

SECURITIES NOTE

Dated 19 February 2021

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

In respect of an issue of
€13,000,000 4.65% Secured Bonds 2031
of a nominal value of €100 per Bond issued at par by

smartcare
FINANCE PLC

a public limited liability company registered in Malta with company registration number C 90123

with the joint and several Guarantee* of Smartcare Pinto Ltd (C 86395) and Smartcare Holdings Ltd (C 90121)

ISIN: MT0002251214

**Prospective investors are to refer to the Guarantee contained in Annex I of this Securities Note for a description of the scope, nature and terms of the Guarantee. Prospective investors are also to refer to sub-section 5.5 of this Securities Note for a description of the Collateral. Reference should also be made to the sections entitled "Risk Factors" contained in the Summary, in the Registration Document and in this Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the Guarantee provided by the Guarantors, as well as the Collateral granted by the Guarantors.*

THIS SECURITIES NOTE HAS BEEN APPROVED BY THE LISTING AUTHORITY AS THE COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE LISTING AUTHORITY ONLY APPROVES THE PROSPECTUS AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHALL NOT BE CONSIDERED AS AN ENDORSEMENT OF THE QUALITY OF THE SECURITIES THAT ARE THE SUBJECT OF THIS SECURITIES NOTE.

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM, OR IN RELIANCE UPON, THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS, INCLUDING ANY LOSSES INCURRED BY INVESTING IN THESE SECURITIES.

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

Legal Counsel



Sponsor, Manager & Registrar



APPROVED BY THE DIRECTORS

Andrew Debattista Segond

William Wait

Andrew Debattista Segond
For and on behalf of: Sandro Grech, Ian Joseph Stafrace and Arthur Gauci

William Wait
For and on behalf of: Sandro Grech, Ian Joseph Stafrace and Arthur Gauci

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IMPORTANT INFORMATION

THIS SECURITIES NOTE CONSTITUTES PART OF THE PROSPECTUS DATED 19 FEBRUARY 2021 AND CONTAINS INFORMATION ABOUT SMARTCARE FINANCE PLC IN ITS CAPACITY AS ISSUER, ABOUT SMARTCARE PINTO LTD AND SMARTCARE HOLDINGS LTD IN THEIR CAPACITY AS GUARANTORS AND THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES ISSUED BY THE LISTING AUTHORITY, THE COMPANIES ACT AND THE PROSPECTUS REGULATION, AND SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER.

THIS SECURITIES NOTE SETS OUT THE CONTRACTUAL TERMS UNDER WHICH THE BONDS ARE ISSUED BY THE ISSUER AND ACQUIRED BY A BONDHOLDER, WHICH TERMS SHALL REMAIN BINDING UNTIL THE REDEMPTION DATE OF THE BONDS, UNLESS THEY ARE OTHERWISE CHANGED IN ACCORDANCE WITH SUB-SECTION 6.17 OF THIS SECURITIES NOTE.

THE INFORMATION CONTAINED HEREIN IS BEING MADE AVAILABLE IN CONNECTION WITH AN ISSUE BY THE COMPANY OF €13 MILLION SECURED BONDS 2031 OF A NOMINAL VALUE OF €100 EACH. THE BONDS SHALL BE ISSUED AT PAR AND BEAR INTEREST AT THE RATE OF 4.65% *PER ANNUM* PAYABLE ANNUALLY IN ARREARS ON 22 APRIL OF EACH YEAR UNTIL THE REDEMPTION DATE, WITH THE FIRST INTEREST PAYMENT FALLING DUE ON 22 APRIL 2022. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 22 APRIL 2031. THE BOND ISSUE IS GUARANTEED JOINTLY AND SEVERALLY BY THE GUARANTORS.

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

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM, OR IN RELIANCE UPON, THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS.

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

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

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

AS TO LEGAL, TAX, INVESTMENT OR ANY OTHER RELATED MATTERS CONCERNING THE BONDS AND THE PROSPECTUS.

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

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

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

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

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

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

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

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

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

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

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

1 DEFINITIONS

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

Applicant/s	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
Application/s	the application to subscribe for Bonds made by an Applicant/s and submitted to any of the Authorised Intermediaries (which include the Sponsor, Manager & Registrar) in accordance with the terms of this Securities Note;
Application Form	the form of application for subscription of Bonds, a specimen of which is contained in Annex IV of this Securities Note;
Bond Issue Price	the price of €100 per Bond;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
CET	Central European Time;
CSD	the Central Securities Depository of the Malta Stock Exchange authorised in terms of Part IV of the Financial Markets Act (Chapter 345 of the laws of Malta), having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Cut-off Date	close of business on 19 February 2021 (trading session of 17 February 2021);
Existing Smartcare Prospects MTF Bondholders	the holders of the 2019 Prospects MTF Bonds as at the Cut-off Date;
Interest Payment Date	22 April of each year between and including each of the years 2022 and the year 2031, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
Intermediaries' Offer	shall have the meaning set out in sub-section 6.3 of this Securities Note;
Issue Date	expected on 21 April 2021;
Issue Period	the period between 08:30 hours CET on 10 March 2021 and 12:00 hours CET on 9 April 2021 during which the Bonds are available for subscription (or such earlier date as may be determined by the Issuer);
MiFIR	Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments;
Redemption Value	the nominal value of each Bond (€100 per Bond); and
Terms and Conditions	the terms and conditions of the Bonds, set out in sub-sections 5.3 (<i>'Issue Statistics'</i>), 6 (<i>'Information concerning the Bonds'</i>) and 8 (<i>'Terms and Conditions of the Bond Issue'</i>) of this Securities Note.

References in the Prospectus to "Malta" are to the "Republic of Malta".

Unless it appears otherwise from the context:

- a. words importing the singular shall include the plural and *vice-versa*;
- b. words importing the masculine gender shall include the feminine gender and *vice-versa*;
- c. the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative;
- d. any reference to a person includes natural persons, firms, partnerships, companies, corporations, associations, organisations, governments, states, foundations or trusts;
- e. any reference to a person includes that person's legal personal representatives, successors and assigns;
- f. any phrase introduced by the terms "including", "include", "in particular" or any similar expression is illustrative only and does not limit the sense of the words preceding those terms; and
- g. any reference to a law, legislative act and/or other legislation shall mean that particular law, legislative act and/or legislation as in force at the time of publication of this Securities Note

2 RISK FACTORS

THE VALUE OF INVESTMENTS, INCLUDING THE BONDS, CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE.

THE NOMINAL VALUE OF THE BONDS IS REPAYABLE IN FULL UPON MATURITY, UNLESS THE BONDS ARE PREVIOUSLY RE-PURCHASED AND CANCELLED. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE.

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS, INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN PROFESSIONAL ADVISERS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS, BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS INTENDED TO BE INDICATIVE OF THE ORDER OF PRIORITY AND OF THE EXTENT OF THEIR CONSEQUENCES, AND PROSPECTIVE INVESTORS ARE HEREBY CAUTIONED THAT THE OCCURRENCE OF ANY ONE OR MORE OF THE RISKS SET OUT BELOW COULD HAVE A MATERIAL ADVERSE EFFECT ON THE GROUP'S BUSINESS, RESULTS OF OPERATIONS AND FINANCIAL CONDITION AND COULD, THEREBY, NEGATIVELY AFFECT THE ABILITY OF THE ISSUER TO MEET ITS OBLIGATIONS IN CONNECTION WITH THE PAYMENT OF INTEREST ON THE BONDS AND REPAYMENT OF PRINCIPAL WHEN DUE.

NEITHER THIS SECURITIES NOTE, NOR ANY OTHER PARTS OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BONDS: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION, NOR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER, THE GUARANTORS, THE SPONSOR, MANAGER & REGISTRAR, THE SECURITY TRUSTEE OR AUTHORISED INTERMEDIARIES THAT ANY RECIPIENT OF THIS SECURITIES NOTE OR ANY OTHER PART OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS OR ANY BONDS, SHOULD PURCHASE ANY BONDS ISSUED BY THE ISSUER.

ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT.

2.1 Forward-looking statements

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

2.2 Suitability of the Bonds

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

- i. has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference to the Prospectus or any applicable supplement;
- ii. has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the prospective investor's currency;
- iii. understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets;
- iv. is able to evaluate possible scenarios for economic, interest rate and other factors that may affect his/her/its investment and his/her/its ability to bear the applicable risks; and
- v. is able to assess as to whether an investment in the Bonds shall achieve his/her/its investment objective.

2.3 Risks relating to the Bonds

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

- The impact of COVID-19, and other infectious illness outbreaks that may arise in the future, could adversely affect the economies of many nations or the entire global economy, individual issuers and capital markets in ways that cannot necessarily be foreseen. The existence of an orderly and liquid market for the Bonds depends on a number of factors including, but not limited to, the presence of willing buyers and sellers of the Issuer's Bonds at any given time. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market in which the Bonds are traded, over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price, or at all.
- Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. Investors should also be aware that the price of fixed rate bonds should theoretically move adversely to changes in interest rates. When prevailing market interest rates are rising their prices decline and, conversely, if market interest rates are declining, the prices of fixed rate bonds rise. This is called market risk since it arises only if a Bondholder decides to sell the Bonds before maturity on the secondary market.
- A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different. Any adverse fluctuations may impair the return of investment of the Bondholder in real terms after taking into account the relevant exchange rate.
- Even after the Bonds are admitted to trading on the Official List of the MSE, the Issuer is required to remain in compliance with certain requirements relating, *inter alia*, to the free transferability, clearance and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the Listing Authority has the authority to suspend trading or listing of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The Listing Authority may discontinue the listing of the Bonds on the MSE. Any such trading suspensions or listing revocations/discontinuations could have a material adverse effect on the liquidity and value of the Bonds.
- In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bonds it shall call a meeting of Bondholders in accordance with the provisions of sub-section 6.17 of this Securities Note. These provisions permit defined majorities to bind all Bondholders, including Bondholders who do not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority.
- The Bonds and the Terms and Conditions of the Bond Issue are based on the requirements of the Listing Rules, the Companies Act and the Prospectus Regulation in effect as at the date of the Prospectus. No

assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Prospectus.

2.4 Risks relating to the Guarantee and the Collateral

- The Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and secured obligations of the Issuer and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantors jointly and severally. The Bonds shall be secured by the Collateral and, accordingly, shall rank with priority and preference over other present and future unsecured obligations of the Issuer. Notwithstanding that the Bonds constitute the general, direct, unconditional and secured obligations of the Issuer, as guaranteed by the Guarantors, they may rank after causes of preference which may arise by operation of law. There can be no guarantee that privileges accorded by law in specific situations will not arise during the course of the business of the Issuer and/or the Guarantors which may rank with priority or preference over the Collateral.
- In view of the fact that the Bonds are being guaranteed by the Guarantors on a joint and several basis, the Bondholders shall be entitled to request the Guarantors to pay both the interest due and the principal amount under said Bonds if the Issuer fails to meet any amount when due in terms of the Prospectus. The Guarantee also entitles the Bondholders to take action against the Guarantors without having to first take action against the Issuer, if the Issuer fails to pay any sum payable by it to Bondholders pursuant to the terms and conditions of the said Bonds. The strength of this undertaking on the part of the Guarantors and, therefore, the level of recoverability by the Bondholders from the Guarantors of any amounts due under any of the Bonds, is dependent upon and directly linked to the financial position and solvency of the Guarantors.
- Whilst the Collateral that is to be granted in favour of the Security Trustee for the benefit and in the interest of Bondholders grants the Security Trustee a right of preference and priority for repayment over the Collateral, there can be no guarantee that the value of the Collateral over the term of the Bonds will be sufficient to cover the full amount of interest and principal outstanding under the Bonds. This may be caused by a number of factors, not least of which general economic factors that could have an adverse impact on the value of the relevant Collateral, specifically the value of the Security Property. If such circumstances were to arise or subsist at the time that the Collateral is to be enforced by the Security Trustee, it could have a material adverse effect on the recoverability of all the amounts that may be outstanding under the Bonds. Furthermore, third party security interests may be registered which will rank in priority to the Bonds against the unencumbered assets of the Issuer for so long as such security interests remain in effect.
- By acquiring Bonds, a Bondholder is considered to be bound by the terms of the Security Trust Deed as if he/she/it had been a party to it. The Security Trust Deed contains a number of provisions which prospective investors ought to be aware of prior to acquiring the Bonds. For instance, in terms of the Security Trust Deed (i) the Security Trustee is not bound to take any such steps or proceedings or take any other action to enforce the security constituted by the Collateral unless the Security Trustee shall have been indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages and expenses which it may incur by so doing; and (ii) the Security Trustee may pay itself out of the trust funds all sums owing to it in respect of the remuneration costs, charges, expenses or interest or by virtue of any indemnity from the Issuer to which it is entitled under the Security Trust Deed or by law or by virtue of any release or indemnity granted to it and all such sums as aforesaid shall be so retained and paid in priority to the claims of the Bondholders and shall constitute an additional charge upon the property charged with the Collateral.

3 PERSONS RESPONSIBLE

This Securities Note includes information given in compliance with the Listing Rules for the purpose of providing prospective investors with information with regard to the Issuer, the Guarantors and the Bonds. All of the Directors of the Issuer whose names appear in sub-section 4.1 of the Registration Document accept responsibility for all the information contained in the Prospectus.

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

4 CONSENT FOR USE OF THE PROSPECTUS & AUTHORISATION STATEMENT

4.1 Consent required in connection with use of the Prospectus during the Issue Period by Authorised Intermediaries:

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

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

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

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

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

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

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

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

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

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

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

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

4.2 Statement of Authorisation

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

5 KEY INFORMATION

5.1 Reasons for the Issue and use of proceeds

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €12,775,000, will be utilised for the following purposes, in the following amounts and order of priority:

1. an amount of €5,000,000 of the Bond Issue net proceeds will be used by the Issuer for the redemption of the outstanding amount of 2019 Prospects MTF Bonds remaining in issue as at or about 21 April 2021, being the expected date of redemption of the 2019 Prospects MTF Bonds as determined by the Issuer and duly notified to Existing Smartcare Prospects MTF Bondholders;
2. an amount of *circa* €1,720,000 of the Bond Issue net proceeds will be used for the purpose of financing the acquisition by SPL of adjacent properties to the Care Home and the development and finishing of said property into the extension of the Care Home, as described in sub-section 5.5.1 of the Registration Document;
3. an amount of *circa* €3,600,000 of the Bond Issue net proceeds will be used for the purpose of financing the acquisition of property in Hamrun and development thereof by Smartcare Developments Ltd into apartments and garages, which development is better described in sub-section 5.5.3 of the Registration Document; and
4. an amount of *circa* €2,455,000 of the Bond Issue net proceeds will be used for the purpose of repaying the outstanding financing facilities taken out by the Group with Lombard Bank Malta plc, which facilities were taken out with respect to the settlement of expenses related to the acquisition and development of the Segond Boutique Hotel prior to the date of the Prospectus, details of which are set out in sub-section 5.5.2 of the Registration Document.

Upon receiving the Bond Issue net proceeds, the Issuer will inject €12,535,000 into SGIL as redeemable preference shares carrying a coupon of 6.2%. SGIL will, in turn, invest this amount into its subsidiaries, through a mixture of fixed interest loans and redeemable preference shares, each repayable or redeemable in tandem with the Redemption Date, as described below:

- €3,600,000 will be injected into Smartcare Developments Ltd as redeemable preference shares carrying a coupon of 3%;
- €600,000 will be injected into Smartcare Properties Limited as preference shares carrying a coupon of 3%;
- €5,141,000 will be loaned by SGIL to Smartcare Pinto Ltd at an interest rate of 7.9% pursuant to a loan agreement to be entered into for the purpose; and
- €3,194,000 will be loaned by SGIL to Segond Boutique Hotels Limited at an interest rate of 7.9% pursuant to a loan agreement to be entered into for the purpose.

In the event that the Bond Issue is subscribed for an amount of less than €10,545,000 (the “Minimum Amount”), no allotment of the Bonds shall be made, the subscription of Bonds shall be deemed not to have been accepted by the Issuer and all money received from Authorised Intermediaries shall be returned by the Issuer acting through the Sponsor, Manager & Registrar, without interest, by direct credit transfer to the respective Authorised Intermediary to the account number indicated on the respective Application Form by latest 21 April 2021. Neither the Issuer nor the Sponsor, Manager & Registrar will be responsible for any charges, loss or delays in transmission of the refunds. In this regard, any monies returnable to Authorised Intermediaries may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act, 1994 (Chapter 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid. In the event that the Minimum Amount is not reached as aforesaid there shall be no redemption of the 2019 Prospects MTF Bonds, which 2019 Prospects MTF Bonds shall remain in full force and effect in accordance with the terms and conditions applicable thereto set out in the Company Admission Document.

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

The issue and allotment of the Bonds is conditional upon: (i) the Minimum Amount of €10,545,000 being subscribed for; (ii) the Guarantee being granted in terms of Annex I to this Securities Note; (iii) the Collateral being constituted in favour of the Security Trustee in accordance with the provisions of the Security Trust Deed; (iv) the Issuer obtaining the approval of the Existing Smartcare Prospects MTF Bondholders for the early redemption of the 2019 Prospects MTF Bonds pursuant to a meeting called for the purpose in terms of the Company Admission Document, as well as the written approval of the MSE (as detailed in sub-section 5.5 below); and (v) the Bonds being admitted to the Official List. In the event that any one or more of the aforesaid conditions is not satisfied the Sponsor, Manager & Registrar shall return the proceeds of the Bond Issue to Applicants.

5.2 Estimated expenses and proceeds of the Issue

The Issue will involve expenses, including professional fees and costs related to publicity, advertising, printing, listing, registration, sponsor, management, selling commission and other miscellaneous costs incurred in connection with the Bond Issue. Such expenses, which shall be borne by the Issuer, are estimated not to exceed approximately €225,000, with approximately €130,000 being attributed to placement fees and approximately €95,000 to professional, MSE, regulatory and ancillary fees. The amount of the expenses will be deducted from the proceeds of the Issue, which, accordingly, will bring the estimated net proceeds from the Bond Issue to €12,775,000. There is no particular order of priority with respect to such expenses.

5.3 Issue statistics

Amount:	€13 million;
Application Forms made available:	10 March 2021;
Bond Issue:	the issue of a maximum of €13 million secured Bonds due in 2031 denominated in Euro having a nominal value of €100 each, which will be issued by the Issuer at par and shall bear interest at the rate of 4.65% <i>per annum</i> , redeemable on 22 April 2031;
Bond Issue Price:	at par (€100 per Bond);
Closing date for Applications to be received from Existing Smartcare Prospects MTF Bondholders:	17 March 2021 at 12:00 hours CET;
Denomination:	Euro (€);
Events of Default:	the events listed in sub-section 6.14 of this Securities Note;
Form:	the Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
Governing law and jurisdiction:	the Prospectus and the Bonds are governed by and shall be construed in accordance with Maltese law. The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Prospectus and/or the Bonds;
Interest:	the Bonds shall bear interest from and including 22 April 2021 at the rate of four point six five per cent (4.65%) <i>per annum</i> payable annually in arrears on the Interest Payment Dates;
Interest Payment Date:	annually on the 22 April of each year between and including each of the years 2022 and 2031, as from 22 April 2022 (the first interest payment date);
Intermediaries' Offer:	in the event that following the subscription of Bonds by Existing Smartcare Prospects MTF Bondholders there are Bonds which remain unallocated, such Bonds shall form part of an Intermediaries' Offer as set out in sub-section 6.3 of this Securities Note. In the event that the Intermediaries' Offer takes place and the aggregate of the subscription agreements received from Authorised Intermediaries in terms of the Intermediaries' Offer is in excess of the amount of Bonds available for subscription, the Issuer (acting through the Registrar) shall scale down each subscription agreement received from Authorised Intermediaries in accordance with the allocation policy to be issued in terms of sub-section 6.5 of this Securities Note;
ISIN:	MT0002251214;
Issue Period:	the period between 08:30 hours CET on 10 March 2021 and 12:00 hours CET on 9 April 2021 (or such earlier date as may be determined by the Issuer) during which the Bonds are available for subscription;
Listing:	the Listing Authority has approved the Bonds for admissibility to listing and subsequent trading on the Official List. Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List;
Minimum amount:	should subscriptions for a total of at least €10,545,000 (the "Minimum Amount") not be received, no allotment of the Bonds shall be made, the Applications for Bonds shall be deemed not to have been accepted by the Issuer and all money received from Applicants for Bonds shall be refunded accordingly.
Minimum amount per Application:	one thousand Euro (€1,000) and multiples of one hundred Euro (€100) thereafter per individual Bondholder;
Plan of distribution:	the Bonds are open for subscription by: Existing Smartcare Prospects MTF Bondholders; and Authorised Intermediaries pursuant to the Intermediaries' Offer in respect of any balance of the Bonds not subscribed to by Existing Smartcare Prospects MTF Bondholders as aforesaid;

Preferred allocations:	<p>Existing Smartcare Prospects MTF Bondholders applying for Bonds are to settle all of the amount due on the Bonds applied for by the transfer to the Issuer of 2019 Prospects MTF Bonds at par value, subject to a minimum Application of €1,000 in Bonds. Any Existing Smartcare Prospects MTF Bondholders whose holding in 2019 Prospects MTF Bonds is less than €1,000 shall be required to pay the difference together with the submission of their Application Form (“Cash Top-Up”).</p> <p>Existing Smartcare Prospects MTF Bondholders electing to subscribe for Bonds through the transfer to the Issuer of all of the 2019 Prospects MTF Bonds held by them as at the Cut-off Date (including any Redemption Premium (as defined in sub-section 6.1.7 below) and Cash Top-Up necessary as stated above) (“2019 Prospects MTF Bond Transfer”) shall be allocated Bonds for the corresponding nominal value of 2019 Prospects MTF Bonds transferred to the Issuer (including Redemption Premium and Cash Top-Up, where applicable). The transfer of 2019 Prospects MTF Bonds to the Issuer in consideration for the subscription for Bonds shall cause the obligations of the Issuer with respect to such 2019 Prospects MTF Bonds to be extinguished, and shall give rise to obligations on the part of the Issuer under the Bonds.</p> <p>Bonds applied for by Existing Smartcare Prospects MTF Bondholders by way of 2019 Prospects MTF Bond Transfer as described above shall be allocated prior to any other allocation of Bonds.</p> <p>An Existing Smartcare Prospects MTF Bondholder wishing to apply for a number of Bonds exceeding in value the aggregate nominal value of 2019 Prospects MTF Bonds held by him/her/it as at the Cut-off Date (including Redemption Premium and Cash Top-Up, where applicable) may subscribe for such additional Bonds in terms of sub-section 6.2 below;</p>
Redemption Date:	22 April 2031;
Redemption Value:	at par (€100 per Bond);
Status of the Bonds:	the Bonds, as and when issued and allotted, shall constitute the general, direct and unconditional obligations of the Issuer, shall be secured by means of the Collateral granted in terms of the Security Trust Deed and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantors jointly and severally. The Bonds shall at all times rank <i>pari passu</i> , without any priority or preference among themselves, but shall rank with priority and preference in relation to all other present and future unsecured obligations of the Issuer, if any, save for such exceptions as may be provided by applicable law, and with first ranking and priority over the Security Property;
Subscription:	multiples of one hundred Euro (€100); and
Underwriting:	the Bond Issue is not underwritten.

5.4 Interest of natural and legal persons involved in the Issue

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

5.5 Collateral

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

The Issuer, SPL and SGIL, as applicable, have agreed to grant the Collateral in favour of the Security Trustee for the benefit of Bondholders, as Primary Beneficiaries, in terms of the Security Trust Deed, the Deed of Hypothec and the Pledge Agreement, and for such purpose shall appoint the Security Trustee to hold and administer the Collateral under

trust. The Collateral will secure the claim of the Security Trustee, for the benefit and in the interest of Bondholders, for the repayment of the full amount of the principal and interest under the Bonds by a preferred claim over the Collateral.

The Bonds will be secured by, and Bondholders shall have the benefit of, the following security rights granted by Smartcare Pinto Ltd and SGIL, as applicable, in favour of the Security Trustee:

- i. a first ranking special hypothec over the Security Property in favour of the Security Trustee in its capacity as trustee of the Smartcare Security Trust pursuant to the terms of the Security Trust Deed and the Deed of Hypothec;
- ii. a pledge by SGIL over all of its shares held in Smartcare Pinto Ltd, from time to time, in favour of the Security Trustee in its capacity as trustee of the Smartcare Security Trust pursuant to the terms of the Pledge Agreement and the Security Trust Deed; and
- iii. a pledge over the proceeds from the Insurance Policy in favour of the Security Trustee in its capacity as trustee of the Smartcare Security Trust pursuant to the terms of the Security Trust Deed.

Specifically, the Issuer, Smartcare Pinto Ltd and SGIL shall enter into a Security Trust Deed with the Security Trustee which sets out the covenants of the Issuer to pay the principal amount under the Bonds on the Redemption Date and interest thereon on each Interest Payment Date in terms of the Prospectus, the Pledge Agreement, the hypothecary rights under the Deed of Hypothec, the rights under the pledge relating to the Insurance Policy and all other ancillary rights and benefits enjoyed by the Security Trustee (for the benefit of Bondholders) under the Security Trust Deed. The Collateral will be vested in the Security Trustee for the benefit of the Bondholders in proportion to their respective holding of Bonds.

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

The redemption of the aggregate amount of the 2019 Prospects MTF Bonds to be re-financed through this Bond issue is €5,000,000. Once the redemption of the 2019 Prospects MTF Bonds is refinanced through the application of Bond Issue proceeds as aforesaid, the Security Property will, through the appropriate cancellations, reductions and/or waivers (as applicable), be released from all charges currently encumbering the Security Property, and such charges shall effectively be replaced by the Collateral being created in favour of the Security Trustee for the benefit of Bondholders. The Security Trustee shall obtain the Collateral over the relevant immovable property constituting the Security Property that had previously secured the 2019 Prospects MTF Bonds being refinanced.

By creating a preferred claim over the Security Property, the Collateral will secure the claim of the Security Trustee, for the benefit of and in the interest of Bondholders, for the repayment of the principal and interest due and accruing under the Bonds. Accordingly, following the issue of the Bonds and application of the Bond Issue proceeds in accordance with the terms of this Securities Note, as well as the release of the existing security in place over the Security Property, the Security Trustee will have the benefit of a first ranking special hypothec over the Security Property for the full amount of the Bonds and interest thereon.

Once the extension of the Care Home is completed, in accordance with the Security Trust Deed, SPL is to provide a first ranking special hypothec in favour of the Security Trustee subject to the same terms and conditions of the Deed of Hypothec concerning the extension to the Security Property. This will ensure that all the property comprising of the Care Home, including the extension thereof, is placed as collateral in favour of the Bondholders.

The Security Trustee's role includes holding and administering the Collateral for the benefit of the Bondholders and the enforcement of the said Collateral upon the happening of an Event of Default in terms of sub-section 6.14 of this Securities Note. The Security Trustee shall have no payment obligations to Bondholders under the Bonds, which remain exclusively the obligations of the Issuer and the Guarantors.

The Security Trustee shall hold the said property under trust in relation to a commercial transaction (as defined in the Trust and Trustees Act, Chapter 331 of the laws of Malta) and transactions connected or ancillary thereto. Furthermore, the Security Trustee shall hold the said property under a security trust as provided in Article 2095E of the Civil Code (Chapter 16 of the laws of Malta). The Collateral shall, therefore, be constituted in the name of the Security Trustee in the manner provided for by applicable law of Malta for the benefit of the Bondholders and this for amounts owing to the Bondholders by the Issuer in terms of the Prospectus, as may be amended from time to time, including amounts of interest or charges due in terms thereof, in relation to the Bonds.

In the event that the Issuer, SGIL and/or SPL commits any of the Events of Default set out in sub-section 6.14 below, as applicable, including default of the Issuer's obligations to repay any Bonds (together with interest and charges thereon) in terms of this Securities Note, or any default under the Security Trust Deed and/or under the Deed of Hypothec or the Pledge Agreement, the Security Trustee shall have the authority to enforce the Collateral as set out hereunder.

The Security Trustee shall not be bound to take any steps to ascertain whether any Event of Default or other similar condition, event or circumstance has occurred or may occur, and, until it shall have actual knowledge or express notice to the contrary, the Security Trustee shall be entitled to assume that no such Events of Default or condition, event or other circumstance has happened and that each of the Issuer, SGIL and/or SPL is observing and performing all the obligations, conditions and provisions on its part pursuant to the Prospectus and the Security Trust Deed, as applicable.

Following the Security Trustee's enforcement of the Collateral, the Security Trustee shall apply any available funds as follows:

- first to pay any sums due to the Security Trustee as trust administration costs or liabilities of the Security Trustee; and
- secondly to pay the Bondholders outstanding dues by the Issuer in terms of the Prospectus.

Without prejudice to other powers and discretions of the Security Trustee in terms of the Security Trust Deed, the Deed of Hypothec and the Pledge Agreement, the Security Trustee shall have the discretion to enforce the Collateral on its own accord or upon receiving notice from the Bondholders that any of the Events of Default set out in sub-section 6.14 below has occurred in accordance with the provisions hereof.

The Security Trustee shall have the discretion to postpone any sale of the assets held on trust if the best value reasonably achievable for the said assets on the open market for the time being would not be considered a fair value in the opinion of the Security Trustee or in the opinion of any advisor appointed by the Security Trustee for the valuation of the said assets.

In terms of the Security Trust Deed, the Security Trustee reserves the right to demand to the Issuer that additional or alternative immovable (and unencumbered) property owned by the Group be given as security in addition to and/or in place of the Security Property, should at any given time the value of the Security Property be reported, pursuant to an independent architect's valuation report, to be lower than the nominal value of outstanding Bonds in issue plus interest yet to accrue until the Redemption Date. In such case, the Issuer shall identify, at its discretion, which of the unencumbered property/ies forming part of the Group's portfolio as at the date thereof, if any, would replace or be added to the existing Security Property for the purposes of securing the Bond Issue, and procure that the relative Group company takes such steps as may be necessary for such unencumbered property/ies to replace or be added to the existing Security Property. In the event that, upon such request being made by the Security Trustee, the Group's property portfolio does not comprise any immovable property which is unencumbered, the Issuer shall either: provide a cash guarantee in favour of the Security Trustee sufficient to cover the difference between the nominal value of outstanding Bonds in issue (plus interest yet to accrue until the Redemption Date) and the revised value of the Security Property as set out in the above-mentioned independent architect's valuation report; or take such steps as may be necessary to free any one or more of the immovable properties in the Group's property portfolio from any existing encumbrances, and grant a first ranking special hypothec thereon in favour of the Security Trustee for the purpose of securing the Bond Issue.

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

As stated above in this sub-section with respect to the Security Property and in terms of the Security Trust Deed, the Security Trustee shall retain the discretion to substitute the security property held as collateral in terms of this Securities Note with alternative security from time to time, subject to an independent valuation report confirming to the satisfaction of the Security Trustee that the value of the security being substituted and added to the rights constituting the Collateral is at least equal to the value of the security to be removed as a security property at such date.

In the event where the Security Trustee makes declarations of trust indicating additional property settled on trust, the Issuer shall make the necessary company announcement in accordance with the Listing Rules to that effect.

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

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

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

Every Bondholder shall be entitled to be entered in the register of Bondholders maintained by the CSD and shall, thereupon, become a Primary Beneficiary under the Security Trust Deed. The beneficial interest of a Primary Beneficiary in terms of the Security Trust Deed shall terminate upon such time as a Bondholder is no longer registered in the register of Bondholders maintained by the CSD, or upon the redemption of the principal amount of the Bonds and payment of all interest thereunder, as the case may be.

The Security Trustee shall, so far as is reasonable and within a reasonable time of receiving a request in writing to that effect, provide full and accurate information on the Security Trust Deed to beneficiaries of the Smartcare Security Trust and to the MFSA. A copy of the Security Trust Deed may be inspected during the lifetime of the Prospectus at the registered office of the Issuer as set out in section 16 of the Registration Document.

As at the date of the Prospectus, the Security Property is burdened by hypothecs registered in favour of the Security Trustee in terms of and pursuant to the Company Admission Document. Once the 2019 Prospects MTF Bonds are redeemed, the Security Property will, through the appropriate cancellations, reductions and/or waivers (as applicable), be released from all charges currently encumbering the Security Property, and such charges shall effectively be replaced by the Collateral being created in favour of the Security Trustee for the benefit of Bondholders.

In relation to the Security Property, the Security Trustee shall appear on each notarial deed to effect payment. Pursuant to these deeds, the Security Trustee shall obtain the Collateral over the relevant immovable property constituting the Security Property.

By creating a preferred claim over the Security Property, the Collateral will secure the claim of the Security Trustee, for the benefit of and in the interest of Bondholders, for the repayment of the principal and interest

under the Bonds. Accordingly, following the issue of the Bonds and application of the Bond Issue proceeds in accordance with the terms of sub-section 5.1 above, as well as the release of the existing security in place over the Security Property, the Security Trustee will have the benefit of a first ranking special hypothec over the Security Property for the full amount of the Bonds and interest thereon.

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

In terms of the Company Admission Document, the Issuer will be obtaining the approval of the Existing Smartcare Prospects MTF Bondholders for the early redemption of the 2019 Prospects MTF Bonds. The meeting of the Existing Smartcare Prospects MTF Bondholders for the purpose is to be called by the Directors by giving the Security Trustee and all Existing Smartcare Prospects MTF Bondholders listed on the applicable bondholder register as at a date being not more than 30 days preceding the date scheduled for the meeting, 14 days' notice in writing. The notice itself (as well as the results of the Existing Smartcare Prospects MTF Bondholders' meeting) shall also be announced to the market via company announcement.

The proposal placed before the meeting of Existing Smartcare Prospects MTF Bondholders shall only be considered approved if at least 60% in nominal value of the Existing Smartcare Prospects MTF Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal. In terms of the Company Admission Document, the Issuer will also require the prior written approval of the MSE.

The net Bond Issue proceeds shall be transferred to the Security Trustee on or around 21 April 2021. The net Bond Issue proceeds referred to in sub-section 5.1 above shall, as outlined in the Security Trust Deed, be released by the Security Trustee on condition that: (i) the Issuer obtains the approval of the Existing Smartcare Prospects MTF Bondholders for the early redemption of the 2019 Prospects MTF Bonds pursuant to a meeting called for the purpose in terms of the Company Admission Document, as well as the written approval of the MSE; (ii) it receives appropriate assurance that publication and registration of the necessary notarial deeds for the cancellation of the existing charges over the Security Property, and the simultaneous publication and registration of the Deed of Hypothec pursuant to which all security over the Security Property for the benefit of Bondholders is to be duly perfected and registered, will be effected once the 2019 Prospects MTF Bonds are redeemed through the application of Bond Issue proceeds; (iii) the Pledge Agreement is duly and properly executed; (iv) the pledge on proceeds from the Insurance Policy is duly and properly executed; (v) the Guarantee is duly and properly granted in terms of Annex I to this Securities Note; (vi) the Minimum Amount of €10,545,000 is subscribed for; and (vii) confirmation that the Bonds will be admitted to the Official List by no later than 21 April 2021 is communicated to the Security Trustee.

With reference to item (ii) above, the Issuer, SPL and the Security Trustee will simultaneously enter into another notarial deed (the Deed of Hypothec) pursuant to which SPL shall constitute a first ranking special hypothec over the Security Property in favour of the Security Trustee for the benefit of Bondholders.

Following registration of the Deed of Hypothec and the presentation to the Security Trustee of the appropriate notes of hypothec, and upon the Bonds being admitted to the Official List, the Security Trustee shall release the remaining balance of the net Bond Issue proceeds to be applied for the purposes specified in sub-section 5.1 above.

5.6 Expected timetable of principal events

1	Meeting of Existing Smartcare Prospects MTF Bondholders	9 March 2021
2	Application Forms mailed to Existing Smartcare Prospects MTF Bondholders	10 March 2021
3	Closing date for Applications to be received from Existing Smartcare Prospects MTF Bondholders	17 March 2021 (by 12:00 CET)
4	Intermediaries' Offer*	9 April 2021
5	Announcement of basis of acceptance through a company announcement	14 April 2021
6	Refund of unallocated monies, if any	21 April 2021
7	Dispatch of allotment letters	21 April 2021
8	Expected date of constitution of Collateral	21 April 2021
9	Expected date of early redemption of the 2019 Prospects MTF Bonds	21 April 2021
10	Expected date of admission of the Bonds to listing	21 April 2021
11	Issue date of the Bonds	21 April 2021
12	Commencement of interest	22 April 2021
13	Expected date of commencement of trading in the Bonds	22 April 2021

* In the event that the total value of Applications received from Existing Smartcare Prospects MTF Bondholders reaches €13,000,000, the Intermediaries' Offer will not take place.

The Issuer reserves the right to close the Intermediaries' Offer before 9 April 2021 at 12:00 CET in the event that the Bonds are fully subscribed prior to said date and time. In such eventuality the events set out in step 5 and in steps 7 to 9 (both included) above shall be brought forward, although the number of Business Days between the respective events shall not also be altered.

6 INFORMATION CONCERNING THE BONDS

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

6.1 General

- 6.1.1 Each Bond forms part of a duly authorised issue of 4.65% secured bonds 2031 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €13,000,000 (except as otherwise provided under sub-section 6.16 "Further Issues" below). The Issue Date of the Bonds is expected to be 21 April 2021. The Bonds are secured by the granting of the Collateral in favour of the Security Trustee for the benefit of Bondholders, as primary beneficiaries, in terms of the Security Trust Deed. The Bond Issue is guaranteed by SPL and SHL jointly and severally.
- 6.1.2 The currency of the Bonds is Euro (€).
- 6.1.3 The Bonds shall bear interest at the rate of 4.65% *per annum* payable annually in arrears on 22 April of each year, the first interest payment falling on 22 April 2022. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day.
- 6.1.4 Subject to admission to listing of the Bonds to the Official List, the Bonds are expected to be assigned ISIN: MT0002251214.
- 6.1.5 The Bonds are expected to be listed on the Official List on 21 April 2021 and dealing is expected to commence on 22 April 2021. Dealing may commence prior to notification of the amount allotted being issued to Applicants.

- 6.1.6 All outstanding Bonds not previously purchased and cancelled shall be redeemed by the Issuer at par (together with accrued interest up to (but excluding) the date fixed for redemption) on the Redemption Date.
- 6.1.7 Upon redemption of the 2019 Prospects MTF Bonds, all Existing Smartcare Prospects MTF Bondholders will be afforded a premium in the form of payment of a redemption price of €102.4 (the “Redemption Premium”). Existing Smartcare Prospects MTF Bondholders will be entitled to have the Redemption Premium settled in cash upon redemption of the 2019 Prospects MTF Bonds (by direct credit into the Existing Smartcare Prospects MTF Bondholders’ bank account) or by the transfer to the Issuer of the Redemption Premium in exchange for the subscription of a corresponding amount of Bonds in his/her/its favour (by completing the appropriate section of the Application Form).
- 6.1.8 In the event that any of the Existing Smartcare Prospects MTF Bondholders applying for Bonds have not been allocated any Bonds or have been allocated a number of Bonds which is less than the number applied for, the Applicant shall receive a full refund or, as the case may be, the balance of the price of the Bonds applied for but not allocated, without interest by direct credit into the Applicant’s bank account as indicated by the Applicant in the Application Form at any time before the Bonds are admitted to listing on the Official List of the MSE. Neither the Issuer nor the Registrar will be responsible for any charges, loss or delays in transmission of the refunds. In this regard, any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act, 1994 (Chapter 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.
- 6.1.9 There are no special rights attached to the Bonds other than the right of the Bondholders to payment of interest and capital (as detailed in sub-section 6.12 below), the benefit of the Collateral through the Security Trustee (as detailed in sub-section 5.5 above), seeking recourse from the Guarantors pursuant to the Guarantee and in accordance with the ranking specified in sub-section 6.6 of this Securities Note.
- 6.1.10 The minimum subscription amount of Bonds that can be subscribed for by Applicants is €1,000, and in multiples of €100 thereafter.
- 6.1.11 Any balance of the Bonds not subscribed to by Existing Smartcare Prospects MTF Bondholders shall be offered for subscription by Authorised Intermediaries participating through an Intermediaries’ Offer. In this eventuality, Authorised Intermediaries need to submit completed subscription agreements indicating the number of Bonds they are interested to subscribe for by latest 9 April 2021 at 12:00 hours CET. The results of the offer, including the basis of acceptance of subscription agreements, will be announced through a company announcement by 14 April 2021. It is expected that allotment letters will be dispatched to Bondholders within five (5) Business Days of the date of the announcement of the allocation policy.
- 6.1.12 The issue of the Bonds is made in accordance with the requirements of the Listing Rules, the Act and the Prospectus Regulation.
- 6.1.13 The Bond Issue is not underwritten. Should subscriptions for a total of at least €10,545,000 (the “Minimum Amount”) not be received, no allotment of the Bonds shall be made, the Applications for Bonds shall be deemed not to have been accepted by the Issuer and all money received from Authorised Intermediaries shall be returned by the Issuer acting through the Registrar, without interest, by direct credit transfer to the respective Authorised Intermediary to the account number indicated on the respective subscription agreement by latest 21 April 2021. In the event that the Minimum Amount is reached but the Bond Issue is not fully subscribed, the Issuer will proceed with the allotment of the total amount in Bonds subscribed for.
- 6.1.14 All Applications shall be subject to the terms and conditions of the Bond Issue as set out in section 8 hereunder, the terms of which shall form an integral part hereof.

6.2 Applications by Existing Smartcare Prospects MTF Bondholders

- 6.2.1 The consideration payable by Existing Smartcare Prospects MTF Bondholders applying for Bonds is to be settled by the transfer to the Issuer of all of the 2019 Prospects MTF Bonds held by such Applicant as at the Cut-off Date, subject to a minimum application of €1,000, which transfer shall be effected at the par value of the 2019 Prospects MTF Bonds. Any Existing Smartcare Prospects MTF Bondholders whose holding in 2019 Prospects MTF Bonds is less than €1,000 shall be required to pay the difference (the “Cash Top-Up”).

Existing Smartcare Prospects MTF Bondholders electing to subscribe for Bonds through 2019 Prospects MTF Bond Transfer shall be allocated Bonds for the corresponding nominal value of 2019 Prospects MTF Bonds transferred to the Issuer (including the Redemption Premium and the Cash Top-Up, where applicable). The transfer of 2019 Prospects MTF Bonds to the Issuer in consideration for the subscription for Bonds shall cause the obligations of the Issuer with respect to such 2019 Prospects MTF Bonds to be extinguished, and shall give rise to obligations on the part of the Issuer under the Bonds.

Bonds applied for by Existing Smartcare Prospects MTF Bondholders by way of 2019 Prospects MTF Bond Transfer (including the Redemption Premium and the Cash Top-Up, where applicable) shall be allocated prior to any other allocation of Bonds.

A 2019 Prospects MTF Bond Transfer shall be without prejudice to the rights of Existing Smartcare Prospects MTF Bondholders to receive interest on the 2019 Prospects MTF Bonds up to but excluding 21 April 2021. The 2019 Prospects MTF Bonds shall be redeemed on 21 April 2021 as determined by the Issuer and duly notified to Existing Smartcare Prospects MTF Bondholders.

All Applications for the subscription of Bonds by Existing Smartcare Prospects MTF Bondholders by means of 2019 Prospects MTF Bond Transfer must be submitted to any Authorised Intermediary (which include the Sponsor, Manager & Registrar) by 12:00 hours CET of 17 March 2021.

- 6.2.2 Payment by Applicants of the Cash Top-Up referred to in sub-section 6.2.1 above, and the full price of the additional Bonds applied for referred to in sub-section 6.2.5 below, shall be made in Euro and in cleared funds at the Bond Issue Price, either through a bank transfer, or in cash or by cheque payable to the respective Authorised Intermediary.
- 6.2.3 Existing Smartcare Prospects MTF Bondholders subscribing for Bonds by means of 2019 Prospects MTF Bond Transfer are, in virtue of such subscription, confirming:
- i. that all of the 2019 Prospects MTF Bonds held by the Applicant on the Cut-off Date are being transferred to the Issuer, together with the Redemption Premium and the payment due in respect of any Cash Top-Up, as and if applicable;
 - ii. that the Application Form constitutes the Applicant’s irrevocable mandate to the Issuer to:
 - a. cause the transfer of the said 2019 Prospects MTF Bonds in the Issuer’s name in consideration of the issue of Bonds; and
 - b. engage, at the Issuer’s cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said 2019 Prospects MTF Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant; and
 - iii. that in respect of the payment of the Cash Top-Up in terms of sub-section 6.2.1 above and/or the exercise of the option to subscribe to additional Bonds set out in sub-section 6.2.5 below, the Applicant’s remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the Issuer and the Sponsor, Manager & Registrar reserve the right to invalidate the relative Application, and furthermore the Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders, unless the Applicant makes payment in cleared funds and such consideration is accepted by the Issuer, acting through the Sponsor, Manager & Registrar (which acceptance shall be made in the Issuer’s absolute discretion and may be on the basis that the Applicant

indemnifies the Issuer against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant's remittance to be honoured on first presentation).

- 6.2.4 Where the Applicant is the holder of 2019 Prospects MTF Bonds which as at the Cut-off Date are held subject to usufruct, the signatures of both the bare owner and the usufructuary will be required in the Application Form.
- 6.2.5 In addition to the aforesaid, Existing Smartcare Prospects MTF Bondholders transferring all of the 2019 Prospects MTF Bonds held by them as at the Cut-off Date pursuant to sub-section 6.2.1 above may apply for an amount of Bonds in excess of the amount of 2019 Prospects MTF Bonds being transferred by 2019 Prospects MTF Bond Transfer. In such case Existing Smartcare Prospects MTF Bondholders may subscribe for additional Bonds, in multiples of €100, by completing the appropriate section of the Application Form.

Existing Smartcare Prospects MTF Bondholders shall have priority in the allocation of Bonds solely with respect to that number of Bonds for which payment is being made by means of a 2019 Prospects MTF Bond Transfer, subject to the Redemption Premium and a Cash Top-Up, as and if applicable.

In the event that Existing Smartcare Prospects MTF Bondholders apply for additional Bonds other than by 2019 Prospects MTF Bond Transfer, no guarantee of allocation shall arise with respect to the excess Bonds applied for but such excess Bonds shall, together with Applications received from other Existing Smartcare Prospects MTF Bondholders, be subject to an allocation policy, without priority or preference between them, as shall be determined by the Issuer in accordance with sub-section 6.5 of this Securities Note.

- 6.2.6 Holders of 2019 Prospects MTF Bonds as at the Cut-off Date who do not elect to avail themselves of the possibility to exchange their investment in terms of the procedure outlined in this sub-section 6.2 shall receive all capital and accrued interest to date, together with the Redemption Premium, on 21 April 2021.
- 6.2.7 The balance of the Bonds not subscribed for by Existing Smartcare Prospects MTF Bondholders limitedly by means of a 2019 Prospects MTF Bond Transfer as contemplated in sub-section 6.2.1 above, shall be made available for subscription, *pari passu* without priority or preference between them, to Existing Smartcare Prospects MTF Bondholders in respect of any number of additional Bonds applied for other than by 2019 Prospects MTF Bond Transfer exceeding in value the aggregate nominal value of 2019 Prospects MTF Bonds held by them as at the Cut-off Date, including Redemption Premium and Cash Top-Up (where applicable), as outlined in sub-section 6.2.5 above.

6.3 Intermediaries' Offer

Any balance of the Bonds not subscribed to by Existing Smartcare Prospects MTF Bondholders shall be offered for subscription by Authorised Intermediaries participating in the Intermediaries' Offer. Any subscriptions received during the Intermediaries' Offer shall be subject to the same terms and conditions as those applicable to Applications by Existing Smartcare Prospects MTF Bondholders, but limited to any remaining balance of Bonds after fully allocating the Bonds applied for under Application Forms, as detailed in sub-section 6.2 above.

In this regard, the Issuer shall enter into conditional subscription agreements with a number of Authorised Intermediaries for the subscription of the resultant balance of Bonds, whereby it will bind itself to allocate Bonds thereto up to the total aggregate amount of €13,000,000 during the Intermediaries' Offer.

In terms of each subscription agreement entered into with an Authorised Intermediary, the Issuer will be conditionally bound to issue, and each Authorised Intermediary will bind itself to subscribe for, up to the total amount of Bonds as indicated therein, subject to the Bonds being admitted to trading on the Official List. The subscription agreements, which will be subject to the terms and conditions of the Prospectus, will become

binding on each of the Issuer and the respective Authorised Intermediaries upon delivery, provided that these intermediaries would have paid to the Registrar all subscription proceeds in cleared funds on delivery of the subscription agreement.

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

6.4 Plan of distribution and allotment

Applications for subscription to the Bonds may be made through any of the Authorised Intermediaries (which include the Sponsor, Manager & Registrar). The Bonds are open for subscription by:

- i. Existing Smartcare Prospects MTF Bondholders up to the amount of 2019 Prospects MTF Bonds held as at the Cut-off Date and subject to any Redemption Premium and Cash Top-Up as and if applicable;
- ii. Existing Smartcare Prospects MTF Bondholders in respect of any number of additional Bonds applied for other than by 2019 Prospects MTF Bond Transfer exceeding in value the aggregate nominal value of 2019 Prospects MTF Bonds held by them as at the Cut-off Date (including Redemption Premium and Cash Top-Up, as and if applicable), without priority or preference between them; and
- iii. Authorised Intermediaries through an Intermediaries' Offer in respect of any balance of the Bonds not subscribed to by Existing Smartcare Prospects MTF Bondholders as aforesaid.

Applications for subscriptions to the Bonds may be made through the Authorised Intermediaries (which include the Sponsor, Manager & Registrar) subject to a minimum Application of €1,000 and in multiples of €100 thereafter.

It is expected that an allotment letter will be dispatched to Applicants by latest 21 April 2021. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance or surrender of the 2019 Prospects MTF Bonds, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act, 1994 (Chapter 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

Dealings in the Bonds shall not commence prior to admission to trading of the Bonds by the MSE or prior to the said notification.

6.5 Allocation Policy

The Issuer shall allocate the Bonds on the basis of the following policy and order of priority:

- i. first to Existing Smartcare Prospects MTF Bondholders applying for Bonds by way of 2019 Prospects MTF Bond Transfer (and subject to any Redemption Premium and Cash Top-Up as and if applicable) in accordance with sub-section 6.2 above, and subject to a minimum application of €1,000;
- ii. the balance of the Bonds not subscribed for by Existing Smartcare Prospects MTF Bondholders limitedly by means of a 2019 Prospects MTF Bond Transfer (and subject to any Redemption Premium and Cash Top-Up as and if applicable), shall be made available for subscription to Existing Smartcare Prospects MTF Bondholders in respect of any additional Bonds applied for other than by 2019 Prospects MTF Bond Transfer exceeding in value the aggregate nominal value of 2019 Prospects MTF Bonds held by them as at the Cut-off Date, *pari passu*, without priority or preference between them and in accordance with the allocation policy as determined by the Issuer. Accordingly, in the event that an Existing Smartcare Prospects MTF Bondholder applies for additional Bonds other than by way of 2019 Prospects MTF Bond Transfer as specified in (i) above, no guarantee shall be given with respect to the amount of Bonds to be allocated to the excess Bonds applied for by such Existing Smartcare Prospects MTF Bondholder; and

- iii. in the event that following the allocations made pursuant to paragraphs (i) and (ii) above there shall still remain unallocated Bonds, the Issuer shall offer such remaining Bonds to Authorised Intermediaries through an Intermediaries' Offer as detailed in sub-section 6.3 above. Subscription agreements received from Authorised Intermediaries through an Intermediaries' Offer, if any, shall be allocated without priority or preference and in accordance with the allocation policy as determined by the Issuer, acting through the Registrar, which will be communicated by latest 12:00 hours CET on 14 April 2021.

The Issuer shall announce the result of the Bond Issue and the basis of acceptance of all Applications and the allocation policy to be adopted through a company announcement within five (5) Business Days of the closing of the Issue Period.

6.6 Status and ranking of the Bonds

The Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and secured obligations of the Issuer, guaranteed jointly and severally by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves but shall rank with priority and preference in relation to all other present and future unsecured obligations of the Issuer, if any, save for such exceptions as may be provided by applicable law, and with first ranking and priority over the Collateral. As at the date of this Securities Note, the Issuer does not have any subordinated indebtedness.

Pursuant to the terms of the Security Trust Deed, the Issuer has agreed to constitute in favour of the Security Trustee for the benefit of Bondholders, as primary beneficiaries, security over the Collateral and to appoint the Security Trustee to hold and administer the Collateral under trust. The Collateral will secure the claim of the Security Trustee, for the benefit and in the interest of Bondholders, for the repayment of the principal and interest under the Bonds by a preferred claim over the Security Property.

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

6.7 Rights attaching to the Bonds

There are no special rights attached to the Bonds other than the right of the Bondholders to:

- i. the payment of interest;
- ii. the payment of capital;
- iii. the benefit of the Collateral through the Security Trustee, in accordance with the provisions of sub-section 5.5 of this Securities Note;
- iv. ranking with respect to other indebtedness of the Issuer and the Guarantors in accordance with the provisions of sub-section 6.6 above;
- v. seek recourse from the Guarantors pursuant to the Guarantee, in case of failure by the Issuer to pay any sum payable by it to Bondholders pursuant to the Terms and Conditions of the Bonds detailed in this Securities Note;
- vi. attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
- vii. enjoy all such other rights attached to the Bonds emanating from the Prospectus.

6.8 Interest

- 6.8.1 The Bonds shall bear interest from and including 22 April 2021 at the rate of 4.65% *per annum* on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 22 April 2022 (covering the period 22 April 2021 up to and including 21 April 2022). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. Each Bond will cease to bear interest from and including its due date for redemption, unless payment of the principal in respect of the Bond is improperly withheld or refused or unless default is otherwise made in respect of payment, in any of which events interest shall continue to accrue at the rate specified above plus one per cent (1%), but in any event not in excess of the maximum rate of interest allowed by Maltese law. In terms of article 2156 of the Civil Code (Chapter 16 of the laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five (5) years.
- 6.8.2 When interest is required to be calculated for any period of less than a full year, it shall be calculated on the basis of a three hundred and sixty (360) day year consisting of twelve (12) months of thirty (30) days each, and in the case of an incomplete month, the number of days elapsed.

6.9 Yield

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is 4.65% *per annum*.

6.10 Registration, form, denomination and title

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

payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading “*Transferability of the Bonds*” in sub-section 6.15 of this Securities Note.

6.11 Pricing

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

6.12 Payments

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

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

6.12.2 Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Interest Payment Date. The Issuer shall not be responsible for any charges, loss or delay in transmission.

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

6.12.4 No commissions or expenses shall be charged by the Issuer to the Bondholders in respect of payments made in accordance with this sub-section 6.12. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

6.13 Redemption and purchase

6.13.1 Unless previously purchased and cancelled, the Issuer hereby irrevocably covenants in favour of each Bondholder that the Bonds will be redeemed at their nominal value (together with accrued interest up to (but excluding) the date fixed for redemption) on 22 April 2031. In such a case the Issuer shall be discharged of any and all payment obligations under the Bonds upon payment made net of any withholding or other taxes due or which may be due under Maltese law and which is payable by the Bondholders.

6.13.2 Subject to the provisions of this sub-section 6.13, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

6.13.3 All Bonds so redeemed or re-purchased will be cancelled forthwith and may not be re-issued or re-sold.

6.14 Events of Default

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

- i. if the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder and/or by the Security Trustee, unless remedied by the Guarantors before the expiry of such 60 days; and/or
- ii. if the Issuer shall fail to pay the principal amount of a Bond on the date fixed for its redemption and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder and/or by the Security Trustee, unless remedied by the Guarantors before the expiry of such 60 days; and/or
- iii. if the Issuer shall fail to perform or shall otherwise be in breach of any other material obligation contained in the terms and conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder and/or by the Security Trustee; and/or
- iv. if the Issuer, SPL and/or SGIL commits a breach of any of the covenants or provisions contained in the Security Trust Deed and/or the Pledge Agreement, as applicable, to be observed and performed on their respective parts and the said breach still subsists for thirty (30) days after having been notified by the Security Trustee; and/or
- v. if any representation or warranty made or deemed to be made or repeated by or in respect of the Issuer or the Guarantors is or proves to have been incorrect in any material respect in the sole opinion of the Security Trustee; and/or
- vi. if an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer; and/or
- vii. if the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; and/or
- viii. if the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; and/or
- ix. if in terms of section 214(5) of the Act, a Court order or other judicial process is levied or enforced upon or sued out against any part of the property of the Issuer and is not paid out, withdrawn or discharged within one (1) month; and/or
- x. if a judicial or provisional administrator is appointed upon the whole or any part of the property of the Issuer, and such appointment is determined by the Security Trustee to be prejudicial, in its opinion, to the Bondholders; and/or
- xi. if the security constituted by any hypothec, pledge or charge upon the whole or any part of the undertaking or assets of the Issuer or the Guarantors shall become enforceable and steps are taken to enforce the same and the taking of such steps shall be determined in writing by the Security Trustee to be, in its opinion, prejudicial to the Bondholders; and/or

- xii. if the Issuer or Guarantors repudiate, or do or cause or permit to be done any act or thing evidencing an intention to repudiate, the Bonds and/or the Security Trust Deed; and/or
- xiii. if all, or in the sole opinion of the Security Trustee, a material part of the undertakings, assets, rights or revenues of or shares or other ownership interests in the Issuer or Guarantors are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government; and/or
- xiv. there shall have been entered against the Issuer a final judgment by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of three million Euro (€3,000,000) or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed.

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

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

Provided that in the event of any breach by the Issuer or the Guarantors of any of the covenants, obligations or provisions herein contained due to any fortuitous event of a calamitous nature beyond its control, then the Security Trustee may, but shall be under no obligation so to do, give said defaulting party such period of time to remedy the breach as in its sole opinion may be justified in the circumstances and if in its sole opinion the breach is remediable within the short term and without any adverse impact on the Bondholders. The Security Trustee shall not be bound to take any steps to ascertain whether any Event of Default or other similar condition, event or circumstance has occurred or may occur, and, until it shall have actual knowledge or express notice to the contrary, the Security Trustee shall be entitled to assume that no such Event of Default or condition, event or other circumstance has happened and that each of the Issuer, SPL and SGIL is observing and performing all the obligations, conditions and provisions on its part contained under the Prospectus, the Security Trust Deed and the Pledge Agreement, as applicable.

6.15 Transferability of the Bonds

- 6.15.1 The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole (in multiples of €100) in accordance with the rules and regulations of the MSE applicable from time to time. The minimum subscription amount of €1,000 shall only apply during the Issue Period and the Intermediaries' Offer (if it takes place). As such, no minimum holding requirement shall be applicable once the Bonds are admitted to listing on the Official List of the MSE and commence trading thereafter, subject to trading in multiples of €100.
- 6.15.2 Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may, from time to time, properly be required by the Issuer or the CSD, elect either to be registered himself as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person. Provided always that if a Bond is transmitted in furtherance of this paragraph 6.15.2, a person will not be registered as a Bondholder unless such transmission is made in multiples of €100.
- 6.15.3 All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.

- 6.15.4 The costs and expenses of affecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the person to whom the transfer / transmission has been made.
- 6.15.5 The Issuer will not register the transfer or transmission of Bonds for a period of fifteen (15) days preceding the due date for any payment of interest on the Bonds or the due date for redemption.

6.16 Further issues

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

6.17 Meetings of Bondholders

- 6.17.1 The Issuer may, through the Security Trustee, from time to time, call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of the Prospectus require the approval of a Bondholders' meeting and to affect any change to the applicable Terms and Conditions of the Bonds.
- 6.17.2 A meeting of Bondholders shall be called by the Directors by giving the Security Trustee and all Bondholders listed on the register of Bondholders as at a date being not more than thirty (30) days preceding the date scheduled for the meeting, not less than fourteen (14) days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this sub-section 6.17 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.
- 6.17.3 The amendment or waiver of any of the Terms and Conditions of the Bonds may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.
- 6.17.4 A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, at least two (2) Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within thirty (30) minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Security Trustee and the Bondholders present at that meeting. The Issuer shall within two (2) days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven (7) days, and not later than fifteen (15) days, following the original meeting. At an adjourned meeting the number of Bondholders present at the commencement of the meeting, in person or by proxy, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at and decided upon during, the adjourned meeting.

- 6.17.5 Any person who in accordance with the Memorandum and Articles of Association of the Issuer is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.
- 6.17.6 Once a quorum is declared present by the chairperson of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the Directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.
- 6.17.7 The voting process shall be managed by the Issuer's company secretary under the supervision and scrutiny of the auditors of the Issuer and the Security Trustee.
- 6.17.8 The proposal placed before a meeting of Bondholders shall only be considered approved if at least sixty per cent (60%) in nominal value of the Bondholders present at the meeting, or any adjourned meeting, at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.
- 6.17.9 Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Issuer shall *mutatis mutandis* apply to meetings of Bondholders.

6.18 Authorisations and approvals

The Directors of the Issuer authorised the Bond Issue and the publication of the Prospectus pursuant to a Board of Directors' resolution passed on 11 February 2021. The Guarantee being given by the Guarantors in respect of the Bonds has been authorised by a resolution of the board of directors of each of the Guarantors respectively, dated 11 February 2021.

6.19 Admission to trading

- 6.19.1 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 19 February 2021.
- 6.19.2 Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Prospectus to be listed and traded on its Official List.
- 6.19.3 The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 21 April 2021 and trading is expected to commence on 22 April 2021. Dealing may commence prior to notification of the amount allotted being issued to Applicants.

6.20 Representations and warranties

- 6.20.1 The Issuer represents and warrants to Bondholders and to the Security Trustee for the benefit of Bondholders, who shall be entitled to rely on such representations and warranties, that:
- i. it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business as it is now being conducted and to hold its property and other assets under legal title; and
 - ii. it has the power to execute, deliver and perform its obligations under the Prospectus and that all necessary corporate, shareholder and other actions have been duly taken to authorise the

execution, delivery and performance of the same, and further that no limitation on its power to borrow or guarantee shall be exceeded as a result of the Terms and Conditions of the Prospectus.

- 6.20.2 The Prospectus contains all relevant material information with respect to the Issuer and the Guarantors and all information contained in the Prospectus is in every material respect true and accurate and not misleading, and there are no other facts in relation to the Issuer and/or the Guarantors, their respective businesses and financial position, the omission of which would, in the context of issue of the Bonds, make any statement in the Prospectus misleading or inaccurate in any material respect.

6.21 Bonds held jointly

In respect of any Bonds held jointly by several persons (including husband and wife), the joint holders shall nominate one (1) of their number as their representative and his/her name will be entered in the register with such designation. The person whose name shall be inserted in the field entitled "Applicant" on the Application Form, or the first named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bonds so held.

6.22 Bonds held subject to usufruct

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

6.23 Governing law and jurisdiction

- 6.23.1 The Bonds are governed by and shall be construed in accordance with Maltese law.
- 6.23.2 Any legal action, suit or proceedings against the Issuer and/or the Guarantors arising out of or in connection with the Bonds and/or the Prospectus shall be brought exclusively before the Maltese courts.

6.24 Notices

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

7 TAXATION

7.1 General

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Bonds, including their acquisition, holding and transfer, as well as any income/gains derived therefrom or made on their disposal. The following is a summary of the anticipated tax treatment applicable to the Bonds and to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive.

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

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

7.2 Malta tax on interest

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

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder is not obliged to declare the interest so received in his income tax return (to the extent that the interest is paid net of tax). No person shall be charged to further tax in respect of such income and the tax deducted shall not be available as a credit against the recipient’s tax liability or available as a refund, as the case may be.

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

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

In terms of article 12(1)(c) of the Income Tax Act, Bondholders who are not resident in Malta satisfying the applicable conditions set out in the Income Tax Act, including but not limited to the condition that the Bondholder is not owned and controlled by, whether directly or indirectly, nor acts on behalf of an individual/s who are ordinarily resident and domiciled in Malta, are not taxable in Malta on the interest received and will receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law.

7.3 Exchange of information

In terms of applicable Maltese legislation, the Issuer and/or its agent are required to collect and forward certain information (including, but not limited to, information regarding payments made to certain Bondholders) to the Commissioner for Revenue. The Commissioner for Revenue will or may, in turn, automatically or on request, forward the information to other relevant tax authorities subject to certain conditions. Please note that this does not constitute tax advice and Applicants are to consult their own independent tax advisors in case of doubt.

7.4 Maltese taxation on capital gains on transfer of the bonds

As the Bonds do not fall within the definition of “securities” in terms of article 5(1)(b) of the Income Tax Act, that is, “*shares and stocks and such like instrument that participate in any way in the profits of the company and*

whose return is not limited to a fixed rate of return”, to the extent that the Bonds are held as capital assets by the Bondholder, no tax on capital gains is chargeable in respect of transfer of the Bonds.

7.5 Duty on documents and transfers

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

Accordingly, the Bonds do not constitute marketable securities within the meaning of the aforementioned legislation and, therefore, the transfer/transmission thereof is not chargeable to duty.

Furthermore, even if the Bonds are considered to be marketable securities for the purposes of the Duty on Documents and Transfers Act, in terms of article 50 of the Financial Markets Act (Chapter 345 of the laws of Malta), in view of the fact that the Bonds constitute financial instruments of a company quoted on a regulated market exchange, as is the MSE, redemptions and transfers of the Bonds should in any case be exempt from Maltese duty.

8 TERMS AND CONDITIONS OF THE BOND ISSUE

- 8.1 The following terms and conditions shall be read in conjunction with all the other terms and conditions relative to and regulating the contractual relationship created between the Issuer and the Guarantors on the one hand and the Bondholders on the other.
- 8.2 The issue and allotment of the Bonds is conditional upon (i) the Minimum Amount of €10,545,000 being subscribed for; (ii) the Guarantee being granted in terms of Annex I to this Securities Note; (iii) the Collateral being constituted in favour of the Security Trustee in accordance with the provisions of the Security Trust Deed; (iv) the Issuer obtaining the approval of the Existing Smartcare Prospects MTF Bondholders for the early redemption of the 2019 Prospects MTF Bonds pursuant to a meeting called for the purpose in terms of the Company Admission Document, as well as the written approval of the MSE; and (v) the Bonds being admitted to trading on the Official List. In the event that the Bonds are not admitted to the Official List any application monies received by the Issuer from all Applicants will be returned without interest by direct credit into the Applicant’s bank account indicated by the Applicant/Authorised Intermediary on the relative Application Form/subscription agreement.
- 8.3 Application for the Bonds may be lodged with any Authorised Intermediary (which include the Sponsor, Manager & Registrar) by not later than 12:00 hours (CET) on 9 April 2021. Applications must be accompanied by the full price of the Bonds applied for, in Euro. Payment may be made either in cash, credit transfer to the respective Authorised Intermediary or by cheque payable to the respective Authorised Intermediary. In any case, acceptance of payment shall be made at the Authorised Intermediary’s sole and absolute discretion and may be on the basis that the Applicant indemnifies the Authorised Intermediary against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant’s remittance to be honoured on first presentation, and that, at any time prior to unconditional acceptance by the Authorised Intermediary of such late payment in respect of such Bonds, the Authorised Intermediary may (without prejudice to other rights) treat the agreement to allocate such Bonds as void, in which case the Applicant will not be entitled to any refund or payment in respect of such Bonds (other than return of such late payment).
- 8.4 It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying, including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.
- 8.5 The contract created by the Issuer’s acceptance of an Application filed by a prospective bondholder shall be subject to all the terms and conditions set out in this Securities Note.

- 8.6 If an Application Form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have duly bound his principal, or the relative corporation, corporate entity, or association of persons, and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such representative may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer acting through the Registrar, but it shall not be the duty or responsibility of the Registrar or the Issuer to ascertain that such representative is duly authorised to appear on the Application Form and bind the Applicant.
- 8.7 Applications in the name of a corporation or corporate entity or association of persons need to include a valid Legal Entity Identifier (“LEI”) (which needs to be unexpired) in the space provided on the Application Form. Failure to include a valid LEI code will result in the Application being cancelled by the Issuer acting through the Registrar and subscription monies will be returned to the Applicant in accordance with sub-section 8.8 below.
- 8.8 In the event that an Applicant fails to submit full information and/or documentation required with respect to an Application, the Applicant shall receive a full refund, without interest, by direct credit transfer to such account indicated in the Application Form at any time before the Bonds are admitted to listing on the Official List of the MSE. Neither the Issuer nor the Registrar shall be responsible for any charges, loss or delay arising in connection with such credit transfer.
- 8.9 In the case of joint Applications, reference to the Applicant in these terms and conditions is a reference to each of the joint Applicants, and liability therefor is joint and several.
- 8.10 Applications in the name and for the benefit of minors shall be allowed provided that the Applicant already holds an account with the MSE. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
- 8.11 The Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and, accordingly, may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.
- 8.12 No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person, nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any regulation or other legal requirements. Having considered the circumstances, the Issuer has formed the view (due to the onerous requirements involved in the registration of the Prospectus in any territory other than Malta and/or compliance with the relevant legal or regulatory requirements) not to send Application Forms to Existing Smartcare Prospects MTF Bondholders having their address as included in the register of bondholders outside Malta, except where, *inter alia*, in the absolute discretion of the Issuer, it is satisfied that such action would not result in a contravention of any applicable legal or regulatory requirement in the relevant jurisdiction.
- 8.13 It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself/itself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

- 8.14 Subject to all other terms and conditions set out in the Prospectus, the Issuer reserves the right to reject, in whole or in part, or to scale down, any Application, and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Issuer, acting through the Registrar, is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each Applicant, and liability therefor is joint and several.
- 8.15 Save where the context requires otherwise or where otherwise defined therein, terms defined in the Prospectus bear the same meaning when used in these Terms and Conditions, in the Application Forms, in any of the annexes and in any other document issued pursuant to the Prospectus.
- 8.16 The Issuer has not sought assessment of the Bonds by any independent credit rating agency.
- 8.17 Subject to all other terms and conditions set out in the Prospectus, the Issuer reserves the right to revoke the Issue at any time before the closing of the Issue Period and/or the Intermediaries' Offer (if it takes place). The circumstances in which such revocation might occur are expected to be exceptional, for example where a significant change in market conditions occurs.
- 8.18 The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by all Applicants is €1,000.
- 8.19 For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations (SL373.01), as may be amended from time to time, all appointed Authorised Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the *"Members' Code of Conduct"* appended as Appendix 3.6 to Chapter 3 of the MSE Bye-Laws, irrespective of whether the said appointed Authorised Intermediaries are Malta Stock Exchange members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the General Data Protection Regulation (EU) 2016/679 (GDPR) and the Data Protection Act (Chapter 586 of the laws of Malta) for the purposes and within the terms of the Malta Stock Exchange Data Protection Policy as published from time to time.
- 8.20 It shall be incumbent on the respective Authorised Intermediaries to ascertain that all other applicable regulatory requirements relating to subscription of Bonds by an Applicant are complied with, including without limitation the obligation to comply with all applicable MiFIR requirements as well as applicable MFSA Rules for investment services providers, all applicable Anti-Money Laundering and Counter Terrorist Financing rules and regulations, as well as the applicable MFSA Conduct of Business Rules.
- 8.21 By completing and delivering an Application Form, the Applicant:
- i. agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the Guarantors and the issue of the Bonds contained therein;
 - ii. warrants that the information submitted by the Applicant in the Application Form is true and correct in all respects. All Applications need to include a valid MSE account number in the name of the Applicant/s. Failure to include an MSE account number will result in the Application being cancelled by the Issuer (acting through the Registrar) and subscription monies will be returned to the Applicant. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the Application Form and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;
 - iii. authorises the Registrar and the MSE to include his/her/its name or, in the case of joint Applications the first named Applicant, in the register of debentures of the Issuer in respect of the Bonds allocated to such Applicant and further authorises the Issuer, the Registrar, the respective Authorised Intermediary and the MSE to process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue

- applied for, in accordance with the General Data Protection Regulation (EU) 2016/679 (GDPR) and the Data Protection Act (Chapter 586 of the laws of Malta). The Applicant has the right to request access to and rectification of the personal data relating to him/her/it as processed by the Issuer and/or the MSE. Any such requests must be made in writing and sent to the CSD. The requests must further be signed by the Applicant to whom the personal data relates;
- iv. confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer, the Guarantors or the issue of the Bonds other than what is contained in the Prospectus and, accordingly, agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
 - v. agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her/its remittance or surrender of the 2019 Prospects MTF Bonds, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act (Chapter 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
 - vi. agrees to provide the Issuer, acting through the Registrar, with any information which it/they may request in connection with the Application;
 - vii. warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her/its Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bonds or his/her/its Application;
 - viii. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
 - ix. represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) and that he/she/it is not accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the "United States") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
 - x. agrees that unless such Application is made with Calamatta Cuschieri Investment Services Limited as an Authorised Intermediary, Calamatta Cuschieri Investment Services Limited will not, in its capacity of Sponsor, treat the Applicant as its customer by virtue of such Applicant making an Application for the Bonds, and that Calamatta Cuschieri Investment Services Limited will owe the Applicant no duties or responsibilities concerning the price of the Bonds or their appropriateness and suitability for the Applicant;
 - xi. agrees that all documents in connection with the issue of the Bonds and any returned monies, including refunds of all unapplied Application monies, if any, will be sent at the Applicant's own risk and may be sent, in the case of documents, by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form and in the case of monies by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form;
 - xii. renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds;
 - xiii. irrevocably offers to purchase the number of Bonds specified in his/her/its Application Form (or any smaller number for which the Application is accepted) at the Bond Issue Price subject to the Prospectus, the Terms and Conditions thereof and the Memorandum and Articles of Association of the Issuer;
 - xiv. warrants that his/her/its remittance will be honoured on first presentation and agrees that if such remittance is not so honoured on its first presentation, the Issuer acting through the Registrar reserves the right to invalidate the relative Application. Furthermore, the Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders or to enjoy or receive any rights in respect of such Bonds, unless the Applicant makes payment in cleared funds and such consideration is accepted by the respective Authorised Intermediary (which acceptance shall be made in the Authorised Intermediary's sole and absolute discretion and may be on the basis that the Applicant indemnifies the Authorised Intermediary against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant's remittance to be honoured on first presentation, and that, at any time prior to unconditional acceptance by the Authorised Intermediary of such late payment in respect of

- such Bonds, the Authorised Intermediary may (without prejudice to other rights) treat the agreement to allocate such Bonds as void and may allocate such Bonds to some other person, in which case the Applicant will not be entitled to any refund or payment in respect of such Bonds (other than return of such late payment));
- xv. agrees that all Applications, acceptances of applications and contracts resulting therefrom will be governed by, and construed in accordance with, Maltese law and that he/she/it submits to the exclusive jurisdiction of the Maltese Courts and agrees that nothing shall limit the right of the Issuer to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of applications and contracts in any other manner permitted by law in any court of competent jurisdiction;
 - xvi. warrants that if he/she signs the Application Form on behalf of another party or on behalf of a corporation or corporate entity or association of persons, he/she has due authority to do so and such person, corporation, corporate entity or association of persons will also be bound accordingly, and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions;
 - xvii. warrants that he/she is not under the age of eighteen (18) years or if he/she is lodging an Application in the name and for the benefit of a minor, warrants that he/she is the parent or legal guardian of the minor;
 - xviii. confirms that, in the case of a joint Application entered into in joint names, the first named Applicant shall be deemed the holder of the Bonds; and
 - xix. agrees that, in all cases, any refund of unallocated Application monies, if any, will be sent to the Applicant by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form. No interest shall be due on refunds. The Issuer shall not be responsible for any charges, loss or delay in transmission.

9 ADDITIONAL INFORMATION

Save for the architect's property valuation report set out in Annex I of the Registration Document and the Financial Analysis Summary reproduced in Annex III of this Securities Note, the Prospectus does not contain any statement or report attributed to any person as an expert.

The architect's property valuation report dated 29 January 2021 has been included in Annex I of the Registration Document in the form and context in which it appears with the authorisation of Perit Malcolm Sullivan of Sapienza and Sullivan Architects & Civil Engineers, who has given and has not withdrawn his consent to the inclusion of said report herein.

The Financial Analysis Summary dated 19 February 2021 has been included in Annex III of this Securities Note in the form and context in which it appears with the authorisation of Calamatta Cuschieri Investment Services Limited of Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta, which has given and has not withdrawn its consent to the inclusion of said report herein.

Neither of the foregoing experts have any beneficial interest in the Issuer or the Guarantors. The Issuer confirms that the architect's property valuation report and the Financial Analysis Summary have been accurately reproduced in the Prospectus and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

ANNEX I – GUARANTEE

THE GUARANTEE

SMARTCARE HOLDINGS LTD - C 90121

&

SMARTCARE PINTO LTD – C 86395

(the “Guarantors”)

To All Bondholders:

Reference is made to the issue of up to €13 million 4.65% Secured Bonds 2031 by Smartcare Finance p.l.c., a company registered in Malta bearing company registration number C 90123, pursuant to and subject to the terms and conditions contained in the Securities Note forming part of the Prospectus to be dated 19 February 2021.

Now, therefore, by virtue hereof, Smartcare Holdings Ltd (C 90121) and Smartcare Pinto Ltd (C 86395) hereby stand surety jointly and severally with the Issuer and irrevocably and unconditionally guarantee with the Issuer the due and punctual performance of all the obligations undertaken by the Issuer under the Bonds and, without prejudice to the generality of the foregoing, undertake to pay all amounts of principal and interest which have become due and payable by the Issuer to Bondholders under the Bonds, within sixty (60) days from the date such amount falls due and remains unpaid by the Issuer.

This guarantee shall be governed by the laws of Malta.

Signed and executed on this the 19 February 2021.



Andrew Debattista Segond
Director
Smartcare Holdings Ltd
(C 90121)



Andrew Debattista Segond
Director
Smartcare Pinto Ltd
(C 86395)

Interpretation:

In this Guarantee, unless the context otherwise requires:

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

Nature, scope and terms of the Guarantee:

1 NATURE OF THE GUARANTEE

The offering of Bonds that will be made by the Issuer pursuant to the Prospectus will be made with the benefit of the joint and several corporate Guarantee of the Guarantors, the full terms of which are set out in clause 3 below.

2 INFORMATION ABOUT THE GUARANTORS

The information about the Guarantors required pursuant to the Listing Rules and the Prospectus Regulation may be found in the Registration Document forming part of the Prospectus.

3 TERMS OF THE GUARANTEE

3.1 Covenant to pay

For the purposes of the Guarantee, the Guarantors, as primary obligors, hereby jointly and severally with the Issuer irrevocably and unconditionally guarantee to each Bondholder that if for any reason the Issuer fails to pay any sum payable by it to such Bondholder pursuant to the terms and conditions of the Bonds detailed in the Securities Note as and when the same shall become due under any of the foregoing, the Guarantors will pay to such Bondholder on written demand the amount payable by the Issuer to such Bondholder. All demands shall be sent to the address stated below in clause 3.11 as the same may be changed by company announcement issued by the Issuer from time to time.

Such payment shall be made in the currency in force in Malta at the time the payment falls due.

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

This Guarantee shall apply to all Bonds issued on or after 21 April 2021 in accordance with the terms of the Securities Note.

3.2 Guarantors as joint and several sureties

The Guarantors will be liable under this Guarantee as joint and several sureties with the Issuer.

3.3 Maximum liability

This is a continuing Guarantee for the whole amount due or owing under the Bonds or which may hereafter at any time become due or owing under the Bonds by the Issuer, but the amount due by the Guarantors to the Bondholders under this Guarantee shall be up to and shall not be in excess of €13,000,000 (thirteen million Euro), apart from interest due up to the date of payment and costs and expenses relating to the protection, preservation, collection or enforcement of the Bondholders' rights against the Issuer and/or the Guarantors, which shall be additional to the maximum sum herein stated.

3.4 Continuing and unconditional liability

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

- a) the bankruptcy, insolvency or winding up of the Issuer; or
- b) the incapacity or disability of the Issuer; or

- c) any change in the name, style, constitution, any amalgamation, or reconstruction of either the Issuer or the Guarantors; or
- d) a Bondholder conceding any time or indulgence, or compounding with, discharging, releasing or varying the liability of the Issuer or renewing, determining, reducing, varying or increasing any accommodation or transaction or otherwise dealing with the same in any manner whatsoever or concurring in, accepting or in any way varying any compromise, composition, arrangement or settlement or omitting to claim or enforce or extract payment from the Issuer; or
- e) any event, act or omission that might operate to exonerate the Guarantors without settlement in full of the Indebtedness towards the relevant Bondholder.

3.5 Indemnity

As a separate and alternative stipulation, the Guarantors unconditionally and irrevocably agree that any Indebtedness to be payable by the Issuer but which is for any reason (whether or not now known or becoming known to the Issuer, the Guarantors or any Bondholder) not recoverable from the Guarantors, will nevertheless be recoverable from them as if they were the sole principal debtors and will be paid by them to the Bondholder on demand. This indemnity constitutes a separate and independent obligation from the other obligations in this Guarantee, gives rise to a separate and independent obligation from the other obligations in this Guarantee, and gives rise to a separate and independent cause of action.

3.6 Representations and warranties

3.6.1 The Guarantors represent and warrant:

- (i) that they are duly incorporated and validly existing under the laws of Malta and have the power to carry on their respective business;
- (ii) that they have power to grant this Guarantee and that this Guarantee is duly authorised and all corporate action has been taken by said Guarantors in accordance with their respective deeds of constitution and the laws of their incorporation and regulation;
- (iii) that this Guarantee constitutes and contains valid and legally binding obligations of the Guarantors enforceable in accordance with its terms;
- (iv) that this Guarantee does not and will not constitute default with respect to or run counter to any law, by-law, articles of incorporation, statute, rule, regulation, judgement, decree or permit to which said Guarantors are or may be subject, or any agreement or other instrument to which said Guarantors are a party or are subject or by which they or any of their property is bound;
- (v) that this Guarantee shall not result in or cause the creation or imposition of, or oblige the Guarantors to create, any encumbrance on the Guarantors' undertakings, assets, rights or revenues;
- (vi) that they are in no way engaged in any litigation, arbitration or administrative proceeding of a material nature (which for the purposes of this Guarantee shall mean proceedings relative to a claim amounting to at least €1.0 million) and nor are they threatened with any such procedures;
- (vii) that the obligations of the Guarantors under this Guarantee constitute general, direct and unsecured obligations of the Guarantors and rank equally with all their other existing and future unsecured obligations, except for any debts for the time being preferred by law;
- (viii) that they are not in material breach of or in default under any agreement relating to indebtedness to which they are a party or by which they may be bound, nor has any default occurred in their regard; and
- (ix) that all the information, verbal or otherwise, tendered in connection with the negotiation and preparation of this Guarantee is accurate and true and there has been no omission of any material facts.

3.6.2 As from the date of this Guarantee, until such time as the Indebtedness is paid in full to the Bondholders, and for as long as this Guarantee shall remain in force, the Guarantors shall hold true, good and valid all the representations and warranties given under this clause.

3.7 Deposit and production of the Guarantee

The original instrument creating this Guarantee shall be deposited with and be held by the Issuer at its registered address for the benefit of the Bondholders until all obligations of the Guarantors have been discharged in full, and until such time the Guarantors acknowledge the right of every Bondholder to obtain a copy of the instrument creating the Guarantee.

3.8 Subrogation

Until all amounts which may be payable under the terms of the Bonds have been irrevocably paid in full, the Guarantors shall not by virtue of this Guarantee be subrogated to any rights of any Bondholder or claim in competition with the Bondholders against the Issuer.

3.9 Benefit of the Guarantee and no assignment

This Guarantee is to be immediately binding upon the Guarantors for the benefit of the Bondholders. The Guarantors shall not be entitled to assign or transfer any of their obligations under this same Guarantee.

3.10 Amendments

The Guarantors have the power to veto any changes to the Terms and Conditions of the Bonds which are issued with the benefit of this Guarantee.

3.11 Notices

For notification purposes in connection with this Guarantee, the proper address and telephone number of the Guarantors is:

Smartcare Pinto Ltd

Address: 326, Mdina Road, Qormi, Malta
Telephone number: (+356) 21 449 574
Contact person: Andrew Debattista Segond

Smartcare Holdings Ltd

Address: 326, Mdina Road, Qormi, Malta
Telephone number: (+356) 21 449 574
Contact person: Andrew Debattista Segond

3.12 Governing law and jurisdiction

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

Any dispute, controversy or claim arising out of or relating to this Guarantee or as to the interpretation, validity, performance or breach thereof shall be brought exclusively before the Maltese courts.

ANNEX II – AUTHORISED INTERMEDIARIES

Calamatta Cuschieri Investment Services Ltd
Ewropa Business Centre
Triq Dun Karm
Birkirkara BKR 9034
Malta

Michael Grech Financial Investment Services Limited
The Brokerage, Level O A,
St Marta Street,
Victoria VCT 2550
Gozo

ANNEX III – FINANCIAL ANALYSIS SUMMARY

FINANCIAL ANALYSIS SUMMARY

Smartcare Finance p.l.c.

19 February 2021



The Directors
Smartcare Finance p.l.c.,
326, Mdina Road,
Qormi, Malta

19 February 2021

Dear Sirs,

In accordance with your instructions, and in line with the requirements of the Listing Authority Policies, we have compiled the Financial Analysis Summary (the “**Analysis**”) set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the financial analysis is that of summarising key financial data appertaining to Smartcare Finance p.l.c. (the “**Issuer**”), and the joint “**Guarantors**” Smartcare Pinto Ltd and Smartcare Holdings Ltd, where the latter acts as the parent company of the companies forming part of (the “**Group**”) as explained in part 1 of the Analysis. The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the year ended 31 December 2019, together with the 6 months performance ended 30 June 2019 and 30 June 2020 has been extracted from the audited financial statements and management accounts of the Guarantors and the Issuer.

(b) The forecast data for the financial years 2020 and 2021 has been provided by management.

(c) Our commentary on the Issuer and Guarantors’ results and financial position is based on the explanations set out by the Issuer in the Prospectus and Listing Authority Policies.

(d) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions set out in Part 4 of the Analysis.

(e) The principal relevant market players listed in Part 3 of the document have been identified by management. Relevant financial data in respect of competitors has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies or websites providing financial data.

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

Yours sincerely,



Nick Calamatta

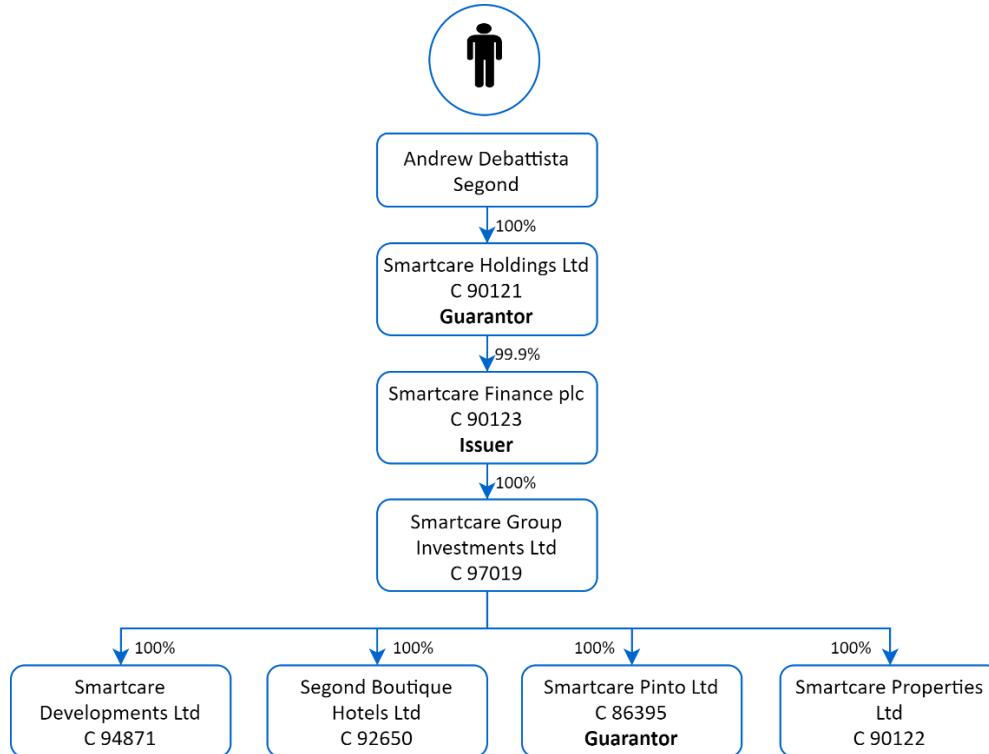
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Part 1 - INFORMATION ABOUT THE GROUP

1.1 Issuer, Guarantors and Group's Subsidiaries Key Activities and Structure

The Group structure is as follows:



The “**Group**” of companies consists of Smartcare Holdings Ltd being the Guarantor and the holding company of the Group, the Issuer, the second Guarantor Smartcare Pinto Ltd, and the other subsidiaries Smartcare Group Investments Ltd, Smartcare Developments Ltd, Segond Boutique Hotels Ltd and Smartcare Properties Ltd. The Group is involved in the management and operation of a private health care residence, in addition to real estate investment.

The Guarantor, Smartcare Holdings Ltd (“**SHL**”), company registration number C 90121, was set up on 7 January 2019 and acts as the holding company of the Group. As at the date of the Analysis, SHL, has an authorised and issued share capital of €2,374,225 divided into 2,374,225 ordinary shares of €1 each, fully paid-up. The ultimate beneficial owner of the Group is Mr Andrew Debattista Segond, which holds 100% ownership.

The Issuer, Smartcare Finance plc, company registration number C 90123, is a limited liability company registered in Malta on 7 January 2019. The Issuer is, except for one ordinary share held by Andrew Debattista Segond, a wholly-owned subsidiary of SHL. The Issuer, which was set up and established to act as a finance vehicle, has as at the date of the Analysis an authorised and issued share capital of €250,000 divided into 250,000 ordinary shares of €1 each, all fully paid-up.

As per company admission document dated 28 May 2019, the Issuer issued €5m secured bonds maturing in 2029 (“**2019 Prospects MTF Bonds**”). These bonds trade on the Prospects MTF List of the Malta Stock Exchange. Out of this issue, €3.4m was utilised to refinance existing loans and bank overdrafts, €0.6m was utilised to acquire and finish an apartment in Sliema, and the remaining €0.8m was retained for the Group’s general corporate funding. The issue costs for this issue was of *circa* €0.2m.

The bond will also be guaranteed by Smartcare Pinto Ltd (“**SPL**”), which is wholly-owned by SHL. SPL, company registration number C 86395, is a limited liability company registered in Malta on 21 May 2018. As at the date of the Analysis, the company has an authorised and issued share capital of €1,200 divided into 1,200 ordinary shares of €1 each, all fully paid-up. SPL is principally involved in the owning, managing and operating a private health care residence, including by the provision of all

equipment, facilities and care-giving in connection with and ancillary to the running of the residence. It owns and operates a care home, “**Dar Pinto**”, situated in Qormi.

Despite the proposed bond being secured by the second Guarantor, the principal Guarantor is SHL given that it captures all the assets of its wholly-owned subsidiaries, including SPL, which as noted above will also guarantee the bond.

Smartcare Group Investments Ltd (“**SGIL**”), was incorporated on 23 October 2020 and acts as a holding company of the four wholly-owned operating subsidiaries being SPL, Smartcare Developments Ltd (“**Smartcare Developments**”), Segond Boutique Hotels Ltd (“**Segond Boutique**”) and Smartcare Properties Ltd (“**Smartcare Properties**”).

Smartcare Developments was incorporated in order to acquire connected parcels of land in Hamrun and develop them into residential and commercial units for resale (the “**Hamrun Project**”). Additionally, Smartcare Developments has acquired a plot of land in the limits of Xagħra, Gozo. This land was assigned to Smartcare Developments by a related company owned by the same ultimate beneficial owner, Mr Andrew Debattista Segond. This land will be developed into residential units for resale (the “**Xagħra Project**”).

Segond Boutique was set up to acquire land in Xagħra, Gozo and subsequently develop it into a 53-room boutique hotel (the “**Boutique Hotel**”). Smartcare Properties was incorporated to own and manage other real estate properties owned by the Group.

Further information in relation to the assets owned or to be developed by the Group is found in sub-section 1.3 and 1.4 below.

1.2 Directors and Key Employees

Board of Directors - Issuer

As at the date of the Analysis, the Issuer is constituted by the following persons:

Name	Office Designation
Andrew Debattista Segond	Executive Director
William Wait	Executive Director and Chairman
Norval Desira	Non-executive Director
Sandro Grech	Independent non-Executive Director
Ian Joseph Stafrace	Independent non-Executive Director

The business address of all of the directors is the registered office of the Issuer. Refer to section 4 of the registration document for the *curriculum vitae* of the Issuer’s directors. Dr Katia Cachia is the company secretary of the Issuer.

Board of Directors – Guarantors

As at the date of the Analysis, both **Smartcare Holdings Ltd** and **Smartcare Pinto Ltd** are constituted by the following person:

Name	Office Designation
Andrew Debattista Segond	Executive Director and Company Secretary

The business address of the sole director is the registered office of the Issuer. Refer to section 4 of the registration document for the *curriculum vitae* of the Guarantors’ director.

The Issuer is currently managed by a board of five directors who are responsible for the overall direction and management of the Issuer. The board currently consists of two executive directors, who are entrusted with the Issuer’s day-to-day management, and three non-executive directors, two of which are also independent of the Issuer, whose main functions are to monitor the operations of the executive directors and their performance, as well as to review any proposals tabled by the

executive directors. This practice goes in accordance with the generally accepted principles of sound corporate governance, where at least one of the directors shall be a person independent of a group of companies.

Each Guarantor has its own board of directors that is entrusted with the responsibility of the direction and management of the respective Guarantor entity within the strategic parameters established by the respective Board. Both Guarantors are governed by the same two executive director.

The Issuer does not have any employees of its own, and thus is dependent on the resources within the Group entities. As at the date of this Analysis, the Group has a total of 62 employees. The Group's senior management consists of Ms Nathalie Micallef as head of clinical services and Mr Erich Vassallo as care home manager.

1.3 Major Assets owned by the Group

The Issuer does not have any substantial assets other than the investments it holds in its subsidiaries since it is essentially a special purpose vehicle set up to act as a financing company.

Dar Pinto, Qormi

The Group, through its operating company SPL, owns and currently operates a 136 long-term care bed old people's home, Dar Pinto, situated in Qormi through a private-public partnership agreement with the Government of Malta. Dar Pinto, which is fully operational, is housed within a six-storey property which stretches between two parallel streets in Qormi, spanning from Triq Guze' Duca on one end to Triq I-Imdina at the other end. The property has a street frontage of approximately 29 metres on Triq Guze' Duca and approximately 13 metres on Triq I-Imdina.

The Group has entered into an agreement with the Active Ageing and Community Care Department ('AACD') whereby all beds are sold to the Government of Malta for a fixed period of five years (until 31 May 2024). This agreement, which was signed in 2019, stipulates fixed rates for low, medium and high dependency residents, and is subject to renewal for a further period of 1 year beyond the initial five-year term. Therefore, the sole customer of Dar Pinto is the Maltese Government. As from April 2020, the care home reached full occupancy.

The current market value of Dar Pinto is €14.8m. This valuation was carried out by an independent valuer on 29 January 2021. The Group has recently entered into promise of sale agreements for the acquisition of land adjacent to Dar Pinto and is planning to develop a 48-bed extension to the care home at a cost of €1.7m. Further information in regards to this extension is found below in sub-section 1.4.

Boutique Hotel, Xagħra Gozo

The Group owns land in Xagħra, Gozo, which it is currently developing into a 53-room boutique hotel. It is projected that the Boutique Hotel will be completed by April 2021 and commence operations by June 2021. The Boutique Hotel's facilities will include a reception area, bar area, breakfast room, seating area and luggage room and will consist of 11 large suites with kitchenettes and a small pool/jacuzzi, and 42 double rooms. The Boutique Hotel will be operated under a Franchise Agreement with IBB Boutique Hotel Collection, which is already in hand.

Development works have been contracted on a turnkey basis at a value of €2.7m. The development project in its current state was valued at €4.45m by an independent valuer. The Boutique Hotel will be situated in two sites along two adjoining streets in Xagħra, Gozo. The sites together have total footprint of *circa* 367sqm. Prior to this proposed bond issue, an amount of €286k due by Segond Boutique to a related company owned by the same ultimate beneficial owner for the demolition, building and finishing works related to the Boutique Hotel, was capitalised as an equity contribution.

One site will be situated on Triq il-Kommitiva while the other site will be situated on Triq ta' Gajdor. The site situated on Triq il-Kommitiva will have a total of six floors, including basement and a setback level. The basement will provide for five car parking spaces together with areas allocated for a bathroom and staff changing rooms. The ground floor will be divided into

a reception area, a bar area, a breakfast room/restaurant, a kitchen, a lounge area, a seating area, a luggage room and toilets. The rooms will be situated at first to fourth floors, with the Boutique Hotel having a total of 30 rooms. The other site situated on Triq ta' Gajdorù will be spread over four floors, including a basement, which basement will be used as a storage space and include bathroom facilities. This part of the Boutique Hotel will have a total of 23 rooms.

Residential Apartments

The other real estate properties owned by the Group and classified as residential apartments are owned and managed by Smartcare Properties Ltd. These apartments consist of the following:

- A duplex penthouse situated within a block of apartments in Stella Maris Street, Sliema, having a gross floor area of *circa* 150sqm and total terrace area of 54sqm. The penthouse was valued at €0.6m by an independent valuer.
- Two apartments in Helena Flats in Ta' Xbiex numbered 2 and 4. The apartments have a combined book value of €192k.
- The Group also acquired three apartments (within a block named Eddie's Flats) and a penthouse (within a block named Sylvia's Flats) from related entities outside of the Group. These properties were transferred on 19 August 2020 in the form of an equity contribution by the ultimate beneficial owner, Mr Andrew Debattista Segond. The combined value of these properties is of €955k.

The Group has agreed terms for the sale of three of the above listed properties for the total sales value of €690k. These properties are Helena Flat 2, Helena Flat 4 and Sylvia Penthouse. Additionally, the Group entered into a promise of sale agreement to part exchange Eddie's Flat 2 for another property in Msida, which is valued €70k higher.

This new property has development permits for the development of the property into a residential property or alternatively, into a small guest house. Management currently has no plans for the immediate development of the property and is currently reviewing market developments with a view of finalising development plans in two to three years' time. Given that this part-exchange will involve a swapping of a non-income generating asset with another non-income generating asset that is held for potential future development, the immediate impact is limited to the €70k acquisition cost.

Hamrun Project

Following this proposed bond issue the Group will develop a mixed-use development consisting of residences, retail outlets and offices. Further details regarding this project is found below in sub-section 1.4 of this Analysis.

1.4 Operational Developments

The net proceeds from this €13m proposed bond issue are expected to amount to €12.8m, out of which €5m are earmarked for the redemption of the outstanding amount of the 2019 Prospects MTF Bonds. An amount of €1.7m will be utilised for financing the acquisition by SPL of adjacent properties to the Dar Pinto and the development and finishing of said property into the extension to the care home. An amount of €3.6m will be used for the acquisition and subsequent development of property as part of the Hamrun Project. The remaining amount of €2.5m will be utilised to refinance outstanding facilities, which were taken out for the acquisition and development of the Boutique Hotel. The Issuer will inject the net proceeds of the bonds in its fellow subsidiaries through the novation of preference shares and loans.

The proposed €13m bonds are to be issued on similar terms and conditions concerning the 2019 Prospects MTF Bonds, including, particularly, as to the security to be constituted in favour of the bondholders of the 2019 Prospects MTF Bonds.

The below collateral will be included as part of this proposed bond issue:

- A first ranking special hypothec over Dar Pinto;
- A pledge by SGIL over all of its shares held in SPL; and
- A pledge over the proceeds from the Insurance Policy, as further defined in the Prospectus.

Extension to Dar Pinto

SPL has submitted a planning application seeking to extend Dar Pinto into the adjacent plot on Triq l-Imdina, which new extension would cater for an additional 24 rooms and 48 beds. This potential development associated with the acquisition of an adjacent property is covered by a valid and approved planning permit. Works on the project are planned to commence in 2021. The duration of the entirety of the works, including construction, finishing and furnishing (including equipment) is projected to be 12 months. The extension is expected to be up and running by January 2022.

The effect on the day-to-day running of Dar Pinto due to the extension works is being foreseen as negligible and it is being assumed that the existing care home should be able to continue functioning as usual throughout the extension works. The completion costs are estimated to be €1.9m, of which €1.7m will be financed through this bond issue.

As per independent valuation carried 29 January 2021, the extension is estimated to increase the value of Dar Pinto by €1.6m such that the market value of the care home would be €16.4m upon completion of the extension, which currently is estimated to be finalised by January 2022.

Hamrun Project

The proposed project is to re-develop the Roxy Home Furnishings site in Hamrun into a mixed-use development consisting of residences, retail outlets and offices. The land was acquired by a related company owned by the same ultimate beneficial owner of the Group and on 11 September 2020, the land together with all development designs was assigned to the Group in the form of an equity contribution at an estimated market value of €470k.

The development is five storeys high and will include 29 residential units and 8 commercial units divided between 5 retail outlets and 3 offices. There are also 21 car parking spaces (11 one-car garages, 4 two-car garages and 2 car parking spaces) at basement level. 17 of the 29 residential units and 4 of the commercial outlets are under promise of sale agreements. The facade of the building, together with some internal features, will be retained and incorporated in the design of the building.

This development is to be financed through the €3.6m net proceeds allocated from this bond issue, as previously discussed above. As at the date of this Analysis, 4 commercial units have been sold on a promise of sale agreement (POSA), for the total value of €0.9m. Remaining units are projected to be sold between 2023 and 2024, at an average value of €2,241 per square meter.

Save for the above, the Group is not party to any other principal investments, and has not entered into or committed for any such principal investments, subsequent to 31 December 2019, being the date of the latest audited financial statements of the Issuer.

Xagħra Project

Since March 2020 the Group, through Smartcare Developments Ltd, owns a plot of land in Xagħra, Gozo with a total area of approximately 1,142 square metres, which the Group intends to develop into a residential block for resale. The site is referred to as Ta' Germinda', also known as 'Ta' Karaviza', and is accessible from Triq ta' Karkar, in the limits of Xagħra, Gozo.

The development of the residential property shall be split into three blocks offering a mix of 1, 2 and 3 bedroom and penthouse units. Each residential block includes underground garages. The Group has obtained development permits to construct two blocks of apartments (ten apartments in each block) with underlying garages (6 garages and 6 car spaces), and to construct a further 14 apartments in another block with 6 underlying garages. Construction is estimated to start in January 2021 and the entire project is estimated to be completed and sold by March 2022.

The total development cost is estimated to be €740k. This development will not be financed from this bond issue, but will be financed through the funds received on promise of sale agreements coupled with a bank loan.

Impact of COVID-19 on the Group's business

Different regions in the world have, from time to time, experienced outbreaks of various viruses. At this time, a widespread global pandemic of the infectious disease COVID-19 is taking place. As the virus is relatively new, effective cure is yet to be developed and although vaccines are being administered, the efficacy or otherwise of said vaccines is yet to be determined. While COVID-19 is still spreading and the final implications of the pandemic are difficult to estimate at this stage, it is clear that it will affect the lives of a large portion of the global population and cause significant effects. At this time, the pandemic has caused state of emergencies being declared in various countries, travel restrictions being imposed, quarantines been established and various institutions and companies being closed. The ongoing COVID-19 pandemic and any possible future outbreaks of viruses may have a significant adverse effect on the Issuer and the Group.

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

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

Notwithstanding the potential negative repercussions stemming from the pandemic, Dar Pinto, to date, has not experienced any negative impact and has, in fact, seen an increase in demand to accommodate the elderly. Management is conscious that it is operating in a sector which caters for vulnerable persons, whose health and well-being must remain its paramount concern. However, save for the fact that Dar Pinto had to close its doors to its residents' families as a required protective measure, the operations at Dar Pinto were not adversely impacted by the current pandemic.

In addition, policies are regularly updated, to include policies as may be issued from time to time by the health authorities and implementing all necessary preventive measures to protect its residents and employees. Moreover, the experienced team which run the Care Home ensured that any necessary adjustments were handled smoothly and efficiently over the past months.

The Group has also taken the initiative to utilise its minibus to drive all employees home so not to use public transport services to avoid any contamination risks. Additionally, personal protective equipment was purchased for all employees in order to counter any risks of contamination.

The Group's projections were prepared on the basis of a number of assumptions, which was deemed by management to be as realistic in view of the information and data currently in hand. The salient assumptions on which the projections have been prepared are illustrated below:

- In line with the Government's agreement for Dar Pinto, management utilised full occupancy rates during 2020 and 2021. As noted earlier, this agreement stipulates fixed rates, which are expected to increase annually in line with the retail price index;
- Management assumed that the existing resident profile (being the level of dependency of residents) remains constant throughout the projection period;
- Operational costs of the care home are expected to remain in line with current operations;
- The projected rates of the Boutique Hotel are based on current 2020 achievable rates for similar property in Gozo, as per management's market research on similar Boutique Hotel properties;
- The Boutique Hotel's occupancy is projected at 40% in the first year of operations, stabilising at 50% thereafter;
- Sales of the Hamrun project are based on units currently contracted under promise of sale agreements. These are assumed to be fully executed the moment the development phase of the project is complete.

The Issuer has settled its first bond coupon on the 2019 Prospects MTF Bonds which was due by the end of the second quarter of 2020. Additionally, the forecasts prepared by the Group indicate that sufficient cash will be generated throughout the projected period and the Group should be in a position to meet its financial commitments, including the bond interest due on this proposed bond issue.

The Group's forecasts for FY20 capture the actual trading results for the 6-month period (1 January to 30 June 2020) and the financial projections for the remaining 6-month period (1 July to 31 December 2020). Further information on the Group's projections is found in sub-section 2.4 to 2.6.

Other risks relating to the Group and its business

Apart from the current operational risk as a consequence of the COVID-19 outbreak, the Group is exposed to other risks. The Group is principally involved in the healthcare industry, therefore it is subject to general business risks inherent in the provision of accommodation and care for elderly persons.

Such risks include:

- Regulations and laws relating to the healthcare industry are constantly evolving and relatively untested by the local Courts;
- Operations may be affected by changing consumer preferences, fluctuations in occupancy levels, increases in labour costs and other operating costs, competition from or the oversupply of other similar properties offering accommodation and care for elderly persons and general economic conditions;
- There is a risk of significant changes to current or future healthcare programs;
- Breaches of law or conditions could lead to potential loss of operating licenses and damage to reputation;
- If the Care Home is not sufficiently successful in recruiting and retaining medical and nursing staff, its cost structure and profitability, but also its reputation and offering on the local market, will suffer;
- Healthcare operators are exposed to the risk of medical indemnity or similar claims and litigation. Although professional indemnity and public liability insurance in respect of a range of events to which this operation may be susceptible has been taken out, no assurance can be given that such insurance will remain available in the future;
- the Care Home is susceptible to the outbreak of sickness which could present it with major operational difficulties in protecting residents and maintaining an adequate staffing profile, in addition to disrupting normal business activities;
- Customers' preferences may shift towards alternative healthcare solutions;
- The Group may not be able to reduce the Care Home's fixed costs rapidly in response to any reduction in revenue or increase in variable expenses;

Through its other operations, the Group is also exposed to risks specific to property development. The Group's property development is targeted at the local commercial and residential market. All development projects are subject to a number of specific risks, including: the risk of cost overruns; the risk of insufficiency of resources to complete; the risk of sales transactions not materialising at the prices and the tempo envisaged; and the risk of sales delays resulting in a liquidity strain, higher interest costs and the erosion of revenue generation. If these risks were to materialise, they would have an adverse impact on the Group's revenue generation and cash flows.

Additionally, the Group may not realise the benefits it expects from investments made on its properties, including the investment in the Boutique Hotel. The Group's risk factors are further defined in section 2 of the registration document.

Part 2 - HISTORICAL PERFORMANCE AND FORECASTS

The Issuer was incorporated on 7 January 2019 and, accordingly, the first year capture the period from inception to 31 December 2019. Furthermore, the Issuer itself does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company solely for the needs of the Group, and, as such, its assets are intended to consist primarily of the investments it holds in its subsidiaries. The Issuer's audited historical financial performance for the year ended 31 December 2019 and the interim management accounts for the 6-month periods ended 30 June, 2019 and 2020, together with the projections for the years ending 31 December, 2020 and 2021, are set out in sub-sections 2.1 to 2.3.

For the purpose of this document, the focus is a review on the consolidated performance of the Group as captured by Smartcare Holdings Ltd, which apart other subsidiaries, captures the financial performance of Smartcare Pinto Ltd (being the second Guarantor). In view of the recent Group restructuring, the audited historical financial information of SHL for the year ended 31 December 2019 captures the performance of the Issuer, SPL and Smartcare Properties Ltd. Whereas, the Group's projections for the year ending 31 December, 2020 and 2021, as set out in sub-sections 2.4 to 2.6, captures the performance of the whole Group (as per current Group structure shown in sub-section 1.1). The Group's forecasts are based on management projections. The interim management accounts of SHL for the 6-month periods ended 30 June, 2019 and 2020 have also been presented.

2.1 Issuer's Income Statement

Income Statement	07/01/2019 30/06/2019	07/01/2019 31/12/2019A	June-20	FY20F	FY21P
	€000s	€000s	€000s	€000s	€000s
Preference dividend	-	-	-	-	695
Interest income	35	233	192	384	48
Total finance income	35	233	192	384	743
Finance costs	(17)	(152)	(125)	(250)	(827)
Net finance income	18	81	67	134	(84)
Administrative expenses	(22)	(55)	(35)	(60)	(197)
Credit impairment loss	(1)	(3)	-	-	-
Profit/(loss) before tax	(5)	23	32	74	(281)
Income tax	-	-	-	(42)	-
Profit/(loss) after tax	(5)	23	32	32	(281)

Ratio Analysis	June-19	FY19A	June-20	FY20F	FY21P
Gross Margin (Net finance income / Finance income)	51.4%	34.8%	34.9%	34.9%	-11.3%
Net Margin (Profit for the year / Finance income)	-14.3%	9.9%	16.7%	8.3%	-37.8%

The 2019 Prospects MTF Bonds were issued on 5 June 2019, therefore the activity of the Issuer prior to this date was minimal as shown in the interim financials (H1) of 2019. The Issuer's performance for FY19 captures the interest income earned on the net proceeds granted as loans to SPL and Smartcare Properties Ltd and the finance costs incurred on the 2019 Prospects MTF Bonds. Net finance income represents the interest margin of 3% that the Issuer charges to its fellow subsidiaries to cover its operating expenditure. During FY19, the issuer incurred €55k in administrative expenses and €3k in credit impairment losses, which resulted in a profit of €23k.

Given the relative simple business model of the Issuer, the performance of H1 20 was very similar to that of FY19, with the Issuer reporting a profit of €32k. This is higher than FY19, given that generally in the first year of issue there is a time lag between the commencement of interest on the bonds and the granting of loans to Group companies, which will naturally result in a period where the Issuer incurs finance costs but does not earn any finance income.

As noted earlier, the Group expects to refinance the existing €5m bond from the proceeds of this €13m loan. Additionally, the remaining proceeds will flow to the operating subsidiaries by way of preference shares injection in SGIL. Consequently, as from FY21, the Issuer's income will consist of preference dividend, with finance costs representing the coupon on this bond issue. Given that in FY20 the Issuer incurred additional costs in issuing this bond, it is forecasting profits to remain constant to that achieved in H1 20. In view of the time lag usually experienced in the first year of issue as noted above, the Issuer is forecasting a loss of €0.3m in FY21. This however, is expected to reverse from FY22 onwards as the Issuer's operations stabilises and it reports a profit given the interest margin it charges to fellow subsidiaries as noted above.

2.2 Issuer's Statement of Financial Position

Statement of Financial Position	FY19A	June-20	FY20F	FY21P
	€000s	€000s	€000s	€000s
Assets				
Non-current assets				
Investment in preference shares	-	-	-	12,776
Amounts due from related parties	4,862	5,027	5,320	-
	4,862	5,028	5,320	12,776
Current assets				
Trade and other receivables	230	-	-	-
Cash and cash equivalents	6	2	2	44
	236	2	2	44
Total assets	5,098	5,030	5,322	12,820
Equity and liabilities				
Capital and reserves				
Share capital	48	48	250	250
Retained earnings	23	55	56	(226)
Total equity	71	103	306	24
Non-current liabilities				
Debt securities in issue	4,859	4,854	4,873	12,796
	4,859	4,854	4,873	12,796
Current liabilities				
Trade and other payables	168	72	143	-
	168	72	143	-
Total liabilities	5,027	4,926	5,016	12,796
Total equity & liabilities	5,098	5,030	5,322	12,820

The Issuer's assets in FY19 mainly consisted of amounts due from related parties (€4.9m), which were granted from the 2019 Prospects MTF Bonds. Current assets totalled only to €0.2m, with the majority of this being trade and other receivables. As at June 2020, assets did not experience any significant changes except for a reclassification of €0.2m from current assets to non-current assets.

Similarly, the majority of the Issuer's liabilities consist of the €4.9m debt securities in issue. This is marginal lower than the principal amount of €5m which is due to the amortisation of bond issue costs. Total equity and liabilities remained stable between FY19 and H1 20, with the notable changes being the increase in retained earnings given the marginal profit reported for H1 20 and the repayment of *circa* €0.1m in trade and other payables.

In FY20, the financial position of the Issuer is expected to remain relatively stable to H1 20, however in FY21 the Issuer's financial position will capture this €13m bond issue. As noted earlier, the Issuer will transfer the net proceeds by way of preference shares investment which is projected at €12.8m. Cash and cash equivalents are projected at less than €0.1m, resulting in a total asset balance of €12.8m in FY21. Given that the Issuer is solely a financing vehicle its liabilities principally consist of the debt securities in issue (FY21: €12.8m). The remaining balance of less than €0.1m represents the projected total equity for FY21.

2.3 Issuer's Statement of Cash Flows

Cash Flows Statement	07/01/2019 30/06/2019	07/01/2019 31/12/2019A	June-20	FY20F	FY21P
	€000s	€000s	€000s	€000s	€000s
Cash flows from operating activities					
Cash flows from operations	(4)	(30)	161	86	549
Taxation paid	-	-	-	(42)	-
Interest paid	-	-	-	(250)	(827)
Net cash generated from/(used in) operating activities	(4)	(30)	161	(206)	(278)
Cash flows from investing activities					
Investment in preference shares	-	-	-	-	(12,776)
Net cash used in investing activities	-	-	-	-	(12,776)
Cash flows from financing activities					
Proceeds from equity	48	48	-	202	-
Proceeds from the issue of debt securities	4,910	4,850	-	-	12,776
Redemption of 2019 Prospects MTF Bond	-	-	-	-	(5,000)
Movements in related party balances	(4,827)	(4,862)	(165)	-	5,320
Net cash generated from financing activities	131	36	(165)	202	13,096
Net movement in cash and cash equivalents	127	6	(4)	(4)	42
Cash and cash equivalents at the beginning of year	-	-	6	6	2
Cash and cash equivalents at the end of year	127	6	2	2	44

The main activity within the cash flow during FY19, is the €5m 2019 Prospects MTF Bond and the subsequent granting of the net proceeds to fellow subsidiaries. These movements are captured under the cash flow from financing activities. The Issuer generated negative cash from operations in FY19 and H1 19, however it reported positive cash flows of €0.2m in H1 20.

The Issuer's cash flow activity in FY20 is expected to be minimal, except for minor movements in operating and financing activities. However, FY21 will capture the proceeds from this €13m bond issue and the corresponding investment in preference shares of €12.8m. The cash flow from financing activities also captures the redemption of the €5m 2019 Prospects MTF Bonds, which as discussed above will be financed through this bond issue.

2.4 Group's Income Statement

Smartcare Holdings Ltd was incorporated on 7 January 2019 and, accordingly, the first year capture the period from inception to 31 December 2019. Smartcare Pinto Ltd was incorporated on 21 May 2018, but the company was dormant prior to 7 January 2019, therefore its financial performance is fully reflected in the consolidated financial statements of SHL for FY19.

Consolidated Income Statement	07/01/2019 30/06/2019	07/01/2019 31/12/2019A	June-20	FY20F	FY21P
	€000s	€000s	€000s	€000s	€000s
Revenue	39	569	1,175	3,053	6,138
Cost of sales	(82)	(444)	(550)	(1,905)	(3,046)
Gross profit	(43)	125	625	1,148	3,092
Administrative expenses	(130)	(324)	(288)	(659)	(875)
EBITDA	(173)	(199)	337	489	2,217
Depreciation	(110)	(251)	(128)	(238)	(504)
EBIT	(283)	(450)	209	251	1,713
Finance costs	(57)	(193)	(127)	(340)	(878)
Profit/(loss) before tax	(340)	(643)	82	(89)	835
Taxation	-	163	-	(96)	(288)
Profit/(loss) after tax	(340)	(480)	82	(185)	547

Ratio Analysis	June-19	FY19A	June-20	FY20F	FY21P
Profitability					
Growth in Revenue (YoY Revenue Growth)	n/a	n/a	2912.8%	436.6%	101.0%
EBITDA Margin (EBITDA / Revenue)	-443.6%	-35.0%	28.7%	16.0%	36.1%
Net Margin (Profit for the year / Revenue)	-871.8%	-84.4%	7.0%	-6.1%	8.9%
Return on Common Equity (Net Income / Total Equity)	-16.5%	-23.3%	3.8%	-2.3%	3.9%
Return on Assets (Net Income / Total Assets)	-4.1%	-5.7%	0.8%	-1.2%	2.2%

Revenue analysis	FY19	FY20F	FY21P	% inc. FY20/FY21	FY20F	FY21P
	€000s	€000s	€000s		% of Total Revenue	
Dar Pinto	569	2,673	2,890	8.1%	87.6%	47.1%
Segond Boutique Hotel	-	-	425	n/a	0.0%	6.9%
Hamrun Project	-	230	460	100.0%	7.5%	7.5%
Rental Income	-	8	31	287.5%	0.3%	0.5%
Xagħra Project	-	142	2,332	1542.3%	4.7%	38.0%
	569	3,053	6,138	101.0%	100%	100%

As noted earlier, the performance of the Group for FY19, including the interim financials of H1 20, only captures the operations of Dar Pinto as the other companies within the Group were not yet operational during this period. In FY19, Dar Pinto generated €0.6m in revenue and a gross profit of €0.1m. In view of the fact that the Group's operating costs incurred during FY19 were higher than revenue, the Group generated a negative EBITDA of €0.2m, which when combined with the depreciation and finance costs resulted in a loss of €0.5m.

It is important to note, that the care home was not operational for the full course of FY19 as it signed its first agreement with the AACD in May 2019, which involved the provision of 50 long term care beds. In December 2019, an addendum to the service agreement was signed that increased the number of long-term care beds to 90. In March 2020, Dar Pinto entered into another agreement for the provision of a further 46 beds, with the care home operating at full capacity since March 2020. Therefore, H1 19 and FY19 do not capture the full performance of Dar Pinto.

In fact, in H1 20 the Group's financial performance improved significantly with the Group generating €1.2m in revenue and an EBITDA of €0.3m. The Group was also able to close off the first 6-months performance with a profit after tax of €0.1m. Given that the care home reached full occupancy in March 2020, it is expected that its performance will further improve during the second half of 2020.

As stated earlier, the Group has entered into an agreement with the Government of Malta for a fixed period of five years (until 31 May 2024). This agreement, which was signed in 2019, stipulates fixed rates for low, medium and high dependency residents, and is subject to renewal for a further period of 1 year beyond the initial five-year term. The average dependency mix of residents is: 19% low dependency, 36% medium dependency and 45% high dependency.

Cost of sales primarily consist of the salaries of nurses and carers, food and beverage expenses, medical expenses and consumables. Administrative costs primarily consist of the remuneration of directors, accountants, administrators, managers and housekeepers, training costs, license fees, utilities, repairs & maintenance costs, professional service fees, telecommunication costs, health & safety costs and bank charges.

The Group will allocate €1.7m out of this proposed bond issue to acquire the land adjacent to the care home and develop it into the extension to Dar Pinto resulting in an increased capacity of 48 new beds (total of 184 beds). This expansion is projected to be completed by the end of FY21. Based on previous experience, the Group expects to fill the added capacity by December 2022. Given that over a long period occupancy losses are anticipated due to hospital stays and periods between resident turnovers, management have assumed a stable occupancy rate of 98%, except for the period where the additional beds are being filled.

In FY20, Dar Pinto is forecasted to generate a revenue of €2.7m, meaning a €2.1m increase over FY19. The care home is the main generating business of the Group, in fact in FY20 it will contribute 87.6% to the total revenue. In FY21, Dar Pinto's revenue is expected to normalise, with an anticipated growth of 8.1% (€2.9m in FY21). FY21 will be the first full year where the care home should be operating at full capacity. It is important to note that the extension to the care home is not expected to impact the current operations and therefore no loss of revenue is being projected.

The Boutique Hotel is projected to begin operating from July 2021, with FY22 being the first full operational year. Therefore, no revenue is forecasted to be earned from this Boutique Hotel in FY20, while in FY21 the Boutique Hotel is projected to generate €0.4m. Average occupancy is projected at 40% in the first year of operations, stabilising at 50% thereafter. Projected revenue rates are based on current 2020 achievable rates for similar property in Gozo, as per management's market research on similar Boutique Hotel properties.

The Hamrun project is made up of 8 commercial units, 29 residential units split over three courts, 19 garages, and 2 car spaces. 4 commercial units have been sold on a promise of sale agreement (POSA), for the total value of €0.9m.

The residential area will be made up of 3 four-storey blocks, containing one to two bedroom apartments and penthouses. The total designated residential area is 2,628sqm, with a total of 29 residential units. Out of these units, 17 units are subject to a POSA for the total value of €2.4m.

The property will also have 21 car spaces, 19 of which are lock up garages. 2 lock up garages and 1 car space are at present reserved for internal uses by the Group and are not intended for sale, therefore leaving 18 units available for sale. Out of these, 5 have been sold for a combined value of €0.1m. Management anticipate to sell remaining units at an average cost of €21k per unit. The project is expected to generate total sales of €6.3m, of which €3.4m have already been contracted under promise of sale as at 30 June 2020.

The Group's rental income is derived from a long-term let of the Sliema penthouse property at €2.6k per month, which is expected to increase in line with inflation.

The Xagħra project will consist of 15 apartments at a development cost of circa €0.7m, with the construction estimated to start by January 2021 and finish by March 2022. The Group will finance part of this development through a €0.5m bank loan,

while the remaining construction costs will be funded through payments received in advance in relation to sales on plan and through general Group cash reserves.

The total sale value of the Xaghra project at completion is estimated at €2.2m, and will encompass an estimated development area of 2,585sqm. Approximately 87% of the projected development area has already been contracted on sell-side POSAs for an amount of €2.3m. The remaining units are being held till the completion of the Project in order to maximise selling prices and are expected to be sold for a total value of €0.5m.

The Group is expected to generate €0.5m in EBITDA in FY20, with this improving to €2.2m in FY21. In view of the expected improvement in the Group's financial performance, the EBITDA margin is also expected to improve from 16.0% in FY20 to 36.1% in FY21. Once the expansion of the care home starts to operate at full occupancy, coupled with the operations of the Boutique Hotel and the profit from all the property developments is realised, the Group's EBITDA is projected to normalise at circa €2m yearly.

Depreciation is expected to amount to €0.2m in FY20, with this increasing to €0.5m in FY21, which mainly reflects the depreciation on Dar Pinto. Finance costs are forecasted to amount to €0.3m in FY20, which mainly captures the full year interest due on the 2019 Prospects MTF Bonds. In FY21, finance costs are expected to amount to €0.9m mainly as a result of the interest cost due on this €13m bond issue, coupled with the interest due on current bank loans which will be refinanced through the proceeds of this bond issue. Therefore, moving forward interest costs should capture the €0.6m interest due on this bond (coupon: 4.65%).

Despite the improved results of Dar Pinto, the Group is forecasting a loss of €0.2m for FY20. This is as a result of the additional administrative expenses estimated to be incurred in issuing this bond, coupled with the management of the property development projects and the construction of the Boutique Hotel. However, as from FY21 the Group expects to return back to profitability, with a projected profit after tax of €0.5m. This translates into a net margin of 8.9%.

2.5 Group's Statement of Financial Position

Consolidated Statement of Financial Position	FY19A	June-20	FY20F	FY21P
	€000s	€000s	€000s	€000s
Assets				
Non-current assets				
Property, plant and equipment	6,443	7,615	18,450	20,000
Intangible assets	332	327	324	317
Investment property	-	611	1,325	1,325
Deferred tax asset	163	163	163	163
	6,938	8,716	20,262	21,805
Current assets				
Inventories	823	192	896	3,457
Trade and other receivables	562	1,523	721	768
Cash and cash equivalents	27	19	526	1,845
	1,412	1,734	2,143	6,070
Total assets	8,350	10,450	22,405	27,875
Equity and liabilities				
Capital and reserves				
Share capital	1	1	2,378	2,378
Retained earnings	(456)	(374)	(641)	(94)
Revaluation reserve	2,512	2,512	12,062	12,029
Total equity	2,057	2,139	13,799	14,313
Non-current liabilities				
Debt securities in issue	4,858	4,854	4,873	12,798
Long-term borrowings	667	1,774	2,959	-
	5,525	6,628	7,832	12,798
Current liabilities				
Trade and other payables	768	1,505	754	723
Tax payable	-	-	20	41
Short-term borrowings	-	178	-	-
	768	1,683	774	764
Total liabilities	6,293	8,311	8,606	13,562
Total equity and liabilities	8,350	10,450	22,405	27,875
Ratio Analysis	FY19A	June-20	FY20F	FY21P
Financial Strength				
Gearing 1 (Net Debt / Net Debt and Total Equity)	72.8%	76.0%	34.6%	43.4%
Gearing 2 (Total Liabilities / Total Assets)	75.4%	79.5%	38.4%	48.7%
Gearing 3 (Net Debt / Total Equity)	267.3%	317.3%	52.9%	76.5%
Net Debt / EBITDA	(27.6)x	20.1x	14.9x	4.9x
Current Ratio (Current Assets / Current Liabilities)	1.8x	1.0x	2.8x	7.9x
Interest Coverage level 1 (EBITDA / Cash interest paid)	(1.0)x	2.7x	1.4x	2.5x
Interest Coverage level 2 (EBITDA / Finance Costs)	(1.0)x	2.7x	1.4x	2.5x

Total assets of the Group mainly consist of the major assets owned by the Group, the largest being Dar Pinto. In FY19, the Group recorded a gain in the revaluation of Dar Pinto amounting to €2.5m. As at June 2020, property plant and equipment increased to €7.6m which represents the construction costs incurred on the Boutique Hotel. Intangible assets mainly consist of goodwill recognised upon the re-organisation of the Group when SHL acquired SPL. This goodwill has been assigned an indefinite life and is tested annually for impairment. The €0.6m investment property as at June 2020 represents the Sliema penthouse.

Current assets mainly represent the Group's trade and other receivables. In FY19, current assets amounted to €1.4m and in June 2020 these increased to €1.7m. Total assets amounted to €8.4m in FY19 and increased to €10.5m in June 2020.

Total assets are expected to increase to €22.4m in FY20. Mainly, such increase reflects the full capitalised cost of the Boutique Hotel, coupled with the land value for the extension to Dar Pinto. Intangible assets are expected to remain fairly stable, whereas investment property is forecasted to increase to €1.3m due to the three apartments (as part of Eddie's Flats) that has been contributed as a capital injection by the ultimate beneficial owner of the Group.

Inventory is expected to increase to €0.9m and €3.5m in FY20 and FY21, respectively. Inventories include property from the Hamrun Project which is held for resale. Inventory is shown at cost and is wound down once a final deed of sale is signed for the respective units. Trade and other receivables predominantly relate to the Dar Pinto operations. Trade receivables are projected based on a 60-day credit term. Cash reserves are also forecasted to improve in FY20 to €0.5m and further improve to €1.8m in FY21.

The Group's equity prior to June 2020 mainly captures the revaluation reserve of €2.5m which was recognised on Dar Pinto as discussed above. Total liabilities stood at €6.3m and €8.3m in FY19 and H1 20, respectively. Predominantly, total liabilities consist of the €5m 2019 Prospects MTF Bonds, in addition to other long-term borrowings (bank borrowings taken out for the acquisition and development of the Boutique Hotel).

In FY20 and FY21, the share capital is forecasted to increase to €2.4m. As previously explained, prior to this bond issue the ultimate beneficial owner injected the following: (i) €0.7m cash injection, (ii) €0.5m capital injection relating to the land cost of the Hamrun Project, (iii) €0.7m capital injection – Eddie's Flats, (iv) €0.2m capital injection Sylvia's Flats and (v) €0.3m capitalisation of payable due on the demolition and finishing works related to the Boutique Hotel.

As noted earlier, this bond will be issued in FY21 and this is reflected in non-current liabilities as shown above. Trade and other payables predominantly relate to the Dar Pinto operations and are projected based on 1 month payroll payable and 120 days payable on other costs.

Total liabilities are projected at €8.6m and €13.6m in FY20 and FY21, respectively. Moving forward total equity is projected to further strengthen year-on-year, as retained earnings continue to accumulate.

2.6 Group's Statement of Cash Flows

Consolidated Statement of Cash Flows	07/01/2019 30/06/2019	07/01/2019 31/12/2019A	June-20	FY20F	FY21P
	€000s	€000s	€000s	€000s	€000s
Cash flows from operations	(201)	(816)	133	215	(421)
Income tax paid	-	-	-	(76)	(266)
Interest paid	-	(193)	(127)	(340)	(878)
Net cash flows generated from operating activities	(201)	(1,009)	6	(201)	(1,565)
Cash flows from investing activities					
Goodwill at acquisition	(311)	(311)	-	-	-
Acquisition of property, plant and equipment	(696)	(4,171)	(1,288)	(2,258)	(1,933)
Net cash flows used in investing activities	(1,007)	(4,482)	(1,288)	(2,258)	(1,933)
Cash flows from financing activities					
Issue of share capital	-	1	-	666	-
Movement in bank loans	(1,747)	667	1,107	2,292	(2,959)
Debt securities issue	4,910	4,850	-	-	12,776
Redemption of Prospects bond	-	-	-	-	(5,000)
Bond issue costs	-	-	(12)	-	-
Net cash flows generated from / (used in) financing activities	3,163	5,518	1,095	2,958	4,817
Movement in cash and cash equivalents	1,955	27	(187)	499	1,319
Cash and cash equivalents at start of year	-	-	27	27	526
Cash and cash equivalents at end of year	1,955	27	(160)	526	1,845

Ratio Analysis	June-19	FY19A	June-20	FY20F	FY21P
Cash Flow					
Free Cash Flow (Net cash from operations - Capex)	(897)	(5,180)	(1,282)	(2,459)	(3,498)

The Group utilised all the cash generated from its activities and closed off FY19 in a breakeven cash position. During FY19, the Group utilised the proceeds from the €5m 2019 Prospects MTF Bonds to acquire and develop the care home. In H1 2020, the Group reported a trivial cash flow from operating activities and utilised €1.2m in capital expenditure (related to the Boutique Hotel). This was financed by €1.1m in bank loans.

In FY20, the Group expects to utilise €0.2m in operating activities and this is mainly due to changes in working capital reflecting the full year operations of Dar Pinto. As a result of the increase in inventory due to the Hamrun Project In FY21, the Group expects to utilise an additional €1.6m in operating activities. The Group expects to return to positive cash flows from operations once the inventory is wound down (i.e. the sale of the units within the Hamrun Project).

During the forecasted period, the Group projects a capital investment of €4.2m. This is captured under cash flows from investing activities and mainly relates to the extension to Dar Pinto and the development of the Boutique Hotel.

As noted earlier, this bond is expected to be issued in FY21 and this is shown under cash flow from financing activities. Under this section, there is also the redemption of the €5m 2019 Prospects MTF Bonds, which will be redeemed through the proceeds of this bond issue, in addition to the €0.7m share capital cash injection which will be captured in FY20.

Based on the above, the Group expects a positive movement in cash flows of €0.5m and €1.3m in FY20 and FY21, resulting in a closing cash balance of €0.5m and €1.8m, respectively.

Part 3 - KEY MARKET AND COMPETITOR DATA

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

3.1 Economic Update¹

In November, the Central Bank of Malta's Business Conditions Index (BCI) was unchanged when compared with the previous month. The stabilisation in the index suggests that the pace of recovery in economic activity has slowed down. Although recent readings are higher than the estimates for May and June, the Index continues to signal low levels of economic activity reflecting the weak economic conditions triggered by COVID-19. Similarly, the European Commission's Economic Sentiment Indicator (ESI) deteriorated in November when compared with the previous month. Confidence fell sharply in industry and, to a more limited extent, in the services sector and among consumers. These developments offset improved sentiment in the construction sector and among retailers. Sentiment remained negative in all sectors, bar the construction sector, which turned positive for the first time since the start of the pandemic.

In October, industrial production rose marginally after having contracted for six consecutive months, while the volume of retail trade fell at a slower pace in annual terms. The number of registered unemployed fell when compared with a month earlier. Meanwhile, the unemployment rate was unchanged compared with September and remained low from a historical perspective. The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) edged up marginally to 0.6% in October, from 0.5% in September. Similarly, inflation based on the Retail Price Index (RPI) rose to 0.3% from 0.2% over the same period. Maltese residents' deposits grew at an annual rate of 6.0% over the year to October, while annual growth in credit to Maltese residents eased to 9.5%. In October, the deficit on the cash-based Consolidated Fund widened when compared with a year earlier, as primary government expenditure more than offset an increase in government revenue.

Economic Outlook²

In the light of the pandemic situation, which has continued to develop during recent months, the Central Bank of Malta (the "CBM") expects Malta's Gross Domestic Product (GDP) to contract by 7.5% this year, and subsequently to grow by 5.9% in 2021, by 4.4% in 2022, and by 4.2% in 2023³. The downward revision of the CBM's forecasts reflects the re-introduction of containment measures and renewed signs of deterioration in business sentiment, which are expected to dampen the global economic recovery in the near term. Nonetheless, the CBM expects 2019 GDP levels to be re-attained and exceeded in 2022, conditional on the successful rollout of a vaccine in 2021.

The decline in net exports is projected to be the main contributor to the contraction in GDP in 2020, reflecting a sharp drop in foreign demand, restrictions on travel-related activities, and disruptions to the global supply chain. However, domestic demand is also expected to contribute negatively, as the shut-down of various activities during part of the year and elevated levels of uncertainty adversely impacted private consumption and investment. However, increased government consumption partly offset the fall in private demand.

Domestic demand is expected to be the main driver of the projected recovery in the following years even though government assistance measures are expected to be reduced gradually.

¹ Central Bank of Malta – Economic Update 12/2020

² Central Bank of Malta – Economic Projections 2020 – 2022 (2020:4)

³ Previous projections expected Malta's GDP to contract by 6.6% in 2020, and subsequently to grow by 6.1% and 4.2% in 2021 and 2022, respectively.

Despite the sharp contraction in 2020, the labour market has so far shown remarkable resilience. Unemployment initially rose during the first wave of COVID-19, but has since declined, as fiscal measures have been very supportive in this respect. Hence, employment growth is set to remain positive in 2020, though it will moderate from 2019. It is then expected to pick up gradually in the following years, reaching 2.5% in 2023. These forecasts constitute an upward revision from the previous set of projections.

Annual inflation based on the Harmonised Index of Consumer Prices is set to ease to 0.8% this year, down from 1.5% in 2019, reflecting lower domestic and international price pressures. However, these downward pressures are mitigated in part by cost-push factors, in the context of disruptions to the global supply chain. Inflation is set to edge up to 1.6% by 2023, reflecting a pick-up in economic activity which should lift prices of services and non-energy industrial goods inflation.

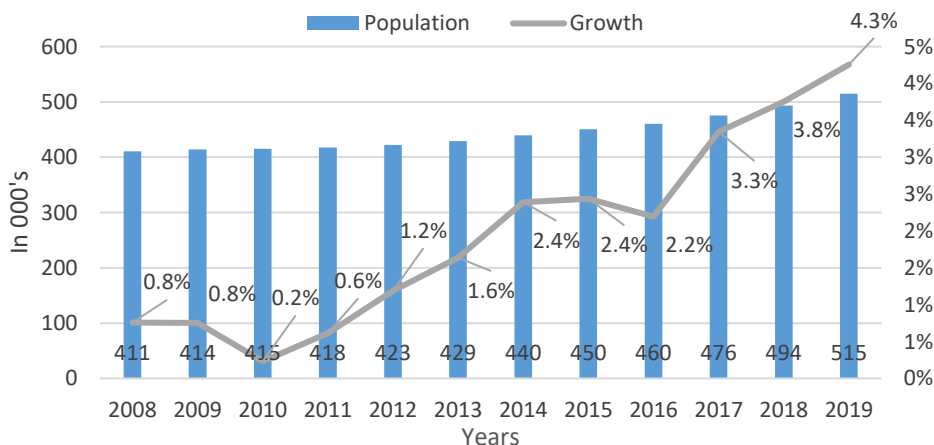
Public finances are expected to deteriorate in 2020 due to the decline in economic activity and the introduction of COVID-19 related fiscal support. The CBM is now projecting that the general government will record a deficit of 9.4% of GDP in 2020, having revised its economic growth projections downwards from what was previously expected. In its budget for 2021, the Government will be extending some COVID-related measures. The deficit is therefore expected to persist through 2021, although it is expected to narrow to 6.4%. As economic activity improves and COVID-related support is tapered off, the deficit is set to narrow further to 4.0% of GDP by 2023. Moreover, the government debt-to-GDP ratio is projected to rise from 42.6% in 2019 to 60.5% by 2023.

Given the prevailing uncertainty, the CBM has also published a more severe scenario in which it considers the effects of maintaining some restrictive health protocols beyond 2021. In such a scenario, the contraction in GDP could reach 9.4% this year. GDP growth should then rebound to 5.5% in 2021, before moderating again to 3.7% and 3.6% in the following two years. In this scenario, the 2019 level of GDP would be exceeded only in 2023. Additionally, the government deficit would deteriorate more sharply in 2021, reaching 9.8%, before narrowing to 5.5% by 2023 while the government debt-to-GDP ratio would rise to 68.6% by then.

3.2 Care home industry⁴

In recent years, the population in Malta grew significantly, mainly due to both immigration and an increase in life expectancy for both genders. As per the latest National Statistics Office's records (issued on 11 July 2020), the estimated population of Malta and Gozo at the end of 2019 stood at 514,564, up by 4.3% when compared to 2018. More specifically, Malta population grew by 17.0% in the last five years (2014-2019), a significant growth when compared to the previous 5-year period between 2008 and 2013 where the population increased by 4.5%.

This data is summarised in the below table:



⁴ National Statistics Office: World Population Day statistics

The population increase in 2019 was driven by a net migration of 20,343 persons, with the remaining 662 persons representing the natural increase between births and deaths. Life expectancy has also increased throughout the years, with the average life expectancy for those born in 2019 standing at 83 years, an increase of 2.6 years when compared to 10 years ago.

Demographic statistics show that the population in Malta is ageing considerably. As at 31 December 2019, the population aged 65 years and above comprised 18.5% (95,050) of the total population of 514,564, an increase of 3.7% from the 14.8% recorded in 2009.

On the same note, according to the '2019 Ageing Report' prepared by the European Commission and the Economic Policy Committee, the EU-28's median age is projected to increase by 3.8 years during the next three decades, to reach 46.9 years by 2050. This pattern will be repeated in each of the EU Member States, with the median age of the population projected to rise by 8.0 years or more in Malta, Poland, Slovakia and Cyprus.

Due to shifts in the current labour force, elderly people are now finding it difficult to find relatives who dedicate their time to care for them. Therefore, all things being equal, the demand for nursing home beds will probably increase in the same proportion as the elderly population in need of institutional care.

3.3 Hospitality and property development industries⁵

The tourism industry in Malta has been progressively growing over the years, benefiting from a surge in tourism with records broken year-on-year. This trend which is summarised in the below table, illustrates the number of tourist arrivals over the last three years:

	2017	2018	2019	Change 2019/18
Inbound tourists	2,273,837	2,598,690	2,753,239	5.9%
Tourist guest nights	16,509,141	18,569,716	19,338,860	4.1%
Average length of stay	7.3	7.1	7	-1.4%
Tourist expenditure (€'000s)	1,946,894	2,101,765	2,220,627	5.7%
Tourist expenditure per capita (€)	856	809	807	-0.2%

Unfortunately, the tourism sector both locally and internationally, has been severely impacted by the outbreak of the COVID-19 pandemic. As from early March, Malta started to introduce several confinement measures, with the eventual suspension of all passenger flights as from March 2020. This obliterated the local tourism market, in fact in March alone inbound tourists fell by 56.5% on a comparative basis.

However, since the outbreak, Governments around Europe, including Malta, have started to ease restrictions, including the opening of airports and ports to countries that are deemed as safe destinations. Although Europe is currently experiencing another spike in COVID-19 cases similar to that witnessed at the start of the pandemic in the first half of 2020, it is expected that borders will remain open, except for specific travel restrictions on countries experiencing a spike in COVID-19 cases.

International tourist arrivals to Europe were down 68% in the first eight months of the year relative to 2019. Heightened uncertainty and risks tilted to the downside (e.g. evolution of the pandemic, further lockdowns, consumer confidence, economic recession, etc.) continue to dampen the outlook with European arrivals set to decline 61% in 2020. Following recent positive vaccine news, domestic travel is likely to bounce back faster, achieving 2019 levels by 2022, whereas overall travel volumes are now projected to return to pre-pandemic levels by 2024. Nonetheless, given that the Group's Boutique Hotel is currently being constructed, the current pandemic has not impacted its operations.

In its August monthly economic update⁶, the Central Bank of Malta reported that the sentiment in the construction sector improved during July. In fact, confidence in the construction sector stood at -5.9 in July, up from -19.9 in June and above its long-term average of -11.7. Additionally, the Malta Developers' Association (MDA)⁷ issued a statement saying that property

⁵ Inbound Tourism December 2019 and March 2020 (NSO), and European Tourism – Trends & Prospects Q3/2020

⁶ Central Bank of Malta – Economic Update 8/2020

⁷ Malta Developers' Association – News: <https://mda.com.mt/category/news/>

sales boomed during July 2020, making it one of the best months at least since 2017. This was re-confirmed in October, with the MDA saying that October 2020 was the best month of 2020 so far, and one of the best since 2017 where it comes to the number and value of promises of sales registered with the authorities.

3.4 Listed debt securities of the Issuer

The Issuer has the current outstanding debt securities:

Description	Amount	ISIN	Currency
5% Smartcare Finance plc Secured € 2029	€ 5,000,000	MT0002251206	EUR

3.5 Comparative Analysis

The purpose of the table below compares the proposed debt issuance of the Group to other debt instruments with similar term to maturity. One must note that given the material differences in profiles and industries, the risks associated with the Group's business and that of other issuers is therefore different.

Security	Nom Value	Yield to Maturity	Interest coverage (EBITDA)	Total Assets	Total Equity	Total Liabilities / Total Assets	Net Debt / Net Debt and Total Equity	Net Debt / EBITDA	Current Ratio	Return on Common Equity	Net Margin	Revenue Growth (YoY)	Last Closing Price *
	€000's	(%)	(times)	(€'millions)	(€'millions)	(%)	(%)	(times)	(times)	(%)	(%)	(%)	
3.85% Hili Finance Company plc Unsecured € 2028 (xd)	40,000	4.00%	4.1x	628.9	110.1	82.5%	77.1%	5.7x	1.2x	23.0%	4.6%	14.8%	99.00
4% Exalco Finance plc Secured € 2028	15,000	3.77%	3.9x	68.2	39.7	41.7%	32.0%	5.7x	1.0x	5.0%	44.7%	13.9%	101.50
4% SP Finance plc Secured EUR Bonds 2029	12,000	3.93%	6.4x	20.9	16.0	23.6%	15.0%	2.7x	0.5x	2.5%	28.0%	6.9%	100.50
3.75% TUM Finance plc Secured € 2029	20,000	3.54%	2.1x	60.1	32.1	46.6%	53.0%	11.1x	4.5x	41.9%	773.6%	n/a	101.50
3.65% Stivala Group Finance plc Secured € 2029 (xd)	15,000	3.37%	4.0x	225.3	123.1	45.4%	40.6%	7.4x	0.7x	5.0%	26.0%	19.5%	102.00
3.8% Hili Finance Company plc Unsecured € 2029	80,000	3.94%	4.1x	628.9	110.1	82.5%	77.1%	5.7x	1.2x	23.0%	4.6%	14.8%	99.00
3.75% AX Group plc Unsec Bds 2029 Series II	10,000	3.52%	5.5x	342.4	226.1	34.0%	18.9%	3.2x	0.9x	2.2%	9.4%	-8.1%	101.70
4.65% Smartcare Finance plc € Secured Bonds 2030 **	28,000	4.65%	2.5x	27.9	14.3	48.7%	43.4%	4.9x	7.9x	3.9%	8.9%	101.0%	100.00
4.25% Mercury Projects Finance plc Secured € 2031	11,000	3.89%	0.4x	62.2	(.6)	101.0%	101.9%	82.9x	1.0x	236.9%	-15.9%	125.6%	103.00
Average***		3.74%											

Source: Latest available audited and consolidated financial statements

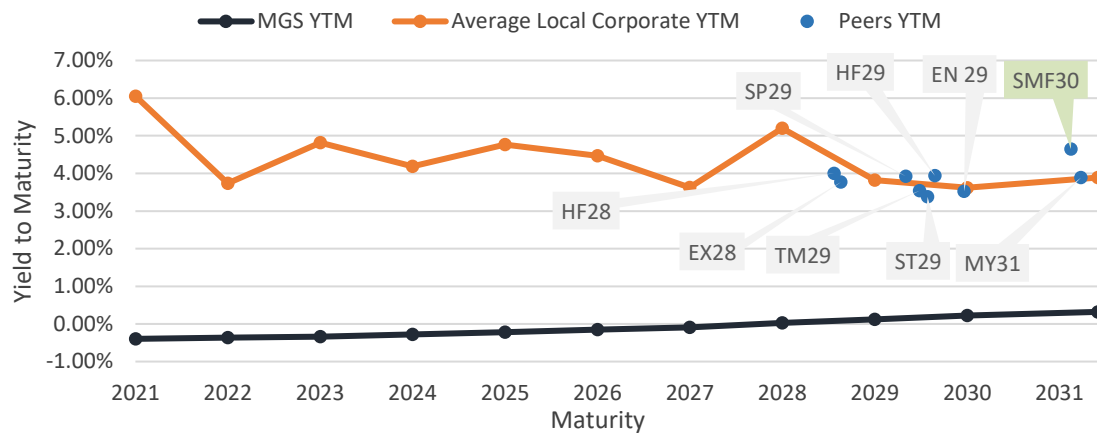
Although the above comparative analysis table specifically refers to the respective Issuers, it is important to clarify that financial figures and metrics pertaining to such issuers captures the consolidated operation of the respective Group. More specifically, the presented financial data relates to either the Holding Company, Guarantor or the Issuer depending on the respective group structure of each issuer.

* Last price as at 05/01/2021

** Average figures do not capture the financial analysis of the Group

*** The financial analysis of Smartcare Finance plc reflects the forecasted financial position of the Group for the year ended 31st December 2021.

Yield Curve Analysis



Source: Malta Stock Exchange, Central Bank of Malta and Calamatta Cuschieri Estimates

The above graph illustrates the average yearly yield of all local issuers as well as the corresponding yield of MGSs (Y-axis) vs the maturity of both Issuers and MGSs (X-axis), in their respective maturity bucket, to which the spread premiums can be noted.

The graph plots the entire MGS yield curve, thus taking into consideration the yield of comparable issuers. The graph illustrates on a stand-alone basis, the yield of the Group’s peers maturing during 2028 and 2031.

The Group is principally involved in the private healthcare industry, more specifically the care home industry. The corporates identified are predominantly involved in the property development and hospitality industries, with the exception of AX Group plc (“AX”) which is also involved in the care home industry, although this segment represents only circa 11% of AX’s total turnover. Therefore, the identified peers are not directly related to the Group and based on this analysis the best comparable to the new 2031 Smartcare Finance plc bond is AX Group plc 2029, however there is still a significant difference between the operations of these two issuers and their respective maturity. Additionally, one must also note that the new Smartcare bond is secured, whereas AX’s 2029 bond is unsecured.

As at 5 January 2021, the average spread over the Malta Government Stock (MGS) for corporates with maturity range of 8 to 10 years (2028-2031) was 357 basis points. The 2031 Smartcare Finance plc bond is being priced with a 4.65% coupon issued at par, meaning a spread of 433 basis points over the equivalent MGS, and therefore at a premium of 76 basis points to the average of identified peers.

Part 4 - GLOSSARY AND DEFINITIONS

Income Statement	
Revenue	Total revenue generated by the Group/Company from its principal business activities during the financial year.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. It reflects the Group's/Company's earnings purely from operations.
Operating Income (EBIT)	EBIT is an abbreviation for earnings before interest and tax.
Depreciation and Amortisation	An accounting charge to compensate for the decrease in the monetary value of an asset over time and the eventual cost to replace the asset once fully depreciated.
Net Finance Costs	The interest accrued on debt obligations less any interest earned on cash bank balances and from intra-group companies on any loan advances.
Net Income	The profit made by the Group/Company during the financial year net of any income taxes incurred.
Profitability Ratios	
Growth in Revenue (YoY)	This represents the growth in revenue when compared with previous financial year.
EBITDA Margin	EBITDA as a percentage of total revenue.
Operating (EBIT) Margin	Operating margin is the EBIT as a percentage of total revenue.
Net Margin	Net income expressed as a percentage of total revenue.
Return on Common Equity	Return on common equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing the net income by the average common equity (average equity of two years financial performance).
Return on Assets	Return on assets (ROA) is computed by dividing net income by the average total assets (average assets of two years financial performance).
Cash Flow Statement	
Cash Flow from Operating Activities (CFO)	Cash generated from the principal revenue producing activities of the Group/Company.
Cash Flow from Investing Activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Group/Company.
Cash Flow from Financing Activities	Cash generated from the activities that result in change in share capital and borrowings of the Group/Company.
Capex	Represents the capital expenditure incurred by the Group/Company in a financial year.
Free Cash Flows (FCF)	The amount of cash the Group/Company has after it has met its financial obligations. It is calculated by taking Cash Flow from Operating Activities less the Capex of the same financial year.
Balance Sheet	
Total Assets	What the Group/Company owns which can be further classified into Non-Current Assets and Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Cash and Cash Equivalents	Cash and cash equivalents are Group/Company assets that are either cash or can be converted into cash immediately.

Total Equity	Total Equity is calculated as total assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.
Total Liabilities	What the Group/Company owes which can be further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Total Debt	All interest-bearing debt obligations inclusive of long and short-term debt.
Net Debt	Total debt of a Group/Company less any cash and cash equivalents.
Current Liabilities	Obligations which are due within one financial year.
Financial Strength Ratios	
Current Ratio	The Current ratio (also known as the Liquidity Ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares current assets to current liabilities.
Quick Ratio (Acid Test Ratio)	The quick ratio measures a Group's/Company's ability to meet its short-term obligations with its most liquid assets. It compares current assets (less inventory) to current liabilities.
Interest Coverage Ratio	The interest coverage ratio measures how many times a Group/Company can cover its current interest payment with its available earnings.
Interest Coverage Level 1	Is calculated by dividing EBITDA by Cash Interest Paid.
Interest Coverage Level 2	Is calculated by dividing EBITDA by Finance Costs.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance total assets.
Gearing Ratio Level 1	Is calculated by dividing Net Debt by Net Debt and Total Equity.
Gearing Ratio Level 2	Is calculated by dividing Total Liabilities by Total Assets.
Gearing Ratio Level 3	Is calculated by dividing Net Debt by Total Equity.
Net Debt / EBITDA	The Net Debt / EBITDA ratio measures the ability of the Group/Company to refinance its debt by looking at the EBITDA.
Other Definitions	
Yield to Maturity (YTM)	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.

ANNEX IV – SPECIMEN APPLICATION FORM

Please read the notes overleaf before completing this Application Form. Mark 'X' where applicable.

A APPLICANT (see notes 2 to 7)			
<input type="checkbox"/> Non-Resident	<input type="checkbox"/> Minor (under 18)	<input type="checkbox"/> Body Corporate/ Body of Persons	<input type="checkbox"/> CIS-Prescribed Fund
B TITLE (Mr/Mrs/Ms/...)		FULL NAME AND SURNAME / REGISTERED NAME	
ADDRESS			
			POST CODE
MSE A/C NO. (mandatory)	I.D. CARD / PASSPORT / COMPANY REG. NO.	DOCUMENT TYPE	COUNTRY OF ISSUE
LEI (Legal Entity Identifier (if applicant if NOT an individual))	DATE OF BIRTH	NATIONALITY	MOBILE NUMBER
<input type="checkbox"/> REGISTER FOR E-PORTFOLIO (mobile number is mandatory for e-portfolio registration)			
C ADDITIONAL (JOINT) APPLICANTS (see note 3) <small>(please use Addendum to Application Form if space is not sufficient)</small>			
TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.	
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
D DECISION MAKER/MINOR'S PARENTS/LEGAL GUARDIAN(S) (see notes 4 and 7) <small>(to be completed ONLY if applicable)</small>			
TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.	
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.	
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
E I/WE APPLY TO PURCHASE AND ACQUIRE (see note 8)			
AMOUNT IN FIGURES €		AMOUNT IN WORDS	
Smartcare Finance p.l.c. 4.65% Secured Bonds 2031 (the "Bonds") (minimum subscription of €1,000 and in multiples of €100 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 19 February 2021 (the 'Prospectus'), payable in full upon application under the Terms and Conditions of the Bonds as set out in the Prospectus. (See note 9)			
F RESIDENT - WITHHOLDING TAX DECLARATION (see note 10) <small>(to be completed ONLY if the Applicant is a resident of Malta)</small>			
<input type="checkbox"/> I/We elect to receive interest NET of FWT		<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without FWT)	
G NON-RESIDENT - DECLARATION FOR TAX PURPOSES (see note 12) <small>(to be completed ONLY if the Applicant is a non-resident)</small>			
TAX COUNTRY		CITY OF BIRTH	
T.I.N. (Tax Identification Number)		COUNTRY OF BIRTH	
<input type="checkbox"/> NOT resident in Malta but resident in the European Union		<input type="checkbox"/> NOT resident in Malta and NOT resident in the European Union	
H INTEREST, REFUND AND REDEMPTION MANDATE (see notes 11 and 12) <small>(completion of this panel is MANDATORY)</small>			
BANK	IBAN		
I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds as contained therein which I/we fully accept.			
I/We hereby authorise the Company to forward the details to the Malta Stock Exchange for the purposes of registering the Bonds in my/our MSE account, to register for the e-portfolio (where applicable) and to enable the reporting of all necessary transaction and personal information provided in this Application Form in compliance with Article 26 of MiFIR (Markets in Financial Instruments Regulation) to the Malta Financial Services Authority as competent authority ("Transaction Reporting"). Furthermore, I/we understand and acknowledge that the Company may require additional information for Transaction Reporting purposes and agree that such information will be provided.			
Signature/s of Applicant/s		Date	
(Parent/s or legal guardian/s are/is to sign if Applicant is a minor) (All parties are to sign in the case of a joint Application) (Bare owner/s and usufructuary/ies to sign in the case of holdings that are subject to usufruct)			
AUTHORISED INTERMEDIARY'S STAMP	AUTHORISED INTERMEDIARY'S CODE		APPLICATION NUMBER

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 19 February 2021 regulating the Bond Issue

1. This Application is governed by the Terms and Conditions of Application contained in section 8 of the Securities Note dated 19 February 2021 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS. Applicants who are non-residents in Malta for tax purposes, must indicate their passport number in Panel B and complete Panel G. The relative box in Panel A must also be marked appropriately.
3. Applicants are to insert full personal details in Panel B. In the case of an Application by more than one person (including husband and wife) full details of all individuals must be given in Panels B and C but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (*vide* note 6 below). Applications by more than two persons are to use the Addendum to the Application Form.

Upon submission of an Application Form, Bondholders who opt to have an online e-portfolio facility (by marking the relative box in Panel B), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/help>.
4. Applications in the name and for the benefit of minors shall be allowed provided that the applicant already holds an account on the MSE. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. Panel D must be inserted with full details of the parents/legal guardians.
5. In the case of a body corporate, the name of the entity exactly as registered and the registration number are to be inserted in Panel B. A valid Legal Entity Identifier ("LEI") needs to be inserted in Panel B. Failure to include a valid LEI code, will result in the Application being cancelled by the Registrar. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
6. APPLICANTS ARE TO INSERT AN MSE ACCOUNT NUMBER IN THE SPACE PROVIDED IN PANEL B, AND FAILURE TO DO SO WILL RESULT IN REJECTION OF THE APPLICATION FORM. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF. A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE, WILL HAVE TO BE AFFECTED.
7. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in Panel D.
8. Applications must be for a minimum subscription of €1,000 and thereafter in multiples of €100 and must be accompanied by the relevant subscription amount in Euro.
9. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. The Issuer will render an account to the Maltese Commissioner for Revenue of all interest paid, all amounts of tax deducted by the payor in respect of the interest paid and of the identity of all such recipients. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund (having indicated their status in the appropriate box in Panel A) will have final withholding tax (currently 10%), deducted from interest payments.

In terms of section 7 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 123 of the laws of Malta), interest shall be paid to such person net of final withholding tax, (currently 15% of the gross amount of interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the laws of Malta).
10. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation. The contents of Notes 9 and 10 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisors in case of doubt.
11. Interest and redemption proceeds will be credited to the account indicated in Panel H or as otherwise amended by the Bondholder/s during the term of the Bond.
12. The Issue Period will open at 08:30 hours on 10 March 2021 and will close at 12:00 hours on 9 April 2021, or earlier in case of over-subscription. Completed Application Forms are to be delivered to any Authorised Intermediary listed in Annex II of the Securities Note during regular office hours. Remittances by post are made at the risk of the Applicant and the Company disclaims all responsibility for any such remittances not being received by the date of closing of the subscription lists. If any Application is not accepted after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies equivalent to the number of Bonds not being accepted will be returned by direct credit into the IBAN specified in Panel H.
13. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
 - a. the Issuer or its duly appointed agents including the CSD and the Registrar, may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679 as amended from time to time;
 - b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer.

Any such requests must be made in writing and addressed to the Issuer. The request must be signed by yourself as the Applicant to whom the personal data relates.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds on offer will be repayable in full upon redemption. An investor should consult an independent financial advisor, licensed under the Investment Services Act (Cap. 370 of the laws of Malta), for advice.