which are material for the purpose of assessing the market risks associated with the Notes

4.1. The Notes may not be a suitable investment for all investors

Potential investors in the Notes must determine the suitability of that investment in light of their own circumstances. In particular, each potential investor should:

- i. have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- ii. have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- iii. have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal and interest payments is different from the potential investor's currency;
- iv. understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- v. be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

PERSONS RESPONSIBLE

The Prospectus has been prepared in accordance with the relevant legislation and has been approved by CySEC acting as the competent authority in Cyprus under Regulation (EU) 2017/1129.

CySEC only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129.

Such approval should not be considered as an endorsement of the Issuer or of the quality of the Notes that are the subject of this Prospectus.

Investors should make their own assessment as to the suitability of investing in the Notes.

This Prospectus contains all information concerning the Company/Issuer required to be published by Regulation (EU) 2017/1129 which concerns the Company/Issuer and the Notes. Thus, this Prospectus enables the investors to evaluate the assets, liabilities, financial position, performance and prospects of the Company as well as the rights attached to the Notes.

Company and Directors responsible for the content of the Prospectus

The Issuer assumes full responsibility for the information contained in this Prospectus and declares that the information contained in it is in accordance with the facts and makes no omission likely to affect its import. The Directors of the Issuer signing this Prospectus, are also responsible jointly and severally for the information contained in this Prospectus and declare that: (i) having taken all reasonable care to ensure that such is the case, the information contained in it are, to the best of their knowledge, in accordance with the facts, complete and true; (ii) the Prospectus makes no omission likely to affect its import; and (iii) no legal actions or claims of material importance are pending or threatened against the Issuer that could materially affect the Issuer's financial position. In accordance with section 20 of the Prospectus Law, this Prospectus has been signed by all of the directors of the Issuer, whose names appear below, which persons are responsible for the completeness, clarity, accuracy and update of the information contained herein:

- Mr. Yannis Loucopoulos, Executive Director;
- Mr. Andrew Williamson, independent non-Executive Director; and
- Mr. Ivano Cafolla, independent non-Executive Director,

all being directors of the Issuer.

Underwriter responsible for drawing up of the Prospectus

Global Capital Securities & Financial Services Limited, whose registered address is at 50 Arch. Makarios III Avenue, Alpha House, 1st Floor, 1065, Nicosia, Cyprus, in its capacity as Underwriter responsible for the drawing up of this Prospectus by virtue of section 23 of the Cyprus Prospectus Law, responsibly declares that, having taken all reasonable care to ensure that is the case, the information contained in the Prospectus is, to the best of its knowledge in complete accordance with the facts and makes no omission likely to affect its import.

No responsibility of Trustee or Legal advisors to the Issuer in England or Cyprus

Neither the Trustee nor the Legal advisors to the Issuer in England or Cyprus (notwithstanding that one entity may be performing multiple roles) has separately verified or takes responsibility for the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Legal advisors to the Issuer in England or Cyprus or the Trustee as to the accuracy or completeness of the

financial information contained herein, or any other financial statements or any further information supplied in connection with the issue of the Notes or their distribution. The statements made in this paragraph are without prejudice to the respective responsibilities of the Issuer in relation to the Notes.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with the Prospectus or any other financial statements or further information supplied pursuant to the terms of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Issuer, the directors of the Issuer, the Legal advisors to the Issuer in England or Cyprus or the Trustee.

Statutory Auditors

The Issuer's statutory auditors are Howlett Kavanagh, 16 South Main Street, Naas, Co. Kildare, Ireland, member of Chartered Accountants and Registered Auditors Ireland.

DEFINITIONS

For the avoidance of doubt definitions and rules of interpretation used in the Terms and Conditions of the Notes (as attached to the Prospectus) shall have the same meaning where used in the Prospectus unless otherwise defined.

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| “Act” | means the Companies Act 2014 of Ireland as the same may be varied from time to time; |
| “Account Bank” | means Allied Irish Bank Plc as at the date of the Prospectus together with any permitted successor thereto; |
| “Articles” | means the constitution of the Company in place as at the date of the Prospectus and which will be in place upon Admission as more particularly described in the section of the Prospectus headed “INFORMATION ON THE ISSUER” ; |
| “Article 50” | means article 50 of the Treaty of Lisbon; |
| “Assets” | the Loan together with any other assets of the Issuer (howsoever comprised) from time to time; |
| “Admission” | means the admission to listing and trading of the Notes on the Corporate Bond Market of the Regulated Market of the CSE; It is clarified that in the “Loan Agreement”, entered into between the Issuer and THC Limited, ‘Admission’ refers to the first Notes of the Issuer that have been admitted to trading on the Stock Exchange on 2 nd March 2018; |
| “Board” | means the board of directors of the Company; |
| “Company” or “Issuer” | means Tristone Healthcare Bond DAC; |
| “Corporate Bond Market” | means the Corporate Bond Market of the Regulated market of the CSE; |
| “CREST” | means the Relevant System (as defined in the Crest Regulations) for paperless settlement of share transfers and the holding of shares in uncertified form which is administered by Euroclear; |
| “Crest Regulations” | means the Uncertified Securities Regulations 2001 (SI 2001/3755) as amended from time to time; |
| “CSE” | means the Cyprus Stock Exchange; |
| “Directors” | means the directors of the Company as the same may be comprised from time to time; |

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| <i>“Directors Service Agreements”</i> | means the service agreements entered into between the Company and those persons who are Directors as at the date of the Prospectus as more particularly described in the section of the Prospectus headed “INFORMATION ON THE ISSUER” ; |
| <i>EBITDA</i> | net income before interest expense, net, income tax expense, and depreciation and amortization; |
| <i>“Eligibility Criteria”</i> | means the eligibility criteria more particularly set out in the section of this Prospectus headed “BUSINESS OF THC LIMITED” ; |
| <i>“FCA”</i> | means the Financial Conduct Authority of the United Kingdom; |
| <i>“Initial Tranche”</i> | means the initial tranche of £1,091,000 Notes (1,091 Notes of par value £1,000), which has already been issued; |
| <i>“Issue Date”</i> | means the date of issue of each Tranche; |
| <i>“LA”</i> | means a local authority in the United Kingdom; |
| <i>“Loan”</i> | means the loan to be advanced by the Issuer to THC Limited under the terms of the Loan Agreement; |
| <i>“Loan Agreement”</i> | means the loan agreement to be entered into between the Issuer and THC Limited as varied by the Loan Variation Deed both as more particularly described in the section of the Prospectus headed “INFORMATION OF THE ISSUER” ; |
| <i>“Loan Variation Agreement”</i> | means the deed of variation entered into between the Issuer and THC Limited varying certain terms of the Loan Agreement; |
| <i>“Maturity Date”</i> | means the maturity date of the Notes being 31 December, 2027; |
| <i>“Member States”</i> | means the 28 member states of the European Union as the same is comprised as at the date of this document; |
| <i>“Net Proceeds”</i> | means the proceeds of £19,100,000 to be raised from investors who subscribe for the issue of 1,910 Notes of par value £1,000 after deducting the costs of issuing the Notes (which are expected to amount to approximately £28,000); |
| <i>“Ordinary Shares”</i> | means the ordinary shares of €1.00 each in the share capital of the Issuer; |
| <i>“Prospectus”</i> | means this Prospectus prepared by the Issuer in relation to the admission of up to £19,100,000 Notes to listing and trading on the Corporate Bond Market of the CSE; |

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| <i>“Prospectus Costs”</i> | means the costs associated with the production and publication of this Prospectus; |
| <i>“Prospectus Law”</i> | means the Public Offer and Prospectus Law, Law 114(I)/2005 (as amended); |
| <i>“Regulation (EU) 2017/1129”</i> | means Regulation (EU) 2017/1129 of the European Parliament and of the Council of Europe 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; |
| <i>“Legal advisors to the Issuer in England or Cyprus”</i> | means Healys LLP; |
| <i>“Registrar”</i> | means as at the date hereof, Avenir Registrars Limited of the UK or any permitted successor thereto; |
| <i>“Registrar Agreement”</i> | means the registry services agreement (“Registry Services Agreement”) and the supplemental agency services agreement (“Agency Services Agreement”) in place between the Registrar and the Company in relation to, amongst other things, the provision of registrar and settlement services as more particularly described in the section of the Prospectus headed “BUSINESS OF THE ISSUER” under the paragraph “Material Contracts”; |
| <i>the “Security”</i> | means a debenture granted by the Issuer to the Trustee pursuant to the terms of the Trust Deed for the benefit of Noteholders as more particularly described in the section of the Prospectus headed “BUSINESS OF THE ISSUER” under the paragraph “Material Contracts”; |
| <i>“SPV”</i> | means special purpose vehicle which the Issuer is being established for the purposes of issuing the Notes; |
| <i>“Terms and Conditions”</i> | means the terms and conditions of the Notes as set out in full in this section of the Prospectus headed “TERMS & CONDITIONS”; |
| <i>“THC Limited”</i> | means Tristone Healthcare Limited a company incorporated in England (company number 9826810) and having its registered office at 5 th Floor, 196 Deansgate, Manchester M3 3WF; |
| <i>“THC Limited Directors”</i> | means the directors of THC Limited as at the date of this Prospectus; |
| <i>“Tranche”</i> | mean a tranche of Notes issued under the Prospectus; |
| <i>“Trustee”</i> | means Templar Steele (Trust and Custody) Limited; |

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| <i>“Underwriter”</i> | means Global Capital Securities & Financial Services Limited, acting as underwriter responsible for drawing up the Prospectus in accordance with Article 23 of the Prospectus Law; |
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DETAILS OF THE NOTES

| ISSUE DETAILS | |
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| Issuer | Tristone Healthcare Bond DAC. |
| Specified Currency | British Pounds Sterling (" GBP " or "£"). |
| Nominal value | £1,000 |
| Initial tranche | £1,091,000 Notes (1,091 Notes of par value £1,000). |
| Principal Amount and Tranches | <p>The board of directors of the Issuer have by a resolution dated 27 September 2017 resolved to issue up to £20,000,000 8.5% Secured Notes due 2027 on the terms and conditions set out herein and in the Trust Deed.</p> <p>Since the aforementioned Board resolution, Notes of £900,000 were issued and admitted to trading on the Corporate Bond Market of the CSE on the 2nd March 2018.</p> <p>From the £19,100,000 remaining Notes due 2027 that the Company has authorized, it has proceeded to the issue of the initial tranche of £1,091,000 such Notes (1,091 Notes of par value £1,000).</p> <p>The Company expects to issue a further £18,009,000 Notes (18,009 Notes of par value £1,000) in £500,000 - £1,000,000 tranches to qualified investors within the next 12 months, with the same terms and conditions as the Notes already placed.</p> |
| Governing law | The Notes (together with the Trust Deed and the Security) shall be governed by laws of the England & Wales being also the law by which the Notes are created. |
| Number of Notes issued | £1,091,000 Notes have been issued and will be admitted to trading following approval for admission from the CSE. These Notes are of the same class as Notes previously issued and already admitted on the Corporate Bond Market of the CSE. |
| Issue Date | <p>Refers to the date of issue of each Tranche.</p> <p>The initial tranche of £1,091,000 Notes (1,091 Notes of par value £1,000) has been placed with</p> |

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| | qualified investors and issued between June 2018 and August 2019. |
| Issue Price | Par. |
| Rights Attached to the Notes | <p>The 8.5% secured Notes rank <i>pari passu</i> amongst themselves and in priority to any subsequent unsecured creditors. The interest is payable from date of issue until the maturity of the Notes. The interest rate is fixed and can only be changed with a vote of 75% of the holders of the Notes. Payment of interest and principal sums on maturity has priority and ranks only subject to payment of Exceptional Expenses which are defined as being costs and expenses relating to fees, out-of-pocket expenses, liabilities (inclusive of VAT), which are not operating expenses owed to any operating creditors (being trustee, auditors, legal advisers or any delegate or person appointed by the trustee). The security trustee is Trustee (Templar Steele, Trust and Custody) Limited.</p> <p>The interest rate of 8.5% is fixed and commences from date of issue of the Notes. Interest is payable annually on 31 December in each year, on the basis of a 360 day year. The maturity date of the Notes is 31 December, 2027. Interest payments will be made directly to the noteholders and the Issuer will only be able to vary the 8.5% interest rate and frequency of the annual interest with the prior consent of 75% of the noteholders.</p> |
| Account Bank | Allied Irish Bank Plc. |
| Assets | The Loan together with all other assets of the Issuer howsoever comprised from time to time. |
| Security | A debenture to be granted over the assets of the Issuer. |
| Ranking of Security | First ranking (in priority of any other creditors) |
| Status | Limited recourse obligation of the Issuer. |
| Trustee | Templar Steele (Trust and Custody) Limited. |

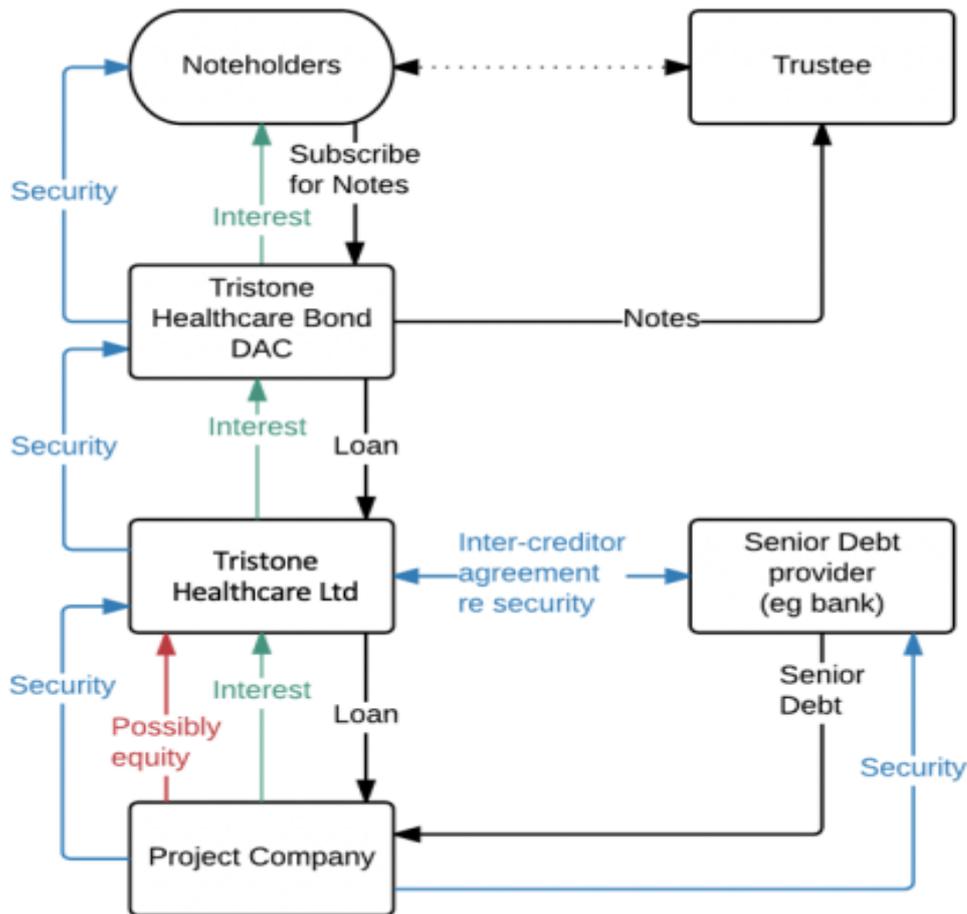
| PROVISIONS RELATING TO THE FORM OF THE NOTES | |
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| Form of Notes (Condition 2) | Registered Notes represented by a Global Registered Certificate which will be held by the Registrar. |
| PROVISIONS RELATING TO INTEREST AND PAYMENTS | |
| Interest | 8.5% per annum from the date of issue of the Notes over the term of the Notes. The Issuer will be entitled to vary the amount and frequency of the annual interest payments with the prior consent of the holders of 75% of the Principal Amount of the Notes for the time being outstanding, obtained at a duly convened general meeting of the Noteholders. |
| Interest Payment Date | 31 December in each year until Maturity. |
| Interest provisions | Payment of interest to Noteholders in accordance with the Order of Priority of payments noted below (after payment in full of items ranking senior to the Noteholders) shall constitute full and final settlement of all of the Issuer's obligations to pay interest. |
| Payment Date | Payment of interest and repayment of the Principal Amount shall be made respectively on the Interest Payment Dates and the Maturity Date. |
| Business Day Convention: | Following Business Day Convention. |
| Cities required for definition of "Business Day" | London, Dublin and Nicosia. |
| Manner in which the Interest Amount is to be determined | 360 day year. |
| PROVISIONS RELATING TO INTEREST AND REDEMPTION | |
| Maturity Date | 31 December, 2027 subject to adjustment in accordance with the Business Day Convention, or at the discretion of the Issuer, such earlier date upon which the Issuer makes payment to the Noteholders of the Principal Amount and all interest which has not been paid but would have been due and payable to the Noteholders up to the Maturity Date. |

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| Redemption Amount | The Principal Amount of the Notes. |
| Priority of Payments | <p>1) Priority of Payments (General):</p> <p>On receipt of any sums from the Assets, (and also upon enforcement and realisation in full of the Security) the Issuer shall apply those sums in making or providing for payment towards satisfaction of the following amounts (to the extent they have not already been satisfied) in the following order of priority:</p> <ol style="list-style-type: none"> 1. to pay in full any Exceptional Expenses attributable and payable to the Trustee or any attorney, manager, agent, delegate or other person appointed by the Trustee; 2. to pay in full, on a <i>pro rata</i> and <i>pari passu</i> basis, any Exceptional Expenses due and payable to the Operating Creditors (other than those paid to the Trustee, or any attorney, manager, receiver, agent, delegate or other person appointed by the Trustee) and any taxes and statutory fees due and payable by the Issuer; 3. sums remaining after the applications in 1 and 2 shall be accrued and applied on each Interest Payment date on a <i>pro rata</i> and <i>pari passu</i> basis to the Noteholders in satisfaction of the Issuer's interest obligations under the Notes; 4. in no order of priority per se, but <i>pro rata</i> to the respective amounts then due to pay <i>pari passu</i> the sums (if any) remaining after the applications in 1, 2 and 3 above shall be accrued by the Issuer and repaid to the Noteholders on the Maturity Date in satisfaction of the Issuer's Principal repayment obligations under the Notes at the Maturity Date until the Notes are fully redeemed; and 5. after the Maturity Date to release the balance (if any) to the Issuer. <p>If all monies received by the Issuer between the Closing Date and the Maturity Date in respect of the Assets, and at any time on enforcement of the Security, would otherwise be insufficient to pay all amounts due in accordance with the Order of Priority, such obligations shall be deemed to be reduced or extinguished in inverse order of the Order of Priority.</p> |

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| | <p>2) Priority of Payments (upon the occurrence of a Suspension Event):</p> <p>On receipt of any sums from the Assets, the Issuer shall apply those sums in making or providing for payment towards satisfaction of the following amounts (to the extent they have not already been satisfied) in the following order of priority:</p> <ol style="list-style-type: none"> 1. to pay in full any Exceptional Expenses attributable and payable to the Trustee or any attorney, manager, agent, delegate or other person appointed by the Trustee; 2. to pay in full, pro rata and on a <i>pari passu</i> basis, any Exceptional Expenses due and payable to the Operating Creditors (other than the Trustee, or any attorney, manager, receiver, agent, delegate or other person appointed by the Trustee) and any taxes and statutory fees due and payable by the Issuer; and 3. sums remaining after the applications in 1 and 2 above, shall be accrued and applied on each Interest Payment date on a pro rata and <i>pari passu</i> basis to the Noteholders in satisfaction of the Issuer's interest obligations under the Notes. |
| Events of Default | Condition 10 of the Terms and Conditions details the events which shall trigger an Event of Default. |
| DISTRIBUTION | |
| Jurisdictions: | <p>The Notes will be issued to the wholesale market in the European Union, to qualified investors as defined in the Second Appendix of the Investment Services and Activities and Regulated Market Law of 2017, Law 87(I)/2017 (as amended) and Annex II of the Markets in Financial Investments Directive (2014/65/EU) (MiFID II). No Notes will be issued or offered or sold to the retail market.</p> <p>It is explicitly clarified that the Notes will not be issued by the Issuer to subscribers in the United States of America, Hong Kong and Japan.</p> |

| OPERATIONAL INFORMATION | |
|--------------------------------|--|
| ISIN | GB00BZ3TBX81 |
| SEDOL | BZ3TBX8 |
| Settlement Procedures | Settlement will be via CREST only. |
| LISTING | |
| Listing of the Debt | An application has been filed with the CSE to admit to trading on the Corporate Bond Market of the regulated market of the CSE up to £19,100,000 (19,100 Notes of par value £1,000) 8.5% Secured Notes due 2027. |

DIAGRAM OF THE TRANSACTION STRUCTURE ON CLOSING AND CASHFLOW



The Issuer is a recently incorporated entity whose purpose is to issue the Notes. The Net Proceeds will be loaned by the Issuer to Tristone Healthcare Limited (THC Limited) under the terms of the Loan Agreement and the Loan Variation Agreement. The Loan Agreement also contains an obligation on the Issuer to advance any sums received by it through the issue of the Notes, less the reasonable costs associated with the Admission of those subsequent tranches of Notes, to THC Limited. THC Limited shall, pursuant to the terms of the Loan and Loan Variation Agreements, be contractually obliged to use the Loan to make investments into projects in the healthcare sector within the UK and Republic of Ireland that meet the Eligibility Criteria.

As security for its obligations under the Loan Agreement, THC Limited grants in favour of the Issuer a first ranking debenture over all its assets and undertaking. In turn, the Issuer grants in favour of the Trustee a first ranking debenture over all its assets and undertaking.

The Issuer is an Irish incorporated designated activity company, registered on 9 March 2017 with registration number 600107. It has its registered office at 17 Upper Pembroke, Dublin 2, Ireland Ltd. (Tel. No: +35317755600; Fax No: +35317755601).

The Net Proceeds flow from the Noteholders to the Issuer. The Issuer will then lend the Net Proceeds to THC Limited under the terms of the Loan Agreement.

THC Limited will then use the proceeds of the Loan to operate THC Limited and invest in healthcare projects within the UK and Ireland that meet the Eligibility Criteria. Every 6 months THC Limited will pay the interest due on the Loan Agreement (at the rate of 10.5% above the base rate for the time being of the Bank of England) to the Issuer thus enabling the Issuer to pay the annual interest payments due to Noteholders on the Interest Payment Date in accordance with the Terms and Conditions. THC Limited will repay the principal amount advanced under the Loan Agreement prior to the Maturity Date to allow the Issuer to repay the Principal to Noteholders under the Terms and Conditions.

During the periods between the dates when interest payments are due on the Notes, the Issuer may invest the reserve in one month or three-month cash deposits which generate rates of c. 0.5% AER with mainstream banks.

Payments due to the Issuer will be made by THC Limited to the Account Bank or into such account as the Issuer may nominate for this purpose.

INFORMATION ON THE ISSUER

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| Legal and commercial name of the Issuer | TRISTONE HEALTHCARE BOND Designated Activity Company, TRISTONE HEALTHCARE DAC |
| Place of registration | Republic of Ireland |
| Registration number | 600107 |
| Registered Address | 17 Pembroke Street Upper, Dublin 2, D02 AT22, Republic of Ireland |
| Legal Entity Identifier ('LEI') | 213800LNC3EGB8NEE562 |
| Date of incorporation | 9 March 2017 |
| Length of life | Indefinite |
| Issuer's domicile, legal form, law under which it operates, and country of incorporation | The Issuer is a special purpose vehicle incorporated in Ireland as a limited company. The principal legislation under which the Issuer operates is the Irish Companies Act, 2014 |
| History and development of the Issuer | The Issuer was incorporated on 9 March 2017 with the sole purpose of issuing the Notes and entering into the Loan Agreement with THC Limited. Details of the Loan Agreement can be found in the sections of the Prospectus headed "BUSINESS OF THE ISSUER" |
| Recent events which are to a material extent relevant to an evaluation of the Issuer's solvency | None |
| Material changes in the Issuer's borrowing and funding structure since the last financial year | None |
| Description of the expected financing of the Issuer's activities | The Issuer's activities will be financed through the placement and issue of the Notes, which will be admitted by this Prospectus |

1. The Company

- 1.1. The Company was incorporated and registered in Ireland under the Act with registered number 600107 on 9 March 2017 as a public company limited by shares with the name Ethiqo Healthcare Bond DAC. On 9 May 2017 the Company changed its name to Tristone Healthcare Bond DAC. It was incorporated as a single purpose vehicle for the purpose of issuing the Notes.
- 1.2. The principal legislation under which the Company operates is the Act and the regulations made thereunder.
- 1.3. The liability of the members of the Company is limited to the amount unpaid on their Ordinary Shares.
- 1.4. The registered office of the Company is 17 Pembroke Street Upper, Dublin 2, D02 AT22, Republic of Ireland. The Company's telephone number is +353 1 775 5600.

2. Share Capital of the Company

2.1. As at the date of this Prospectus, the Company's authorised share capital is €1,000,000 divided into 1,000,000 Ordinary Shares of €1.00 each.

2.2. The issued share capital of the Company is two (2) Ordinary Shares of nominal value £1. The Company's issued share capital is fully paid up.

2.3. The amount paid up on each of the Ordinary Shares in issue was £2.00.

2.4. The entire issued share capital of the Company is held by Yannis Loucopoulos, one of the Directors, and will therefore not be in public hands.

2.5. The authorized and issued share capital of the Company do not involve any other classes of shares

2.6 The Issuer considers that control exercised over the Issuer is not abused as the business of the Issuer is managed by the Board of Directors, which is combined of three (3) people, two (2) of which are independent non-executive directors.

2.7 No shares of the Company are under option or agreed conditionally or otherwise to be put under option.

On 1 August, 2017 the sole shareholder of the Company passed a resolution resolving to create and issue the Notes.

The Company has unrestricted corporate capacity and can borrow, guarantee and give security.

3. The Notes

- 3.1 The Notes shall rank pari passu in all respects.
- 3.2 The principal terms of the Notes are as follows:
 - 3.1.1. The Notes were initially denominated in amounts of £100,000. On 12th June 2018 the Board of Directors of the Issuer resolved to change the denomination of the Notes from £100,000 to £1,000 resulting in a split of the Notes of 100:1.
 - 3.1.2. The Notes, together with any interest accrued thereon, shall be redeemed on 31 December 2027.

3.1.3. In the event that an Event of Default occurs, the Noteholders may require the Company to redeem the Notes in full.

4. Memorandum and Articles of Association of the Company

The Company on incorporation adopted the Model Articles for Public Companies as set out in Companies Act 2014 (the “Articles”).

5. Directors’ Interests

5.1. As at the date of this Prospectus the interests of the Directors and their immediate families and, so far as they are aware, having made due and careful enquiries of persons connected with them (all of which are beneficial, unless otherwise stated) (so far as is known to the Directors, or could with reasonable diligence be ascertained by them) (within the meaning of sections 252 to 254 of the Act) in the Issued Share Capital are and will be as follows:

| <i>Name</i> | <i>Number of Ordinary Shares as at the date of this Prospectus</i> | <i>% of Issued Share Capital</i> | <i>Number of Ordinary Shares upon Admission</i> |
|--------------------|--|----------------------------------|---|
| Yannis Loucopoulos | 2 | 100 | 2 |

5.2. The Company and the Directors are neither aware of any arrangements or operations which may, at a subsequent date, result in a change in control of the Company, nor that the Company is controlled directly or indirectly by any entity.

5.3. There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors.

5.4. No Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company during the current or immediately preceding financial year, or during any earlier financial year and which remains in any respect outstanding or unperformed.

6. Significant Shareholders

There are no other shareholders other than Yannis Loucopoulos, who is the sole shareholder of the Company and therefore there is no shareholders’ agreement in place.

7. The Board

The Directors are of the opinion that they have the experience and expertise from a range of sectors, which is highly beneficial to the Company.

- *Yannis Loucopoulos (age 38), Chief Executive Officer*

Yannis, business address 17 Pembroke Street Upper, Dublin 2, D02 AT22, Republic of Ireland, started his career in sales with Red Squared plc, an AIM-quoted IT services business. He has subsequently established and run a number of businesses in the technology, financial services, healthcare and marketing sectors, over the last 10 years.

Yannis is currently the CEO of Tristone Capital and also sits on the board of Tristone Healthcare Limited, Juventas Services Ltd, CFS Care Ltd and Premier Care Investments Ltd, all social care companies specialising in the provision of

supported living services, fostering services, specialised adult care and residential children's homes.

Yannis is currently a director of YML Holdings Limited, a consultancy business, Adimus Limited, a fund distribution company, Tristone Investment Group Limited and Tristone Green Energy Limited.

Yannis has a BSc in Management and Information Systems from UMIST.

- *Andrew Williamson, independent non-Executive Director*

Andrew, business address 17 Pembroke Street Upper, Dublin 2, D02 AT22, Republic of Ireland, qualified as a solicitor in Scotland in 1990 and specialises in corporate, corporate finance and capital markets work. In addition to being a solicitor Andrew worked as a corporate stockbroker for Peel Hunt Limited. Andrew has worked for, and been a partner in, a number of law firms and since September 2015 has been a partner with Marriott Harrison LLP and a senior member of its Capital Markets Group.

- *Ivano Cafolla, independent non-Executive Director*

Ivano, business address 17 Pembroke Street Upper, Dublin 2, D02 AT22, Republic of Ireland, has been a director of large number of companies across 15 different countries. He has held business interest in circa 10 European countries, the United States, the Caribbean, and the Middle East, operating his own ventures, business in joint ventures with others and Governments and acted as an equity consultant and/or partner. He brings a wealth of commercial experience, including a number of property projects.

8. Directors' Terms of Appointment

8.1. Yannis Loucopoulos was appointed as an executive director of the Company on 24 April 2017. This appointment is subject to 3 months-notice from either side, for a nominal annual fee of €1.00.

The Issuer has entered into the following directors' service agreements:

- A non-executive directors service agreement for the provision of services with Andrew Williamson, for of an initial period of one year, terminable at will by either party with 3 months' notice, for an annual fee of €9,000 payable monthly in arrears; and
- A non-executive director's service agreement for the provision of services with Ivano Cafolla, for of an initial period of one year, terminable at will by either party with 3 months' notice, for an annual fee of €9,000 payable monthly in arrears.

8.2. Since incorporation, the aggregate amount of remuneration paid and benefits in kind granted to the Directors is £33,759.

9. Additional Information on the Directors

9.1. In addition to directorships of the Company, the Directors hold or have held the following directorships (including directorships of companies registered outside England and Wales) or have been partners in the following partnerships within the five years prior to the date of this Prospectus:

Yannis Loucopoulos, Executive Director

| Current directorships | Previous directorships |
|---|---|
| Adimus Limited Tristone Green Energy Limited Tristone Healthcare Limited YML Holdings Ltd Premier Care Investments Ltd Trist one Capital Ltd Tristone Investment Group Ltd Juventas Services Ltd CFS Care Ltd Roundhouse Care Holdings Ltd | Big Heart Finance Ltd Loroton Investments Ltd Loroton Investments 2 Ltd Acquiro Green Energy Investments Limited Acquiro Healthcare Investments Limited Acquiro Property Investments Ltd |

Ivano Cafolla, independent non-Executive Director

| | |
|--|--|
| Leisurecorp International Ltd Palm Holdings Ltd Wilde Whiskey Ltd Ingard Property Bond DAC St. Pauls Investments DAC | VLM Content Ltd VLM Holdings Ltd Glanola Holdings Ltd Glanola Solutions Ltd Glanola UK Ltd |
|--|--|

Andrew Williamson, independent non-Executive Director

| | |
|--|---|
| Tempus Care Limited, Templar Steele (Trust And Custody) Limited Lycidas Property Management Company Limited Inverclyde Development Limited Jiating Limited The General Association For The Disabled Limited Queensway Investments DAC Queensway Trust Company Limited Ingard Property Bond DAC Grimaud Investment Advisers Scsp | Crescent Global Partners Limited Mn Nova 59 Limited Lycidas Trustee Company Limited Lycidas Nominees Limited Lycidas Secretaries Limited Lycidas Securities Limited Rmf Health Limited Rosendale Investments Limited Inverclyde Renovation Limited Aberdeen Community Health Care Village Limited Westbay Court Limited 16brands Limited Ennovar Limited Acp: East Central Hub Limited Aspidistra Property Limited Stripe Retail Ltd JADB Limited Mn Nova 52 Limited Mn Nova 51 Limited Tayriver Capital Holdings Limited Tayriver Capital Management Limited Tayriver Capital Limited Mn Nova 46 Limited Mn Nova 45 Limited |
|--|---|

| | |
|--|---|
| | Mn Nova 41 Limited Greenshields Agri Limited Ep Golf Management Limited Notabeni Limited Intelligent Organics Limited Acp: North Hub Limited Craigmillar Development And Enterprise Limited Brellion Holdings Limited Brellion Continuity Limited Brellion Engineering Limited St. Pauls Investments DAC |
|--|---|

- 9.2. Yannis Loucopoulos was a director of Zengo Limited, an online finance lead generation business, which was incorporated on 29 July 2005 and entered into liquidation proceedings on 27 July 2008. The company was dissolved on 31 January 2010 owing an estimated £301,655.00 to unsecured creditors.
- 9.3. Save as disclosed, no Director has:
- 9.3.1. had any previous names;
 - 9.3.2. any unspent convictions in relation to indictable offences;
 - 9.3.3. had any bankruptcy order made against him or her or entered into any voluntary arrangements;
 - 9.3.4. been a director of a company which has been placed in receivership, insolvent liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company, save for Yannis Loucopoulos (as mentioned in 9.2 above);
 - 9.3.5. been a partner in any partnership which has been placed in insolvent liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
 - 9.3.6. been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
 - 9.3.7. been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
 - 9.3.8. been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a Company.
- 9.4. None of the Directors has, or has had, any conflict of interest between any duties to the Company and their private interests or any duties they owe. The Company does not intend to make investments which involve related parties, but if any such investment is to be proposed, the Company will comply with the requirements related to such transactions under the Listing and Admission to Trading Rules of the CSE.

10. Related Party Transactions

There are no material related party transactions required to be disclosed under the accounting standards applicable to the Company, to which the Company was a party since the date of its incorporation.

11. Litigation

The Company is not involved in any legal, governmental or arbitration proceedings which may have or have had since incorporation a significant effect on the Company's financial position or profitability and, so far as the Directors are aware, there are no such proceedings pending or threatened against the Company.

12. General

- 12.1 The following resolutions of the Issuer in respect of the Transaction have been passed on 27 September, 2017 by the board of directors of the Issuer and on 1st August, 2017, by the shareholders, respectively:

"IT WAS RESOLVED THAT all Transaction Documents (including the Prospectus as tabled at the meeting) be and hereby are approved and THAT the CSE Application be approved;" and

"IT WAS RESOLVED THAT the Company create £20,000,000 8.5% Secured Notes due 2027 (the "Notes") subject to the terms set out in the terms and conditions of the Notes (the "Terms and Conditions") and the instrument creating the Notes as contained in a deed of trust between the Company and Templar Steele (Trust and Custody) Limited (copies of which are hereby tabled) and that these be and hereby are approved for issue subject to appropriate buyers for the same being identified."

It is noted that following the aforementioned Board resolution relating to the creation of £20,000,000 8.5% Secured Notes due 2027, 900 such Notes were issued and admitted to trading on the 2nd March 2018, through the Company's prospectus that was published on 8 January 2018.

Further 1,091 Notes were placed with qualified investors and issued and will be admitted to trading on the same Market of the CSE on approval of CSE for admission. These Notes are of the same class as the 900 Notes issued and already admitted on the Corporate Bond Market of the CSE;

Further up to 18,009 Notes will be placed with qualified investors, with the same terms and conditions as the Notes already placed and will be admitted to trading subject to a pertinent approval for Admission by the CSE.

- 12.2 The total costs and expenses in relation to the production of this Prospectus and the issue and admission to trading of up to £19,100,000 8.5% Secured Notes due 2027, payable by the Company, are estimated to amount to approximately £28,000 (excluding VAT).
- 12.3 Except as disclosed in this Prospectus and for the advisers named in this Prospectus, no person has received, directly or indirectly, from the Company, during the twelve months preceding the date of this Prospectus or has entered into any contractual arrangements to receive, directly or indirectly, from the Company, on or after the start of trading on the CSE, fees totaling £10,000 or more or securities in the Company with a value of £10,000 or more (calculated by reference to the price) or any other benefit to a value of £10,000 or more.

- 12.4 Other than as disclosed in this Prospectus there are no investments in progress and there are no future investments in respect of which the Directors have already made firm commitments which are significant to the Company.
- 12.5 The Directors are unaware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year.
- 12.6 No financial information contained in this Prospectus is intended by the Company to represent nor constitute a forecast of profits by the Company nor constitute publication of accounts by it.

13. Post Issuance Reporting

THC Limited will provide regular reports to the Issuer, sufficient to enable the Issuer to provide updates to the Noteholders on the performance of the underlying investments made by THC Limited. The Issuer also intends to make announcements of the same on a regular basis.

14. Dissemination of Regulatory News

The Company has arrangements in place to disseminate regulatory information to the market in accordance with all applicable laws and regulation. Regulatory information relating to the Company is also available to the general public through the CSE website <http://www.cse.com.cy>.

15. Admission to the CSE ("Admission")

On the 2nd March 2018, £900,000 Notes were admitted to the Corporate Bond Market of the CSE.

It is expected that Admission of further £1,091,000 Notes will be effective subject to approval for Admission by CSE, to which a pertinent application has been submitted, and that dealings in the Notes will commence shortly thereafter.

Further Notes of up to £18,009,000 will be placed with qualified investors, with the same terms and conditions as the Notes already placed and will be admitted to trading subject to a pertinent approval for Admission by the CSE.

No Notes of the same class as the Notes to be admitted to trading through this Prospectus have been listed on any regulated markets or third country markets, SME Growth Market or MTFs, other than the CSE.

16. Corporate Governance

The Directors are committed to maintaining high standards of corporate governance, and propose, so far as is practicable given the Company's size and nature, to comply with the Code of the Quoted Companies Alliance of the United Kingdom. The Directors have voluntarily adopted this code.

17. CREST

Trades are cleared through CREST, which is a computerised share transfer and settlement system enabling securities to be held in electronic uncertificated form and transferred otherwise than by written instrument. The Articles permit the Company to issue notes in uncertificated form in accordance with the CREST Regulations.

Settlement of transactions in Notes and subsequent trading in the Notes, following Admission will take place within CREST and will be actioned by the Registrar pursuant to the terms of the Registrar Agreement.

18. Memorandum and Articles of Association

The Issuer's Memorandum of Association consists of the following Articles:

1. The name of the company is: TRISTONE HEALTHCARE BOND DESIGNATED ACTIVITY COMPANY
2. The company is a designated activity company limited by shares, that is to say a private company limited by shares registered under Part 16 of the Companies Act 2014
3. The objects for which the company is established are as follows:

It is a special purpose vehicle to issue listed bonds to raise funds for lending to exploit opportunities in Healthcare and any associated business.

4. To carry on all such other things as are incidental or conducive to the attainment of the above object.
5. The liability of the members is limited.
6. The share capital of the company is £1,000,000 divided into 1,000,000 shares of £1 each.

The Articles contained in the Issuer's Articles of Association that are most relevant to the Notes are exhibited below:

20. 1: In this Regulation, the following words and expressions shall (unless the context otherwise requires) have the following meanings:

Securities includes shares and stock, debentures, including debenture stock, loan stock, bonds, certificates of deposit and other instruments creating or acknowledging indebtedness,

Warrants or other instruments entitling the holder to subscribe for Securities, and

Certificates or other instruments that confer –

Property rights in respect of a security

Any right to acquire, dispose of, underwrite or convert a security, being a right to which the holder would be entitled if they held any such security to which the certificate or other instrument relates, or

A contractual right (other than an option) to acquire any such security otherwise than by subscription

20.2: The directors may exercise all the powers of the Company to borrow money without limit as to amount and upon such terms and in such manner as they think fit, and subject (in the case of any security convertible into shares) to Section 69 of Companies Act 2014 to grant any mortgage, charge or standard security over its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities whether outright or as security for any debt liability or obligation of the Company or of any third party.

20.3: Without prejudice to any powers which the Company or the directors may have to issue, allot, dispose of, convert, or otherwise deal with or make arrangements in relation to securities in any form: -

20.3.1 The holding of a relevant system shall be permitted; and

20.3.2 the Company may issue securities in uncertificated form and may convert securities from certified form to uncertificated form and vice versa.

20.4: For the purposes of Section 69(12)(a)(i) of the Act, Section 69(6) of the Act shall not apply, generally, to any allotment of shares in the Company.

BUSINESS OF THE ISSUER

The Issuer is a special purpose vehicle incorporated in Ireland on 9 March 2017 as a limited company. The principal legislation under which the Issuer operates is the Irish Companies Act, 2014.

The Issuer was incorporated with the sole purpose to issue the Notes and enter into the Loan Agreement with THC Limited. The Notes are secured by all assets of the Issuer under the terms of the Security. Further information on THC Limited can be found in the sections of the Prospectus headed “BUSINESS OF THC Limited” and “INFORMATION ON THC Limited”. The business of the Issuer is managed by the Directors.

In the framework of its business, the Issuer has advanced to THC Limited the net proceeds arising from the issue of £900,000 Notes, which were subsequently admitted to trading on the Corporate Bond Market of the CSE, through the Company’s prospectus that was published on 8 January 2018, as well as the net proceeds arising from the issue of £1,091,000 Notes to be admitted to trading on the Corporate Bond Market of the CSE, through this Prospectus, subject to a pertinent approval for Admission by the CSE.

The issued share capital of the Issuer is wholly owned by Yannis Loucopoulos, who is also a member of the Issuer’s Board of Directors.

Yannis Loucopoulos is among the ultimate beneficial owners of Tristone Capital Limited which is the sole shareholder of THC Limited to whom the proceeds of any issue of Notes are lent, and which will subsequently be utilised for investment in healthcare projects which meet the applicable Eligibility Criteria in the UK and Ireland.

Given that the Issuer has provided a loan facility to THC Limited, which in turn will make investment in projects in UK and Ireland, the Issuer’s ability to make interest and/or principal payments under the Notes is dependent on THC Limited performing its obligations under the Loan and Loan Variation Agreements with the Issuer.

Material Contracts

The Issuer has entered into the following material contracts each of which are governed by English Law, the result of which could be that the Issuer is under an obligation or entitlement that is material to the Issuer’s ability to meet its obligation to Noteholders in respect of the Notes:

1. Loan Agreement

The Issuer entered into a loan agreement (the “Loan Agreement”) on 3 October 2017 with THC Limited (as subsequently varied by the Loan Variation Agreement detailed below) pursuant to which the Issuer provides THC Limited with a secured term loan facility. This loan facility was conditional upon the admission to trading of the initial Notes. The Loan Agreement also contains an obligation on the Company to advance any further sums realised by it from additional subscription options from the Notes (less any reasonable costs associated with the Admission of the same) to THC Limited. The term of the Loan Agreement is for a period of ten (10) years with THC Limited due to repay all sums advanced prior to the maturity of the Notes. All sums advanced under the Loan Agreement may only be used by THC Limited for the purpose of investing in healthcare projects in the UK and Ireland that meet its Eligibility Criteria (as more particularly

described in the section of the Prospectus headed “BUSINESS OF THC Limited”) as well as ongoing working capital including operating expenses.

The Loan Agreement is governed by the laws of England and Wales.

The Loan Agreement includes various stringent covenant and obligations on THC Limited which restricts the purpose for which the loan can be used to investing in healthcare projects in UK and Ireland that satisfy the Eligibility Criteria.

If the Issuer raises money in addition to the Initial Loan Amount through the sale of Notes it agrees to advance any such funds as it may raise from this sale (less costs incurred through the sale and admission to trading of any such additional Notes) to THC Limited upon the same terms as set out in the Loan Agreement.

Since Admission £1,991,000 has been drawn down under the Loan and Loan Variation Agreements in accordance with the terms of those documents.

The Loan Agreement also includes a number of warranties and indemnities granted by THC Limited to the Issuer together with a series of events of default pursuant to which all sums advance and interest would be immediately repayable.

All words and expressions defined in the Loan Agreement shall bear the same meaning when used in this Prospectus.

Under the Loan Agreement THC Limited has warranted and represented to the Issuer, the following:

- 1.1 It:
 - 1.1.1 is a duly incorporated limited liability company validly existing under the laws of its jurisdiction of incorporation; and
 - 1.1.2 has the power to own its assets and carry on its business as it is being conducted.
- 1.2 It has the power to enter into, deliver and perform, and has taken all necessary action to authorise its entry into, delivery and performance of, the Finance Documents and the transactions contemplated by them.
 - 1.2.1 No limit on its powers is exceeded as a result of the borrowing or grant of security contemplated by the Finance Documents.
- 1.3 The entry into and performance by it of, and the transactions contemplated by, the Finance Documents, do not and will not contravene or conflict with:
 - 1.3.1 its constitutional documents;
 - 1.3.2 any agreement or instrument binding on it or its assets or constitute a default or termination event (however described) under any such agreement or instrument; or
 - 1.3.3 any law or regulation or judicial or official order, applicable to it.
- 1.4 It has obtained all required or desirable authorisations to enable it to enter into, exercise its rights and comply with its obligations in the Finance Documents and to make them admissible in evidence in its jurisdiction of incorporation. All such authorisations are in full force and effect.
- 1.5 It has obtained all required or desirable authorisations to enable it to enter into, exercise its rights and comply with its obligations in the Finance Documents and

to make them admissible in evidence in its jurisdiction of incorporation. All such authorisations are in full force and effect.

- 1.5 Its obligations under the Finance Documents are legal, valid, binding and enforceable in accordance with their terms.
- 1.6 It is not necessary to file, record or enrol any Finance Document (other than the registration of the Security Document under the Companies Act 2006 and in the case of real property registration at HM Land Registry) with any court or other authority or pay any stamp, registration or similar taxes relating to any Finance Document or the transactions contemplated by any Finance Document.
- 1.7 No event of default or potential event of default has occurred or is continuing, or is reasonably likely to result from making the Loan or the entry into, the performance of, or any transaction contemplated by the Finance Documents.
- 1.8 No other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination thereof, would constitute) a default or termination event (howsoever described) under any other agreement or instrument which is binding on THC Limited or to which any of its assets is subject which has or is likely to have a material adverse effect on its business, assets or condition or ability to perform its obligations under the Finance Documents.
- 1.9 No litigation, arbitration or administrative proceedings are taking place, pending or, to THC Limited's knowledge, threatened against it, any of its directors or any of its assets, which might reasonably be expected to have a material adverse effect on its business, assets or condition, or its ability to perform its obligations under the Finance Documents.
- 1.10 The information, in written or electronic format, supplied by, or on its behalf, to the Issuer in connection with the Facility and the Finance Documents was, at the time it was supplied or at the date it was stated to be given (as the case may be), to the best of its knowledge and belief having made all due enquiry:
 - 1.10.1 if it was factual information, complete, true and accurate in all material respects;
 - 1.10.2 if it was a financial projection or forecast, prepared on the basis of recent historical information and on the basis of reasonable assumptions and was fair and made on reasonable grounds; and
 - 1.10.3 if it was an opinion or intention, made after careful consideration and was fair and made on reasonable grounds; and
 - 1.10.4 not misleading in any material respect, nor rendered misleading by a failure to disclose other information, except to the extent that it was amended, superseded or updated by more recent information supplied by, or on behalf of, THC Limited to the Issuer.
- 1.11 The Security Documents create (or once entered into, will create):
 - 1.11.1 valid, legally binding and enforceable Security for the obligations expressed to be secured by it; and
 - 1.11.2 subject to registration under section 859A of the Companies Act 2006 and in the case of real property registration at HM Land Registry, perfected Security over the assets expressed to be subject to security in it, in favour of the Issuer, having

the priority and ranking expressed to be created in the Security Document and ranking ahead of all (if any) securities and rights of third parties except those preferred by law.

Each of the representations and warranties given by THC Limited is deemed to be repeated by THC Limited on:

- the date of the request to draw down the Loan;
- the date that the Loan is actually drawn down; and
- each date immediately succeeding the date on which interest is paid under the Loan Agreement,

by reference to the facts and circumstances existing on each such date.

As security for all and any sums advanced pursuant to the Loan Agreement, THC Limited has granted to the Issuer a debenture. for all sums advanced by the Issuer to THC Limited under the Loan Agreement.

Under the terms of the Loan Agreement, THC Limited also covenants with the Issuer that, as from the date of Loan Agreement until all its liabilities under the various Finance Documents have been discharged:

- 1.12 It delivers to the Issuer:
 - 1.12.1 within 180 days after the end of each of its financial years, its audited accounts;
 - 1.12.2 within 30 days after the end of each month, its monthly management accounts;
 - 1.12.3 promptly all notices or other documents dispatched by the THC Limited to its shareholders (or any class of them) or to its creditors generally; and
 - 1.12.4 promptly such financial or other information as the Issuer may, from time to time, reasonably request relating to THC Limited or its business.
- 1.13 It promptly, after becoming aware of them, notifies the Issuer of any litigation, arbitration or administrative proceedings or claim.
- 1.14 It immediately upon becoming aware, notifies the Issuer of any default or potential event of default that occurs (or which it becomes aware) under any agreement (of whatever nature and in any form) which it enters into with any Investee.
- 1.15 It procures that any of its unsecured and unsubordinated obligations and liabilities under the Finance Documents rank, and rank, at least pari passu in right and priority of payments with all its other unsecured and unsubordinated obligations and liabilities, present or future, actual or contingent, except for those obligations and liabilities mandatorily preferred by law of general application to companies.
- 1.16 It complies, in all respect, with all laws, if failure to do so has or is reasonably likely to have a material adverse effect on its business, assets or condition, or its ability to perform its obligations under this agreement.
- 1.17 It notifies the Issuer of any Potential Event of Default or Event of Default (and the steps, if any, being taken to remedy it) promptly on becoming aware of its occurrence.
- 1.18 If the Issuer is obliged for any reason to comply with "know your customer" or similar identification procedures in circumstances where the necessary

information is not already available to it, THC Limited, promptly on the request of the Issuer, supplies (or procures the supply of) such documentation and other evidence as is reasonably requested in order for the Issuer to be able to carry out, and be satisfied that it has complied with, all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

- 1.19 It carries on and conducts its business in a proper and efficient manner and does not make any change to the general nature or scope of its business as carried on at the date of this agreement.
- 1.20 Furthermore, THC Limited does not:
 - 1.20.1 create, or permit to subsist, any Security on or over any of its assets other than security created pursuant to the Security Documents;
 - 1.20.2 sell, transfer or otherwise dispose of any of its assets on terms whereby such assets are or may be leased to or re-acquired or acquired by it; or
 - 1.20.3 sell, transfer or otherwise dispose of any of its receivables on recourse terms; or
 - 1.20.4 enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
 - 1.20.5 enter into any other preferential arrangement having a similar effect, in circumstances where the arrangement or transaction is entered into primarily as a method of raising Borrowed Money or of financing the acquisition of an asset.
- 1.21 It does not sell, assign, lease, transfer or otherwise dispose of in any manner (or purport to do so) all or any part of, or any interest in, its assets other than:
 - 1.21.1 trading stock in the ordinary course of its business; and
 - 1.21.2 assets exchanged for other assets comparable or superior as to type, value and quality.
- 1.22 It does not incur or permit to subsist, any obligation for Borrowed Money.
- 1.23 It ensures, after the Moratorium Period (of 6 months) that no more than 25% of the Facility Amount invested at any time during the Availability Period be invested in any simple Investee is at any time invested with any single Investee without the prior written consent of the Issuer.
- 1.24 It ensures that in respect of all Investments it receives a Prescribed Security from that Investee securing all monies advanced to it by THC Limited. For the avoidance of doubt it is acknowledged that any Investment that is constituted by a subscription by THC Limited for equity securities in an investee does not require to be secured by way of a Prescribed Security (given the nature of that type of Investment and the ability to so secure).

2. Loan Variation Agreement

On 28 March 2019 the Issuer and THC Limited entered into the Loan Variation Agreement whereby both parties agreed to vary the interest amount payable by THC Limited under the Loan from 8.5% to 10.5% with retrospective application from the commencement date of the Loan (being 2 March 2018).

3. Trust Deed

On 2 March 2018 the Issuer entered into a deed of trust with Trustee (“**Trust Deed**”).

This Trust Deed, inter alia:

- constitutes the Notes and confirms that the Notes pay an annual coupon of 8.5%;
- creates a covenant to redeem and to pay interest on the Notes by the Issuer to the Trustee, for the benefit of the Noteholders;
- provides for the Trustees powers and responsibilities to Noteholders;
- constitutes the Trustee as the security trustee of the Security for the benefit of the Noteholders and details enforcement provisions in relation to the same should an Event of Default occur;
- sets out the form and issue of the Notes;
- imposes an obligation to ensure that the Registrar keeps a register of Noteholders which shall be kept in the jurisdiction of incorporation of the Issuer or otherwise where the Trustee shall determine;
- provides that the Trustee pursues any and all remedies available to Noteholders with respect to the Notes;
- application of any monies received by the Trustee with respect to the Notes;
- provides that the obligations of the Issuer are limited recourse limited to the lesser of the nominal value of the Notes and the actual amount received or recovered by the Issuer in respect of the security;
- sets out the remuneration and indemnification of the Trustee;
- lays out the circumstance under which the Trustee may resign or be removed and the procedures for so doing; and
- sets out the procedure for the governance of meetings of the Noteholders.

The Security to the Issuer with respect to the Loan Agreement

As security for all and any sums advanced pursuant to the Loan Agreement, THC Limited has granted to the Issuer (conditional only upon Admission taking place) a debenture over all of its assets as security for all sums that may be advanced by the Issuer to THC Limited under the Loan Agreement. Furthermore, THC Limited has agreed to execute and deliver any additional security document that the Issuer requires (acting in its sole discretion) by way of security for the Loan over THC Limited’s assets.

4. The Registrar Agreement

The Registrar and the Company entered into two agreements effective from 27 April 2017: (1) a Registry Services Agreement; and (2) an Agency Services Agreement.

Under the Registry Services Agreement, the Registrar accepts its formal appointment as the Company’s securities registrar and provides, amongst others,

general services such as maintaining the securities register, receiving transfers for certification and registration, and providing administrative support. The Registrar is also under a duty to provide reporting services to the Company. The agreement is terminable upon three months' written notice by either party. The Company is under a duty to indemnify the Registrar for any loss resulting from claims against the Registrar arising out of activities carried out pursuant to the Registry Services Agreement, unless the Registrar acted negligently.

The Agency Services Agreement is supplemental to the Registry Services Agreement. The Company appoints the Registrar to provide the following agency services: subscription agent services; receiving agent services; calculation agent services; paying agent services, conversion/redemption agent services and general agent services (such as proxy voting, open offers, rights issues, take-over issue services in respect of securities already issued to subscribers). Under the Agency Services Agreement, the Registrar limits its liability on the same terms as the Registry Services Agreement, and additionally does not accept liability for any loss of the Company due to delays or stoppage of service of the Registrar's banking service provider.

Under both agreements, the Company is under a duty to provide information to the Registrar reasonably required to perform a particular service and ensure that all information provided is complete and accurate.

FINANCIAL INFORMATION ON THE ISSUER

The audited reports and financial statements of the Issuer for the period 1 April 2017 to 31 December 2017 and for the year ended 31 December 2018, as well as its unaudited interim financial statements for the 6 months ended 30 June 2019 are exhibited in the section that follows.

The external auditors of the Issuer have provided their consent for the inclusion of their reports dated 5 February 2018 and 28 March 2019 in this Prospectus.

Tristone Healthcare Bond Designated Activity Company
(formerly Ethiqo Healthcare Bond Designated Activity Company)

Reports and financial statements
*for the period from 1 April 2017
to 31 December 2017*

Tristone Healthcare Bond Designated Activity Company

Reports and financial statements

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Tristone Healthcare Bond Designated Activity Company

Directors and other information

| | |
|----------------------------------|--|
| Directors | Ivano Cafolla Andrew Williamson Yannis Loucopoulos (from 5 April 2017) Simon Sacerdoti (from 26 April 2017) |
| Secretary | Andrew Williamson |
| Auditor | Howlett Kavanagh Chartered Accountants 16 South Main Street Naas Co. Kildare |
| Registered office | 27 Hatch Street Lower Dublin 2 (to 26 July 2017) 17 Pembroke Street Upper Dublin 2 (from 26 July 2017) |
| Company registered number | 600107 |

Tristone Healthcare Bond Designated Activity Company

Directors' report

The directors present their annual report together with the financial statements of the company for the period from 1 April 2017 to 31 December 2017.

Principal activities, business review and future developments

The company is a special purpose vehicle that been established for the purposes of issuing a listed bond on the Cyprus Stock Exchange to raise funds for lending to exploit opportunities in healthcare.

Principal risks and uncertainties

The principal risks and uncertainties faced by the company relate to whether the proposed bond will be admitted to trading on the Cyprus Stock Exchange.

Results and dividends

The company has not traded from incorporation to the reporting date and has, therefore, incurred neither profit nor loss.

Directors

The membership of the board is set out on page 2.

The directors and secretary who held office during the period from 1 April 2017 to 31 December 2017 inclusive held no interests in the shares of the company other than as follows:

| | |
|--------------------|-------------------------|
| Yannis Loucopoulos | 2 Ordinary Shares of €1 |
|--------------------|-------------------------|

Accounting records

To ensure that proper books and accounting records are kept in accordance with the Companies Act, 2014, the directors have employed appropriately qualified accounting personnel and have maintained appropriate accounting systems. The books of account of the company are maintained at its registered office.

Statement on relevant audit information

There is no relevant audit information of which the statutory auditors are unaware. The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and they have established that the statutory auditors are aware of that information.

Auditor

The auditor, Howlett Kavanagh, Chartered Accountants, has indicated its willingness to continue in office in accordance with the provisions of section 383(2) of the Companies Act, 2014.

Tristone Healthcare Bond Designated Activity Company

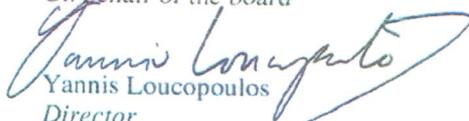
Directors' report

(continued..)

Payment of creditors

The directors acknowledge their responsibility for ensuring compliance with the provisions of the European Communities (Late Payment in Commercial Transactions) Regulations 2012. It is the company's policy to agree payment terms with all suppliers and to adhere to those payment terms.

On behalf of the board


Yannis Loucopoulos
Director


Simon Sacerdoti
Director

5 FEBRUARY 2018

Tristone Healthcare Bond Designated Activity Company

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable Irish law and International Financial Reporting Standards issued by the International Accounting Standards Board and promulgated by the Chartered Accountants Ireland.

Irish company law requires the directors to prepare financial statements, for each financial year, in accordance with applicable Irish law and accounting standards, which give a true and fair view of the state of affairs of the company and of the income of the company for that year.

In preparing those financial statements the directors are required to:

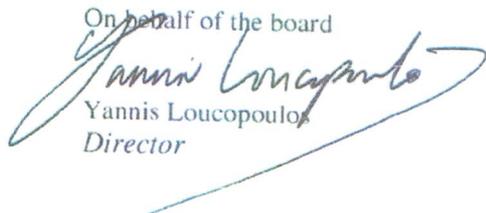
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

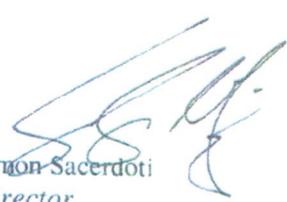
The directors confirm that the financial statements comply with the above requirements.

The directors are responsible for keeping proper accounting records which correctly explain and record the transactions of the company and enable them to determine at any time with reasonable accuracy the financial position and profit or loss of the company and to ensure that the financial statements comply with the Companies Act 2014 and enable the financial statements be audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the directors' report and other information included in the financial statements are prepared in accordance with the Companies Act 2014.

On behalf of the board


Yannis Loucopoulos
Director


Simon Sacerdoti
Director

5 February 2018

Independent auditor's report to the members of Tristone Healthcare Bond Designated Activity Company

We have audited the financial statements of Tristone Healthcare Designated Activity Company for the period from 1 April 2017 to 31 December 2017. The financial reporting framework that has been applied in their preparation is the Companies Act 2014 and accounting standards issued by the International Accounting Standards Board and promulgated by Chartered Accountants Ireland.

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors, including 'APB Ethical Standard – Provisions Available for Small Entities (Revised)', in the circumstances set out in note 5 to the financial statements.

Scope of the audit of the financial statements

An audit involves obtaining evidence about amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland of the state of the company's affairs as at 31 December 2017 and of its result for the period then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, the requirements of the Companies Act 2014.

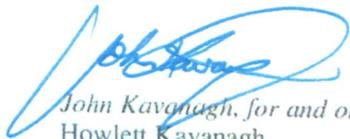
Matters on which we are required to report by the Companies Act 2014

- We have obtained all the information and explanations we consider necessary for the purposes of our audit.
- In our opinion the accounting records were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements.

Independent auditor's report to the members of Tristone Healthcare Bond Designated
Activity Company
(continued..)

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosure of directors' remuneration and transactions specified by Sections 305 to 312 of the Act are not made.



John Kavanagh, for and on behalf of
Howlett Kavanagh
Chartered Accountants and Statutory Auditor Firm
16 South Main Street
Naas
Co. Kildare

5 February 2018

Tristone Healthcare Bond Designated Activity Company

Statement of accounting policies *for the period ended 31 December 2017*

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Statement of compliance

The financial statements of the company for the period ended 31 December 2017 have been prepared on the going concern basis and in accordance with International Financial Reporting Standards (*IFRS*) issued by the International Accounting Standards Board.

Basis of preparation

The financial statements are prepared in accordance with Irish statute comprising the Companies Act 2014, under the historical cost convention and in accordance with International Financial Reporting Standards (*IFRS*) issued by the International Accounting Standards Board, as promulgated by Chartered Accountants Ireland.

Provisions and contingencies

No general provisions or contingencies are included in the financial statements in accordance with *IFRS*. Provisions are recognised when the company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the same value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

Tristone Healthcare Bond Designated Activity Company

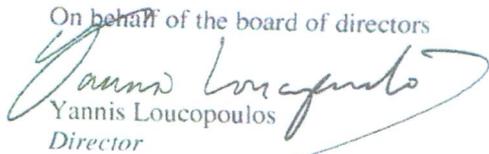
Statement of comprehensive income for the period from 1 April 2017 to 31 December 2017

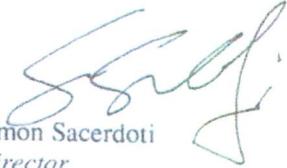
| <i>Notes</i> | December 2017 | March 2017 |
|---|--------------------------|-----------------------|
| | € | € |
| Total comprehensive income for the period | - | - |

The company did not trade during the financial period and received no income and incurred no expenditure as any costs which arose were borne by other parties. Consequently, the company had neither a profit nor a loss for the period.

The notes on page 13 form an integral part of these financial statements.

On behalf of the board of directors


Yannis Loucopoulos
Director


Simon Sacerdoti
Director

5 FEBRUARY 2018

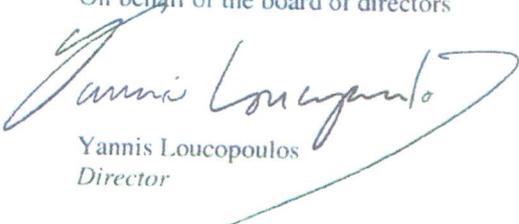
Tristone Healthcare Bond Designated Activity Company

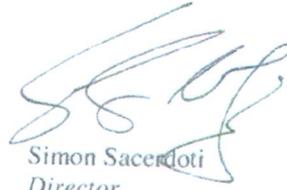
Statement of financial position as at 31 December 2017

| | <i>Notes</i> | December 2017 | March 2017 |
|-------------------------------------|--------------|--------------------------|-----------------------|
| | | € | € |
| Current assets | | | |
| Receivables | | 2 | 2 |
| | | — | — |
| Net assets | | 2 | 2 |
| | | — | — |
| Capital and reserves | | | |
| Called up share capital | 3 | 2 | 2 |
| | | — | — |
| Shareholders' funds – equity | | 2 | 2 |
| | | — | — |

The notes on page 13 form an integral part of these financial statements.

On behalf of the board of directors


Yannis Loucopoulos
Director


Simon Sacchetti
Director

5 FEBRUARY 2018

Tristone Healthcare Bond Designated Activity Company

Statement of cash flows for the period ended 31 December 2017

| | December 2017 € | March 2017 € |
|---|-----------------------|--------------------|
| Operating activities | | |
| Profit/(loss) for the financial year | - | - |
| <i>Adjustments to reconcile profit for the year to net cash flow from operating activities:</i> | | |
| <i>Working capital movements:</i> | | |
| Increase in receivables | - | (2) |
| | <hr/> | <hr/> |
| <i>Net cash flow from operating activities</i> | - | (2) |
| | <hr/> | <hr/> |
| Financing activities | | |
| Issue of share capital | - | 2 |
| | <hr/> | <hr/> |
| <i>Net cash flow from financing activities</i> | - | 2 |
| | <hr/> | <hr/> |
| Increase/(decrease) in cash and cash equivalents | - | - |
| Cash and cash equivalents at 1 April 2017 | - | - |
| | <hr/> | <hr/> |
| Cash and cash equivalents at 31 December 2017 | - | - |
| | <hr/> | <hr/> |

Cash and cash equivalents comprise cash at bank and in hand.

Tristone Healthcare Bond Designated Activity Company

Statement of changes in equity for the period ended 31 December 2017

| | Called up share capital € | Total € |
|--|---------------------------------|------------|
| At 9 March 2017 | - | - |
| Total comprehensive income for the financial period | - | - |
| Issue of share capital | 2 | 2 |
| | — | — |
| At 31 March 2017 | 2 | 2 |
| Total comprehensive income for the financial period | - | - |
| | — | — |
| At 31 December 2017 | 2 | 2 |
| | — | — |

Tristone Healthcare Bond Designated Activity Company

Notes

forming part of the financial statements

1 General information

Tristone Healthcare Bond Designated Activity Company is a company limited by shares incorporated in Ireland. Its registered office and principal place of business is situated at 17 Pembroke Street Upper, Dublin 2. The nature of its operations and its principal activities are set out in the Directors' Report

The currency used in these financial statements is the Euro denoted by the symbol €.

2 Tax on ordinary activities

The company did not trade from incorporation to the reporting date and no charge or credit to tax arises.

3 Called up share capital

| | At 31 December and 31 March 2017 |
|---|-------------------------------------|
| | € |
| <i>Authorised</i> | |
| 100,000 Ordinary Shares of €1 each | 100,000 |
| <i>Allotted, called up and fully paid</i> | |
| 2 Ordinary Shares of €1 | 2 |

4 Controlling parties

The company is owned and controlled by Yannis Loucopoulos.

5 Auditor's ethical standards

In common with many businesses of our size we use our auditor to assist with the preparation of the financial statements.

6 Commitments and contingencies

The company is a special purpose vehicle that been established for the purposes of issuing a listed bond on the Cyprus Stock Exchange to raise funds for lending to exploit opportunities in healthcare. It has entered into arrangements which will involve incurring particular expenses once the listing has been approved.

7 Approval of financial statements

The financial statements were approved by the board of directors on 5 February 2018.

Tristone Healthcare Bond Designated Activity Company

Reports and financial statements
for the year ended 31 December 2018

Tristone Healthcare Bond Designated Activity Company

Reports and financial statements

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Tristone Healthcare Bond Designated Activity Company

Directors and other information

| | |
|----------------------------------|---|
| Directors | Ivano Cafolla Andrew Williamson Yannis Loucopoulos Simon Sacerdoti (to 31 October 2018) |
| Secretary | Andrew Williamson |
| Auditor | Howlett Kavanagh Chartered Accountants and Registered Auditor 16 South Main Street Naas Co. Kildare |
| Solicitors | OBH Partners 17 Pembroke Street Upper Dublin 2 D02 AT22 |
| Bank | AIB Bank 100/101 Grafton Street Dublin 2 |
| Registered office | 17 Pembroke Street Upper Dublin 2 D02 AT22 |
| Company registered number | 600107 |

Tristone Healthcare Bond Designated Activity Company

Directors' report

The directors present their annual report together with the financial statements of the company for the year to 31 December 2018.

Principal activities, business review and future developments

The company is a special purpose vehicle that been established for the purposes of issuing a listed bond on the Cyprus Stock Exchange to raise funds for lending onwards to Tristone Healthcare Limited, a company registered in the UK, with the aim of exploiting business opportunities in healthcare.

Principal risks and uncertainties

The company is reliant on Tristone Healthcare Limited making capital and interest payments to it on a timely basis to allow the company in turn meet its financial obligations as they fall due.

Results and dividends

The company made a loss of £48,835 in the year ended 31 December 2018 (2017: £ nil) and no dividend payment has been proposed by the directors. The company did not trade prior to 2018.

Directors

The membership of the board is set out on page 2.

The directors and secretary who held office during the period from 1 January 2018 to 31 December 2018 inclusive held no interests in the shares of the company other than as follows:

| | |
|--------------------|-------------------------|
| Yannis Loucopoulos | 2 ordinary shares of €1 |
|--------------------|-------------------------|

Accounting records

To ensure that proper accounting records are kept in accordance with the Companies Act, 2014, the directors have employed appropriately qualified accounting personnel and have maintained appropriate accounting systems. The accounting records of the company are maintained at its registered office.

Statement on relevant audit information

There is no relevant audit information of which the statutory auditors are unaware. The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and they have established that the statutory auditors are aware of that information.

Auditor

The auditor, Howlett Kavanagh, Chartered Accountants, has indicated its willingness to continue in office in accordance with the provisions of section 383(2) of the Companies Act, 2014.

Events after the reporting date

Since the reporting date the company has issued further 8.5% Secured Notes due 2027, with a nominal and issued value of £93,000.

Tristone Healthcare Bond Designated Activity Company

Directors' report

(continued..)

Going concern

The time period that the directors have considered in evaluating the appropriateness of the going concern basis in preparing the financial statements for 2018 is a period of twelve months from the date of approval of these financial statements (the 'period of assessment'). In making this assessment, the directors considered the company's business, profitability projections, funding and capital plans, together with a range of other factors such as the outlook for the Irish and UK economies, the impact of Brexit, along with ongoing developments in other EU economies. The directors are satisfied that the going concern basis is appropriate to the preparation of the financial statements.

Payment of creditors

The directors acknowledge their responsibility for ensuring compliance with the provisions of the European Communities (Late Payment in Commercial Transactions) Regulations 2012. It is the company's policy to agree payment terms with all suppliers and to adhere to those payment terms.

On behalf of the board



Yannis Loucopoulos
Director



Ivano Cafolla
Director

28 / 3 / 2019

Tristone Healthcare Bond Designated Activity Company

Statement of directors' responsibilities

The following statement, which should be read in conjunction with the independent auditor's report set out on pages 6 to 7, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements. The directors are responsible for preparing the annual report and the financial statements in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union (EU) and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS. Company law requires the directors to prepare company financial statements for each financial year.

Under Irish law the directors shall not approve the company's financial statements unless they are satisfied that they give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the company for the financial year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS adopted by the EU, and ensure that they contain the additional information required by the Companies Act 2014; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the company; and
- enable, at any time, the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy.

The directors are responsible for monitoring the effectiveness of the company's systems of internal control in relation to the financial reporting process, and have a general responsibility for the safeguarding of the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that, to the best of each director's knowledge and belief:

- they have complied with the above requirements in preparing the financial statements;
- the financial statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities and financial position of the company and of the profit of the company; and
- the annual report and the financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy.

On behalf of the board



Yannis Loucopoulos
Director



Ivano Cafolla
Director

28/3/2019

Independent auditor's report to the members of Tristone Healthcare Bond Designated Activity Company

We have audited the financial statements of Tristone Healthcare Bond Designated Activity Company for the year ended 31 December 2018. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 5, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Our audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with International Standards on Auditing (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation and not just those directly affecting the financial statements. We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Scope of the audit of the financial statements

An audit involves obtaining evidence about amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Independent auditor's report to the members of Tristone Healthcare Bond
Designated Activity Company
(continued..)

Opinion

In our opinion the financial statements:

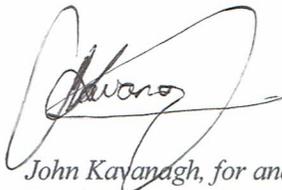
- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2018 and of the company's loss for the year then ended; and
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and, in particular, the requirements of the Companies Act 2014.

Matters on which we are required to report by the Companies Act 2014

- We have obtained all the information and explanations we consider necessary for the purposes of our audit.
- In our opinion the accounting records were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosure of directors' remuneration and transactions specified by Sections 305 to 312 of the Act are not made.



John Kavanagh, for and on behalf of
Howlett Kavanagh
Chartered Accountants and Registered Auditor
16 South Main Street
Naas
Co. Kildare

28/3/2019

Tristone Healthcare Bond Designated Activity Company

Statement of accounting policies for the year ended 31 December 2018

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Statement of compliance

The financial statements of the company for the year ended 31 December 2018 have been prepared on the going concern basis and in accordance with International Financial Reporting Standards (*IFRS*).

Basis of preparation

The financial statements have been prepared under the historical cost convention as modified to include the fair valuation of certain financial instruments.

Foreign currency translation

Items included in the financial statement are measured using the currency of the primary economic environment in which the company operates (the 'functional currency'), considered to be the Pound Sterling (£). Foreign currency transactions are translated into functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary items, are reported as part of the fair value gain or loss.

Interest income and expense

Interest income and expense are recognised in the income statement for all instruments measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or liability. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate and all other premiums or discounts. Once a financial asset or group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purposes of measuring the impairment loss. Where the company revises its estimates of payments or receipts on a financial instrument measured at amortised cost, the carrying amount of the financial instrument (or group of financial instruments) is adjusted to reflect actual and revised estimated cash flows. The company recalculates the carrying amount by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate. The adjustment is recognised in profit or loss as income or expense.

Held to maturity financial assets

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company has the positive intention and ability to hold to maturity. Purchases and sales of held to maturity investments are recorded on trade date. They are initially recognised at fair value plus transaction costs and are subsequently accounted for at amortised cost using the effective interest method.

Tristone Healthcare Bond Designated Activity Company

Statement of accounting policies *(continued...)* *for the year ended 31 December 2018*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans are recorded at fair value. They are subsequently accounted for at amortised cost using the effective interest method.

Non-financial assets

Non-financial assets are held at fair value. At each reporting date the company reviews the amounts at which its non-financial assets are carried to determine whether there is any indication of impairment. Should any such indication be determined then the asset's recoverable amount is estimated and any impairment is recognised in profit and loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balances with banks which can be withdrawn on demand. It also comprises balances with an original maturity of less than three months.

Financial liabilities

The company categorises listed financial liabilities at amortised cost. Financial liabilities are initially recognised at fair value, (normally the issue proceeds i.e. the fair value of consideration received, less transaction costs) and, subsequently, at amortised cost. Any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the income statement using the effective interest method. Transaction costs are amortised in the income statement on a straight line basis to the redemption date of the related liability.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Income taxes

(a) Current income tax

Income tax payable on profits is recognised as an expense in the period in which profits arise. Tax provisions are provided on a transaction by transaction basis using a best estimate approach. In arriving at such estimates, management assesses the relative merits and risks of tax treatments assumed, taking into account statutory, judicial and regulatory guidance and, where appropriate, external advice. A current tax provision is recognised when the company has a present obligation as a result of a past event and it is probable that there will be a future outflow of funds to settle the obligation.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Tristone Healthcare Bond Designated Activity Company

Statement of accounting policies *(continued...)*
for the year ended 31 December 2018

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Critical accounting estimates and judgements

In preparing the financial statements, the company makes estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

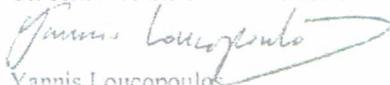
Tristone Healthcare Bond Designated Activity Company

Statement of comprehensive income for the year ended 31 December 2018

| | <i>Notes</i> | 2018 | <i>from 9 March</i> 2017 |
|--|--------------|-----------------|------------------------------------|
| | | £ | £ |
| <i>Continuing operations</i> | | | |
| Interest income | 6 | 45,355 | - |
| Interest expense | 7 | <u>(55,135)</u> | - |
| Net interest income | | (9,780) | - |
| Other income – service fee | | 31,548 | |
| Operating expenses | | <u>(70,603)</u> | - |
| Loss before tax | 8 | (48,835) | - |
| Taxation charge | 9 | - | - |
| Loss for the year | | <u>(48,835)</u> | - |
| Total comprehensive income for the year attributable to equity shareholders | | <u>(48,835)</u> | - |

The notes on pages 15 to 19 form an integral part of these financial statements.

On behalf of the board of directors


Yannis Loucopoulos
Director


Ivano Cafolla
Director

28/3/2019

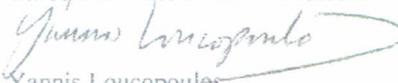
Tristone Healthcare Bond Designated Activity Company

Statement of financial position as at 31 December 2018

| | Notes | 2018 £ | 2017 £ |
|-------------------------------------|-------|------------------|-----------|
| Assets | | | |
| <i>Non-current assets</i> | | | |
| Held to maturity financial assets | 11 | 400,000 | - |
| Loans | 12 | <u>641,355</u> | - |
| | | <u>1,041,355</u> | - |
| <i>Current assets</i> | | | |
| Trade and other receivables | 13 | 31,550 | 2 |
| Cash and cash equivalents | | <u>9,390</u> | - |
| | | <u>40,940</u> | <u>2</u> |
| Total assets | | <u>1,082,295</u> | <u>2</u> |
| Equity | | | |
| Share capital | 14 | 2 | 2 |
| Retained earnings | | <u>(48,835)</u> | - |
| Total equity | | <u>(48,833)</u> | <u>2</u> |
| Liabilities | | | |
| <i>Non-current liabilities</i> | | | |
| Loans and borrowings | 15 | <u>1,124,475</u> | - |
| <i>Current liabilities</i> | | | |
| Trade and other payables | 16 | <u>6,653</u> | - |
| Total liabilities | | <u>1,131,128</u> | - |
| Total equity and liabilities | | <u>1,082,295</u> | <u>2</u> |

The notes on pages 15 to 19 form an integral part of these financial statements.

On behalf of the board of directors


Yannis Loucopoulos
Director


Ivano Cafolla
Director

28/3/2019

Tristone Healthcare Bond Designated Activity Company

Statement of cash flows

for the year ended 31 December 2018

| | 2018 | 2017 |
|---|------------------|------------|
| | £ | £ |
| Operating activities | | |
| (Loss)/profit for the financial year | (48,835) | - |
| <i>Adjustments to reconcile profit for the year to net cash flow from operating activities:</i> | | |
| Amortisation of Notes' issue costs | 8,239 | - |
| <i>Working capital movements:</i> | | |
| (Increase) in receivables | (32,635) | (2) |
| Increase in payables | <u>9,280</u> | <u>-</u> |
| <i>Net cash flow from operating activities</i> | <u>(63,951)</u> | <u>(2)</u> |
| Investing activities | | |
| Purchase of Notes | <u>(400,000)</u> | <u>-</u> |
| <i>Net cash flow from investing activities</i> | <u>(400,000)</u> | <u>-</u> |
| Financing activities | | |
| Issue of share capital | - | 2 |
| Issue of Notes, net of costs | 1,113,608 | - |
| Loan advanced | <u>(640,267)</u> | <u>-</u> |
| <i>Net cash flow from financing activities</i> | <u>473,341</u> | <u>2</u> |
| Increase/(decrease) in cash and cash equivalents | 9,390 | - |
| Cash and cash equivalents at 1 January | <u>-</u> | <u>-</u> |
| Cash and cash equivalents at 31 December | <u>9,390</u> | <u>-</u> |

Cash and cash equivalents comprise cash in hand and balances with banks which can be withdrawn on demand.

Tristone Healthcare Bond Designated Activity Company

Statement of changes in equity *for the year ended 31 December 2018*

| | Called up share capital £ | Retained earnings £ | Total £ |
|--|---------------------------------|---------------------------|-----------------|
| At 9 March 2017 | - | - | - |
| Total comprehensive income for the financial period | - | - | - |
| Issue of share capital | 2 | - | 2 |
| | — | — | — |
| At 31 December 2017 | 2 | - | 2 |
| | — | — | — |
| At 1 January 2018 | 2 | - | 2 |
| Total comprehensive income for the financial period | - | (48,835) | (48,835) |
| | — | — | — |
| At 31 December 2018 | 2 | (48,835) | (48,833) |
| | — | — | — |

Tristone Healthcare Bond Designated Activity Company

Notes forming part of the unaudited financial statements

1 Reporting entity

Tristone Healthcare Bond Designated Activity Company is domiciled in Ireland. The company's registered office is at 17 Pembroke Street Upper, Dublin 2, D02 AT22. The company's primary business is the raising of secured note finance and loaning that money on to Tristone Healthcare Limited, a UK registered company under common ownership, to exploit opportunities in healthcare.

2 Basis of accounting and statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and comply with those standards.

3 Functional and presentation currency

The currency used in these financial statements is the Pound Sterling (£), which is the company's functional currency.

4 Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

5 Operating segments

IFRS 8, Operating Segments, requires an entity to report financial and descriptive information about its reportable segments. Management has considered the application of IFRS 8 to its business and the criteria to be applied in identifying reportable segments. It has concluded that the activities of the company comprise one operating segment.

6 Interest income

| | 2018 | 2017 |
|---|---------------|------|
| | £ | £ |
| Interest on loans provided to Tristone Healthcare Limited | 26,333 | - |
| Interest on Tristone Healthcare Limited 8% Secured Notes | <u>19,022</u> | - |
| | <u>45,355</u> | - |

Tristone Healthcare is considered to be a related party by reason of common control.

7 Interest expense

| | 2018 | 2017 |
|-----------------------------|---------------|------|
| | £ | £ |
| Interest expense | 46,896 | - |
| Amortisation of issue costs | <u>8,239</u> | - |
| Total | <u>55,135</u> | - |

The interest expense and amortisation of issue costs arise on 8.5% Secured Note due 2027 issued by the company.

Tristone Healthcare Bond Designated Activity Company

Notes forming part of the financial statements (continued...)

| | | | |
|----------|---|-----------------|-------------|
| 8 | Loss before tax | 2018 | 2017 |
| | | £ | £ |
| | Loss before tax has been arrived at after charging | | |
| | Statutory audit (including VAT) | <u>6,653</u> | - |
| | Non-audit services provided by auditor (including VAT) | <u>2,050</u> | - |
| 9 | Tax on loss on ordinary activities | 2018 | 2017 |
| | | £ | £ |
| | Analysis of tax charge for the year | | |
| | Current tax on profit for the year | - | - |
| | Deferred tax charge | - | - |
| | | <hr/> | <hr/> |
| | | - | - |
| | | <hr/> | <hr/> |
| | Factors affecting the tax charge for the year | | |
| | Loss on ordinary activities before taxation | <u>(48,835)</u> | - |
| | | <hr/> | <hr/> |
| | Profit on ordinary activities multiplied by the standard rate of corporation tax of 12.5% | <u>(6,104)</u> | - |
| | <i>Effects of:</i> | | |
| | Losses carried forward | <u>6,104</u> | - |
| | | <hr/> | <hr/> |
| | Current tax charge for the year | - | - |
| | | <hr/> | <hr/> |

Factors that may affect future tax charges

There are no factors likely to materially affect future tax charges of which the directors are aware.

Tristone Healthcare Bond Designated Activity Company

Notes forming part of the financial statements (continued....)

| | | | |
|-----------|--|----------------|----------------|
| 10 | Directors' remuneration | | |
| | The aggregate amount paid to or receivable by directors in respect of qualifying services during the financial year was | | |
| | | 2018 | 2017 |
| | | £ | £ |
| | For services as directors | <u>9,464</u> | - |
| | Total | <u>9,464</u> | - |
| 11 | Held to maturity financial assets | | |
| | | 2018 | 2017 |
| | | £ | £ |
| | Tristone Healthcare Limited 8% Secured Notes due 2027 (Note 17) | <u>400,000</u> | - |
| | Total | <u>400,000</u> | - |
| 12 | Loans receivable | | |
| | | 2018 | 2017 |
| | | £ | £ |
| | Secured loan provided to related parties (Note 17) | 640,268 | - |
| | Interest receivable on secured loan to related parties (Note 17) | <u>1,087</u> | - |
| | Total | <u>641,355</u> | - |
| | <p>The company has provided a secured loan to Tristone Healthcare Limited. The loan is secured by way of debenture providing for fixed and floating charges over that company's assets and a negative pledge, and is repayable 20 business days prior to 31 December 2027. It has been advanced on a commercial basis. Management monitors the risk factors associated with loans that it has advanced by means of regular assessment of the progress made by Tristone Healthcare Limited in rolling out its business plan, and a corresponding assessment of any variation to the credit risk. In the opinion of the directors the asset and related interest receivable are not stated at greater than their recoverable amount.</p> | | |
| 13 | Trade and other receivables | | |
| | | 2018 | 2017 |
| | | £ | £ |
| | Other debtors (Note 17) | <u>31,550</u> | <u>2</u> |
| | | <u>31,550</u> | <u>2</u> |
| 14 | Called up share capital | | |
| | | 2018 | 2017 |
| | | £ | £ |
| | <i>Authorised</i> | | |
| | 100,000 ordinary shares of €1 each | <u>100,000</u> | <u>100,000</u> |
| | <i>Allotted, called up and fully paid</i> | | |
| | 2 ordinary shares of €1 | <u>2</u> | <u>2</u> |

Tristone Healthcare Bond Designated Activity Company

Notes forming part of the financial statements (continued...)

| | | | |
|-----------|--------------------------------|-------------------------|----------|
| 15 | Loans and borrowings | | |
| | <i>Non-current liabilities</i> | 2018 | 2017 |
| | | £ | £ |
| | 8.5% Secured Notes due 2027 | <u>1,124,475</u> | = |
| | <i>Comprising:</i> | | |
| | Capital sum repayable | 1,196,000 | - |
| | Accrued interest | 2,628 | - |
| | Unamortised issue costs | <u>(74,153)</u> | = |
| | | <u>1,124,475</u> | = |

The capital sum is repayable in full on 31 December 2027. Issue costs are amortised to profit and loss on a straight line basis to the due redemption date of the related Notes. The borrowings are secured by way of mortgage debentures providing charges over the company's assets.

| | | | |
|-----------|---------------------------------|---------------------|----------|
| 16 | Trade and other payables | | |
| | | 2018 | 2017 |
| | | £ | £ |
| | Other payables and accruals | <u>6,653</u> | = |
| | | <u>6,653</u> | = |

17 Related parties

The company is owned and controlled by Yannis Loucopoulos, who also controls Tristone Healthcare Limited. The company has provided a secured loan of £640,268 (2017: £nil) to Tristone Healthcare Limited. The loan is repayable 20 business days before 31 December 2027 and was advanced on a normal commercial basis. At 31 December 2018, there was interest of £1,087 (2017: £nil) due to the company on that loan balance. During the year the company charged a service fee of £31,548 to Tristone Healthcare Limited (2017: £nil). The amount was receivable at 31 December 2018.

The company owns Tristone Healthcare Limited 8% Secured Notes 2027 of £400,000.

The company considers its directors to be the key management personnel of the company. Key management personnel compensation for the year to 31 December 2018, including amounts paid to and receivable by key management personnel, comprised short term employee benefits of £9,464 (2017: £nil) (Note 10).

18 Events after the reporting date

Since the reporting date the company has issued further 8.5% Secured Notes due 2027, with a nominal and issued value of £93,000.

19 Provisions available for small entities

In common with many other businesses of similar size and nature the company uses its auditor to prepare and submit tax returns and to assist it with the preparation of the financial statements.

Tristone Healthcare Bond Designated Activity Company

Notes forming part of the financial statements (continued...)

20 Going concern

The time period that the directors have considered in evaluating the appropriateness of the going concern basis in preparing the financial statements for 2018 is a period of twelve months from the date of approval of these financial statements (the 'period of assessment'). In making this assessment, the directors considered the company's business, profitability projections, funding and capital plans, together with a range of other factors such as the outlook for the Irish and UK economies, the impact of Brexit, along with ongoing developments in other EU economies. The directors are satisfied that the going concern basis is appropriate to the preparation of the financial statements.

21 Contingent liabilities and capital commitments

There are no contingent liabilities or capital commitments at the reporting date of which the directors are aware.

22 Approval of financial statements

The financial statements were approved by the Board on

28 March 2019.

-

Tristone Healthcare Bond Designated Activity Company

Unaudited interim financial statements
for the 6 months ended 30 June 2019

Tristone Healthcare Bond Designated Activity Company

Management report and unaudited financial statements

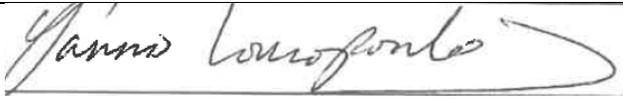
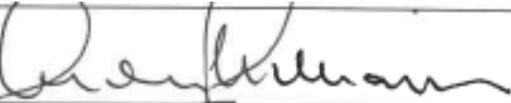
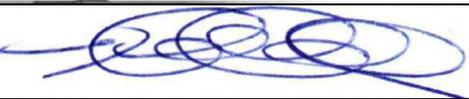
| Contents | <i>Page</i> |
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| Statement of financial position | 9 |
| Statement of cash flows | 10 |
| Statement of changes in equity | 11 |
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DECLARATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY
OFFICIAL RESPONSIBLE FOR THE PREPARATION OF THE INTERIM FINANCIAL
STATEMENTS

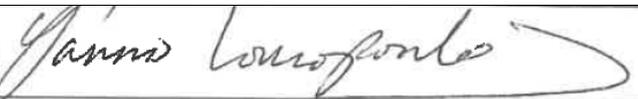
In accordance with article 10 of the Transparency Requirements (Securities Listed for Trading on a Regulated Market) Law of 2007 (the "Law"), as amended from time to time, we, the Members of the Board of Directors and the Company official responsible for the preparation of the unaudited interim financial statements of Tristone Healthcare Bond Designated Activity Company (the "Company") for the six months ended 30 June 2019, confirm that to the best of our knowledge:

- (a) The interim financial statements presented on pages 3 to 15:
 - (i) Have been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and the provisions of Article 10, Section (4) of the Law, and
 - (ii) Give a true and fair view of the assets and liabilities, the financial position and the profits or losses of Tristone Healthcare Bond Designated Activity Company.
- (b) The interim financial statements contain a fair review of the information required by the provisions of Article 10, Section (6) of the Law.

Members of the Board of Directors:

| | |
|--------------------|--|
| Yannis Loucopoulos |  |
| Andrew Williamson |  |
| Ivano Cafolla |  |

Company official responsible for the preparation of the interim financial statements of the Company for the six months ended 30 June 2019:

| | |
|--------------------|--|
| Yannis Loucopoulos |  |
|--------------------|--|

Dublin, 10 October 2019

Tristone Healthcare Bond Designated Activity Company

Interim Management Report for the period ended 30 June 2019

On 10 October 2019, the Board of Directors of Tristone Healthcare Bond DAC approved and hereby presents the unaudited, interim financial statements of the company for the six months ended 30th June 2019.

Financial results

Interest income for the first half of 2019 amounts to £61,005 and comprises of interest on loans provided to THC Limited (£44,916) and interest on THC Limited 8% Secured Notes (£16,089).

Interest expense for the same period amounts to £65,170 and arises on the 8.5% Secured Notes due 2027 issued by the Company.

The Company's loss for the period amounts at £19,351.

The Company's loans receivable as at 30th June 2019 stand at £1,338,268 and reflect the balance of the secured loan advanced to THC Limited as at that date. The loan is secured by way of debenture providing for fixed and floating charges over THC Limited's assets and is repayable 20 business days prior to 31 December 2027. The loan has been advanced on a commercial basis.

The balance of interest receivable relating to the balance of the loans receivable described above, as at 30th June 2019, stands at £44,915.

Loans and borrowings as at 30th June 2019 stand at £1,897,202 and reflect the capital sum repayable on Notes that were already issued and outstanding as at that date.

Related party balances and transactions

During the period, a service fee of £15,667 (2018: £nil) was charge to Tristone Healthcare Limited. Net interest expense was £4,165 (2018: £1,402) and after operating costs the loss for the period was £19,351 (2018: a loss of £14,982).

During the period, the Company has raised an additional £710,185 of Bonds (net of costs), of which £698,000 has been loaned to Tristone Healthcare Limited. These Bonds are repayable on 31 December 2027.

As at 30 June 2019, the capital sum repayable on the 8.5% Secured Notes 2027, is £1,914,000 (2018: £839,000). Interest has been accrued on that sum totalling £60,616 (2018: £3,126) and this is due to be paid on or just before 31 December 2019.

As at 30 June 2019, of the £1,914,000 8.5% Secured Notes 2027 raised, £1,338,268 has been loaned to Tristone Healthcare Limited at an interest rate of 10.5%, and £400,000 is invested in 8% Tristone Healthcare Limited Secured Notes.

Major risks and uncertainties

The major risks and uncertainties faced by Tristone Healthcare Bond DAC are presented below:

- (i) Dependence on the expertise of the Directors and attraction/ retention of key personnel:
The Company's future success is substantially dependent on the continued services and continuing contributions of its Directors.

Tristone Healthcare Bond Designated Activity Company

Interim Management Report for the period ended 30 June 2019, *continued*

- (ii) The Issuer is dependent on related companies:
Tristone Healthcare Bond DAC lends the proceeds of the Notes it issues to THC Limited, a related company, which in turn will grant collateral as security for such loan to Tristone Healthcare Bond DAC. The Company's ability to meet interest payments and /or principal repayment is dependent on THC Limited meeting its obligations under the Loan Agreement signed between the two companies.
- (iii) "Brexit" and the EU/Eurozone:
The decision by the United Kingdom to exit from the European Union could have an impact on Tristone Healthcare Bond DAC's business, financial condition and results of operations.
- (iv) Taxation:
These financial statements have been prepared having regard to current Irish tax legislation, practice and concession and interpretation thereof. Any change in the Company's tax status or in taxation legislation could affect the Company's financial performance and its ability to provide returns to its Noteholders.

Prospects for the year

The company is a special purpose vehicle that has been established for the purposes of issuing a listed bond on the Cyprus Stock Exchange to raise funds for lending onwards to Tristone Healthcare Limited, a company registered in the UK, with the aim of exploiting business opportunities in healthcare.

The Board of Directors of the Company have by a resolution dated 27 September 2017 resolved to issue up to £20,000,000 8.5% Secured Notes.

Since the said Board resolution, Notes of £900,000 were issued and admitted to trading on the Corporate Bond Market of the Cyprus Stock Exchange, through the Company's prospectus that was published on 8 January 2018.

From the £19,100,000 remaining Notes due 2027 that the Company has authorized, it has proceeded to the issue of £1,091,000 such Notes and expects to issue a further £18,009,000 Notes in £500,000 - £1,000,000 tranches to qualified investors within the next 12 months, with the same terms and conditions as the Notes already placed.

Tristone Healthcare Bond Designated Activity Company

Statement of accounting policies *for the period ended 30 June 2019*

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements. All references to 'financial statements' refer to the company's unaudited interim financial statements for the 6 months ended 30 June 2019.

Statement of compliance

The financial statements of the company for the period ended 30 June 2019 have been prepared on the going concern basis and in accordance with International Financial Reporting Standards (*IFRS*).

Basis of preparation

The financial statements have been prepared under the historical cost convention as modified to include the fair valuation of certain financial instruments.

Foreign currency translation

Items included in the financial statement are measured using the currency of the primary economic environment in which the company operates (the 'functional currency'), considered to be the Pound Sterling (£). Foreign currency transactions are translated into functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary items, are reported as part of the fair value gain or loss.

Interest income and expense

Interest income and expense are recognised in the income statement for all instruments measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or liability. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate and all other premiums or discounts. Once a financial asset or group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purposes of measuring the impairment loss. Where the company revises its estimates of payments or receipts on a financial instrument measured at amortised cost, the carrying amount of the financial instrument (or group of financial instruments) is adjusted to reflect actual and revised estimated cash flows. The company recalculates the carrying amount by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate. The adjustment is recognised in profit or loss as income or expense.

Held to maturity financial assets

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company has the positive intention and ability to hold to maturity. Purchases and sales of held to maturity investments are recorded on trade date. They are initially recognised at fair value plus transaction costs and are subsequently accounted for at amortised cost using the effective interest method.

Tristone Healthcare Bond Designated Activity Company

Statement of accounting policies (*continued...*) *for the period ended 30 June 2019*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans are recorded at fair value. They are subsequently accounted for at amortised cost using the effective interest method.

Non-financial assets

Non-financial assets are held at fair value. At each reporting date the company reviews the amounts at which its non-financial assets are carried to determine whether there is any indication of impairment. Should any such indication be determined then the asset's recoverable amount is estimated and any impairment is recognised in profit and loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balances with banks which can be withdrawn on demand. It also comprises balances with an original maturity of less than three months.

Financial liabilities

The company categorises listed financial liabilities at amortised cost. Financial liabilities are initially recognised at fair value, (normally the issue proceeds i.e. the fair value of consideration received, less transaction costs) and, subsequently, at amortised cost. Any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the income statement using the effective interest method. Transaction costs are amortised in the income statement on a straight line basis to the redemption date of the related liability.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Income taxes

(a) Current income tax

Income tax payable on profits is recognised as an expense in the period in which profits arise. Tax provisions are provided on a transaction by transaction basis using a best estimate approach. In arriving at such estimates, management assesses the relative merits and risks of tax treatments assumed, taking into account statutory, judicial and regulatory guidance and, where appropriate, external advice. A current tax provision is recognised when the company has a present obligation as a result of a past event and it is probable that there will be a future outflow of funds to settle the obligation.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Tristone Healthcare Bond Designated Activity Company

Statement of accounting policies *(continued...)*
for the period ended 30 June 2019

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Critical accounting estimates and judgements

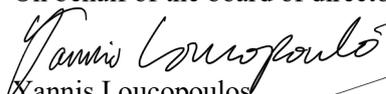
In preparing the financial statements, the company makes estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Tristone Healthcare Bond Designated Activity Company

Unaudited statement of comprehensive income for the 6 month period ended 30 June 2019

| | <i>Notes</i> | <i>June</i> 2019 £ | <i>June</i> 2018 £ |
|--|--------------|---------------------------------|--------------------------|
| <i>Continuing operations</i> | | | |
| Interest income | 6 | 61,005 | 2,070 |
| Interest expense | 7 | <u>(65,170)</u> | <u>(3,472)</u> |
| Net interest income | | (4,165) | (1,402) |
| Other income – service fee | | 15,667 | - |
| Operating expenses | | <u>(30,853)</u> | <u>(13,580)</u> |
| Loss before tax | 8 | (19,351) | (14,982) |
| Taxation charge | 9 | <u>-</u> | <u>-</u> |
| Loss for the period | | <u>(19,351)</u> | <u>(14,982)</u> |
| Total comprehensive income for the period attributable to equity shareholders | | <u>(19,351)</u> | <u>(14,982)</u> |

On behalf of the board of directors


Yannis Loucopoulos
Director


Andrew Williamson
Director

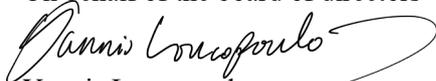
2019

Tristone Healthcare Bond Designated Activity Company

Statement of financial position as at 30 June 2019

| | <i>Notes</i> | <i>June</i> 2019 £ | <i>December</i> 2018 £ |
|-------------------------------------|--------------|---------------------------------|------------------------------|
| Assets | | | |
| <i>Non-current assets</i> | | | |
| Held to maturity financial assets | <i>11</i> | 416,089 | 400,000 |
| Loans | <i>12</i> | <u>1,383,183</u> | <u>641,355</u> |
| | | <u>1,799,272</u> | <u>1,041,355</u> |
| <i>Current assets</i> | | | |
| Trade and other receivables | <i>13</i> | 69,226 | 31,550 |
| Cash and cash equivalents | | <u>1,195</u> | <u>9,390</u> |
| | | <u>70,421</u> | <u>40,940</u> |
| Total assets | | <u>1,869,693</u> | <u>1,082,295</u> |
| | | | |
| Equity | | | |
| Share capital | <i>14</i> | 2 | 2 |
| Retained earnings | | <u>(68,186)</u> | <u>(48,835)</u> |
| Total equity | | <u>(68,184)</u> | <u>(48,833)</u> |
| | | | |
| Liabilities | | | |
| <i>Non-current liabilities</i> | | | |
| Loans and borrowings | <i>15</i> | <u>1,897,202</u> | <u>1,124,475</u> |
| <i>Current liabilities</i> | | | |
| Trade and other payables | <i>16</i> | <u>40,675</u> | <u>6,653</u> |
| Total liabilities | | <u>1,937,877</u> | <u>1,131,128</u> |
| Total equity and liabilities | | <u>1,869,693</u> | <u>1,082,295</u> |

On behalf of the board of directors


Yannis Loucopoulos
Director


Andrew Williamson
Director

2019

Tristone Healthcare Bond Designated Activity Company

Statement of cash flows for the 6 month period ended 30 June 2019

| | <i>June</i> 2019 £ | <i>June</i> 2018 £ |
|---|---------------------------------|--------------------------|
| Operating activities | | |
| (Loss)/profit for the financial year | (19,351) | (14,982) |
| <i>Adjustments to reconcile profit for the year to net cash flow from operating activities:</i> | | |
| Amortisation of Notes' issue costs | 4554 | 346 |
| <i>Working capital movements:</i> | | |
| (Increase) in receivables | (97,594) | (2,070) |
| Increase in payables | <u>92,011</u> | <u>3,126</u> |
| <i>Net cash flow from operating activities</i> | <u>(20,380)</u> | <u>(13,580)</u> |
| Financing activities | | |
| Issue of share capital | - | 2 |
| Issue of Notes, net of costs | 710,185 | 390,371 |
| Loan advanced | <u>(698,000)</u> | <u>(261,168)</u> |
| <i>Net cash flow from financing activities</i> | <u>12,185</u> | <u>129,203</u> |
| (Decrease)/increase in cash and cash equivalents | (8,195) | 115,623 |
| Opening cash and cash equivalents | <u>9,390</u> | <u>-</u> |
| Cash and cash equivalents at 30 June | <u>1,195</u> | <u>115,623</u> |

Cash and cash equivalents comprise cash in hand and balances with banks which can be withdrawn on demand.

Tristone Healthcare Bond Designated Activity Company

Statement of changes in equity for the 6 month period ended 30 June 2019

| | Called up share capital £ | Retained earnings £ | Total £ |
|--|---------------------------------|---------------------------|-----------------|
| At 1 January 2018 | 2 | - | 2 |
| Total comprehensive income for the financial period | - | (14,982) | (14,982) |
| | — | — | — |
| At 30 June 2018 | 2 | (14,982) | (14,980) |
| | — | — | — |
| At 1 January 2019 | 2 | (48,835) | (48,833) |
| Total comprehensive income for the financial period | - | (19,351) | (19,351) |
| | — | — | — |
| At 31 June 2019 | 2 | (68,186) | (68,184) |
| | — | — | — |

Tristone Healthcare Bond Designated Activity Company

Notes forming part of the unaudited financial statements

1 Reporting entity

Tristone Healthcare Bond Designated Activity Company is domiciled in Ireland. The company's registered office is at 17 Pembroke Street Upper, Dublin 2, D02 AT22. The company's primary business is the raising of secured note finance and loaning that money on to Tristone Healthcare Limited, a UK registered company under common ownership, to exploit opportunities in healthcare.

2 Basis of accounting and statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and comply with those standards.

3 Functional and presentation currency

The currency used in these financial statements is the Pound Sterling (£), which is the company's functional currency.

4 Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

5 Operating segments

IFRS 8, Operating Segments, requires an entity to report financial and descriptive information about its reportable segments. Management has considered the application of IFRS 8 to its business and the criteria to be applied in identifying reportable segments. It has concluded that the activities of the company comprise one operating segment.

6 Interest income

| | 2019 | 2018 |
|---|---------------|--------------|
| | £ | £ |
| Interest on loans provided to Tristone Healthcare Limited | 44,916 | 2,070 |
| Interest on Tristone Healthcare Limited 8% Secured Notes | <u>16,089</u> | - |
| | <u>61,005</u> | <u>2,070</u> |

Tristone Healthcare Limited is considered to be a related party by reason of common control.

7 Interest expense

| | 2019 | 2018 |
|-----------------------------|----------------------|---------------------|
| | £ | £ |
| Interest expense | 60,616 | 3,126 |
| Amortisation of issue costs | <u>4,554</u> | <u>346</u> |
| Total | <u>65,170</u> | <u>3,472</u> |

The interest expense and amortisation of issue costs arise on 8.5% Secured Note due 2027 issued by the company.

Tristone Healthcare Bond Designated Activity Company

Notes forming part of the financial statements (continued...)

| | | | |
|----------|---|---------------------|-----------------|
| 8 | Loss before tax | 2019 | 2018 |
| | | £ | £ |
| | Loss before tax has been arrived at after charging | | |
| | Statutory audit (including VAT) | - | - |
| | Non-audit services provided by auditor (including VAT) | <u>1,381</u> | - |
| 9 | Tax on loss on ordinary activities | 2019 | 2018 |
| | | £ | £ |
| | Analysis of tax charge for the year | | |
| | Current tax on profit for the year | - | - |
| | Deferred tax charge | - | - |
| | | <u>-</u> | <u>-</u> |
| | | <u>-</u> | <u>-</u> |
| | Factors affecting the tax charge for the year | | |
| | Loss on ordinary activities before taxation | (19,351) | (14,982) |
| | | <u>(19,351)</u> | <u>(14,982)</u> |
| | Profit on ordinary activities multiplied by the standard rate of corporation tax of 12.5% | (2,419) | (1,873) |
| | <i>Effects of:</i> | | |
| | Losses carried forward | 2,419 | 1,873 |
| | | <u>2,419</u> | <u>1,873</u> |
| | Current tax charge for the year | - | - |
| | | <u>-</u> | <u>-</u> |

Factors that may affect future tax charges

There are no factors likely to materially affect future tax charges of which the directors are aware.

Tristone Healthcare Bond Designated Activity Company

Notes forming part of the financial statements (continued...)

| | | | |
|-----------|---|-------------------------|----------------|
| 10 | Directors' remuneration | | |
| | The aggregate amount paid to or receivable by directors in respect of qualifying services during the financial year was | | |
| | | 2019 | 2018 |
| | | £ | £ |
| | For services as directors | <u>16,114</u> | <u>5,273</u> |
| | Total | <u>16,114</u> | <u>5,273</u> |
| 11 | Held to maturity financial assets | | |
| | | 2019 | 2018 |
| | | £ | £ |
| | Tristone Healthcare Limited 8% Secured Notes due 2027 (<i>Note 17</i>) | 400,000 | 400,000 |
| | Interest receivable | <u>16,089</u> | - |
| | Total | <u>416,089</u> | <u>400,000</u> |
| 12 | Loans receivable | | |
| | | 2019 | 2018 |
| | | £ | £ |
| | Secured loan provided to related parties (<i>Note 17</i>) | 1,338,268 | 640,268 |
| | Interest receivable on secured loan to related parties (<i>Note 17</i>) | <u>44,915</u> | <u>1,087</u> |
| | Total | <u>1,383,183</u> | <u>641,355</u> |
| | The company has provided a secured loan to Tristone Healthcare Limited. The loan is secured by way of debenture providing for fixed and floating charges over that company's assets and a negative pledge, and is repayable 20 business days prior to 31 December 2027. It has been advanced on a commercial basis. Management monitors the risk factors associated with loans that it has advanced by means of regular assessment of the progress made by Tristone Healthcare Limited in rolling out its business plan, and a corresponding assessment of any variation to the credit risk. In the opinion of the directors the asset and related interest receivable are not stated at greater than their recoverable amount. | | |
| 13 | Trade and other receivables | | |
| | | 2019 | 2018 |
| | | £ | £ |
| | Other debtors (<i>Note 17</i>) | <u>69,226</u> | <u>31,550</u> |
| | | <u>69,226</u> | <u>31,550</u> |
| 14 | Called up share capital | | |
| | | 2019 | 2018 |
| | | £ | £ |
| | <i>Authorised</i> | | |
| | 1,000,000 ordinary shares of €1 each | <u>888,930</u> | <u>888,930</u> |
| | <i>Allotted, called up and fully paid</i> | | |
| | 2 ordinary shares of €1 | <u>2</u> | <u>2</u> |

Tristone Healthcare Bond Designated Activity Company

Notes forming part of the financial statements (continued...)

| | | | |
|-----------|--------------------------------|-------------------------|------------------|
| 15 | Loans and borrowings | | |
| | <i>Non-current liabilities</i> | 2019 | 2018 |
| | | £ | £ |
| | 8.5% Secured Notes due 2027 | <u>1,897,202</u> | <u>1,124,475</u> |
| | <i>Comprising:</i> | | |
| | Capital sum repayable | 1,914,000 | 1,196,000 |
| | Accrued interest | 60,616 | 2,628 |
| | Unamortised issue costs | <u>(77,414)</u> | <u>(74,153)</u> |
| | | <u>1,897,202</u> | <u>1,124,475</u> |

The capital sum is repayable in full on 31 December 2027. Issue costs are amortised to profit and loss on a straight line basis to the due redemption date of the related Notes. The borrowings are secured by way of mortgage debentures providing charges over the company's assets.

| | | | |
|-----------|---------------------------------|----------------------|--------------|
| 16 | Trade and other payables | | |
| | | 2019 | 2018 |
| | | £ | £ |
| | Other payables and accruals | 34,390 | 6,653 |
| | Payroll taxes | <u>6,285</u> | - |
| | | <u>40,675</u> | <u>6,653</u> |

17 Related parties
The company is owned and controlled by Yannis Loucopoulos, who also controls Tristone Healthcare Limited. The company has provided a secured loan of £1,338,268 (2018: £640,268) to Tristone Healthcare Limited. The loan is repayable 20 business days before 31 December 2027 and was advanced on a normal commercial basis. At 30 June 2019, there was interest of £44,915 (2018: £1,087) due to the company relating to that loan balance. During the period the company charged a service fee of £15,667 to Tristone Healthcare Limited. The amount was receivable at 30 June 2019.

The company owns Tristone Healthcare Limited 8% Secured Notes 2027 of £400,000. At 30 June 2019, interest of £16,089 (2018: £1,490) was receivable by the company on that investment.

The company considers its directors to be the key management personnel of the company. Key management personnel compensation for the period to 30 June 2019, including amounts paid to and receivable by key management personnel, comprised short term employee benefits of £16,114 (2018: £5,273) (Note 10).

18 Events after the reporting date
The directors consider that there have been no material events for disclosure purposes since the reporting date.

19 Provisions available for small entities
In common with many other businesses of similar size and nature the company uses its auditor to prepare and submit tax returns and to assist it with the preparation of the financial statements.

Tristone Healthcare Bond Designated Activity Company

Notes *forming part of the financial statements (continued....)*

20 Going concern

The time period that the directors have considered in evaluating the appropriateness of the going concern basis in preparing the financial statements for the 6 months ended 30 June 2019 is a period of twelve months from the date of approval of these financial statements (the ‘period of assessment’). In making this assessment, the directors considered the company’s business, profitability projections, funding and capital plans, together with a range of other factors such as the outlook for the Irish and UK economies, the impact of Brexit, along with ongoing developments in other EU economies. The directors are satisfied that the going concern basis is appropriate to the preparation of the financial statements.

21 Contingent liabilities and capital commitments

There are no contingent liabilities or capital commitments at the reporting date of which the directors are aware.

22 Approval of financial statements

The financial statements were approved by the Board on 10 October 2019.

BRIEF ANALYSIS ON THE AUDITED FINANCIAL STATEMENTS OF THE ISSUER FOR THE PERIOD FROM 1 APRIL 2017 TO 31 DECEMBER 2017

The Company did not trade prior to 2018. The financial statements for the period only refer to the contribution of €2 in share capital.

BRIEF ANALYSIS ON THE AUDITED FINANCIAL STATEMENTS OF THE ISSUER FOR FISCAL YEAR 2018

Interest Income of the Issuer comprises two elements: (i) Interest on loans provided to Tristone Healthcare Limited. Interest is charged at 10.5% on the loan of Bond monies raised for it to carry out its business plan objectives and is paid by Tristone Healthcare Limited to Tristone Healthcare Bond DAC; and (ii) Interest received on the £400,000 of 8% Tristone Healthcare Limited Secured Notes.

Interest expense comprises two elements: (i) Interest paid to the Bondholders of the Healthcare Bond 8.5% Secured Notes, which is paid in cash each 31 December; and (ii) The amortisation of Bond issue costs. Issue costs are spread over the lifetime of the Bond, which is 10 years, with the annual charge shown in interest expense. Unamortised issues costs are shown netting off against the total liability for the 8.5% Secured Notes (in note 15 to the accounts).

The Issuer's other income is an annual £31,548 service fee charge, charged to Tristone Healthcare Limited towards the administration costs of Tristone Healthcare Bond DAC.

Financial Assets held to Maturity represent an investment of £400,000 (a fixed value that will not alter over time) of 8% Tristone Healthcare Secured Notes. These will be held until the maturity date on 31 December 2026 and will earn 8% per annum (paid annually) until that time.

Loans refers to the main loan of Bond monies raised, to Tristone Healthcare Limited for it to carry out its business plan and objectives. As at 31 December 2018, this totaled £640,268.

Trade receivables principally refer to the £31,548 service fee charge to Tristone Healthcare Limited, not paid as at 31 December 2018.

The Issuer's loans and borrowings comprise three elements: (i) The headline capital sum repayable for Tristone Healthcare DAC Bonds raised by 31 December 2018 of £1,196,000, repayable on 31 December 2027. This value will increase over time as additional Bonds are issued and purchased by investors; (ii) A small amount of unpaid accrued interest on the Bonds, paid in the early part of 2019; and (iii) Items i and ii above, partially offset by unamortised bond issue costs, which will be amortised (charged to the income statement) on a straight line basis over the period to 31 December 2027 (see analysis of the interest expense item, above).

It is noted that no material adverse changes in the prospects of the Issuer have occurred since the date of its last published audited financial statements.

Further, it is noted that no significant changes in the financial performance of the Issuer have occurred since the end of the last financial period for which financial information has been published to the date of the present Prospectus.

BRIEF ANALYSIS ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE ISSUER FOR THE 6 MONTHS ENDED 30 JUNE 2019

Interest income for the first half of 2019 amounts to £61,005 and comprises of interest on loans provided to THC Limited (£44,916) and interest on THC Limited 8% Secured Notes (£16,089).

Interest expense for the same period amounts to £65,170 and arises on the 8.5% Secured Notes due 2027 issued by the Company.

The Company's loss for the period amounts at £19,351.

The Company's loans receivable as at 30th June 2019 stand at £1,338,268 and reflect the balance of the secured loan advanced to THC Limited as at that date. The loan is secured by way of debenture providing for fixed and floating charges over THC Limited's assets and is repayable 20 business days prior to 31 December 2027. The loan has been advanced on a commercial basis.

The balance of interest receivable relating to the balance of loans receivable described above, as at 30th June 2019, stands at £44,915.

Loans and borrowings as at 30th June 2019 stand at £1,897,202 and reflect the capital sum repayable on Notes that were already issued and outstanding as at that date.

INFORMATION ON THC LIMITED

The information appearing under “INFORMATION ON THC LIMITED” has been provided to the Issuer by the directors of THC Limited (Yannis Loucopoulos, who is also a director of the Issuer, Phil Ledgard, Robert Finney and Chris Elliott). The information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by THC Limited, no facts have been omitted which would render the reproduced information inaccurate or misleading.

1. THC Limited

- 1.1. THC Limited was incorporated and registered in England under the Companies Act 2006 with registered number 09826810 on 15 October 2015 as a public company limited by shares with the name Ethiquo Healthcare Plc. Its name was changed on 19 October 2015 to Ethiquo Healthcare Plc and changed again on 2 June 2017 to Tristone Healthcare Limited. It was incorporated as a single purpose vehicle for the purpose of investing in the Healthcare sector.
- 1.2. The principal legislation under which THC Limited operates is the Companies Act 2006 of the United Kingdom and the regulations made thereunder.
- 1.3. The liability of the members of THC Limited is limited to the amount unpaid on their Ordinary Shares.
- 1.4. The registered office of THC Limited is 5th Floor, 196 Deansgate, Deansgate, Manchester M3 3WF.
- 1.5. The accounting reference date of THC Limited is currently 31 December.

2. Share Capital of THC Limited

- 2.1. On Admission THC Limited’s issued share capital will be £50,000 divided into 50,000 Ordinary Shares of £1.00 each of which are fully paid up.
- 2.2. The entire issued share capital of THC Limited is held by Tristone Capital Limited. It should be noted that Tristone Capital is a company in which Yannis Loucopoulos, a Directors of the Issuer is interested. The shares of THC Limited will therefore not be in public hands.
- 2.3. No shares of THC Limited are under option or agreed conditionally or otherwise to be put under option.
- 2.4. THC Limited has unrestricted corporate capacity and can borrow, guarantee and give security.

3. Memorandum and Articles of Association of THC Limited

On incorporation, THC Limited adopted the Model Articles for Public Companies (the “Articles”).

4. THC Limited Directors

The THC Limited Directors are:

- *Yannis Loucopoulos (age 38), Chief Executive Officer*

Yannis started his career in sales with Red Squared plc, an AIM-quoted IT services business. He has subsequently established and run a number of businesses in the technology, financial services, healthcare and marketing sectors, over the last 15 years.

Yannis is currently the CEO of Tristone Capital and also sits on the board of Tristone Healthcare Limited, Juventas Services Ltd, CFS Care Ltd and Premier Care Investments Ltd, all social care companies specialising in the provision of supported living services, fostering services, specialised adult care and residential childrens homes.

Yannis is currently a director of YML Holdings Limited, a consultancy business, Adimus Limited, a fund distribution company, Tristone Investment Group Limited and Tristone Green Energy Limited.

Yannis has a BSc in Management and Information Systems from UMIST.

- *Phil Ledgard (age 42), Chief Financial Officer*

Phil is an experienced finance professional across AIM plc, FTSE100 and Private Equity environments for high growth service sector businesses. Extensive acquisition and integration experience. Track record of delivering strong cash generation and control, growing profitability, and driving strong commercial practices across multi-site and complex portfolios of businesses and sectors. Proven ability to develop and lead well-organised, high-performing teams and financial control environments. Skilled at establishing long-lasting, effective business relationships with a wide range of stakeholders.

- *Robert Finney (age 47), Chief Operating Officer*

Robert has been employed in social care for over 20 years and has held a number of roles in both the private and public sectors. The main focus of his work has been concentrating on the needs of Looked After Children in residential, foster care and adoption as well as the quality assurance relationship between local authorities and the independent sector. This has led him to a deep understanding of the impact of care planning by corporate partners and how this impacts outcomes for young people and children alike.

The vast majority of Robert's experience is in fostering, adoption and residential services. He has held Director level positions in the independent sector and service manager level posts in local authorities.

- *Chris Elliot (age 61), Independent Non-Executive Director*

Chris holds a range of Non-Executive Director positions as well as providing consultancy services principally to family and private equity owned businesses. He is a qualified accountant with over 30 years of commercial, operational and financial management experience, most recently as Group MD for a FTSE 100 services group.

Chris gained private equity industry experience having as Group FD led the buyout of GSL from Group 4 Falck A/S in 2004 and, subsequently, as a Group MD of GSL more than doubled shareholder value on exit 4 years later.

Chris has also held executive positions within IMI, Croda, Thomas Cook and Price Waterhouse before joining Group 4 in 1990.

The business address for each of the THC Limited Directors set out above is the registered office of THC Limited.

5. Additional Information on the Directors

In addition to directorships of THC Limited, the THC Limited Directors hold or have held the following directorships (including directorships of companies registered outside England and Wales) or have been partners in the following partnerships within the five years prior to the date of this Prospectus:

| THC Limited Director: Yannis Loucopoulos | |
|--|--|
| Current directorships | Previous directorships |
| Adimus Limited Tristone Green Energy Limited Tristone Healthcare Limited YML Holdings Ltd Premier Care Investments Ltd Tristone Capital Ltd Tristone Investment Group Ltd Juventas Services Ltd CFS Care Ltd Roundhouse Care Holdings Ltd | Big Heart Finance Ltd Loroton Investments Ltd Loroton Investments 2 Ltd Acquirop Property Investments Ltd |
| THC Limited Director: Phil Ledgard | |
| Current directorships | Previous directorships |
| Tristone Healthcare Limited Tristone Capital Limited Roundhouse Care Holdings Ltd Ex Cathedra Ltd | VPS(UK) Ltd Evander Glazing and Locks Ltd Highway Windscreens (UK) Ltd VPSitex NI Ltd Redfields Landscaping & Design Ltd Lotus Landscapes Ltd VPS Site Security Ltd Staffline Group plc Staffline Recruitment Ltd Staffline Ltd Driving Plus Ltd Experience Management ltd Agency Plus Ltd Staff-line Trustees Ltd Elpis Training Ltd Qubic Recruitment Ltd A la Carte Recruitment Ltd EOS Services Ltd TechSearch Technology Ltd International Employment Group Ltd Learning Plus System Ltd Staffline Appointments Ltd EOS Works Ltd EOS Works Group Ltd Staffline Holdings Ltd TNG Ltd |

| | |
|---|---|
| | Inbiz Group Ltd PeoplePlus Group Ltd Inbiz Ltd Network Projects Ltd Avanta Employee Healthcare Scheme Ltd BroomCo (4198) Ltd SoftMist Ltd PeoplePlus (Works) NI Ltd A4E Ltd A4E Europe Ltd PeoplePlus Scotland Ltd A4E Enterprise Ltd Action for Employment Trustees Ltd Skillspoint Ltd Paragon Training (NI) Limited Milestone Operations Limited Milestone Logistics Limited Cherry Topco Limited Cherry Midco 1 Limited Cherry Midco 2 Limited Cherry Bidco Limited Evander Limited Evander Group Limited Evander Group Trustee Limited Highway Glass Limited Com:pact Community Services Holdings Limited Compact Community Services Limited A4E Employee Trustee Ltd A4E Wales Limited A4E Management Ltd A4E Insight Ltd A4E Ireland Ltd GONEW Recruitment Ltd GONEW Recruitment Holdings Ltd |
| THC Limited Director: Robert Finney | |
| Current directorships | Previous directorships |
| Tristone Healthcare Limited Roundhouse Care Holdings Limited | RJF Management Limited |
| THC Limited Director: Chris Elliott | |
| Current directorships | Previous directorships |
| Tristone Healthcare Ltd Talent Intuition Limited Corndel Limited IBEX Gale Limited Rubery Owen Holdings Limited Chello Associates Limited Accomodation Services Limited | The Bromley by Bow Centre Pegasus Medical Locums Limited Pegasus Healthcare Group Limited Pegasus Medical Limited Leicester BSF Holdings Company 2 Limited Leicester BSF Company 2 Limited |

| | |
|--------------------------------------|--|
| Integrated Accomodation Services PLC | G4S Joint Venture Limited G4S Investments Limited Leicester BSF Holdings Company 1 Limited Leicester BSF Company 1 Limited Semperian Leicester PSP Ltd Albion Healthcare (Oxford) Holdings Ltd Albion Healthcare (Oxford) Ltd Leicester GT Education Compnay Ltd Archell Investments Limited |
|--------------------------------------|--|

6. Shareholder’s Agreements

As at the date of the Prospectus, there are no shareholders agreements in place.

7. Dividend Policy

THC Limited does not pay any dividends, although it is entitled to do so under the terms of its articles of association and reserves the right to do so.

8. THC Limited Director’s Powers

The THC Limited Directors may, amongst other things, exercise all of the powers of THC Limited to raise or borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof. The THC Limited Directors’ powers are subject to the terms of THC Limited’s constitution and the laws of England and Wales.

9. Arrangements

THC Limited knows of no arrangement in place, the operation of which would result in a change of control of THC Limited.

BUSINESS OF THC LIMITED

THC Limited is a private company limited by shares, registered in England and Wales, registered number 09826810 and registered office at 5 Brooklands Place, Brooklands Road, Sale, Cheshire, M33 3SD.

THC Limited was formerly known as Tristone Healthcare PLC, before it was re-registered from a PLC to a limited company, changing its name to Tristone Healthcare Limited on 25 April 2018.

The information appearing under “BUSINESS OF THC LIMITED” has been provided to the Issuer by the directors of THC Limited - Yannis Loucopoulos (who is also a director of the Issuer), Phil Ledgard, Robert Finney and Chris Elliott. The information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by THC Limited, no facts have been omitted which would render the reproduced information inaccurate or misleading.

1. Introduction

THC Limited will use the proceeds of the Loan to invest in healthcare projects in the United Kingdom and Ireland that meet the Eligibility Criteria as well as for general working capital including reasonable operating costs.

2. Investment Policy

It is the intention of the Directors that, for so long as it remains prudent to do so, THC Limited’s investment policy will be to invest in certain healthcare businesses or companies, principally based in the UK and the Ireland, where the management team has previous experience within the sector. It is the intention of the THC Limited Directors that THC Limited will source investments that have the potential to generate strong cash flows, profits and investment growth. It is intended that the cash flows generated from these investments will be used to pay the interest and repay the principal on the Loan.

3. Corporate Structure

The issued share capital of THC Limited comprises 50,000 ordinary shares of £1.00 par value which are owned by Tristone Capital Limited a company who has as one if its ultimate beneficial owners, Yannis Loucopoulos, who is a director and sole shareholder of the Issuer. It is envisaged that each investment made by THC Limited will be made directly into a separate project company, although this may not always be the case.

4. Business Strategy

The primary investment strategy of THC Limited is to focus on sourcing investments in businesses in the UK and the Republic of Ireland that have the potential to generate strong cash flows, profits and investment growth.

THC Limited is capitalising on the social care sectors’ fragmented marketplace by acquiring sub-scale businesses, at low multiples of earnings, and benefiting from multiple arbitrage achieved through long-term expansion via organic growth initiatives.

THC Limited is committed to the acquisition and growth of social care companies which:

- Provide the highest levels of care and support
- Have demonstrated consistent profitability
- Have demonstrated consistent and strong operational cash flows
- Have quality management teams in place
- Have a strong asset base (primarily property although not limited to this)

- Have good relationships with Local Authorities

THC Limited is acquiring and growing a portfolio of social care companies that have these characteristics.

THC looks to double the earnings of its portfolio companies within 5 years from acquisition or investment.

This will be achieved through a number of growth and cost saving initiatives including:

1. Increasing the number of facilities operated and thereby servicing more clients;
2. Broaden the services delivered locally using skills available from other THC Limited businesses;
3. Looking for operational efficiencies in the business model;
4. Where possible reducing the use of agency staff and ensuring all staff are employed by the company;
5. Grow beyond the business's existing commissioning frameworks and starting to offer spot placements to other geographical regions with a view to applying for more tenders;
6. Where possible implementing effective marketing and sales campaigns that have proven effective in other portfolio businesses.

With strong operational, financial and compliance know-how, THC Limited is well placed to become a leading provider of social care in the UK.

4.1. THC Limited Point of View

THC Limited's higher purpose is to provide safe, essential care, while enriching lives through education, for vulnerable children, young people and adults.

The world we live in is a complex place full of promise and potential in which everyone has recognised rights to live a good life. Here, now, in the UK, this is sadly not always fulfilled, and those rights are too often broken.

Whatever challenges children are faced with in early life, and however the world's complexity presents a risk to people's enjoyment of life in adulthood, everybody is entitled to lead healthy, happy, and fulfilling lives that positively contribute to the world around them. Everyone deserves a safe and caring environment in which to achieve that.

Everyone that needs such help should be fully engaged in their own care and support, and their voices should help shape the support they receive and the organisational culture around them. Everyone within this community should be motivated and proud of the team they work with. Leadership in this respect is about uncompromising standards on behalf of the vulnerable individual whilst always promoting the development and growth of our people in a rewarding career.

THC Limited believes that helping people fulfil their potential is something always worth investing in. Sustainable commercial success really can align with powerful society impact and positive change for everyone. Delivering outstanding returns and outcomes for everyone involved is the method to achieve that. Strong principles of excellence, decency, sincerity, collaboration and creativity are the behaviours that will underpin our work.

4.2. THC Limited Vision

To know that the Tristone Healthcare group always delivers outstanding social care, through compassion for the vulnerable individual, enriching development for our people, and uncompromising standards for our customers, and does this whilst delivering excellent commercial returns for our investors.

4.3. THC Limited Mission

- To acquire and build successful social care companies with existing quality management teams in place who, where possible, can continue to run the businesses.
- To help unlock business potential with expert management support and financing.
- To increase returns for all stakeholders.
- To deliver positive social change through the alignment of commercial returns with social impact.

THC Limited achieves this with considered acquisitions using sector specific strategic, financial and legal expertise and by creating supportive and close relationships with management and shareholders.

4.4. THC Limited Investment Process

All investment proposals will be submitted for consideration by the Board, who will undertake a process of evaluation and review each investment proposal and business plan, and appropriate levels of due diligence will then be carried out on each investment, including on the projected financial forecasts, to ensure the project's ability to service an investment by THC Limited satisfactorily. If the Board decides to proceed with a proposed investment, financial forecasts will be prepared by the project team, and reviewed by the Board, to demonstrate the investment's ability to meet THC Limited's Eligibility Criteria which includes an ability to make repayments on any loans advanced. Each investment will be structured in the most appropriate commercial and tax efficient manner, which may be by debt and interest, equity and dividend financial investment, or a mixture of all. For each investment decision external taxation advice will be sought where appropriate.

THC Limited will allocate the proceeds of the Notes to its investments according to the business proposals put forward and agreed by the THC Limited Directors. The funds will be allocated on the basis that the target investments will provide a return that enables THC Limited to fund the interest and principal payments under the Loan, as well as covering its running costs.

The THC Limited Directors have significant experience in the provision of healthcare services to UK and European businesses. THC Limited is dependent upon the success of its investment strategies to generate revenue, cash flow, profits and/or increase capital value in order to fund the interest and principal payments on the Loan.

The strategies to control and mitigate the investment and operational risks include:

- a requirement for an independent assessment and evaluation of the target project/acquisition to ensure that its profits and/or capital value can support the repayment of the note coupon and principal;

- targeting companies and/or project management teams with strong historical trading records;
- a security package comprising of asset specific security, share capital and/or floating charges;
- a requirement for the project to have planning permission in place (if required); and
- a requirement for the project to use existing well-established contractors who have a proven track record in their area of expertise.

| | |
|-------------------------------------|---|
| Step 1. Origination | <ul style="list-style-type: none"> • Identification of healthcare investment opportunities, by THC Limited Directors, that meet the Eligibility Criteria. |
| Step 2. Initial Screening | <ul style="list-style-type: none"> • Eliminate assets/projects unlikely to pass investment approval (too much leverage, overly structured, under-performing, lack of experience in management team, no planning permission, risky technology). • Identify strong opportunities for inclusion in shortlist for credit analysis. |
| Step 3. Detailed analysis | <ul style="list-style-type: none"> • High level financial and commercial due diligence undertaken by commercial consultants. • Site visits and meetings with management as appropriate. • Run internal analysis models if applicable. • Determine risk characteristics, expected loss given default, risk factors and mitigating factors. • Ensure no diversification, concentration or other limits are broken. |
| Step 4. Investment Committee | <ul style="list-style-type: none"> • Presentation to THC Limited investment committee which shall comprise the THC Limited Directors together with any external advisers as the THC Limited Directors may deem necessary from time to time, extensive Q&A. Full analysis reviewed. • Credit characteristics combined with valuation/yield analysis. |

| | |
|--|--|
| | <ul style="list-style-type: none"> • Investment decision made. |
| Step 5. Offer & Due Diligence | <ul style="list-style-type: none"> • Submit formal offer including how the acquisition/financing is intended to be funded, diligence requirements, target timetable to completion. • Perform financial, commercial, legal and tax due diligence. |
| Step 6. Investment | <ul style="list-style-type: none"> • Final presentation to investment committee for formal approval. • Finalise of due diligence. • Finalise legal documentation. • Investment made. |

5. Social Care Market

The social care market continues to attract serious interest from investors of all hues, including private equity and venture capitalists¹. As the statistics below show there still remains scope for private companies to assist and work in partnership with local authorities, where providers can deliver in line with the objectives of high quality and value for money.

Total revenue expenditure by all local authorities in England is budgeted to be £95.9 billion in 2018-19. This is 1.6% higher than the £94.5 billion budgeted for 2017-18.²

Expenditure on services totaled £92.6 billion. This is £1.6bn (1.8%) higher than the £91.0 billion budgeted for 2017-18.

The largest increases in expenditure within this change are:

- Children's social care: £8.6bn budgeted in 2018-19, up £542 million (6.8%) compared to 2017-18 budget.
- Adult social care: £16.1bn budgeted in 2018-19, up £496 million (3.2%) compared to 2017-18 budget.
- Education: £33.9bn budgeted in 2018-19, up £520m (1.6%) compared to 2017-18 budget.

With social care budgets rising and the demand for specialised adult and children's services outstripping supply, the THC Limited Directors believe that the THC Limited presents an opportunity to invest into a growing sector with Local Authority derived revenue streams.

As the statistics below show, this is coupled with an increasing demand for social care services.

¹ <http://bigissueinvest.com/funds/social-enterprise/>

²

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/720336/RA_Budget_2018-19_Statistical_Release.pdf

5.1 Children's Care

Children's social care expenditure is up overall by £542m (+6.8%) to £8.6 billion in 2018-19. The largest changes within this are from expenditure on:

- i. looked after children of £4.2bn, up by £350m (9.1%) compared to 2017-18 budget, and
- ii. safeguarding of children of £2.0bn, up by £128m (6.7%) compared to the 2017-18 budget.

The number of looked after children continues to increase; it has increased steadily over the last nine years. At 31 March 2018, there were 75,420 looked after children in England, up 4% on 31 March 2017.

Both the number of children starting to be looked after and the number ceasing to be looked after fell; 32,050 children started to be looked after (down 3% on last year) and 29,860 ceased to be looked after (down 5%).

Most looked after children are accommodated in foster placements. 55,200 (73%) children looked after at 31 March 2018 were in foster placements, an increase in numbers from 53,010 in 2017, but similar proportions to previous years.

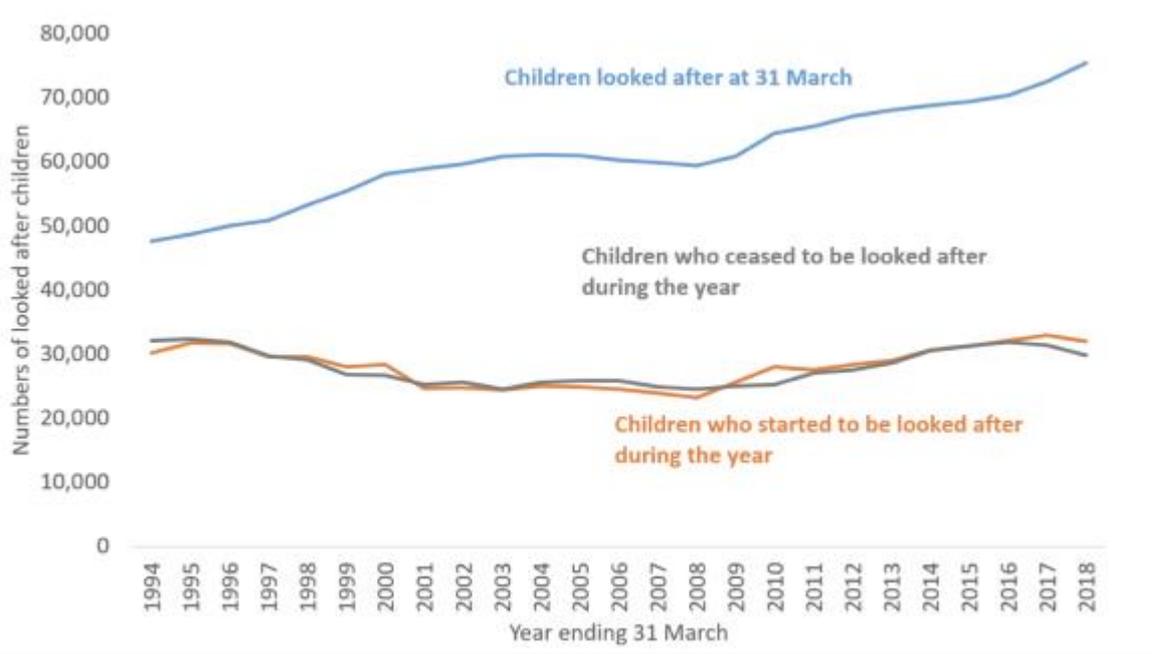
11% of children looked after are placed in secure units, children homes and semi-independent living arrangements and 6% are placed with parents.³

The provision of Looked-After Children placements is a statutory duty of Local Authorities and therefore it is not subject to the same financial pressures as other non-statutory departments within Local Authorities (i.e. Elderly Care). These budgets are ring-fenced and cannot be cut.

3

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/757922/Children_looked_after_in_England_2018_Text_revised.pdf

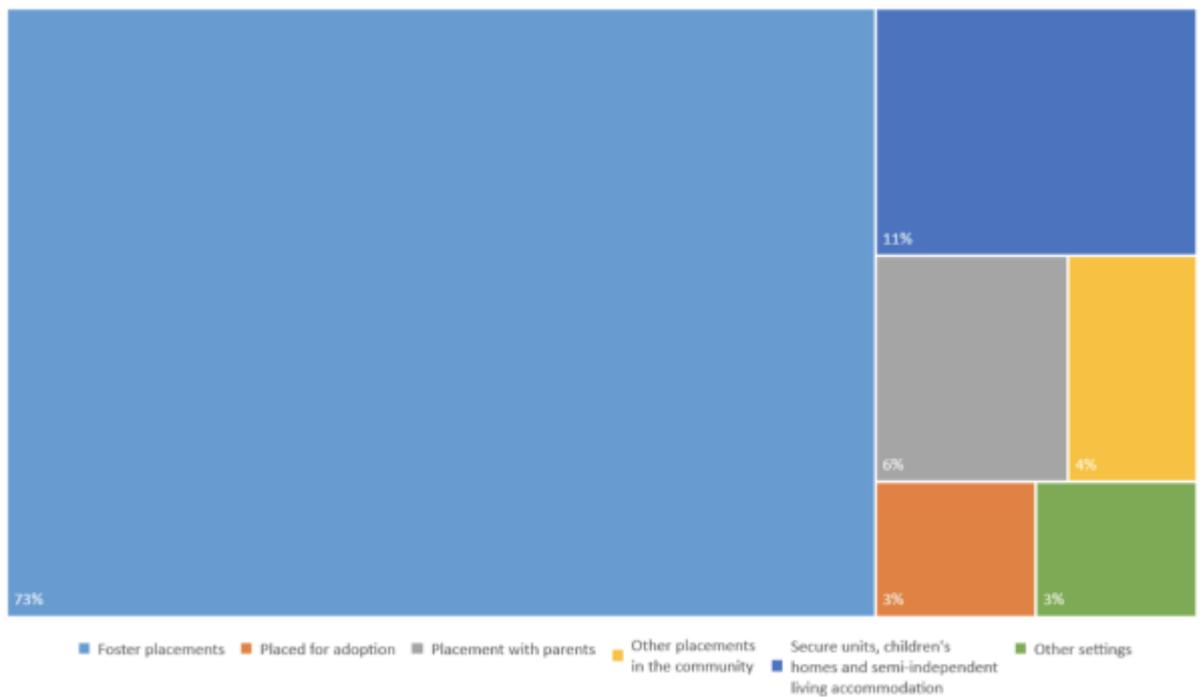
Number of children starting and ceasing to be looked after in England, from the year ending 31 March 1994 to 2018



Most looked after children are accommodated in foster placements. 55,200 (73%) children looked after at 31 March 2018 were in foster placements, an increase in numbers from 53,010 in 2017, but similar proportions to previous years. An increasing proportion of those children in foster care have been placed with relative or friends, up steadily from 14% in 2014 to 18% in 2018.

11% of children looked after are placed in secure units, children homes and semi-independent living arrangements and 6% are placed with parents.

Proportions of looked after children by placement type in England, 31 March 2018



5.1.1 *Children's Homes*

Children's homes fulfil a number of purposes and cater for a range of children's needs, from late entrant adolescents with challenging behaviour, who have spent long periods of time out of school and may quickly return to their family, to young people at risk of CSE (child sexual exploitation), children and teenagers with complex mental health problems, and respite provision for disabled children.

The private sector provides the majority of children's homes and places. A third of local authorities do not have a local authority run children's home. The market is made up mainly of small, predominantly private providers and the DfE data does not suggest market dominance by any one provider as the top 11 providers (those with more than 15 homes) make up only 24% of the homes.⁴

Children's homes of all types account for three-quarters of all social care providers in England, the same proportion as in the previous year. There were 2,209 children's homes, of all types, at 31 March 2018. This was an increase of 64 children's homes (3%, similar to the previous year's increase) from the figure at the same time last year (2,145).

While the number of all children's homes continues to rise overall, there is a variation within the sectors. The number of privately-owned homes has increased year on year (now 1,610 or 73%). However, the number of LA-run homes continues to fall, and currently 423 homes (19%) are run by LAs, which means more children's homes are owned by organisations that are run for profit. The number of

⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/556331/SFR41_2016_Text.pdf

homes run by voluntary organisations (165 or 7%) remains stable as does the number of Secured Children's Homes (11).

The number of children's homes run by LAs fell for the third consecutive year in 2018, by 3%. From 2016 to 2017, it fell by 4%, and 5% in the year before. As at 31 March 2018 there were 44 LAs (29%) in England that did not run any children's home in their area. Despite the falling national numbers, during 2017 to 2018 6 LAs had increased the number of homes they ran.

Local authorities consistently report that there are not enough children's homes places to meet demand and their own internal provision is ever diminishing.

More children's homes offered 3 or 4 beds than any other size. These accounted for 44% of children's homes in England as at 31 March 2018. Forty-five per cent (91 out of 204) of newly registered children's homes in 2017 to 2018 were registered for 3 or 4 beds.⁵

5.1.2 Foster Care

Fostering – people taking children into their homes and looking after them, permanently or temporarily, has always been with us. But in the United Kingdom it has only enjoyed legal status since 1926. Fostering now takes many forms and its use has grown significantly as the use of children's homes has reduced. The vast majority of children in care - about 75% - are fostered, and local authorities spend £1.70 billion during 2016-17 in doing so. On 31 March 2017 there were 53,420 children in foster care and during that year there were about 78,000 placements (as some children changed foster home). Most of the children in care in England, and most of those fostered, are there because they have suffered abuse or neglect (about 65%). A further 15% are in care as a result of family dysfunction.⁶

Demand

There is clear evidence of an increasing demand. For a range of complex socio-political reasons, the number of looked after children in England continues to rise, fostering continues to be the placement type of choice and Local Authorities ("LAs") are purchasing more and more fostering capacity from the wider marketplace outside their own 'in-house' services.⁷

At 31 March 2017, there were 53,420 children in foster placements, up from 50,560 in 2013.⁸

Increasing use of Independent Fostering Agencies (IFAs)

Local Authorities act as both provider and commissioner of fostering placements. Local authorities in England place about 66% of children in placements they

⁵ <https://www.gov.uk/government/publications/childrens-social-care-data-in-england-2018/childrens-social-care-data-in-england-2017-to-2018-main-findings>

⁶

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/679320/Foster_Care_in_England_Review.pdf

⁷ <http://www.baaf.org.uk/res/statengland>

⁸

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/664995/SFR5_0_2017-Children_looked_after_in_England.pdf

manage directly and place the remaining third in placements provided by IFAs which mainly operate in the private sector.⁹

The data is clear that there is a rising demand for fostering placements from the independent sector. The number of children placed in the independent sector continues to increase year on year and now represents about a third of all foster placements.

Supply

The vast majority of the 152 LAs have their own in-house Fostering Service.

The number of Independent Fostering Agencies (IFAs) grew rapidly in the 1990's but has remained relatively static during the last few years with 300 IFAs being registered as of 31st March 2015¹⁰.

5.2 Adult Care

Adult social care comprises personal care and practical support for adults with physical disabilities, learning disabilities, or physical or mental illnesses, as well as support for their carers. The government's objectives are to enhance adults' quality of life, delay and reduce the need for care, ensure positive care experiences, and safeguard adults from harm.

Local authorities provide a range of universal and preventative services, many of which are available without assessment of need. LAs typically only pay for individual packages of care for adults assessed as having high needs and limited means. They commission most care from the private and voluntary sectors, with home care and care homes the most common services.

The total value of adult care arranged by local authorities in 2016-17 was £16.9 billion. Local authorities fund the care they arrange primarily from three sources:

- council tax, government grants and business rates;
- user contributions: social care is means-tested with some users paying contributions towards their care; and
- income from the NHS and other joint arrangements: local authorities cannot lawfully commission services that are clearly the responsibility of the NHS, for example nursing care needed for health reasons. Where this is the case local authorities will receive income from the NHS to cover the cost of meeting those needs they do not have a duty to meet.

In 2016-17, estimated privately bought care by self-funders without local authority involvement amounted to £10.9 billion.

In 2016-17, 43% of local authority spend on main services was used to fund adult social care, double that of children's social care (21%) and more than 10 times spend on housing services (4%).¹¹

Adults are cared for in two main ways: either informally by family, friends or neighbours

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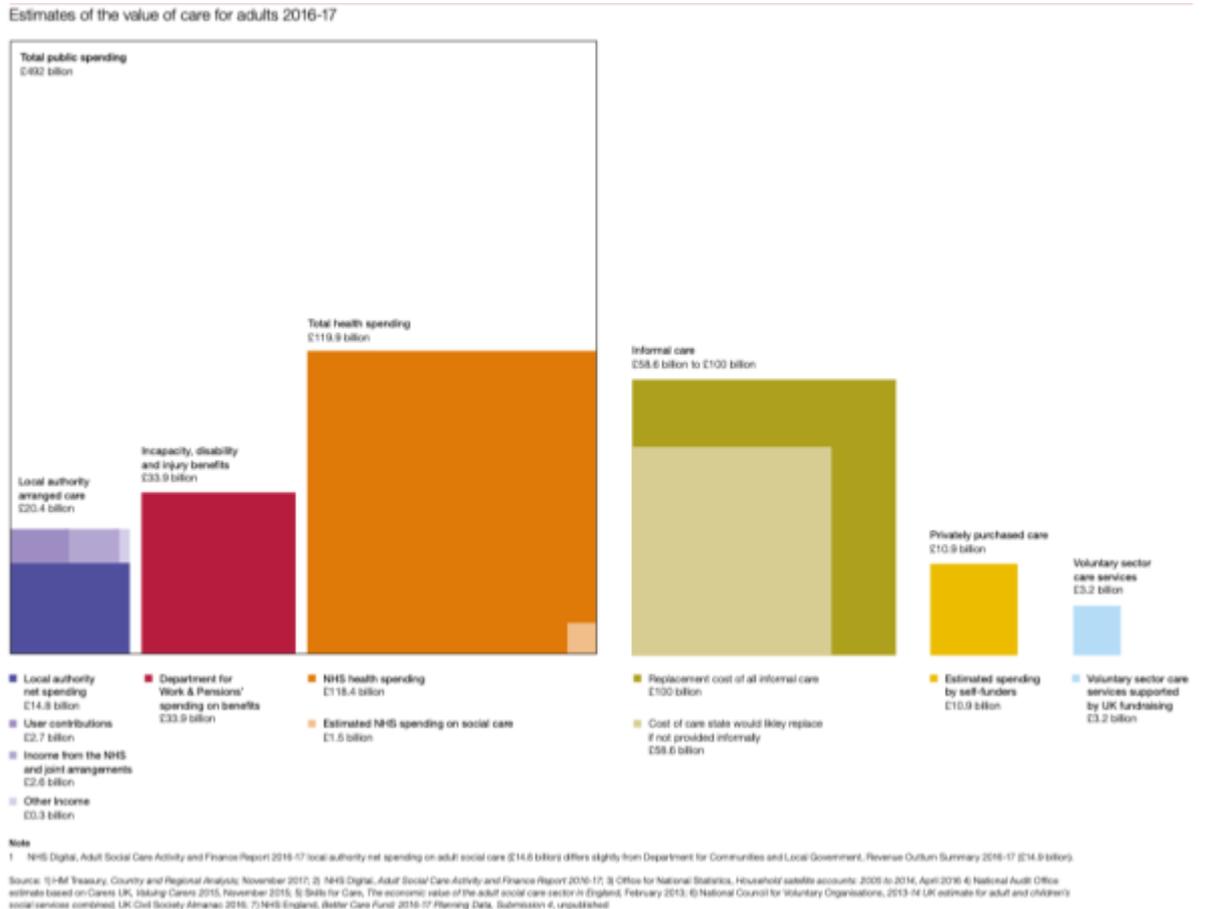
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10

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/522126/Fostering_in_England_2014-15.pdf

11 <https://www.nao.org.uk/wp-content/uploads/2018/07/Adult-social-care-at-a-glance.pdf>

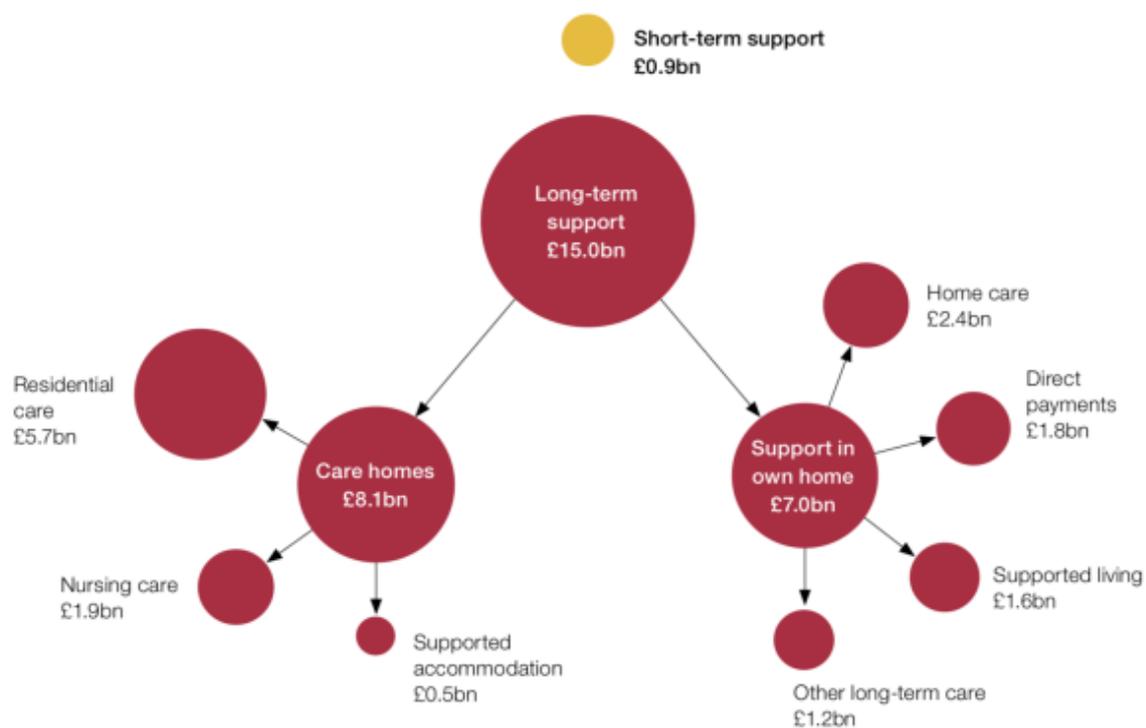
without payment, or formally through services they or their local authority pay for. Some voluntary organisations provide free formal services. The diagram below compares these parts of the care system with health and welfare services.



THC Limited will be focused predominantly on the local authority arranged care, recent statistics of which are further detailed below.

The value and types of short- and long-term support arranged by local authorities during 2016-17 are exhibited below:¹²

¹² <https://www.nao.org.uk/wp-content/uploads/2018/07/Adult-social-care-at-a-glance.pdf>



ELIGIBILITY CRITERIA

Projects will be originated and/or sourced by the THC Limited Directors out of projects that meet the Eligibility Criteria (which are detailed in Schedule 2 to the Loan Agreement).

The Issuer will only invest in projects that are located within the UK or Ireland and fall into one of the following categories:

- Registered children’s homes.
- Specialist care facilities.
- Specialist education facilities.
- Fostering services.
- Adult care facilities.
- Social care training companies.

In addition, to ensure adequate flow of funds to meet obligations to Noteholders, only investments that are able to generate appropriate levels and timing of returns to the Company will be considered by the Board.

THC Limited has a number of key investment criteria including but not limited to:

- *Track Record* – the business should have been operating profitably for a number of years
- *Strong Operational Cashflows*

- *Quality* – the business should have over 75% of its facilities rated as “high quality” under its relevant regulatory framework
- *Management Team* – the business should have an experienced management team
- *Strong Relationships* with Local Authorities and Staff
- *Strong Asset Base* – often property based but this does not always have to be the case
- *Revenue* - over 50% of revenue is generated from government subsidies

Project Security

Security for projects in to which THC Limited will invest (with the exception of subscriptions for equity capital) will consist of a floating charge over the entire assets of the project company and shall be governed by the laws of England and Wales, or of Ireland, as appropriate in each instance. The monies invested by THC Limited may sit alongside institutional debt in effect acting as subordinated debt. This means that any security granted to THC Limited will likely be subject to a prior ranking charge. THC Limited will ensure that appropriate inter creditor agreements are entered into with any senior lender prior to making an investment into a project to ensure that the Issuer has sufficient, and robust, security in place over the funds that it will advance. Given the nature of equity investments it will not be possible to secure them in this way and such investments will be unsecured.

Furthermore, investments will be selected against criteria that indicates that they will be cash generative and be geared/have a capability of repaying any loans advanced by THC Limited. THC Limited will ensure that the terms of monies advance by it to any borrower are such that they will ensure the repayment of interest and principal to Noteholders pursuant to the Terms and Conditions. Revenues of borrowing businesses are derived from Local Authority contracts and private placement contracts.

FINANCIAL INFORMATION ON TRISTONE HEALTHCARE LIMITED (“THC LIMITED”)

The financial information in respect of THC Limited (formerly known as THC PLC) as provided by the directors of THC Limited (Yannis Loucopoulos, who is also a director of the Issuer, Phil Ledgard, Robert Finney and Chris Elliott) for the financial year ending 31 December 2018 is set out below. This financial information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by THC Limited, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The financial information is NOT prepared in accordance with international accounting standards adopted pursuant to Article 3 of Regulation (EC) 1606/2002.

The reason the said Financial Information has been included in this Prospectus is by virtue of the fact that THC Limited is the borrower under the Loan Agreement.

TRISTONE HEALTHCARE LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

TRISTONE HEALTHCARE LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2018**

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TRISTONE HEALTHCARE LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

DIRECTORS: Y A Loucopoulos
C Elliott
R Finney
P N Ledgard

SECRETARY: P N Ledgard

REGISTERED OFFICE: 5 Brooklands Place
Brooklands Road
Sale
Cheshire
M33 3SD

REGISTERED NUMBER: 09826810 (England and Wales)

SENIOR STATUTORY AUDITOR: Sue Harris

AUDITORS: Champion Accountants LLP
2nd Floor
Refuge House
33-37 Watergate Row
Chester
CH1 2LE

TRISTONE HEALTHCARE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their strategic report for the year ended 31 December 2018.

REVIEW OF BUSINESS

The company has been set up to invest, by way of corporate loans, in projects and businesses in the social care sector. The funds to invest are raised by the issuance of corporate bonds and from borrowings from an associated company, Tristone Healthcare Bond DAC which has successfully listed a bond on the Main Market of the Cyprus Stock Exchange.

The principal activities in 2018 were the continued raising of funds by Tristone Healthcare Bond DAC corporate bond, totalling £1,196,000 by 31 December 2018, of which £1,041,516 had been loaned to Tristone Healthcare Limited, to begin the process of identifying and acquiring social care sector businesses. The company is committed to the acquisition and growth of social care companies which:

- Provide the highest levels of care and support;
- Have demonstrated consistent profitability;
- Have demonstrated consistent and strong operational cash flows;
- Have quality management teams in place;
- Have a strong asset base (primarily property although not limited to this); and
- Have good relationships with Local Authorities.

The company had signed Heads of Terms with one such business in 2018 and due diligence was well advanced by 31 December 2018. See subsequent events below for more information.

The company then looks to grow the businesses acquired and this will be achieved through a number of growth and cost saving initiatives including:

- Increasing the number of facilities operated and thereby servicing more clients;
- Broaden the services delivered locally using skills available from other THC Limited businesses;
- Looking for operational efficiencies in the business model;
- Where possible reducing the use of agency staff and ensuring all staff are employed by the company;
- Grow beyond the business's existing commissioning frameworks and starting to offer spot placements to other geographical regions with a view to applying for more tenders; and
- Where possible implementing effective marketing and sales campaigns that have proven effective in other portfolio businesses.

In addition to these acquisition related activities, Consulting services continued throughout the year to CFS Care Limited.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks faced by the company are that it will not be able to identify sufficient, high-quality lending opportunities to deploy the capital raised through bond issuance or be able to recover loans once opportunities have been identified and entered into and thereby will not be able to meet its obligations to bondholders.

DEVELOPMENT AND PERFORMANCE

During the period, the business continued to develop detailed plans and systems that accompany the business' objective. The management team was strengthened during the year, and with strong operational, financial and compliance know-how, the Directors believe that the Company is well placed to become a leading provider of social care in the UK.

During the period, the revenues of £96,000 (2017: £24,000) from consulting services represented 17.8% (2017: 13.5%) of the costs incurred by the Company during the same period, and this gave rise to an operating loss of £443,559 (2017: £153,253) for the period.

The coupon on the bonds issued prior to 31 December 2018 was paid on time.

TRISTONE HEALTHCARE LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

KEY PERFORMANCE INDICATORS

The key performance indicators of the business is the proportion of funds deployed and:

- Earning interest and monitoring fees
- Earning management fees from acquired companies
- Equity appreciation.

These ultimately govern the company's ability to service the bond interest.

Other performance indicators include performance of the loans against their terms, for example the timely payment of interest by borrowers and the performance of borrowers to enable their ultimate repayment of loans.

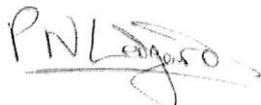
POST REPORTING DATE EVENTS

During the period since 31 December 2018, the Company has continued to identify acquisition opportunities and has signed Heads of Terms with two further businesses and due diligence work has commenced. The businesses with whom Heads of Terms were signed before 31 December 2018 nears the end of the deal work and completion of that acquisition is anticipated during the remainder of 2019.

In addition, Tristone Healthcare Bond DAC raised an additional £718,000 of Bonds, of which £698,000 has been loaned to Tristone Healthcare Limited, at an interest rate of 10.5%. These Bonds are repayable on 31 December 2027.

Furthermore, a second contract for Consulting Services has been won. The Company will provide services to Juventas Services Ltd worth £30,000 per annum.

ON BEHALF OF THE BOARD:



.....
P N Ledgard - Director

Date: 13 August 2019

TRISTONE HEALTHCARE LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2018.

EVENTS SINCE THE END OF THE YEAR

Post year end, Tristone Healthcare Bond DAC has raised an additional £718,000 of Bonds, of which £698,000 has been loaned to Tristone Healthcare Limited, at an interest rate of 10.5%. These Bonds are repayable on 31 December 2027.

DIRECTORS

Y A Loucopoulos has held office during the whole of the period from 1 January 2018 to the date of this report.

Other changes in directors holding office are as follows:

S E Sacerdoti - resigned 1 September 2018
C Elliott - appointed 1 September 2018
R Finney - appointed 18 July 2018
P N Ledgard - appointed 16 November 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

TRISTONE HEALTHCARE LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2018**

AUDITORS

The auditors, Champion Accountants LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'P N Ledgard', with a horizontal line drawn underneath it.

.....
P N Ledgard - Director

Date: 13 August 2019

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
TRISTONE HEALTHCARE LIMITED
Year ended 31 December 2018**

Opinion

We have audited the financial statements of Tristone Healthcare Limited (the 'company') for the year ended 31 December 2018 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We draw your attention to note 2 (Accounting Policies: Going Concern) in the financial statements, which indicates that the company is reliant on funding provided by Tristone Healthcare Bond DAC, a company under common control, raised via corporate bonds listed on the Cyprus Stock Exchange. At the year end the company has net liabilities of £1,036,800, which include £1,041,516 of bonds due for repayment in December 2027 and £115,877 due to companies owned by the directors. These conditions, together with other matters set out in note 2 indicate that a material uncertainty exists which may cast significant doubt on the ability of the company to continue as a going concern. Our opinion is not modified in this respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
TRISTONE HEALTHCARE LIMITED
Year ended 31 December 2018**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Champion Accountants LLP

Susan Harris MA ACA (Senior Statutory Auditor)
For and on behalf of Champion Accountants LLP (Statutory Auditor) 2nd Floor
Refuge House
33-37 Watergate Row
Chester
CH1 2LE

Date:13 August 2019.....

TRISTONE HEALTHCARE LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | Notes | 2018 £ | 2017 £ |
|---------------------------------------|-------|------------------|------------------|
| TURNOVER | | 96,000 | 24,000 |
| Administrative expenses | | <u>539,559</u> | <u>177,253</u> |
| OPERATING LOSS | 5 | (443,559) | (153,253) |
| Interest payable and similar expenses | 6 | <u>97,837</u> | <u>28,000</u> |
| LOSS BEFORE TAXATION | | (541,396) | (181,253) |
| Tax on loss | 7 | <u>-</u> | <u>-</u> |
| LOSS FOR THE FINANCIAL YEAR | | <u>(541,396)</u> | <u>(181,253)</u> |

The notes form part of these financial statements

TRISTONE HEALTHCARE LIMITED (REGISTERED NUMBER: 09826810)

BALANCE SHEET
31 DECEMBER 2018

| | Notes | 2018 £ | 2017 £ |
|--|-------|--------------------|------------------|
| FIXED ASSETS | | | |
| Tangible assets | 8 | 1,088 | - |
| CURRENT ASSETS | | | |
| Debtors | 9 | 102,298 | 32,618 |
| Cash at bank | | <u>60,277</u> | <u>34,705</u> |
| | | 162,575 | 67,323 |
| CREDITORS | | | |
| Amounts falling due within one year | 10 | <u>158,947</u> | <u>166,727</u> |
| NET CURRENT ASSETS/(LIABILITIES) | | <u>3,628</u> | <u>(99,404)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 4,716 | (99,404) |
| CREDITORS | | | |
| Amounts falling due after more than one year | 11 | <u>1,041,516</u> | <u>400,000</u> |
| NET LIABILITIES | | <u>(1,036,800)</u> | <u>(499,404)</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 14 | 54,000 | 50,000 |
| Retained earnings | 15 | <u>(1,090,800)</u> | <u>(549,404)</u> |
| SHAREHOLDERS' FUNDS | | <u>(1,036,800)</u> | <u>(499,404)</u> |

The financial statements were approved by the Board of Directors on 13 August 2019 and were signed on its behalf by:



.....
P N Ledgard - Director

The notes form part of these financial statements

TRISTONE HEALTHCARE LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

| | Called up share capital £ | Retained earnings £ | Total equity £ |
|------------------------------------|------------------------------------|---------------------------|----------------------|
| Balance at 1 January 2017 | 50,000 | (368,151) | (318,151) |
| Changes in equity | | | |
| Total comprehensive income | <u>-</u> | <u>(181,253)</u> | <u>(181,253)</u> |
| Balance at 31 December 2017 | <u>50,000</u> | <u>(549,404)</u> | <u>(499,404)</u> |
| Changes in equity | | | |
| Issue of share capital | 4,000 | - | 4,000 |
| Total comprehensive income | <u>-</u> | <u>(541,396)</u> | <u>(541,396)</u> |
| Balance at 31 December 2018 | <u>54,000</u> | <u>(1,090,800)</u> | <u>(1,036,800)</u> |

The notes form part of these financial statements

TRISTONE HEALTHCARE LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | Notes | 2018 £ | 2017 £ |
|---|-------|----------------------|----------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | (516,920) | (49,799) |
| Interest paid | | <u>(97,837)</u> | <u>(28,001)</u> |
| Net cash from operating activities | | <u>(614,757)</u> | <u>(77,800)</u> |
| Cash flows from investing activities | | | |
| Purchase of tangible fixed assets | | <u>(1,187)</u> | <u>-</u> |
| Net cash from investing activities | | <u>(1,187)</u> | <u>-</u> |
| Cash flows from financing activities | | | |
| New loans in year | | 641,516 | - |
| Share issue | | <u>-</u> | <u>37,500</u> |
| Net cash from financing activities | | <u>641,516</u> | <u>37,500</u> |
| Increase/(decrease) in cash and cash equivalents | | | |
| Cash and cash equivalents at beginning of year | 2 | <u>34,705</u> | <u>75,005</u> |
| Cash and cash equivalents at end of year | 2 | <u><u>60,277</u></u> | <u><u>34,705</u></u> |

The notes form part of these financial statements

TRISTONE HEALTHCARE LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

| | 2018 | 2017 |
|--|-------------------------|------------------------|
| | £ | £ |
| Loss before taxation | (541,396) | (181,253) |
| Depreciation charges | 99 | - |
| Finance costs | <u>97,837</u> | <u>28,000</u> |
| | (443,460) | (153,253) |
| Increase in trade and other debtors | (65,680) | (5,723) |
| (Decrease)/increase in trade and other creditors | <u>(7,780)</u> | <u>109,177</u> |
| Cash generated from operations | <u><u>(516,920)</u></u> | <u><u>(49,799)</u></u> |

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2018

| | 31/12/18 | 1/1/18 |
|---------------------------|---------------|---------------|
| | £ | £ |
| Cash and cash equivalents | <u>60,277</u> | <u>34,705</u> |

Year ended 31 December 2017

| | 31/12/17 | 1/1/17 |
|---------------------------|---------------|---------------|
| | £ | £ |
| Cash and cash equivalents | <u>34,705</u> | <u>75,005</u> |

The notes form part of these financial statements

TRISTONE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. STATUTORY INFORMATION

Tristone Healthcare Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

Going concern

At the year end the company had net liabilities of £1,036,800 (2017: net liabilities of £499,404).

Whilst losses in the year to 31 December 2018 grew to £541,396 (2017: £181,253), this actually represented increased activity as the company implements its business plan. It is anticipated that the company will improve its performance in the foreseeable future as it uses the funding provided to it, described below, to acquire trading subsidiary businesses and is able to charge management fees to those businesses.

During the year to 31 December 2018, and in the period since, the Company has continued to identify acquisition opportunities and has signed Heads of Terms with three businesses and due diligence work has commenced. The business with whom Heads of Terms were signed before 31 December 2018 nears the end of the deal work and completion of that acquisition is anticipated during the remainder of 2019.

In addition, in the period since 31 December 2018, Tristone Healthcare Bond DAC raised an additional £718,000 of Bonds, of which £698,000 has been loaned to Tristone Healthcare Limited, at an interest rate of 10.5%. These Bonds are repayable on 31 December 2027. The company also understands that through the continuing promotion of bonds listed on the Cyprus Stock Exchange by Tristone Healthcare Bond DAC, substantial further levels of bonds shall be subscribed for during the remaining part of 2019. The proceeds of these further issues will be lent to the company to continue to finance its activities.

Whilst these circumstances indicate that there remains a material uncertainty over the company's ability to continue as a going concern, the Directors continue to believe that the use of the going concern basis of accounting is appropriate on the basis of the actions described.

Turnover

The turnover is recognised at the fair value of the consideration received or receivable services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment - 33% on cost

continued...

2. ACCOUNTING POLICIES - continued

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial assets and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

continued...

TRISTONE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES - continued

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Compound instruments

The component parts of compound instruments issued by the company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

continued...

TRISTONE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

3. JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

4. EMPLOYEES AND DIRECTORS

| | 2018 | 2017 |
|-----------------------|----------------|--------------|
| | £ | £ |
| Wages and salaries | 104,915 | 7,923 |
| Social security costs | 13,324 | 862 |
| Other pension costs | 670 | - |
| | <u>118,909</u> | <u>8,785</u> |

The average number of employees during the year was as follows:

| | 2018 | 2017 |
|-----------|----------|----------|
| Directors | <u>3</u> | <u>3</u> |

| | 2018 | 2017 |
|-------------------------|----------------|--------------|
| | £ | £ |
| Directors' remuneration | <u>104,915</u> | <u>1,000</u> |

The remuneration is for the director who is also considered to be the key management personnel.

continued...

TRISTONE HEALTHCARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**

5. OPERATING LOSS

The operating loss is stated after charging:

| | 2018 | 2017 |
|-----------------------------|--------------|---------------|
| | £ | £ |
| Other operating leases | 14,243 | - |
| Depreciation - owned assets | 99 | - |
| Auditors' remuneration | <u>6,739</u> | <u>14,193</u> |

6. INTEREST PAYABLE AND SIMILAR EXPENSES

| | 2018 | 2017 |
|------------------|---------------|---------------|
| | £ | £ |
| Interest payable | <u>97,837</u> | <u>28,000</u> |

7. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 December 2018 nor for the year ended 31 December 2017.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

| | 2018 | 2017 |
|---|------------------|------------------|
| | £ | £ |
| Loss before tax | <u>(541,396)</u> | <u>(181,253)</u> |
| Loss multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.250%) | (102,865) | (34,891) |
| Effects of: Utilisation of tax losses | <u>102,865</u> | <u>34,891</u> |
| Total tax charge | <u>-</u> | <u>-</u> |

continued...

TRISTONE HEALTHCARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. TANGIBLE FIXED ASSETS

| | Computer equipment £ |
|-----------------------|----------------------------|
| COST | |
| Additions | <u>1,187</u> |
| At 31 December 2018 | <u>1,187</u> |
| DEPRECIATION | |
| Charge for year | <u>99</u> |
| At 31 December 2018 | <u>99</u> |
| NET BOOK VALUE | |
| At 31 December 2018 | <u><u>1,088</u></u> |

9. DEBTORS

| | 2018 £ | 2017 £ |
|---|----------------|---------------|
| Amounts falling due within one year: | | |
| Trade debtors | 9,600 | 8,000 |
| Other debtors | 71,256 | 11,464 |
| VAT | 5,750 | - |
| Called up share capital not paid | <u>4,000</u> | <u>-</u> |
| | <u>90,606</u> | <u>19,464</u> |
| Amounts falling due after more than one year: | | |
| Other debtors | <u>11,692</u> | <u>13,154</u> |
| Aggregate amounts | <u>102,298</u> | <u>32,618</u> |

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2018 £ | 2017 £ |
|---------------------------------|----------------|----------------|
| Trade creditors | 137,345 | 99,493 |
| Social security and other taxes | 7,561 | 3,120 |
| Other creditors | 954 | 27,114 |
| Accruals and deferred income | <u>13,087</u> | <u>37,000</u> |
| | <u>158,947</u> | <u>166,727</u> |

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2018 £ | 2017 £ |
|--------------------------|------------------|----------------|
| Debentures (see note 12) | <u>1,041,516</u> | <u>400,000</u> |

continued...

TRISTONE HEALTHCARE LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018****12. LOANS**

An analysis of the maturity of loans is given below:

| | 2018 £ | 2017 £ |
|--|------------------|----------------|
| Amounts falling due in more than five years: | | |
| Repayable otherwise than by instalments | | |
| Non-convertible loans 2026 | 400,000 | 400,000 |
| Non-convertible loans 2027 | <u>641,516</u> | <u>-</u> |
| | <u>1,041,516</u> | <u>400,000</u> |

Non-convertible loans 2026

The proceeds received from issue of bonds bear interest at the rate of 8% payable annually in arrears. These are 10 year fixed term bonds repayable on 31 December 2026. These bonds are secured against fixed and floating charges on all of the company's assets. The interest rate for these bonds was increased from 7% to 8% on 31 May 2018.

Non-convertible loans 2027

The proceeds received by way of loans from Tristone Healthcare DAC bear interest at the rate of 10.5% payable annually in arrears. This loan is fully repayable on 31 December 2027. These loans are secured against fixed and floating charges on all of the company's assets.

13. FINANCIAL INSTRUMENTS

Carrying amount of financial assets (debt instruments) measured at amortised costs amount to £102,298 (2017 : £32,618)

Carrying amount of financial liabilities measured at amortised costs amount to £1,200,463 (2017 : £566,727)

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 2018 £ | 2017 £ |
|---------|----------|----------------|---------------|---------------|
| 50,000 | Ordinary | £1 | <u>50,000</u> | <u>50,000</u> |

Allotted and issued:

| Number: | Class: | Nominal value: | 2018 £ | 2017 £ |
|---------|---------------------|----------------|--------------|-----------|
| 4,000 | Ordinary 'E' shares | £1 | <u>4,000</u> | <u>-</u> |

4,000 E Ordinary shares of £1 each were allotted at par during the year.

The £4,000 was unpaid at the year end.

continued...

TRISTONE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2018

15. RESERVES

| | Retained earnings £ |
|----------------------|---------------------------|
| At 1 January 2018 | (549,404) |
| Deficit for the year | <u>(541,396)</u> |
| At 31 December 2018 | <u>(1,090,800)</u> |

16. ULTIMATE CONTROLLING PARTY

The immediate parent undertaking is Tristone Capital Limited, a company incorporated in the United Kingdom, and its registered address is 5 Brooklands Place, Sale, M33 3SD.

The ultimate parent undertaking is YML Holdings Limited, a company incorporated in the United Kingdom, and its registered address is Repton Manor, Repton Avenue, Ashford, Kent, NT23 3GP.

The company is controlled by Y A Loucopoulos due to his majority shareholdings of the company.

17. RELATED PARTY DISCLOSURES

During the year, the company was charged fees totalling £194,950 (2017: £120,393) by companies with common directors. As at 31 December 2018, £115,877 (2017: £83,245) remain unpaid.

During the year, the company received loans of £641,516 (2017: £nil) from Tristone Healthcare Bond DAC, a company under common control. This loan is repayable 20 business days before 31 December 2027 and was advanced on a normal commercial basis. As at 31 December 2018, there was interest of £1,087 (2017: £nil) due on that loan balance.

Tristone Healthcare Bond DAC also owns Tristone Healthcare Limited 8% Secured Notes 2027 of £400,000. As at 31 December 2018, there was interest of £12,000 (2017: £28,000) due on that balance.

During the year, the company repaid an existing loan of £17,000, and then loaned £33,107 to Tristone Capital Limited, a company under common control. As at 31 December 2018, this had not been repaid. There is no interest on this loan and it is repayable on demand.

During the year, the company had no transactions with Tristone Green Energy Limited (2017: £816), a company under common control. As at 31 December 2018, the balance owed by Tristone Green Energy Limited to the company is £11,464 (2017: £11,464). No interest has been charged on this loan and it is repayable on demand.

During the year, the company loaned £26,685 (2017: £nil) to Adimus Limited, a company under common control. As at 31 December 2018, this had not been repaid. There is no interest on this loan and it is repayable on demand.

18. EVENTS AFTER THE REPORTING DATE

Post year end, Tristone Healthcare Bond DAC has raised an additional £718,000 of Bonds, of which £698,000 has been loaned to Tristone Healthcare Limited, at an interest rate of 10.5%. These Bonds are repayable on 31 December 2027..

BRIEF ANALYSIS ON THE FINANCIAL STATEMENTS OF THC LIMITED

The turnover figure in the profit & loss account of THC Limited represents the monthly service fees that it charges for providing strategic support services to two businesses in the social care sector.

Administrative expenses represent the administrative costs of running THC Limited, mainly representing employment costs, administrative costs recharged to THC Limited from its parent company Tristone Capital Limited, and professional fees from advisors.

Interest payable is the interest cost of the loan it receives from Tristone Healthcare DAC Bond (the opposite entry of the interest income of Tristone Healthcare DAC Bond).

The Debtors item principally comprises (i) Service fees charge invoices not yet paid under the management services agreement (see analysis of the turnover item, above), (ii) Amounts owed to THC Limited by related party companies, associate with the wider Tristone Capital group. The Directors anticipate all amounts to be settled within 12 months; and (iii) Net VAT position (sales taxes) under UK tax legislation.

The creditors item, under current assets, comprises normal working capital amounts owing to third parties, all representing costs incurred under the 'administrative expenses' item described above

Creditors under Non-current assets comprise two elements: (i) The £400,000 8% Secured Notes due to Tristone Healthcare Bond DAC on 31 December 2026, and (ii) The £641,000 loan due to Tristone Healthcare Bond DAC, due for repayment on 31 December and being charged at a rate of 10.5% annually until that time.

PARTIES TO THE TRANSACTION

The following table details the parties to the Transaction and their role and responsibilities in the Transaction. For further details on the role and responsibilities to be performed by each of the below listed parties more information can be found in the section of this Prospectus headed “BUSINESS OF THE ISSUER”:

| Name | Role/ responsibility within the Transaction | Regulatory status (if applicable) |
|--|--|---|
| Healys LLP | Solicitor to the Issuer in relation to the Admission as to English law; Legal advisors to the Issuer in England or Cyprus. | Regulated by the Solicitors Regulatory Authority of England and Wales |
| Templar Steele (Trust and Custody) Limited | Trustee | n/a |
| Avenir Registrars Limited | Registrar | n/a |
| Angelides, Ioannides, Leonidou LLC – LLPO Law Firm | Lawyers to the Issuer as to Cyprus Law | Regulated by the Cyprus Bar Association |
| OBH Partners | Solicitor to the Issuer in relation to the Trust Deed | Regulated by the Law Society of Ireland |

As noted in the table above Healys LLP has been engaged to perform two roles in the Transaction, UK acting as solicitors to the Issuer and as Legal advisors to the Issuer in England or Cyprus. Neither Healys LLP nor the Issuer, believe that this will create a situation in which a conflict of interest will arise.

In addition, the directors of Templar Steele (Trust and Custody) Limited are non-member partners of Healys LLP. Neither the Issuer, Templar Steele (Trust and Custody) Limited or Healys LLP believe that this will create a situation in which a conflict of interest will arise and independent legal advice in respect of the Trust Deed has been provided to the Issuer by OBH Partners.

Other than as disclosed in this Prospectus there are no conflicts of interest among the above listed parties to the transaction, or their related parties.

USE OF NET PROCEEDS

The Net Proceeds from the issue of the £1,091,000 Notes (1,091 Notes of par value £1,000) Notes that have already been issued, have been advanced to THC Limited pursuant to the terms of the Loan Agreement and will be utilised by THC Limited to operate its business and invest in the healthcare sector in the UK and the Republic of Ireland as more specifically described in the section of this Prospectus headed “**BUSINESS OF THC Limited**”.

The Net Proceeds of further Notes of up to £18,009,000 that are expected to be placed with qualified investors and issued will also be advanced to THC Limited pursuant to the terms of the Loan Agreement.

The total costs and expenses in relation to the production of this Prospectus payable by the Company are estimated to amount to approximately £28,000 (excluding VAT).

It is the Directors’ of THC Limited intention that THC Limited will be looking to invest the majority of Net Proceeds within 3 years with the intention of making in excess of ten investments over this period, building a diversified portfolio investing into healthcare projects.

THC Limited will look at investing in both the debt and equity of projects but will ensure that sufficient capital is deployed in debt or debt-type securities in order to generate appropriate income and cash flows to meet its repayment obligations under the Loan Agreement.

Since Admission the amount of £1,991,000 has been drawn down under the Loan and Loan Variation Agreements in accordance with the terms of those documents.

TERMS AND CONDITIONS OF THE NOTES (see also “**Details of the Notes**” above)

The Notes to which this Prospectus relates are of the same class as the £900,000 Secured Notes already admitted to trading on the CSE on 2nd March 2018.

The Notes are constituted by the Trust Deed (as amended or supplemented from time to time) by which the Issuer and the Trustee of the Notes (which expression shall include all persons for the time being the trustee or trustees in respect of the Notes under the Trust Deed) are bound. The board of directors of the Issuer have by a resolution dated 27 September 2017 resolved to issue up to £20,000,000 8.5% Secured Notes due 2027 on the terms and conditions set out herein and in the Trust Deed.

Since the aforementioned Board resolution:

- (i) Notes of £900,000 were issued and admitted to trading on the Corporate Bond Market of the CSE, through the Company’s prospectus that was published on 8 January 2018;
- (ii) Notes of £1,091,000 were placed with qualified investors and issued and will be admitted to trading on the same Market of the CSE, through the present Prospectus on approval of CSE for admission. These Notes are of the same class as the £900,000 Notes issued and already admitted on the Corporate Bond Market of the CSE;
- (iii) Further Notes of up to £18,009,000 will be placed with qualified investors, with the same terms and conditions as the Notes already placed and will be admitted to trading subject to a pertinent approval for Admission by the CSE.

Certain statements in the Prospectus are summaries of the detailed provisions appearing on the face of the Notes (which expression shall include the body thereof) or in these Terms and Conditions.

Copies of the Transaction Documents are available for inspection at the offices of the Healys LLP Legal advisors to the Issuer in England or Cyprus as specified in the Prospectus.

The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents.

The Issuer has not prescribed a time limit in the validity of claims to interest and repayment of principal.

As regards repayment procedures for the Notes, interest is payable on the interest payment dates and is made directly by the Company to noteholders, as described in the Terms and Conditions. The same applies to the principal repayment which will be made by the Issuer to the noteholders on maturity.

The Issuer has no reason to believe that the yield of the Notes will be different to the coupon rate of the Notes, i.e. 8.5% per annum.

1. Definitions and interpretation

The following words and expressions shall have the following meanings in these Terms and Conditions:

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|---------------------------------------|--|
| <i>Authorised Denomination</i> | means the denomination or denominations of such currency or currencies specified in the Prospectus; |
| <i>Bankruptcy</i> | <p>means:</p> <p>(i) a receiver, administrator, administrative receiver, examiner or liquidator or similar officer in respect of the Issuer or the whole or part of the undertakings, assets and/or revenues of the Issuer who is appointed (or application for any such appointment is made) or an encumbrancer who takes or threatens to take possession of the whole or any substantial part of the assets or revenues of the Issuer; or</p> <p>(ii) proceedings are initiated or threatened against the Issuer under any applicable bankruptcy, liquidation, administration, insolvency, composition, reorganisation or other similar laws; or</p> <p>(iii) the Issuer takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or is granted by a competent court a moratorium of payments in respect of any of its indebtedness or any guarantee of any indebtedness given by it; or</p> <p>(iv) the Issuer ceases or threatens to cease to carry on all or any substantial part of its business except for purposes of or pursuant to an amalgamation or reconstruction as is referred to in (v) below; or</p> <p>(v) a petition is presented, an order is made or an effective resolution is passed for the winding-up, liquidation, examinership or dissolution of the Issuer; or</p> <p>(vi) the Issuer admits that it is unable to pay its debts; or</p> <p>(vii) the Issuer convenes a meeting of its creditors;</p> |
| <i>Business Day</i> | means a day (other than a Saturday or Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London and Nicosia; |
| <i>Business Day Convention</i> | has the meaning ascribed to it in Condition 6(b) of these Terms and Conditions; |
| <i>Closing Date</i> | means the date of issue of a Note or a series of Notes; |
| <i>CREST</i> | means the Relevant System (as defined in the CREST Regulations) for paperless settlement as share and other transfers and the holding of shares and other securities in uncertificated form which is administered by Euroclear; |

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| <i>CSE</i> | means the Cyprus Stock Exchange; |
| <i>CREST Regulations</i> | means the Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended from time to time; |
| <i>Day Count Convention</i> | means interest payable on the Notes will be calculated on the basis of a 360 day year consisting of twelve 30 day months; |
| <i>Deliver</i> | means to deliver, novate, transfer, assign, sell or endorse, as appropriate, in the manner customary for the settlement of the applicable Notes (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title and interest in such Notes free and clear of any and all liens, charges, claims or encumbrances (including without limitation any counterclaim, defence or right of set-off); |
| <i>Enforcement Notice</i> | shall have the meaning set out in Clause 10 (Events of Default); |
| <i>Euroclear</i> | means Euroclear UK and Ireland Limited; |
| <i>Event of Default</i> | means any of the events set out in Condition 10; |
| <i>Exceptional Expenses</i> | means any fees, expenses, out-of-pocket expenses, costs, liabilities or indemnity amounts or any other amounts (inclusive of V.A.T) which are not Operating Expenses, which are incurred and claimed by an Operating Creditor and which are due and payable by the Issuer to an Operating Creditor under any document to which it is a party; |
| <i>Extraordinary Resolution</i> | shall have the meaning set out in Condition 13(a) (Meetings of Noteholders, the Issuer and modification); |
| <i>Force Majeure Event</i> | means the occurrence to one or more of the Parties to the Transaction Documents of any circumstance not within a party's reasonable control including, without limitation: (a) acts of God, flood, drought, earthquake or other natural disaster; (b) epidemic or pandemic; (c) terrorist attack, civil war, civil commotion or riots, war, threat of or preparation for war, armed conflict, imposition of sanctions, embargo, or breaking off of diplomatic relations; or (d) nuclear, chemical or biological contamination or sonic boom. |

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| <i>Illegality</i> | means it becoming unlawful for the Issuer to perform any of its obligations under the Notes or any of the Transaction Documents; |
| <i>Interest Commencement Date</i> | means the Closing Date or such other date as may be specified as the Interest Commencement Date in the Prospectus; |
| <i>Interest Determination Date</i> | means the date of calculation of the amount of interest payable on any Interest Payment Date; |
| <i>Instructing Creditor</i> | shall have the meaning ascribed to it in Condition 4(b); |
| <i>Interest Payment Date</i> | means 31 December of the year in which the Notes have been acquired and each anniversary thereof, until the Maturity Date; |
| <i>Interest Rate</i> | means the rate of interest payable from time to time in respect of the Notes and which is either specified in, or calculated in accordance with the provisions of, these Conditions and/or the Prospectus; |
| <i>Issuer</i> | means Tristone Healthcare Bond DAC; |
| <i>Maturity Date</i> | means the maturity date of the Notes being 31 December 2027; |
| <i>Net Proceeds</i> | means the proceeds of £1,091,000 received from investors who subscribed for the Notes, as well as the proceeds of up to £18,009,000 from Notes to be issued, after deducting the costs of issuing the Notes (which are expected to amount to approximately £28,000); |
| <i>Noteholder</i> | means the person in whose name a Registered Note is registered, as the case may be. References herein to Notes shall include Registered Notes as specified in the Prospectus; |
| <i>Notes</i> | means up to £19,100,000 8.5% Secured Notes due 2027, of which £1,091,000 have already been placed with qualified investors and issued by the Issuer and will be admitted to the Corporate Bond Market of the CSE with the present Prospectus, subject to a pertinent approval for Admission by the CSE. |
| <i>Operating Creditor</i> | means any of (i) the Trustee, (ii) the Legal advisors to the Issuer in England or Cyprus, (iii) the auditors of the Issuer, (iv) the legal advisors of the Issuer and (v) any attorney, manager, receiver, agent, delegate or other person appointed by the Trustee; |

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| <i>Operating Expenses</i> | means any anticipated fees and expenses (inclusive of V.A.T) due and payable by the Issuer to any Operating Creditor; |
| <i>Order of Priority</i> | means the order of priority of payments as more particularly set out in Condition 13; |
| <i>Principal Amount</i> | means in relation to a Note, the original face value thereof less any repayment of principal made to the Noteholder thereof in respect of such Note, and in relation to each series and class of Notes and as of any date of determination, the initial principal amount of such Notes less (in each case) the aggregate amount of all principal payments in respect of the Notes that have been paid since the Closing Date for such Notes on or prior to that date of determination; |
| <i>Prospectus</i> | means this Prospectus prepared by the Issuer in relation to the admission to trading on the Corporate Bond Market of the regulated market of the CSE of up to £19,100,000 8.5% Secured Notes due 2027. |
| <i>Record Date</i> | means the Business Day which is 15 Business Days prior to the Interest Payment Date; |
| <i>Redemption Amount</i> | means unless otherwise specified in the Prospectus, in relation to a Note, the Principal Amount at the Maturity Date; |
| <i>Registered Note</i> | means a Note appearing on the register of Noteholders maintained by the Registrar; |
| <i>Secured Creditors</i> | means all other secured creditors of the Issuer other than the Noteholders in their capacity as secured creditors pursuant to the terms of the Trust Deed; |
| <i>Suspension Event</i> | means the suspension of payments by the Issuer to Noteholders in breach of the Terms and Conditions; |
| <i>Terms and Conditions</i> | means these terms and conditions; |
| <i>Title</i> | means full legal and beneficial title; |
| <i>Transaction</i> | means the transaction contemplated within and more specifically described in the Prospectus; |
| <i>Transaction Documents</i> | means the Prospectus, the Trust Deed and the Registrar Agreement together with any other agreement that the Issuer enters into with any other party in respect of the Notes during the term of the Notes; |
| <i>Transferor Noteholder</i> | means any Noteholder wishing to transfer their Notes; |

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| <i>Trust Deed</i> | means the trust deed entered into on 2 March, 2018 between the Trustee and the Issuer. |
| <i>Trustee</i> | means trustee and custodian, who, as at the date of Admission shall be Templar Steele (Trust and Custody) Limited and any permissible successor thereto; and |
| <i>Yearly Statement</i> | means a statement of the assets and the liabilities of the Issuer produced by the Issuer for each financial period of the Issuer. |

2. Form, Denomination and Title

The Notes are or will be issued in uncertificated form only in an Authorised Denomination. Clearing and settlement of executed trades shall take place within CREST (or any alternative system on which the Notes may be issued or traded in uncertificated form from time to time).

The holder of any Note will (except as otherwise required by law or ordered by a court of competent jurisdiction or an official public authority) be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any express or constructive notice of any claim by any other person of any interest therein and no person will be liable for so treating such Noteholder.

3. Transfers of Registered Notes

(a) Transfer of Registered Notes

Registered Notes shall be capable of transfer through CREST (or any alternative system on which the Notes may be issued or traded in uncertificated form from time to time).

(b) Registration at the expense of Transferor Noteholder

Registration of Registered Notes on transfer will be effected at the expense of the Transferor Noteholder by or on behalf of the Issuer, and upon payment of (or the giving of such indemnity as the Issuer may require in respect of) any tax or other governmental charges which may be imposed in relation to it.

(c) Closed periods

No transfer of a Registered Note to be registered may occur during the period of 15 Business Days ending on the due date for any payment of principal, interest or Redemption Amount (as defined below) on that Note.

4. Status and Instructing Creditor

(a) Status

The Notes are secured limited recourse obligations of the Issuer, secured in the manner described in Condition 5 and recourse in respect of which is limited to the Security and the Assets as described in Condition 11, and will rank *pari passu* without any preference among themselves.

(b) Instructing Creditor

The Noteholders can request the Trustee to take actions contemplated in these Terms and Conditions by means of a request in writing of the holders of at least 75% in principal amount of the Notes then outstanding, or by means of an Extraordinary Resolution of the Noteholders.

The Noteholders may also appoint a representative to act on their behalf as Instructing Creditor by means of a written resolution of the holders of at least 75% in principal amount of the Notes then outstanding or by means of an Extraordinary Resolution of the Noteholders at a meeting of the Noteholders.

The Security in relation to the Notes will become enforceable upon the Trustee giving an Enforcement Notice to the Issuer following to the occurrence of an Event of Default or as otherwise provided in the Trust Deed.

The Trustee shall not be bound to give any Enforcement Notice in respect of the Notes, to take any steps or institute any proceedings to enforce the Security for the Notes or to enforce payment of any amount due and payable under or pursuant to the Notes unless it shall have been so requested by the Instructing Creditor in relation to the Notes and have been secured and/or indemnified to its satisfaction.

The Trustee will, where the interests of the Instructing Creditor conflict with those of the other Secured Creditors, prefer the interests of the Instructing Creditor over the interests of the other Secured Creditors (and shall not take into account the interests of such other Secured Creditors).

5. Related Agreements and Security

(a) Related Agreements

In connection with the issue of the Notes the Issuer has entered into the Transaction Documents with one or more counterparties. The obligations of a Counterparty may be guaranteed by a guarantor. The Issuer's liability in respect of any of the Transaction Documents will be limited to the Security and Assets subject to the order of priority specified in the Terms and Conditions and the Prospectus.

(b) Security

The Trust Deed will provide that the obligations of the Issuer under the Notes are secured by security interests (governed by English law or the law of any other relevant jurisdiction) over the Assets.

(c) Realisation of the Assets upon enforcement

Subject to the Prospectus, to the full extent permitted under applicable laws, in the event of the Security created becoming enforceable as provided in Condition 10, the Trustee shall have the right to enforce its rights under the Security but in each case without any liability as to the consequence of such action and without having regard to the effect thereof on, or being required to account for such action to, any Secured Creditor, provided that the Trustee shall not be required to take any action that would involve the Trustee in any personal liability or expense unless previously indemnified and/or secured to its satisfaction.

(d) Substitution of the Assets

The Issuer may, provided that it has delivered to the Trustee (or the Trustee already holds) a Security in respect thereof and such additional documents as may be

required by the Trustee, from time to time substitute alternative assets (of no lesser quality or of a different class) for such of the Assets as the Issuer may deem appropriate. Any such alternative assets will become part of the Assets and will be held subject to the charges in favour of the Trustee set out or contemplated in these presents and/or the Trust Deed. The Issuer may and will, if required by a relevant listing authority or stock exchange, prepare a supplement to the Prospectus setting out details of such substitution and, in any event, shall notify the Noteholders thereof (and the other Secured Creditors) in accordance with Condition 15.

6. Interest and other Calculations

(a) Interest on Notes

Each Note bears interest which shall accrue on its Principal Amount from the Interest Commencement Date at the rate of 8.5% per annum compounded daily and payable annually in arrears on or about 31 December in each year in which interest is payable.

- (b) If any date referred to in the Terms and Conditions is specified to be subject to adjustment in accordance with a Business Day Convention and would otherwise fall on a day which is not a Business Day, the 'Next Business Day Convention' shall apply and such dates shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day.

7. Redemption

Unless previously redeemed, or purchased and cancelled as provided below, each Note will be redeemed at its Redemption Amount on the Maturity Date together with all interest accrued and unpaid thereon.

The Issuer may redeem all (but not some only) of the Notes prior to the Maturity Date upon payment of the Redemption Amount, and all accrued interest, and all interest that would have accrued thereon between the date of such redemption and the Maturity Date.

8. Payments

(a) Payments on Notes

Noteholders require to take no further action in respect of Notes as all Notes shall be held in uncertificated form and all payments will be made in accordance with the provisions of these Terms and Conditions.

(b) Payments subject to fiscal laws; payments on Notes

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 9. No commission or expenses shall be charged to the Noteholders in respect of such payments.

The holder of a Note shall be the only person entitled to receive payments of the Principal Amount (or Redemption Amounts) and interest on such Note and the Issuer will be discharged by payment to, or to the order of, the Noteholder of such Registered Note in respect of each amount paid.

(c) Non-Business Days and interest on the Notes

If any date for payment in respect of any Note is not a Business Day, the Noteholder shall not be entitled to any interest or other sum in respect of such postponed payment.

9. Taxation

(a) Withholding Tax

All payments in respect of the Notes will be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature unless the Issuer or the Trustee (as the case may be) is required by applicable law (in Ireland, Cyprus or elsewhere) to make any payment in respect of the Notes subject to any withholding or deduction for, or on account of, any present or future taxes, duties or assessments or governmental charges of whatsoever nature. In that event, the Issuer or the Trustee (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer nor the Trustee will be obliged to make any additional payments to the Noteholders in respect of such withholding or deduction. The Issuer may require the Noteholders to provide such certifications and other documents as required by applicable law in order to qualify for exemptions from applicable tax laws.

The above is a general summary of the withholding tax position with respect to the Notes and does not purport to be a comprehensive description of all tax aspects relating to the Notes. In particular the above does not analyse the tax position of the Issuer and it does not constitute nor should it be construed as, tax or legal advice. Prospective investors in the Notes should consult their tax and other professional advisers as to the specific tax consequences of acquiring, holding and disposing of the Notes and of receiving interest on the Notes.

10. Default Events

(a) Events of Default

Subject to Condition 10 (c), the Trustee at its discretion may, and if so requested by the Noteholders having passed an Extraordinary Resolution to that effect shall, (in each case, provided that the Trustee is secured, indemnified, or both to its satisfaction), give notice (an “**Enforcement Notice**”) to the Issuer that the Notes are, and they shall accordingly immediately become, due and repayable, at their Redemption Amount together with accrued interest to the date of payment upon the occurrence of any of the following Events of Default:

- i. if default is made for a period of 14 days or more in the case of interest or 7 days or more in the case of Principal Amount in the payment of any sum due in respect of the Notes or any of them; or
- ii. if the Issuer fails to perform or observe any of its other obligations under the Notes or the Trust Deed and, where the Trustee considers, in its absolute discretion that such default can be remedied, such failure continues for a period of 30 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Issuer of written notice requiring the same to be remedied; or

- iii. it is, or will become, illegal for the Issuer to perform or comply with any one or more of its obligations under the Notes; or
- iv. if any order shall be made by any competent court or any resolution passed for the winding-up or dissolution of the Issuer or an order is made for the Issuer's Bankruptcy (or any analogous proceedings) save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms approved by the Trustee; or
- v. if (a) any other proceedings are initiated against the Issuer under any applicable liquidation, Bankruptcy, insolvency, composition, reorganisation, readjustment or other similar laws (but excluding the presentation of any application for an administration order under the Insolvency Act 1986 of the United Kingdom) and such proceedings are not being disputed in good faith, or (b) an administrative receiver or other receiver, administrator or other similar official (not being an administrative receiver or other receiver or manager appointed by the Trustee pursuant to the Trust Deed) is appointed in relation to the Issuer or in relation to the whole or any substantial part (in the opinion of the Trustee) of the undertaking or assets of the Issuer or (c) an encumbrancer (not being the Trustee or any receiver or manager appointed by the Trustee) shall take possession of the whole or any substantial part (in the opinion of the Trustee) of the undertaking or assets of the Issuer or (d) a distress or execution or other process shall be levied or enforced upon or sued out against the whole or any substantial part (in the opinion of the Trustee) of the undertaking or assets of the Issuer (other than, in any such case, by the Trustee pursuant to any of the Transaction Documents) and in any of the foregoing cases (other than in relation to the circumstances described in (b) where no grace period shall apply) such order, appointment, possession or process (as the case may be) is not discharged or stayed or does not cease to apply within 14 days; or
- vi. if the Issuer initiates or consents to judicial proceedings relating to itself (except in accordance with paragraph (iv) above) under any applicable liquidation, Bankruptcy, insolvency, composition, reorganisation, readjustment or other similar laws or makes a conveyance or assignment for the benefit of its creditors generally; or
- vii. if the Issuer becomes insolvent or is adjudicated or found bankrupt.

(b) Confirmation of no Event of Default

The Issuer shall provide a 'Certificate of No Default' to the Trustee, on each anniversary of the Closing Date, confirming that no Event of Default or other matter which is required to be brought to the Trustee's attention has occurred and is continuing (as the case may be) notifying the Trustee of any Event of Default which has occurred or is continuing.

(c) Enforcement

In the event of the Security becoming enforceable, the Trustee shall, but in each case without any liability as to the consequence of such action and without having regard to the effect of, or being required to account for, such action to the Noteholders, have the right to enforce its rights under the Security, provided that the Trustee shall not be required to take any action that would involve the Trustee

in any personal liability or expense unless previously indemnified and/or secured to its satisfaction.

(d) Force Majeure

If an affected Party is unable to fulfil completely or partially its obligations under the relevant Transaction Document(s) as a consequence of one or more of the Force Majeure Events, the time for fulfilment of the respective obligations under the Transaction Documents shall be extended for the period during which such circumstances last.

On the occurrence of a Force Majeure Event, the Party for whom it becomes impossible to meet its obligations under the relevant Transaction Document(s) shall advise all the other Parties affected by such Force Majeure Event within five Business Days as regards commencement and cessation of the circumstances preventing fulfilment of its obligations. A certificate issued respectively by a recognised regulatory body or governmental department in the affected Party or affected Parties countries shall be sufficient proof of the existence of such contingencies and their duration, provided such certificate shall be issued in the English language.

If such circumstances last more than six months, each of the Parties to the relevant Transaction Documents shall have a right to terminate the relevant Transaction Documents and none of the affected Parties shall have a right to claim compensation for losses suffered as a result of such termination from the other Party, unless the Parties to the relevant Transaction Documents otherwise agree.

11. Limited Recourse Enforcement

- a) If the amounts realised from the Security and the Assets are not sufficient (after meeting the Trustee's and any receiver's expenses, liabilities and remuneration, and any other amounts that rank in priority to the Notes) to make payment of all amounts due in respect of the Notes and all other secured obligations with respect to the Notes, such amounts due and other secured obligations shall be deemed to be reduced or extinguished in the order of priority specified in the Prospectus so that there is no obligation to make any payment in excess of the amounts so realised. Any claim of the Holders remaining after such application shall be extinguished and such Holders will have no further recourse to the Issuer and any failure to make any payment in respect of such shortfall shall in no circumstances constitute an Event of Default under Condition 10.
- b) Only the Trustee may pursue the remedies available under the Trust Deed, the Terms and Conditions and the Transaction Documents. No Noteholder is entitled to proceed directly against the Issuer or the Assets unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed, fails or neglects to do so within a reasonable period and such failure or neglect is continuing. However, the Trustee shall not be bound to take any action to enforce the Security or pursue the remedies available under the Trust Deed, the Terms and Conditions or any of the Transaction Documents unless it is indemnified and/or secured to its satisfaction and has, if so required by the Conditions, been requested to do so by the Holders in respect of the relevant Notes.
- c) After enforcement of the Security and distribution of the net proceeds thereof in accordance with any priority of payments that may exist under these Terms and Conditions, neither the Trustee nor any Noteholder may take any further steps

against the Issuer or any of its assets to recover any sums due but unpaid in respect of the Notes or otherwise and all claims and all rights to claim against the Issuer in respect of each such sum unpaid shall be extinguished.

- d) No Noteholder, nor the Trustee on its behalf, may institute against or join any person in instituting against the Issuer any Bankruptcy, winding-up, re-organisation, arrangement, insolvency or liquidation proceeding (except for the appointment of a receiver or a receiver and manager pursuant to the terms of the Trust Deed) or other proceeding under any similar law nor shall any of them have any claim in respect of such sum over or in respect of any of the property or any assets of the Issuer other than the Assets. The Holders accept and agree that the only remedy of the Trustee against the Issuer after any of the Notes have become due and payable pursuant to Condition 10 is to enforce the Security pursuant to the provisions of the Trust Deed or any other security document executed in relation to the Notes.

12. Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within one year (in the case of the Principal Amount from the Maturity Date) or 6 calendar months from the relevant Interest Payment Date (in the case of interest).

13. Meetings of Noteholders, the Issuer and modification

(a) Meetings of Noteholders and modification

The Trust Deed contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the modification by Extraordinary Resolution of the Conditions or the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than fifty per cent. (50%) of the Principal Amount of the Notes for the time being outstanding. In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders whether or not they were present at such meeting. The Trustee may, but without consulting the Noteholders, determine that an event which would otherwise be an Event of Default shall not be so treated but only if and in so far as in its opinion the interests of Noteholders shall not be materially prejudiced thereby.

(b) The Trustee may agree without the consent of the Noteholders to:

- i. any modification of any of the provisions of the Trust Deed or the Transaction Documents which is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error; and
- ii. any other modification which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders.

Any such modification, authorisation or waiver shall be binding on the Noteholders and, unless the Trustee agrees otherwise with the Issuer, such modification shall be notified to the Noteholders as soon as practicable thereafter.

(c) Issuer

The Issuer will not, except as specified in this Prospectus, exercise any rights in its capacity as a holder of, or person beneficially entitled to or participating in the Security, unless directed to do so by the Trustee and, if such direction is given, the Issuer will act only in accordance with such directions. The Trustee may, but need not, vote provided that it will nevertheless vote if requested to do so by the Holders and if the Trustee does vote pursuant to such request, it will bear no liability for doing so. In particular, the Issuer will not attend or vote at any meeting of Holders of, or other persons interested or participating in, or entitled to the rights or benefits (or a part thereof) under the Security or give any consent, waiver, indulgence, time or notification or make any declaration in relation to such Security unless it shall have been so directed by the Trustee in writing.

(d) Entitlement of the Trustee

In connection with the exercise of its powers, trusts, authorities or discretions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution as aforesaid) the Trustee shall not have regard to the consequences of such exercise for any individual Holders or of holders of any other notes or bonds, resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Holders be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Holders.

14. **Priority of payments**

The order of the priority of payments made by the Issuer pursuant to these Terms and Conditions shall be as follows:

Priority of Payments (General):

On receipt of any sums from the Assets, (and also upon enforcement and realisation in full of the Security) the Issuer shall apply those sums in making or providing for payment towards satisfaction of the following amounts (to the extent they have not already been satisfied) in the following order of priority:

1. to pay in full any Exceptional Expenses attributable and payable to the Trustee or any attorney, manager, agent, delegate or other person appointed by the Trustee;
2. to pay in full, on a *pro rata* and *pari passu* basis, any Exceptional Expenses due and payable to the Operating Creditors (other than those paid to the Trustee, or any attorney, manager, receiver, agent, delegate or other person appointed by the Trustee) and any taxes and statutory fees due and payable by the Issuer;
3. sums remaining after the applications in 1 and 2 shall be accrued and applied on each Interest Payment date on a *pro rata* and *pari passu* basis to the Noteholders in satisfaction of the Issuer's interest obligations under the Notes;
4. in no order of priority per se, but *pro rata* to the respective amounts then due to pay *pari passu* the sums (if any) remaining after the applications in 1, 2 and 3 above shall be accrued by the Issuer and repaid to the Noteholders on the Maturity Date in satisfaction of the Issuer's Principal repayment obligations under the Notes at the Maturity Date until the Notes are fully redeemed; and
5. after the Maturity Date to release the balance (if any) to the Issuer.

6. if all monies received by the Issuer between the Closing Date and the Maturity Date in respect of the Assets, and at any time on enforcement of the Security, would otherwise be insufficient to pay all amounts due in accordance with the Order of Priority, such obligations shall be deemed to be reduced or extinguished in inverse order of the Order of Priority.

Priority of Payments (upon the occurrence of a Suspension Event):

On receipt of any sums from the Assets, the Issuer shall apply those sums in making or providing for payment towards satisfaction of the following amounts (to the extent they have not already been satisfied) in the following order of priority:

1. to pay in full any Exceptional Expenses attributable and payable to the Trustee or any attorney, manager, agent, delegate or other person appointed by the Trustee;
2. to pay in full, pro rata and on a pari passu basis, any Exceptional Expenses due and payable to the Operating Creditors (other than the Trustee, or any attorney, manager, receiver, agent, delegate or other person appointed by the Trustee) and any taxes and statutory fees due and payable by the Issuer; and
3. sums remaining after the applications in 1 and 2 above, shall be accrued and applied on each Interest Payment date on a pro rata and pari passu basis to the Noteholders in satisfaction of the Issuer's interest obligations under the Notes.

15. Indemnification of the Trustee

The Trust Deed contains provisions for indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking any actions including the giving of an Enforcement Notice and the taking of proceedings to enforce repayment unless indemnified and/or secured to its satisfaction.

The Trustee or any of its affiliates is entitled to enter into business transactions with the Issuer, any issuer or guarantor of (or other obligor in respect of) any of the Notes or other assets of the Issuer or any of their respective subsidiaries or associated companies without accounting to the Noteholders for any profit resulting therefrom.

The Trustee, in the absence of gross negligence, willful default or fraud, is exempted from any liability in respect of any loss or theft of all or any part of the assets of the Issuer (the "Assets"), from any obligation to insure all or any part of the Assets and from any liability arising if all or any part of the Assets are held in an account with Euroclear or any similar clearing system in accordance with that system's rules or otherwise held in safe custody by the bank or other custodian selected by the Trustee.

The Trustee was appointed trustee in respect of Notes. Pursuant to the terms of the Trust Deed, the Trustee may retire at any time on giving not less than three months' prior written notice to the Issuer without assigning any reason and without being responsible for any liabilities occasioned by such retirement.

The Noteholders shall have the power exercisable by Extraordinary Resolution to remove any trustee or trustees for the time being under the Trust Deed. The retirement or removal of any such trustee shall not become effective until a successor trustee being a trust corporation has been appointed. Additional trustees or co-trustees may also be appointed as trustees in respect of the Notes.

16. Governing Law

(a) Governing Law

The Trust Deed, the Notes and all matters arising from or connected therewith are governed by and shall be construed in accordance with the laws of England and Wales.

(b) English Courts

The Issuer has, in the Trust Deed, irrevocably agreed that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising from or connected with the Notes.

(c) Appropriate Forum

The Issuer has, in the Trust Deed, agreed that the courts of England and Wales are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

(d) Process Agent

The Issuer has, in the Trust Deed, agreed that the process by which any proceedings in England and Wales are begun may be served on it by being delivered to the Registered Office of the Issuer. If such person is not or ceases to be effectively appointed to accept service of process on the Issuer's behalf, the Issuer shall notify the Trustee and appoint a further person in England or Wales to accept service of process on its behalf and, failing such appointment within 15 days, the Trustee shall be entitled to appoint such a person at the expense of the Issuer by written notice to the Issuer. Nothing contained in the Trust Deed shall affect the right of the Trustee or Noteholders to serve process in any other manner permitted by law.

CREDIT, COMMERCIAL, LEGAL AND TAX CONSIDERATIONS

The following is a description of certain additional aspects of the issue of the Notes of which any prospective Noteholder should be aware. It is not intended to be exhaustive and any prospective Noteholder should also read the detailed information set out elsewhere in this document and take its own tax, legal and other relevant advice as to the structure and viability of an investment in the Notes.

Credit Considerations

The Notes are solely the obligation of the Issuer. In particular, the Notes are not the obligation or responsibility of, or guaranteed by, the Trustee, the Legal advisors to the Issuer in England or Cyprus, the Registrar or the Account Bank. Apart from the Issuer, none of those persons will accept any liability whatsoever to the Noteholders in respect of any failure by the Issuer to pay any amount due under the Notes.

Commercial and Legal Aspects of the Transaction

No representations or warranties have been given to or are given by the Trustee, the Legal advisors to the Issuer in England or Cyprus, the Issuer or any other party in respect of the Notes. Prospective Noteholders should take their own tax, legal, accounting and other relevant advice as to the structure and viability of the Notes and their investment in them.

Tax Considerations

The Issuer is not obliged to pay any additional amount for, or on account of, any payments under the Notes that are the subject of a deduction or withholding for or on account of any tax. Investors should make their own investigations into specific tax implications of holding the Notes and the Issuer takes no responsibility for any adverse tax consequences suffered by any Investor who invests in the Notes.

TRANSFER RESTRICTIONS

United States

The Issuer has not been and will not be registered under the United States Investment Company Act of 1940, as amended (the "Investment Company Act") and the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Consequently, the Notes may not be offered, sold, resold, delivered or transferred within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act).

DISTRIBUTION RESTRICTIONS

European Union

The Notes will be issued to qualified investors in the European Union.

They will be issued to the wholesale market, to qualified investors as defined in the Investment Services and Activities and Regulated Market Law of 2017, Law 87(I)/2017 (as amended) and Markets in Financial Investments Directive (2014/65/EU). No Notes will be issued or offered or sold to the retail market.

United States

The Issuer has not been and will not be registered under the United States Investment Company Act of 1940, as amended (the "Investment Company Act") and the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"). Consequently, the Notes may not be offered, sold, resold, delivered or transferred within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act).

Hong Kong

The Issuer:

- Has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent) or (ii) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32) of Hong Kong; and
- Has not issued, or had in its possession and will not issue, or have in its possession for the purposes of issue, any advertisement, invitation or document relating to the Notes, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

Japan

The Notes have not been, and will not be, registered under the Securities and Exchange Law of Japan (the Securities and Exchange Law). Neither the Notes nor any interest therein shall be offered, sold, resold or otherwise transferred, directly or indirectly, in Japan or to or for the account of any resident of Japan except in circumstances which result in compliance with an exemption from the registration provisions of the Securities and Exchange Law available thereunder and in compliance with the other relevant laws and regulations of Japan. For the purpose of this paragraph, resident of Japan shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan, and, with respect to any

entity organised under the laws of a jurisdiction other than Japan, its branches or offices located in Japan.

General

Other than the application to list the Notes on the Corporate Bond Market of the Regulated Market of the CSE and the approval of the Prospectus by the Cyprus Securities and Exchange Commission, no action has been or will be taken to permit a public offering of the Notes or the distribution of the Prospectus in any jurisdiction. Accordingly, the Issuer will not, directly or indirectly, offer or sell any Notes in any country or jurisdiction where action for that purpose is required and neither the Prospectus nor any other circular, prospectus, form of application, advertisement or other material will be distributed by it in or from or published in any country or jurisdiction, except under circumstances which will result in compliance with applicable laws and regulations.

GENERAL INFORMATION

The Notes already issued have been accepted for clearing with the CREST, while they have been assigned International Securities Identification Number ('ISIN') and SEDOL Code, both of which are set out in this Prospectus.

£900,000 Notes were admitted to trading on the Corporate Bond Market of the CSE on the 2nd March 2018. An application has been filed with the CSE to admit to listing on the same Market of the CSE further up to £19,100,000 Notes (19,100 Notes of par value £1,000).

DOCUMENTS AVAILABLE FOR INSPECTION

For so long as any Notes shall be outstanding, physical copies of the following documents (listed at 1 to 10 below) may be inspected during normal business hours at the Issuer's registered office, namely 17 Pembroke Street Upper, Dublin 2, D02 AT22, Republic of Ireland.

Copies of the items listed at 1 to 10 below will be provided free of charge at the registered office of the Issuer upon oral or written request for the duration of Admission.

1. The Issuer's up to date memorandum and articles of association.
2. THC Limited's memorandum and articles of association.
3. The financial information of the Issuer set out in the section of the Prospectus headed "FINANCIAL INFORMATION ON THE ISSUER".
4. The financial information of THC Limited set out in the section of the Prospectus headed "FINANCIAL INFORMATION ON THC Limited".
5. Directors Service Agreements.
6. The Trust Deed.
7. The Loan Agreement.
8. The Loan Variation Agreement
9. The Security Agreement.
10. The Registrar Agreement.

Declaration by the Issuer and the Directors

This Prospectus of Tristone Healthcare Bond DAC dated 1st November, 2019 is signed by the following directors of the Issuer. The Issuer and the Issuer's directors declare that having taken all reasonable care to ensure that such is the case, the information contained herein is to the best of their knowledge in accordance with the facts and makes no omission likely to affect its import:

Yannis Loucopoulos

Andrew Williamson

Ivano Cafolla

Declaration of the Underwriter responsible for Drawing up the Prospectus.

This Prospectus is also signed by:

Global Capital Securities & Financial Services Limited, as underwriter responsible for the drawing up of this Prospectus, in accordance with the provisions of Prospectus Law, declares that having taken all reasonable care to ensure that such is the case, the information contained herein is to the best of its knowledge in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

.....

Global Capital Securities & Financial Services Limited

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LEGAL ADVISORS TO THE ISSUER IN ENGLAND OR CYPRUS