

## SUMMARY

Dated 19 February 2021

This Summary is issued in accordance with the provisions of Chapter 4 of the Listing Rules issued by the Listing Authority and of the Prospectus Regulation.

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 for a description of the scope, nature and terms of the Guarantee. Prospective investors are also to take note of the description of the Collateral. Reference should be made to the sections entitled "Risk Factors" 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 Smartcare Group.*

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

Legal Counsel



Sponsor, Manager & Registrar



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

**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

This Summary is prepared in accordance with the requirements of the Prospectus Regulation and the delegated acts issued thereunder. This Summary contains key information which will enable investors to understand the nature and the risks associated with the Issuer, the Guarantors and the Bonds.

Except where the context otherwise requires or where otherwise defined herein, the capitalised words and expressions used in this Summary shall bear the meanings assigned thereto in the Registration Document and the Securities Note, respectively, as the case may be.

## 1 INTRODUCTION AND WARNINGS

This Summary contains key information on the Issuer, the Guarantors and the Bonds, summarised details of which are set out below:

Issuer	Smartcare Finance p.l.c., a company registered under the laws of Malta with company registration number C 90123 and having legal entity identifier number (LEI) 391200VICFPFLUX5BL94
Address	326, Mdina Road, Qormi, Malta
Telephone number	+356 21 449 574
Website	<a href="http://www.smartcaremalta.com">www.smartcaremalta.com</a>
Guarantors	Collectively, Smartcare Pinto Ltd (C 86395) and Smartcare Holdings Ltd (C 90121)
Nature of the securities	Secured Bonds up to a maximum amount of €13,000,000, bearing an interest rate of 4.65% <i>per annum</i> , payable annually on the 22 April of each year until 22 April 2031
Collateral granted by the Smartcare Group	The Issuer, Smartcare Group Investments Ltd and Smartcare Pinto Ltd 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 amount of the principal and interest under the Bonds by a preferred claim over the Collateral
ISIN of the Bonds	MT0002251214
Details of the competent authority approving the Prospectus	The Board of Governors of the Malta Financial Services Authority, appointed as Listing Authority for the purposes of the Malta Financial Services Authority Act (Chapter 330 of the laws of Malta). 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 Issuer
Address, telephone number and official website of the competent authority approving the Prospectus	The Listing Authority, Malta Financial Services Authority, Triq l-Imdina, Zone 1, Central Business District, Birkirkara CBD 1010, Malta. The telephone number of the competent authority is +356 2144 1155. The official website of the competent authority is <a href="https://www.mfsa.mt/">https://www.mfsa.mt/</a>
Prospectus approval date	19 February 2021

Prospective investors are hereby warned that:

- i. this Summary should be read as an introduction to the Prospectus. It is being provided to convey the key characteristics and risks associated with the Issuer, the Guarantors and the Bonds being offered pursuant to the Prospectus. It is not, and does not purport to be, exhaustive and investors are warned that they should not rely on the information contained in this Summary in making a decision as to whether to invest in the securities described in this document;
- ii. any decision of the investor to invest in the securities should be based on consideration of the Prospectus as a whole by the investor;
- iii. an investor may lose all or part of the capital invested by subscribing for Bonds;
- iv. where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of Malta, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and
- v. civil liability attaches only to those persons who have tabled the Summary, including any translation thereof, but only if the Summary, when read together with the other parts of the Prospectus, is misleading, inaccurate or inconsistent or does not provide key information in order to aid investors when considering whether to invest in such securities.

## 2 KEY INFORMATION ON THE ISSUER

### 2.1 Who is the Issuer of the Bonds?

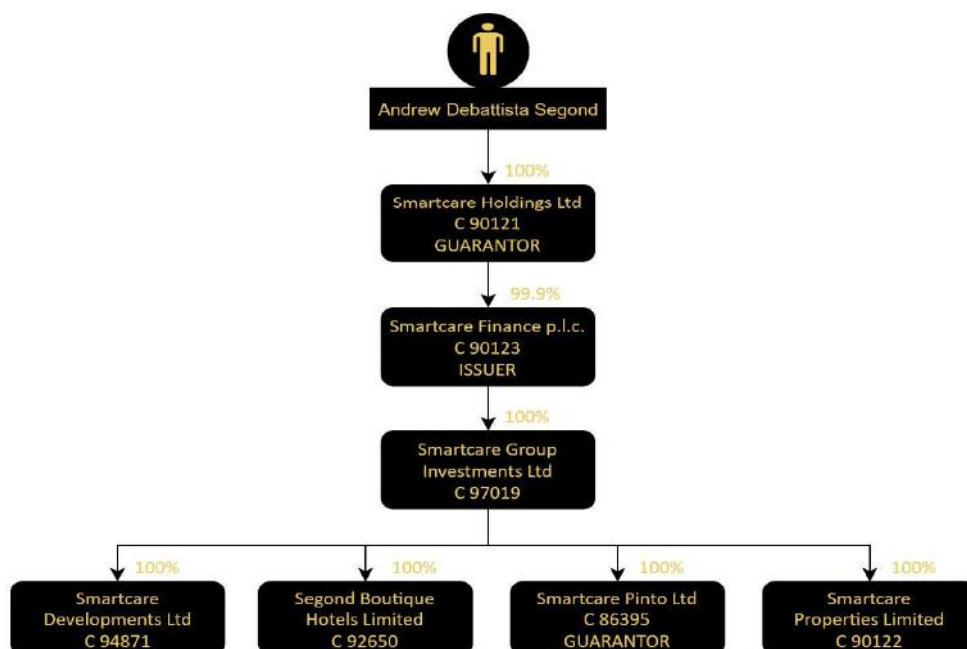
#### 2.1.1 DOMICILE AND LEGAL FORM, LEI AND COUNTY OF INCORPORATION OF THE ISSUER

The Issuer is Smartcare Finance p.l.c., a public limited liability company registered in terms of the Companies Act (Chapter 386 of the laws of Malta), having company registration number C 90123 and its registered office at 326, Mdina Road, Qormi, Malta. The Issuer is incorporated and is domiciled in Malta. Its LEI number is 391200VICFPFLUX5BL94.

#### 2.1.2 PRINCIPAL ACTIVITIES OF THE ISSUER

The Issuer was registered in Malta in terms of the Act on 7 January 2019 as a public limited liability company and is domiciled in Malta. The principal object of the Issuer is to act as the finance company of the Smartcare Group, and to carry on the business of a finance and investment company in connection with the ownership, development, operation and financing of the business activities of the Group, whether in Malta or overseas. The issue of bonds falls within the objects of the Issuer. The Issuer is not intended to undertake any trading activities itself apart from the raising of capital and the advancing thereof to members of the Smartcare Group, which is principally involved in the business of healthcare for the elderly and real estate development. Since its incorporation, the Company issued one bond which is currently listed and traded on the Prospects MTF List of the Malta Stock Exchange.

#### 2.1.3 MAJOR SHAREHOLDERS



#### 2.1.4 DIRECTORS OF THE ISSUER

As at the date of the Prospectus, the Board of Directors of the Issuer is composed of the following 5 individuals:

William Wait (Chairman and Executive Director), Andrew Debattista Segond (Executive Director), Sandro Grech (Independent, non-executive Director), Arthur Gauci (Independent, non-executive Director) and Ian Joseph Stafrace (Independent, non-executive Director).

#### 2.1.5 STATUTORY AUDITORS

The annual statutory financial statements of the Issuer for the financial year ended 31 December 2019 have been audited by Reanda Malta. The Directors, acting on the recommendation of the Audit Committee of the Issuer, have appointed Grant Thornton as auditors of the Issuer and all other Smartcare Group entities with effect from 14 December 2020. Grant Thornton is a firm registered as a partnership of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Chapter 281 of the laws of Malta).

## 2.2 What is the key financial information regarding the Issuer?

The key financial information regarding the Issuer is set out below:

Smartcare Finance p.l.c.	FY 2019 €000s	6-month period ended 30 June 2020 €000s	6-month period ended 30 June 2019 €000s
<b>Statement of Comprehensive Income</b>			
Profit/(loss) after taxation	23	32	(5)
<b>Balance Sheet</b>			
Total assets	5,098	5,030	
<b>Cash Flow Statement</b>			
Net cash from/(used in) operating activities	(30)	174	(4)
Net cash from/(used in) investing activities	-	-	-
Net cash from/(used in) financing activities	35	(177)	131

## 2.3 What are the key risks specific to the Issuer?

The most material risk factors specific to the Issuer which may negatively impact the operations and financial position of the Issuer should the circumstances mentioned therein materialise are set out below:

The Issuer is dependent on the business prospects of the Smartcare Group and, consequently, the operating results of the Smartcare Group have a direct effect on the Issuer's financial position. Therefore, the risks intrinsic in the business and operations of Smartcare Group companies have a direct effect on 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.

### 2.3.1 THE GROUP MAY NOT REALISE THE BENEFITS IT EXPECTS FROM INVESTMENTS MADE ON ITS PROPERTIES

The Group has made and expects to continue making significant investments in the acquisition, development and improvement of its existing and new properties as deemed appropriate. Renovating and improving existing properties and acquiring and developing new and commercially viable properties is important to the Group's business. The Group is susceptible to experiencing cost over-runs relating to unanticipated delays in developing property, unanticipated liabilities associated with property under development and by effecting enhancements to development projects. If these risks were to materialise, the Group may fail to realise the expected benefits from investments made in its properties and the Group's business, financial condition and results of operations, may be adversely affected.

### 2.3.2 RISKS RELATING TO THE HEALTHCARE INDUSTRY AND THE OPERATION OF THE CARE HOME GENERALLY

The Smartcare Group, through Smartcare Pinto Ltd which owns and operates the Care Home, is principally involved in the healthcare industry having commenced operations of the Care Home in December 2018, pursuant to which the Group is subject to general business risks inherent in the provision of accommodation and care for elderly persons.

### 2.3.3 RISKS SPECIFIC TO PROPERTY DEVELOPMENT

One of the ancillary pillars of the Group's business, through Smartcare Properties Limited and Smartcare Developments Ltd, is property development, targeted at the local commercial and residential market. All development projects are subject to a number of specific risks: 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.

### 2.3.4 THE HOTEL INDUSTRY COULD BE ADVERSELY AFFECTED BY NATURAL DISASTERS, INFECTIOUS DISEASES, TERRORIST ACTIVITY AND WAR

Natural disasters, the spread of contagious disease, industrial action, travel-related accidents, terrorist activity and war, and the targeting of hotels and popular tourist destinations in particular, have, in the past, had a significant negative impact on the hotel industry globally and such events could have a similarly negative impact on the industry in the future. Events such as the afore-mentioned could directly or indirectly affect travel patterns and reduce the number of business and leisure travellers and reduce the demand for hotel accommodation at the Group's hotel. In addition, concerns about air travel safety could substantially decrease the overall amount of air travel, including premium business travel, which is generally associated with the highest average daily rates at hotels. Such a decrease could have an adverse impact on occupancy levels in the Group's hotel.



### 2.3.5 COVID-19 PANDEMIC AND POSSIBLE SIMILAR FUTURE OUTBREAKS

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. 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.

## 3 KEY INFORMATION ON THE BONDS

### 3.1 What are the main features of the securities?

The key features of the Bonds are set out below:

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. The Issue Date of the Bonds is expected to be 21 April 2021. The Bonds are supported 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 Smartcare Holdings Ltd and Smartcare Pinto Ltd jointly and severally.

The currency of the Bonds is Euro (€).

Subject to admission to listing of the Bonds to the Official List, the Bonds are expected to be assigned ISIN: MT0002251214.

The Bonds are redeemable on 22 April 2031. 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 affected on 22 April 2022 (covering the period 22 April 2021 up to and including 21 April 2022).

The minimum subscription amount of Bonds that can be subscribed for by Applicants is €1,000, and in multiples of €100 thereafter.

There are no special rights attached to the Bonds other than the right of the Bondholders to payment of interest and capital, the benefit of the Collateral through the Security Trustee, seeking recourse from the Guarantors pursuant to the Guarantee and in accordance with the following ranking: the Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and secured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference 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.

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.

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).

### 3.2 Where will the securities be traded?

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. 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.

### 3.3 Is there a guarantee attached to the securities?

The Bonds are guaranteed jointly and severally by the Guarantors, namely Smartcare Holdings Ltd (C 90121) and Smartcare Pinto Ltd (C 86395).

The Guarantors guarantee 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.

#### 3.3.1 DOMICILE AND LEGAL FORM, LEI AND COUNTY OF INCORPORATION OF THE GUARANTORS

Smartcare Holdings Ltd is a company registered under the laws of Malta with company registration number C 90121 and having its registered office at 326, Mdina Road, Qormi, Malta. Its LEI number is 391200POKC4J2V476Z70. The principal object of SHL is subscribing for, taking, purchasing, selling, investing in, exchanging or otherwise acquiring, holding, managing, developing, dealing with and turning into account any bonds, debentures, shares (whether fully paid or not), stocks, options or securities of governments, states, municipalities, public authorities or public or private, limited or unlimited companies, and whether on a cash or margin basis and including short sales and to lend or borrow money against the security of such bonds, debentures, shares, stocks, options or other securities.

Smartcare Pinto Ltd is a company registered under the laws of Malta with company registration number C 86395 and having its registered office at 326, Mdina Road, Qormi, Malta. Its LEI number is 391200JS3SU3YD9DL610. The principal object of SPL is 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.

#### 3.3.2 KEY FINANCIAL INFORMATION OF THE GUARANTORS

The key financial information regarding the Guarantors is set out below:

Smartcare Pinto Ltd	FY 2019 €000s	FY 2018 €000s	6-month period ended 30 June 2020 €000s	6-month period ended 30 June 2019 €000s
<b>Statement of Comprehensive Income</b>				
Profit/(loss) after taxation	(424)	(311)	111	(320)
<b>Balance Sheet</b>				
Total assets	5,934	2,658	6,428	
<b>Cash Flow Statement</b>				
Net cash from/(used in) operating activities	(1,237)	869	51	(291)
Net cash from/(used in) investing activities	(701)	(2,617)	(11)	(697)
Net cash from/(used in) financing activities	1,957	1,748	(55)	1,434

Smartcare Holdings Ltd (Consolidated)	FY 2019 €000s	6-month period ended 30 June 2020 €000s	6-month period ended 30 June 2019 €000s
<b>Statement of Comprehensive Income</b>			
Profit/(loss) after taxation	(480)	82	(340)
<b>Balance Sheet</b>			
Total assets	8,350	10,452	
<b>Cash Flow Statement</b>			
Net cash from/(used in) operating activities	(1,009)	6	(201)
Net cash from/(used in) investing activities	(4,482)	(1,288)	(1,007)
Net cash from/(used in) financing activities	5,518	1,095	3,163

#### 3.3.3 KEY RISKS SPECIFIC TO THE GUARANTORS

The risks of the Issuer are indirectly those of the Smartcare Group and, in turn, all risks relating to the Smartcare Group, including the Guarantors, are the risks relevant to the Issuer as detailed in sub-section 2.3 of this Summary.

### 3.4 What are the key risks that are specific to the Bonds?

The most material risk factors specific to the Bonds are set out 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. There can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. 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.
- 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.
- 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.

## 4 KEY INFORMATION ON THE OFFER OF THE BONDS AND ADMISSION TO TRADING

### 4.1 UNDER WHICH CONDITIONS CAN I INVEST IN THESE BONDS?

#### 4.1.1 Expected Timetable of the Offer

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.*

#### 4.1.2 Allocation Policy

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

- 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), subject to a minimum application of €1,000;
- 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
- 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. 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.

#### 4.1.3 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, which are estimated not to exceed approximately €225,000.

## 4.2 WHY IS THIS PROSPECTUS BEING PRODUCED?

#### 4.2.1 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;
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; 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.

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. 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 aforesaid uses 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; (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 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.

#### 4.2.2 Underwriting and Conflicts of Interest

The Bond Issue is not underwritten and there are no material conflicts of interest pertaining to the offer or the admission to trading of the Bonds.

## REGISTRATION DOCUMENT

Dated 19 February 2021

This Registration Document is issued in accordance with the provisions of Chapter 4 of the Listing Rules issued by the Listing Authority and of the Prospectus Regulation.

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

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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 the Securities Note forming part of the Prospectus for a description of the scope, nature and terms of the Guarantee. Prospective investors are also to refer to sub-section 5.5 of the Securities Note for a description of the Collateral. Reference should also be made to the sections entitled "Risk Factors" contained in the Summary, in this Registration Document and in the 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.*

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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 THE SECURITIES ISSUED BY THE COMPANY.

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 REGISTRATION DOCUMENT CONTAINS INFORMATION ON SMARTCARE FINANCE P.L.C. IN ITS CAPACITY AS ISSUER AND ON SMARTCARE PINTO LTD AND SMARTCARE HOLDINGS LTD IN THEIR CAPACITY AS JOINT AND SEVERAL GUARANTORS, IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES ISSUED BY THE LISTING AUTHORITY, THE COMPANIES ACT AND THE PROSPECTUS REGULATION.

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 REGISTRATION DOCUMENT AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE 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 SECURITIES ISSUED BY THE COMPANY 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.

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.

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 OFFER 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 REGISTRATION DOCUMENT ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN.**

ALL THE ADVISERS TO THE ISSUER AND THE GUARANTORS NAMED IN SUB-SECTION 4.4 OF THIS 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.

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 ANY SECURITIES OF THE ISSUER.

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

## 1 DEFINITIONS

In this Registration Document 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:

<b>2019 Prospects MTF Bonds</b>	the €5,000,000 5% secured bonds 2029 (ISIN: MT0002251206) issued by the Issuer and listed and trading on the Prospects MTF List pursuant to a company admission document dated 28 May 2019. Further details on the 2019 Prospects MTF Bonds are set out in sub-section 5.1 below;
<b>Act or Companies Act</b>	the Companies Act (Chapter 386 of the laws of Malta);
<b>Authorised Intermediaries</b>	all the licensed stockbrokers and financial intermediaries listed in Annex II of the Securities Note forming part of the Prospectus;
<b>Bond Issue or Issue</b>	the issue of the Bonds;
<b>Bond Obligations</b>	the punctual performance by the Issuer of all of its obligations under the Bond Issue, including the repayment of principal and payment of interest thereon;
<b>Bondholder</b>	a holder of Bonds;
<b>Bonds</b>	a maximum of €13 million secured bonds due in 2031 of a nominal value of €100 per bond issued at par by the Issuer and redeemable on the Redemption Date at their nominal value, bearing interest at the rate of 4.65% <i>per annum</i> . The Bonds are guaranteed jointly and severally by the Guarantors (as defined below);
<b>Care Home</b>	the care home for the elderly situated at 326, Mdina Road, Qormi, Malta, as better described in the property valuation report appended in Annex I of this Registration Document forming part of the Prospectus and the parameters of which are shown on the Land Registry site plan attached to a deed of acquisition of property in the records of Notary Sam Abela dated the fourth day of October of the year two thousand and eighteen (04/10/2018);
<b>Collateral</b>	the following security rights granted by Smartcare Pinto Ltd and SGIL, as applicable, in favour of the Security Trustee for the benefit of Bondholders: <ul style="list-style-type: none"> <li>• a first ranking special hypothec over the Security Property (as defined below) 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. Smartcare Pinto Ltd owns the Security Property;</li> <li>• 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</li> <li>• a pledge over the proceeds from the Insurance Policy (as defined below) 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;</li> </ul>
<b>Company Admission Document</b>	the company admission document dated 28 May 2019 setting out the terms and conditions of the 2019 Prospects MTF Bonds issued by the Issuer;
<b>Deed of Hypothec</b>	a deed to be entered into on or around 21 April 2021 by and between the Security Trustee, the Issuer and Smartcare Pinto Ltd in the acts of Notary Sam Abela whereby Smartcare Pinto Ltd constitutes in favour of the Security Trustee that part of the Collateral over the Security Property which according to law requires the execution of a notarial deed;

<b>Directors or Board</b>	the directors of the Company whose names are set out in sub-section 4.1 of this Registration Document;
<b>EBITDA</b>	earnings before interest, tax, depreciation and amortization;
<b>EBITDA Margin</b>	earnings before interest, tax, depreciation and amortisation over revenue;
<b>Euro or €</b>	the lawful currency of the Republic of Malta;
<b>Exchange or Malta Stock Exchange or MSE</b>	Malta Stock Exchange plc, as originally constituted in terms of the Financial Markets Act (Chapter 345 of the laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
<b>Financial Analysis Summary</b>	the financial analysis summary dated 19 February 2021 compiled by the Sponsor in line with the applicable requirements of the Listing Authority policies, a copy of which is set out in Annex III of the Securities Note forming part of the Prospectus;
<b>Guarantee</b>	the joint and several guarantee dated 19 February 2021 granted by the Guarantors as security for the punctual performance of the Issuer's Bond Obligations under the Bond Issue. A copy of the Guarantee and a description of the nature, scope and terms of the Guarantee is set out in Annex I of the Securities Note forming part of the Prospectus;
<b>Guarantors</b>	jointly and severally, Smartcare Pinto Ltd (C 86395) and Smartcare Holdings Ltd (C 90121), both as defined below in this section 1;
<b>Insurance Policy</b>	the insurance policy providing for the full replacement value of the Care Home, the proceeds of which form part of the Collateral;
<b>Issuer or Company</b>	Smartcare Finance p.l.c., a public limited liability company registered and existing under the laws of Malta with company registration number C 90123 and having its registered office at 326, Mdina Road, Qormi, Malta;
<b>Listing Authority</b>	the Board of Governors of the Malta Financial Services Authority, appointed as the Listing Authority for the purposes of the Financial Markets Act (Chapter 345 of the laws of Malta);
<b>Listing Rules</b>	the listing rules issued by the Listing Authority, as may be amended from time to time;
<b>Memorandum and Articles of Association or M&amp;As</b>	the memorandum and articles of association of the Issuer and/or the Guarantors (as the context so necessitates) in force at the time of publication of the Prospectus. The terms " <b>Memorandum of Association</b> " and " <b>Articles of Association</b> " shall be construed accordingly;
<b>MFSA</b>	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Chapter 330 of the laws of Malta);
<b>MSE Bye-Laws</b>	the MSE bye-laws issued by the authority of the board of directors of Malta Stock Exchange plc, as may be amended from time to time;
<b>Official List</b>	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the MSE Bye-Laws;
<b>Pledge Agreement</b>	the pledge of shares agreement to be dated on or around 21 April 2021 to be entered into by and between the Issuer, Smartcare Pinto Ltd, SGIL and the Security Trustee pursuant to which SGIL is to grant a pledge 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 Security Trust Deed;
<b>Prospects MTF List</b>	the list prepared and published by the Malta Stock Exchange as the list indicating the companies admitted to the Prospects MTF Market in accordance with the Prospects MTF Rules;
<b>Prospects MTF Market</b>	the market regulated as a multilateral trading facility operated by the MSE providing a venue for start-up and growth for small to medium-sized enterprises to float their capital (including equity or debt) on the market;

<b>Prospects MTF Rules</b>	the rules issued by the board of directors of the Malta Stock Exchange, in exercise of the powers conferred on it by the Financial Markets Act (Chapter 345 of the laws of Malta), regulating the Prospects MTF Market;
<b>Prospectus</b>	collectively, the Summary, this Registration Document and the Securities Note issued by the Issuer, all dated 19 February 2021, as such documents may be amended, updated, replaced and supplemented from time to time;
<b>Prospectus Regulation</b>	Commission Regulation (EU) 2017/1129 of 14 June 2017 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as may be amended and/or supplemented from time to time;
<b>Redemption Date</b>	22 April 2031;
<b>Registration Document</b>	this registration document in its entirety issued by the Issuer dated 19 February 2021, forming part of the Prospectus;
<b>Securities Note</b>	the securities note issued by the Issuer dated 19 February 2021, forming part of the Prospectus;
<b>Security Property</b>	the immovable property comprising the Care Home, owned by Smartcare Pinto Ltd;
<b>Security Trust Deed</b>	the security trust deed to be dated on or around 21 April 2021 to be entered into by and between the Issuer, Smartcare Pinto Ltd, Smartcare Holdings Ltd, SGIL and the Security Trustee in connection with the granting of the Collateral;
<b>Security Trustee</b>	GVZH Trustees Limited, a private limited liability company duly registered and validly existing under the laws of Malta, with company registration number C 23095 and having its registered office at 52, St. Christopher Street, Valletta VLT 1462, Malta, duly authorised and qualified to act as a trustee or co-trustee in terms of article 43(3) of the Trusts and Trustees Act (Chapter 331 of the laws of Malta), in its capacity as trustee of the Smartcare Security Trust pursuant to the terms of the Security Trust Deed;
<b>Segond Boutique Hotels Limited</b>	Segond Boutique Hotels Limited, a private limited liability company registered and existing under the laws of Malta with company registration number C 92650 and having its registered office situated at 326, Mdina Road, Qormi, Malta;
<b>Smartcare Developments Ltd</b>	Smartcare Developments Ltd, a private limited liability company registered and existing under the laws of Malta with company registration number C 94871 and having its registered office situated at 326, Mdina Road, Qormi, Malta;
<b>Smartcare Group Investments Ltd or SGIL</b>	Smartcare Group Investments Ltd, a private limited liability company registered and existing under the laws of Malta with company registration number C 97019 and having its registered office situated at 326, Mdina Road, Qormi, Malta;
<b>Smartcare Group or Group</b>	Smartcare Holdings Ltd and its wholly-owned subsidiary companies (directly and indirectly) which, as at the date hereof, include, amongst others, the Issuer, SGIL, Smartcare Pinto Ltd, Smartcare Developments Ltd and Smartcare Properties Limited, principally involved in the business of healthcare for the elderly and real estate development;
<b>Smartcare Holdings Ltd or SHL</b>	Smartcare Holdings Ltd, a private limited liability company registered and existing under the laws of Malta with company registration number C 90121 and having its registered office situated at 326, Mdina Road, Qormi, Malta. SHL is a joint and several Guarantor of the Bond Issue;
<b>Smartcare Pinto Ltd or SPL</b>	Smartcare Pinto Ltd, a private limited liability company registered and existing under the laws of Malta with company registration number

	C 86395 and having its registered office situated at 326, Mdina Road, Qormi, Malta. SPL is a joint and several Guarantor of the Bond Issue;
<b>Smartcare Properties Limited</b>	Smartcare Properties Limited, a private limited liability company registered and existing under the laws of Malta with company registration number C 90122 and having its registered office situated at 326, Mdina Road, Qormi, Malta;
<b>Smartcare Security Trust</b>	the trust established in virtue of the Security Trust Deed, which deed is available for inspection at the registered office of the Issuer as set out in section 16 of this Registration Document;
<b>Sponsor, Manager &amp; Registrar</b>	Calamatta Cuschieri Investment Services Limited, a private limited liability company registered under the laws of Malta having its registered office at Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta and bearing company registration number C 13729. Calamatta Cuschieri Investment Services Limited is authorised to conduct investment services by the Malta Financial Services Authority in terms of the Investment Services Act (Chapter 370 of the laws of Malta) and is a member of the MSE; and
<b>Summary</b>	the summary issued by the Issuer dated 19 February 2021, forming part of the Prospectus.

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 Registration Document.

## **2 RISK FACTORS**

**PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN INDEPENDENT PROFESSIONAL ADVISERS THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE COMPANY AND THE BONDS.**

**SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND NEITHER THE ISSUER NOR THE GUARANTORS ARE IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.**

**WHILE 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, 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 ISSUER'S AND THE GROUP'S BUSINESS, RESULTS OF OPERATIONS AND FINANCIAL CONDITION.**

**IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER'S AND/OR GUARANTORS' FINANCIAL RESULTS AND TRADING PROSPECTS AND ON THE ABILITY OF THE ISSUER TO FULFIL ITS BOND OBLIGATIONS UNDER THE SECURITIES TO BE ISSUED IN TERMS OF THE PROSPECTUS AND OF THE GUARANTORS TO HONOUR THEIR OBLIGATIONS UNDER THE GUARANTEE. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS OF THE ISSUER AND THE GUARANTORS AS AT THE DATE OF THE PROSPECTUS, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER AND THE GUARANTORS MAY FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S AND/OR GUARANTORS' DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE OF THE ISSUER AND/OR THE GUARANTORS.**

**NEITHER THE PROSPECTUS NOR ANY OTHER INFORMATION SUPPLIED HEREIN IN CONNECTION WITH SECURITIES ISSUED BY THE ISSUER:**

**(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 OR AUTHORISED INTERMEDIARIES THAT ANY RECIPIENT OF THE PROSPECTUS, OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY SECURITIES ISSUED BY THE ISSUER.**

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

### **2.1 Forward-looking statements**

The Prospectus and the documents incorporated therein by reference or annexed thereto contain forward-looking statements that include, among others, statements concerning the Issuer's and/or Guarantors' strategies and plans relating to the attainment of their respective objectives, capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts and which may, accordingly, involve predictions of future circumstances. Prospective investors can generally identify forward-looking statements by the use of terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe" or similar phrases. Such forward-looking statements are inherently subject to a number of risks, uncertainties and assumptions, a few of which are beyond the Issuer's and/or Guarantors' control.

If any of the risks described below were to materialise, they could have a serious effect on the Issuer's and/or Guarantors' financial results, trading prospects and the ability of the Issuer to fulfil its Bond Obligations under the securities to be issued in terms of the Prospectus and of the Guarantors to honour their obligations under



the Guarantee. Accordingly, the Issuer and Guarantors caution prospective investors that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied by such statements, that such statements do not bind the Issuer and/or the Guarantors with respect to future results and no assurance is given that the projected future results or expectations covered by such forward-looking statements will be achieved.

Prospective investors are advised to read the Prospectus in its entirety and, in particular, all the risk factors set out in the Prospectus for a further discussion of the factors that could affect the Issuer's and Guarantors' future performance. In the light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in the Prospectus may not occur. All forward-looking statements contained in the Prospectus are made only as at the date hereof. The Issuer, Guarantors and their respective directors expressly disclaim any obligations to update or revise any forward-looking statements contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

## **2.2 Risks relating to the Issuer's reliance on the Smartcare Group**

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 purpose of part-financing the needs of the Group and, as such, its assets consist primarily of loans issued to Group companies.

The Issuer is dependent on the business prospects of the Group and, consequently, the operating results of the Group have a direct effect on the Issuer's financial position. Therefore, the risks intrinsic in the business and operations of Group companies have a direct effect on 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. Accordingly, the risks of the Issuer are indirectly those of the Group and, in turn, all risks relating to the Group are the risks relevant to the Issuer.

Specifically, in so far as the Bonds are concerned, the Issuer is principally dependent, including for the purpose of servicing interest payments on the Bonds and the repayment of the principal amount on Redemption Date, on the receipt of interest payments and loan repayments from Group companies.

The interest payments and loan repayments to be affected by Group companies are subject to certain risks. More specifically, the ability of Group companies to affect payments to the Issuer will depend on the cash flows and earnings of such Group companies, which may be restricted: by changes in applicable laws and regulations; by the terms of agreements to which they are or may become party; or by other factors beyond the control of the Issuer. The occurrence of any such factor could, in turn, 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.

## **2.3 Risks relating to the Group (including the Issuer and the Guarantors) and its business**

### **2.3.1 The Group may not realise the benefits it expects from investments made on its properties**

The Group has made and expects to continue making significant investments in the acquisition, development and improvement of its existing and new properties as deemed appropriate. Renovating and improving existing properties and acquiring and developing new and commercially viable properties is important to the Group's business. The Group is susceptible to experiencing cost over-runs relating to unanticipated delays in developing property, unanticipated liabilities associated with property under development and by effecting enhancements to development projects. If these risks were to materialise, the Group may fail to realise the expected benefits from investments made in its properties and the Group's business, financial condition and results of operations, may be adversely affected.

### **2.3.2 Risks relating to the healthcare industry and the operation of the Care Home generally**

The Smartcare Group, through Smartcare Pinto Ltd which owns and operates the Care Home, is principally involved in the healthcare industry having commenced operations of the Care Home in December 2018, pursuant to which the Group 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, and applicable laws and regulations that could be detrimental to the Group's business and financial position;
- breaches of law or license conditions could lead to, among other things, penalties, 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. Residents of the Care Home may threaten litigation, including for medical negligence or malpractice, which, if successful, could have an adverse impact on the financial performance, position and future prospects of the operation of the Care Home and the Group generally. 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 on commercially viable terms or at all; and
- 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.

Any one or a combination of the above factors may adversely affect the business, results of operations and financial condition of the Group.

Furthermore, the success of the Group depends, in large part, on the ability of management to effectively control its operations and maintain its capacity through effective marketing of its products and quality management. Specifically, SPL has negotiated a commercial service agreement with the Government of Malta in virtue of which SPL is guaranteed the occupancy of a number of beds within the Care Home, which agreement will expire during the life of the Bonds (further details on said agreement are set out in sub-section 5.4 below). Failure to renew this agreement on favourable terms could negatively affect the performance of the Group and its ability to meet its obligations. Should the agreement with the Government of Malta not be renewed, the Group will be exposed to a more volatile financial performance as the result of the marketing of its products and services to the general public. Any of the foregoing factors verifying themselves may adversely affect the Group's profitability and financial condition.

### **2.3.3 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**

The fixed costs associated with owning and operating care homes for the elderly can be significant. The Group may be unable to reduce these fixed costs in a timely manner in response to changes in demand for services, increases in tax rates, utility costs, insurance costs, repairs and maintenance and administrative expenses. Any failure to adjust such fixed costs expeditiously may adversely affect the Group's profitability and financial condition.

### **2.3.4 Substitute products and competition**

Customers' preferences may shift towards alternative healthcare solutions. If the Group does not anticipate and respond quickly enough to capitalise on such changing trends, its operating results could be adversely affected. The level of competition within the healthcare industry, particularly as regards accommodation and care for

elderly persons, may increase, which may limit the future ability of the Group to maintain its market share and revenue level. Current and potential competitors may have longer operating histories, greater name recognition and/or greater financial, technical and other resources than the Group. Some of these competitors may be able to offer more attractive pricing and terms to their customers and adopt more aggressive pricing policies. There can be no assurance that the Group will be able to maintain or increase its market share and to compete effectively with current or future competitors or that the competitive pressures will not consequently have a material adverse effect on Group's business, financial condition, operational performance and, accordingly, on the Issuer's and/or Guarantors' ability to fulfil their respective obligations under the Bonds.

### **2.3.5 Labour force supply**

A major challenge for the healthcare sector is labour force supply. As the Maltese economy continues to expand and diversify, the local work force is faced with expanding employment options and the healthcare industry seems to be losing out. The healthcare sector is not always considered as providing attractive career opportunities, especially as more lucrative and financially rewarding sectors have developed in recent years, that may be more appealing than healthcare. As a result, it is becoming increasingly difficult to engage personnel when and as required and this may erode revenues because of lost business and hampered growth. The lack of human resource supply could also fuel unsustainable increases in pay, which would affect the Group's profits and erode the Group's overall competitiveness.

### **2.3.6 Risks specific to property development**

One of the ancillary pillars of the Group's business, through Smartcare Properties Limited and Smartcare Developments Ltd, is property development, targeted at the local commercial and residential market. All development projects are subject to a number of specific risks: 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.

### **2.3.7 The hotel industry could be adversely affected by natural disasters, infectious diseases, terrorist activity and war**

Natural disasters, the spread of contagious disease, industrial action, travel-related accidents, terrorist activity and war, and the targeting of hotels and popular tourist destinations in particular, have, in the past, had a significant negative impact on the hotel industry globally and such events could have a similarly negative impact on the industry in the future. Events such as the afore-mentioned could directly or indirectly affect travel patterns and reduce the number of business and leisure travellers and reduce the demand for hotel accommodation at the Group's hotel. In addition, concerns about air travel safety could substantially decrease the overall amount of air travel, including premium business travel, which is generally associated with the highest average daily rates at hotels. Such a decrease could have an adverse impact on occupancy levels in the Group's hotel.

Additionally to the foregoing, the effects of the COVID-19 pandemic on the hospitality and leisure industry generally will require the Group to move quickly and remain focused to understand and quantify the resulting operational and financial impact on the Group's business. The impact may be significant, and not yet predictable, on both revenue and supply chains. In response to the effects of the COVID-19 pandemic the Group will be required to introduce, on an on-going basis, dynamic business continuity measures to minimise the impact on its revenue streams, including preparation for business disruption, implementing and effectively enforcing all necessary operational and health and safety guidelines and managing insurance policies. The Group's inability to mitigate cash and working capital issues, and to stay in close contact with its stakeholders, may have an adverse impact on the Group's business, financial condition and results of operations.

The local incoming tourism industry is impacted by economic conditions in the countries from which Malta's tourism is sourced, by economic and political conditions in competing destinations, by the availability of air travel capacity and connections to the Maltese Islands and by the continued growth in global tourism. Adverse movements in the overall balance of these factors could negatively affect the Group's performance and the achievement of its projected results. Furthermore, actual or threatened war, terrorist activity, political unrest,

civil strife and other geopolitical uncertainty may also reduce overall demand for business and leisure travel. The occurrence of any of these events or increasing concerns about these events could have a material adverse impact on the business, financial condition, results of operations and prospects of the Group.

### **2.3.8 COVID-19 pandemic and possible similar future outbreaks**

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.

Any of the factors set out above could have an adverse effect on the Group's profits and financial position.

### **2.3.9 Property valuation**

The property valuation report referred to in section 14 of this Registration Document is prepared by an independent qualified architect in accordance with the valuation standards published by the Royal Institution of Chartered Surveyors (RICS). In providing a market value of the Security Property, the independent architect has made certain assumptions which ultimately may cause the actual values to be materially different from any future values that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends as reality may not match the assumptions. There can be no assurance that such property valuation and property-related assets will reflect actual market values that could be achieved upon a sale, even where any such sale were to occur shortly after the valuation date. Actual values may be materially different from any future values that may be expressed or implied by forward-looking statements set out in the relative valuation or anticipated on the basis of historical trends, as reality may not match the assumptions made.

Furthermore, property values are affected by and may fluctuate, *inter alia*, as a result of changing demand, changes in general economic conditions, changing supply within a particular area of competing space and attractiveness of real estate relative to other investment choices. The value of the Group's property portfolio may also fluctuate as a result of other factors outside the Group's control, such as changes in regulatory requirements and applicable laws (including in relation to taxation and planning), political conditions, the condition of financial markets, potentially adverse tax consequences, and interest and inflation rate fluctuations.

The Group's operating performance could be adversely affected by a downturn in the property market in terms of capital values. The valuation of property and property-related assets is inherently subjective, due to, among other things, the individual nature of each property and the assumptions upon which valuations are carried out.

### **2.3.10 Asset liquidity risk**

In view of the fact that the Group is, in part, a property holding organisation, coupled with the fact that property is a relatively illiquid asset, such illiquidity may affect the Group's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely manner and at satisfactory prices in response to changes in economic,

real estate, market or other conditions. These factors could have an adverse effect on the Group's financial condition and results.

#### **2.3.11 The Group's insurance policies**

The Group maintains insurance at levels determined by the Group to be appropriate in light of the cost of cover and the risk profiles of the business in which the Group operates. With respect to losses for which the Group is covered by its policies, it may be difficult and may take time to recover such losses from insurers. In addition, the Group may not be able to recover the full amount from the insurer. No assurance can be given that the Group's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates.

### **2.4 Risks relative to the Guarantee and the Collateral**

The Bonds, as and when issued and allotted, shall constitute the general, direct, secured and unconditional 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 at all times rank *pari passu*, without any priority or preference among themselves, and, save for such exceptions as may be provided by applicable law, with first ranking and priority 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 joint and several Guarantee also entitles the Bondholders to take action against the Guarantors without having to first take action against the Issuer. 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.

The Bond Issue is secured by the Collateral that is to be granted in favour of the Security Trustee for the benefit and in the interest of Bondholders. Whilst the Security Trustee is to be granted 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 on the Collateral generally. 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.

There can be no guarantee that privileges accorded by law in specific situations will not arise during the course of the business of each of the Issuer, the Guarantors and other Group companies which may rank with priority or preference to the Collateral.

## **3 PERSONS RESPONSIBLE & AUTHORISATION STATEMENT**

### **3.1 Persons responsible**

This Registration Document includes information prepared in compliance with the Listing Rules issued by the Listing Authority for the purpose of providing Bondholders with information with regard to the Issuer and each of the Guarantors. Each and all of the Directors of the Issuer whose names appear in sub-section 4.1 of this Registration Document accept responsibility for all the information contained in the Prospectus.

To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Registration Document 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.

### 3.2 Authorisation statement

This Registration Document has been approved by the Listing Authority as the competent authority under the Prospectus Regulation. The Listing Authority only approves this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Registration Document.

## 4 IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, ADVISERS AND AUDITORS OF THE ISSUER AND THE GUARANTORS

### 4.1 Directors of the Issuer

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

Mr William Wait	ID Card No.: 253668M	Chairman and Executive Director
Mr Andrew Debattista Segond	ID Card No.: 94573M	Executive Director
Mr Sandro Grech	ID Card No.: 132568M	Independent, non-Executive Director
Dr Ian Joseph Stafrace	ID Card No.: 106173M	Independent, non-Executive Director
Mr Arthur Gauci	ID Card No.: 502968M	Independent, non-Executive Director

Mr Sando Grech, Dr Ian Joseph Stafrace and Mr Arthur Gauci are considered as independent Directors since they are free of any business, family or other relationship with the Issuer, its controlling shareholder or the management of either, that could create a conflict of interest such as to impair their judgement. In assessing Mr Grech's, Dr Stafrace's and Mr Gauci's independence due notice has been taken of Listing Rule 5.119 of the Listing Rules.

The business address of the Directors is 326, Mdina Road, Qormi, Malta.

The Company Secretary of the Issuer is Dr Katia Cachia, holder of identity card number 246889M.

The following are the respective *curriculum vitae* of the Directors:

**William Wait;** Chairman and Executive Director

William is currently a senior officer employed with Smartcare Pinto Ltd. He is also the non-executive Chairman of Malta Enterprise, a post to which he was appointed in July 2016. Prior to this appointment, he occupied senior management positions within other Government entities. William is a director of the Toly Group, with whom he has been involved for the last 30 years in various positions, both executive and non-executive. William has served on the Councils of the Federation of Industry and the Malta Chamber of Commerce, Enterprise and Industry as Chairman of the Manufacturers and Other Industries Economic Board. Pre-2013, William also served on various Maltese Government Boards and Councils, including the Employment Relations Board and the M.C.E.S.D. - Malta Council for Economic and Social Development. During Malta's presidency of the Council of the European Union, between January and June 2017, William served as the President of the Working Party for Industry, within DG Grow. Today he serves as a director on various Maltese and foreign companies operating in a wide spectrum of industries, including generation of alternative energy, hospitality, property development, international trading and manufacturing. William has a B.A. (Hons.) Accountancy degree, is a Fellow of the Malta Institute of Accountants, and holds a Certified Public Accountant (CPA) warrant.

**Andrew Debattista Segond;** Executive Director

Andrew incorporated his first company, Smart Homes Ltd, in 2005 with the aim of providing high-quality construction services to both the private and public sector. Following the growth of this company, Andrew moved on to incorporate and directly manage three additional development companies (Kai Investments Ltd, Smarthomes Developments Ltd and Smarthomes Real Estate Ltd) through which all development projects were acquired. In turn, each company would then engage Smart Homes Ltd to carry out construction works on



development sites. Andrew subsequently incorporated Smartcare Pinto Ltd, which is the owner and operator of the Care Home; Smartcare Properties Limited, which is involved in the ownership and management of property; and Smartcare Finance p.l.c., which is the financing company arm of the Group. Andrew is the Chief Executive Officer of the Smartcare Group.

**Sandro Grech;** Independent, non-Executive Director

Sandro is a warranted certified accountant and auditor with over twenty-nine years of post-graduate experience. During his post-qualification experience, Sandro gained experience in auditing, financial control and financial planning consultancy. Soon after graduating, Sandro worked for one year with the Government Internal Auditing Department, taking over the internal audit of two key government departments. Sandro previously worked as a senior in the auditing division at Deloitte for four years where he performed the audits of companies in the banking, insurance, retail, manufacturing, gaming and services sectors. Sandro has also led audit teams in the audit of international firms overseas, including international banks in Luxembourg and high-tech companies in Rome, Italy. He also worked as a financial controller within two of the top ten companies in the private sector in Malta, engaged in imports, wholesale and retail of goods. Prior to founding SG Malta Ltd, Sandro worked as a sole practitioner offering audit and accountancy services. Sandro has a B.A. (Hons) Accountancy degree from the University of Malta and is a Fellow in the Malta Institute of Accountants. Sandro is also a Member of the Institute of Financial Services Practitioners and holds a Certified Public Accountant (CPA) warrant and is a certified public auditor.

**Ian Joseph Stafrace;** Independent, non-Executive Director

Ian is a Maltese lawyer who has been admitted to the Maltese Bar since 1998. He has worked for Exco Services Limited (an affiliated company of Deloitte) handling assignments relating to corporate matters, mergers and divisions and company restructuring. Ian then became a partner at Abela Stafrace and Associates, a law firm specialising in Civil and Administrative law matters, following which he served as the Chief Executive Officer of the Malta Environment and Planning Authority, the national agency regulating environment protection and development planning until April 2013. In May 2013, Ian returned to his profession and set up the firm Ian Stafrace Legal, today rebranded to Saliba Stafrace Legal. The firm remains focused on property, planning, environmental and commercial law, and added financial services to its core advisory services. Ian, through the firm, services both local and foreign entities.

**Arthur Gauci;** Independent, non-Executive Director

Arthur graduated Bachelor of Accountancy from the University of Malta in 1991 and has since then worked in the banking sector, later moving into the accountancy and auditing profession. In the mid-nineties he joined the Seabank Group as Group Financial Controller wherein he was primarily responsible for the finance and information technology departments. Arthur occupied the post of Chief Executive Officer of the db Group of companies from 2008 to 2020. Arthur spearheaded a public bond issue which SD Finance Plc issued in 2017 for €65 million and sits on the Board of Directors of SD Finance plc, besides serving as a director in a number of db Group companies. He also holds a Fellowship with the Institute of Accountants. During the years 1999 to 2004, he served as a member of the Board of Directors of the Malta Transport Authority.

## 4.2 Directors of the Guarantors

### Smartcare Pinto Ltd

As at the date of this Registration Document, the Board of directors of SPL is constituted by the following person:

Mr Andrew Debattista Segond      ID Card No.: 94573M      Executive director

The company secretary of SPL is Mr Andrew Debattista Segond.

### Smartcare Holdings Ltd

As at the date of this Registration Document, the Board of directors of SHL is constituted by the following person:

Mr Andrew Debattista Segond      ID Card No.: 94573M      Executive director

The company secretary of SHL is Mr Andrew Debattista Segond.



The *curriculum vitae* of Mr Andrew Debattista Segond is set out in sub-section 4.1 above.

### 4.3 Senior management

The key members of the Group's management team are the following:

***Ms Nathalie Micallef***; Head of Clinical Services

Nathalie graduated from the University of Malta in 2012 with a first class degree in Nursing Studies from the Faculty of Health Sciences and she is currently reading for a Masters degree in Respiratory Medicine at the University of South Wales, and is expected to graduate in 2021. Nathalie has held various positions within the medical industry in which she has been a staff nurse employed by the Ministry of Health at Mater Dei Hospital in Malta. Furthermore, she served as clinical tutor at the Faculty of Health Sciences at the University of Malta and provided mentoring to nursing students reading for their final year for either their degree or diploma. During the period between January 2017 and September 2018, Nathalie also served as an IVI assessor of staff nurses working at Mater Dei Hospital.

***Mr Erich Vassallo***; Care Home Manager

Erich obtained a diploma in nursing from the Institute of Health Care in 2006 and is currently reading for a Masters degree in Healthcare Management and Leadership from Idea Leadership and Management Institute, and is expected to graduate in 2021. Erich has been employed with the Department of Health in Malta since 1996 and has held various roles in Malta's public hospitals. Up until 2018, Erich held the role of Deputy Charge Nurse Medical Assessment with the Department of Health.

### 4.4 Advisers to the Issuer and the Guarantors

**Legal Counsel**

Name: GVZH Advocates  
Address: 192, Old Bakery Street, Valletta VLT 1455, Malta

**Sponsoring Stockbroker**

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

**Reporting Accountant**

Name: Deloitte Services Limited  
Address: Deloitte Place, Triq l-Intornjatur, Central Business District CBD 3050, Malta

**Manager & Registrar**

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

As at the date of the Prospectus none of the advisers named above have any beneficial interest in the share capital of the Issuer or the Guarantors. Additionally, save for the terms of engagement relative to the services provided by each of the aforementioned advisers in connection with the preparation of the Prospectus, no material transactions have been entered into by the Issuer or the Guarantors with any of the advisers referred to above.

The organisations listed above have advised and assisted the Directors in the drafting and compilation of the Prospectus.

### 4.5 Auditors

Name: Reanda Malta  
Address: A3 Towers, Block A3, Level 12, Triq il-Kanonku Karm M Bologna, Paola PLA 1560, Malta

The annual statutory financial statements of the Issuer for the financial year ended 31 December 2019 have been audited by Reanda Malta. Reanda Malta is a firm of certified public accountants, holding a warrant to practice the profession of accountant and a practicing certificate to act as auditors in terms of the Accountancy Profession Act, Chapter 281 of the laws of Malta.

The annual statutory financial statements of SPL for the financial years ended 31 December 2018 and 2019 and the annual statutory consolidated financial statements of SHL for the financial year ended 31 December 2019 were audited by Reanda Malta.

The Directors, acting on the recommendation of the Audit Committee of the Company, have appointed Grant Thornton of Fort Business Centre, Triq l-Intornjatur, Zone 1, Central Business District, Birkirkara CBD 1050, Malta, as auditors of the Issuer and all other Smartcare Group entities with effect from 14 December 2020. Grant Thornton is a firm registered as a partnership of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Chapter 281 of the laws of Malta).

## 4.6 Security Trustee

Name: GVZH Trustees Limited  
Address: 52, St. Christopher Street, Valletta VLT 1462, Malta

GVZH Trustees Limited is duly authorised and qualified to act as a trustee or co-trustee in terms of the Trusts and Trustees Act (Chapter 331 of the laws of Malta).

## 5 INFORMATION ABOUT THE ISSUER AND THE GUARANTORS

### 5.1 Historical development of the Issuer

Full legal and commercial name of the Issuer:	Smartcare Finance p.l.c.
Registered address:	326, Mdina Road, Qormi
Place of registration and domicile:	Malta
Registration number:	C 90123
Date of registration:	7 January 2019
Legal form:	The Issuer is lawfully existing and registered as a public limited liability company in terms of the Act
Legal Entity Identifier:	391200VICFPFLUX5BL94
Telephone number:	+356 21 449 574
E-mail address:	info@smartcaremalta.com
Website:	www.smartcaremalta.com

The Issuer was registered in Malta as a public limited liability company on 7 January 2019. The Issuer is domiciled in Malta.

The principal object of the Issuer, which was set up and established to act as the finance company of the Smartcare Group, is to carry on the business of a finance and investment company in connection with the ownership, development, operation and financing of the business activities of the Group, whether in Malta or overseas, and for such purpose:

- (A) (i) to lend or advance money or otherwise give credit to any company now or hereinafter forming part of the Group, with or without security and otherwise on such terms as the directors may deem expedient; and (ii) to invest and deal with the moneys of the company and any company now or hereinafter forming part of the Group in or upon such investments and in such manner as the directors may, from time to time, deem expedient; and
- (B) to borrow or raise unlimited sums of money in such manner as the Issuer may think fit and in particular by the securitisation of any receivables or other assets of the Issuer, by the issue of bonds, debentures,

commercial paper, notes or other instruments creating or acknowledging indebtedness, and to offer same on sale to the public, and to secure the repayment of any money borrowed or raised and any interest payable thereon by the hypothecation or the creation of any other charge upon the whole or part of the moveable and immovable property of the Issuer, present and future.

As at the date of the Prospectus, following a recent increase in share capital, the Issuer has an authorised and issued share capital of two hundred and fifty thousand Euro (€250,000) divided into two hundred and fifty thousand (250,000) Ordinary shares of one Euro (€1.00) each, fully paid up, which are subscribed and held by Smartcare Holdings Ltd as to 249,999 Ordinary shares of €1.00 each and by Andrew Debattista Segond as to 1 Ordinary share of €1.00. Further details concerning the manner in which the shares in the Issuer are subscribed to are set out in sub-section 8.1 of this Registration Document.

The Issuer is not intended to undertake any trading activities itself apart from the raising of capital and the advancing thereof to members of the Group. Accordingly, the Issuer is economically dependent principally on the financial and operating performance of the businesses of Group entities, comprising the business of healthcare for the elderly and real estate development (further details of said entities and their respective businesses are set out in sub-section 5.4 of this Registration Document).

The Issuer does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company. The Issuer is, therefore, intended to serve as a vehicle through which the Group will continue to finance its future projects, principally and in the immediate future the projects set out in detail in sub-section 5.5 of this Registration Document, as well as other projects that may be undertaken by its subsidiary companies; and/or enabling the Group to seize new opportunities arising in the market.

Since its incorporation, the Company issued one bond which is currently listed and traded on the Prospects MTF List of the Malta Stock Exchange.

Specifically, in May 2019, the Company issued to the public in Malta on the Prospects MTF list of the Malta Stock Exchange €5,000,000 secured bonds due in 2029 of a nominal value of €100 per bond bearing an interest rate of 5% *per annum*, issued at par and redeemable on 5 June 2029 at their nominal value. The 2019 Prospects MTF Bonds are guaranteed jointly and severally by the Guarantors and secured by the following security rights granted by Smartcare Pinto Ltd and Smartcare Holdings Ltd, as applicable, in favour of the Security Trustee for the benefit of the holders of the 2019 Prospects MTF Bonds:

- 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;
- ii. a pledge by Smartcare Holdings Ltd over all of its shares held in Smartcare Pinto Ltd in favour of the Security Trustee in its capacity as trustee of the Smartcare Security Trust; 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.

The said issue of the 2019 Prospects MTF Bonds (ISIN: MT0002251206) is regulated by the terms and conditions set out in the Company Admission Document.

The Bonds are to be issued on the terms and conditions no less favourable than the terms and conditions attaching to the 2019 Prospects MTF Bonds, including, particularly, as to the security to be constituted in favour of the Bondholders. The 2019 Prospects MTF Bonds are to be redeemed early upon the issue of the Bonds and admission to trading and listing of the Bonds on the Official List of the Malta Stock Exchange. Full details of the mechanics of the early redemption of the 2019 Prospects MTF Bonds and the rights of holders of the 2019 Prospects MTF Bonds upon such early redemption are set out in sub-section 6.2.1 of the Securities Note. There are no recent events particular to the Issuer which are, to a material extent, relevant to the evaluation of the Issuer's solvency.

The Issuer operates exclusively in and from Malta.

## 5.2 Historical development of the Guarantors

### 5.2.1 Smartcare Pinto Ltd

Full legal and commercial name of SPL:	Smartcare Pinto Ltd
Registered address:	326, Mdina Road, Qormi
Place of registration and domicile:	Malta
Registration number:	C 86395
Date of registration:	21 May 2018
Legal form:	SPL is lawfully existing and registered as a private limited liability company in terms of the Act
Legal Entity Identifier:	391200JS3SU3YD9DL610
Telephone number:	+356 21 449 574
E-mail address:	info@smartcaremalta.com
Website:	www.smartcaremalta.com

SPL was registered in Malta in terms of the Act on 21 May 2018 as a private limited liability company with the principal object of 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. SPL is empowered in terms of its Memorandums of Association to guarantee or secure the performance of any obligations or commitments, including obligations on the payment of money, by any person, company or corporation.

As at the date of the Prospectus, SPL has an authorised and issued share capital of €1,200 divided into 1,200 Ordinary shares of €1.00 each, fully paid up, which are subscribed and held in their entirety by Smartcare Group Investments Ltd. Further details concerning the manner in which the shares in SPL are subscribed to are set out in sub-section 8.2 of this Registration Document.

There are no recent events particular to SPL which are, to a material extent, relevant to the evaluation of its solvency.

SPL operates exclusively in and from Malta.

### 5.2.2 Smartcare Holdings Ltd

Full legal and commercial name of SHL:	Smartcare Holdings Ltd
Registered address:	326, Mdina Road, Qormi
Place of registration and domicile:	Malta
Registration number:	C 90121
Date of registration:	7 January 2019
Legal form:	SHL is lawfully existing and registered as a private limited liability company in terms of the Act
Legal Entity Identifier:	391200POKC4J2V476Z70
Telephone number:	+356 21 449 574
E-mail address:	info@smartcaremalta.com
Website:	www.smartcaremalta.com

SHL was registered in Malta in terms of the Act on 7 January 2019 as a private limited liability company with the principal object of subscribing for, taking, purchasing, selling, investing in, exchanging or otherwise acquiring, holding, managing, developing, dealing with and turning into account any bonds, debentures, shares (whether fully paid or not), stocks, options or securities of governments, states, municipalities, public authorities or public or private, limited or unlimited companies, and whether on a cash or margin basis and including short sales and to lend or borrow money against the security of such bonds, debentures, shares, stocks, options or other securities. SHL is empowered in terms of its Memorandums of Association to guarantee, support or secure the

performance of any obligations or commitments, including obligations on the payment of money, by any person, company or corporation.

As at the date of the Prospectus, SHL, which is the parent company of the Smartcare Group, has an authorised and issued share capital of €2,374,225 divided into 2,374,225 Ordinary shares of €1 each, fully paid up, which are subscribed and held in their entirety by Andrew Debattista Segond. Further details concerning the manner in which the shares in SHL are subscribed to are set out in sub-section 8.2 of this Registration Document.

There are no recent events particular to SHL which are, to a material extent, relevant to the evaluation of its solvency.

SHL operates exclusively in and from Malta.

### **5.3 Obligations of the Guarantors in terms of the issue of the 2019 Prospects MTF Bonds**

In terms of the Company Admission Document regulating the terms and conditions of the €5,000,000 2019 Prospects MTF Bonds issued by the Issuer, SPL and SHL stand surety jointly and severally with the Issuer and irrevocably and unconditionally guaranteed the due and punctual performance of all obligations undertaken by the Issuer under the 2019 Prospects MTF Bonds and, accordingly, undertook to each holder of the 2019 Prospects MTF Bonds 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 Company Admission Document as and when the same shall become due, SPL and SHL will pay to such bondholder on written demand the amount payable by the Issuer to such bondholder, be it by way of interest or principal amount due under the 2019 Prospects MTF Bonds. The obligations of SPL and SHL under the guarantee dated 28 May 2019 shall remain in full force and effect until no sum remains payable to any holder of the 2019 Prospects MTF Bonds.

### **5.4 Overview of the Group's business**

Mr Andrew Debattista Segond incorporated his first company, Smart Homes Ltd in 2005, with the aim of providing high-quality construction services to both the private and public sectors. As his business grew, Mr Debattista Segond moved on to incorporate and directly manage three additional development companies (Kai Investments Ltd, Smarthomes Developments Ltd and Smarthomes Real Estate Ltd) through which all development projects were acquired. In turn, each company would then engage Smart Homes Ltd to carry out construction works on development sites.

Following his successes with his construction companies over the years, Mr Debattista Segond has more recently decided to enter into the healthcare for the elderly sector. In this regard, Smartcare Pinto Ltd was incorporated in May 2018, intended to be the owner and operator of the Care Home. Furthermore, Smartcare Properties Limited was incorporated on 7 January 2019 to serve as the holding company of properties forming part of the Group.

The Group, through its operating company Smartcare Pinto Ltd, 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.

The Care Home, 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 original approved permit allowed for the home to have 32 residents' rooms, for a total of 78 beds. The Care Home includes a Chapel, a dining room, a kitchen and other amenities. The basement of the property houses 13 car parking spaces accessed by a ramp leading to Triq I-Imdina. Originally, the property over which the Care Home has been built was spread over five floors starting at basement level (garage) and ending at third floor level that is recessed from the two street facades.

The gross floor area of the basement garage and the ground floor measures approximately 710 square metres. The gross floor area of the first and second floor is of 650 square metres each and the gross floor area of the receded level is of 480 square metres. The gross floor area of the total development spread over all five floors is approximately 3,200 square metres. However, in line with an additional approved permit, Smartcare Pinto Ltd extended the receded floor to form a full floor, as well as the addition of a further full floor and a recessed floor. With this extension, the Care Home increased its total floor area by 1,390 square metres. This also resulted in additional beds, bringing the total number of beds within the Care Home up to 136 beds at the date of this Registration Document.

Specifically as regards the occupancy of the Care Home, on 23 May 2019 SPL entered into a service agreement with the Active Ageing and Community Care Department (AACCD) (hereinafter the “Care Home Agreement”) in virtue of which SPL is guaranteed the occupancy of a number of beds within the Care Home for a period of five years (until 31 May 2024). The Care Home Agreement, which stipulates fixed rates for low dependent residents, medium dependent residents and high dependent residents, respectively, is subject to renewal for a further period of 1 year beyond the initial five-year term. Accordingly, in virtue of the Care Home Agreement the Government of Malta has committed to take-up of all of the beds within the Care Home for the term of said agreement, which effectively means that the Government of Malta is presently the Care Home’s only customer. As from April 2020, the Care Home reached full occupancy.

The Issuer, the Guarantors and all entities comprising the Smartcare Group operate exclusively in and from Malta.

## **5.5 Principal investments of the Group**

### **5.5.1 Extension to the Care Home**

SPL has submitted a planning application seeking to extend the Care Home into the adjacent plot on Triq l-Imdina, which new extension would cater for an additional 24 rooms and 48 beds. Specifically, the application provides for the demolition of the first and second levels of the Care Home and a lateral extension of the existing Care Home at first, second, third, fourth and fifth floors to create 24 rooms and related public areas.

This potential development associated with the acquisition of two adjacent properties in Mdina Road, Qormi is covered by a valid and approved planning permit. On 6 November 2018 and 7 February 2019, respectively, SPL entered into promise of sale agreements in connection with the acquisition of each of said adjacent properties, both of which promise of sale agreements are valid till 30 April 2021.

The proposed intervention will add an extra 24 rooms and 48 beds to the Care Home as aforesaid and 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 the Care Home of 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 €1,900,000 and part of said costs will be financed through part of the net proceeds of the Bond Issue as set out in sub-section 5.1 of the Securities Note.

In terms of the property valuation report referred to in section 14 of this Registration Document, the extension is estimated to increase the value of the Security Property by €1,600,000, such that the market value of the Security Property including the completed and functioning extension referred to herein would be €16,400,000 upon completion of the extension (currently estimated in January 2022 as aforesaid).

### **5.5.2 Second Boutique Hotel**

The Group, through Second Boutique Hotels Limited, owns land in Xagħra, Gozo and is currently in the process of constructing on said land a boutique hotel, to be called The Second Boutique Hotel. It is projected that the hotel will be completed by April 2021 and commence operations by June 2021. The hotel will have a total of 53 double rooms, consisting of 11 large suites, which include a jacuzzi or pool, and 42 double rooms.

The hotel will be situated in two sites along two adjoining streets in Xagħra, Gozo. The sites together have total footprint of *circa* 367 square metres. One site will be situated on Triq il-Kommitiva while the other site will be situated on Triq ta' Gajdoru.

The site situated on Triq il-Kommitiva will have a total of 6 floors including basement and a setback level. The basement will provide for 5 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 other site situated on Triq ta' Gajdoru 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 hotel will have a total of 23 rooms.

### **5.5.3 Smartcare Developments Ltd**

#### *- Ħamrun property development*

The proposed project is to acquire and subsequently redevelop the Roxy Home Furniture site in Ħamrun into a mixed-use development consisting of residences, retail outlets and offices. On 9 January 2017, Smarthomes Developments Ltd (C 63358), an entity associated with the Group and ultimately solely owned by Mr Andrew Debattista Segond, entered into a promise of sale agreement in connection with the acquisition of said site in Ħamrun, which promise of sale agreement is valid till 30 April 2021. In terms of the relative promise of sale agreement Smarthomes Developments Ltd reserved the right to substitute third parties in its stead on the final deed of sale and, accordingly, upon final deed of sale the property in question will be acquired by Smartcare Developments Ltd.

The development is five storeys high and will include 29 residential units, 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 façade of the building, together with some internal features, will be retained and incorporated in the design of the building. This development in Ħamrun is covered by a valid and approved planning permit. Works on the development are planned to commence immediately upon acquisition of the site and are estimated to be completed within twenty-one months of commencement.

The afore-mentioned development is to be financed through part of the net proceeds of the Bond Issue, as set out in sub-section 5.1 of the Securities Note.

#### *- Xagħra property development*

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 3 blocks offering a mix of 1 bedroom, 2 bedroom, 3 bedroom and penthouse units. Each residential block includes underground garages. The Group has obtained development permits to construct 2 blocks of apartments (10 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 has commenced 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 €740,000; no Bond Issue proceeds will be directed towards the development of this project.



Accordingly, subject to the success of the Bond Issue, the Issuer will enter into loan agreements with designated Group companies for the purpose of financing their investment needs as set out above in this sub-section 5.5 and in sub-section 5.1 of the Securities Note.

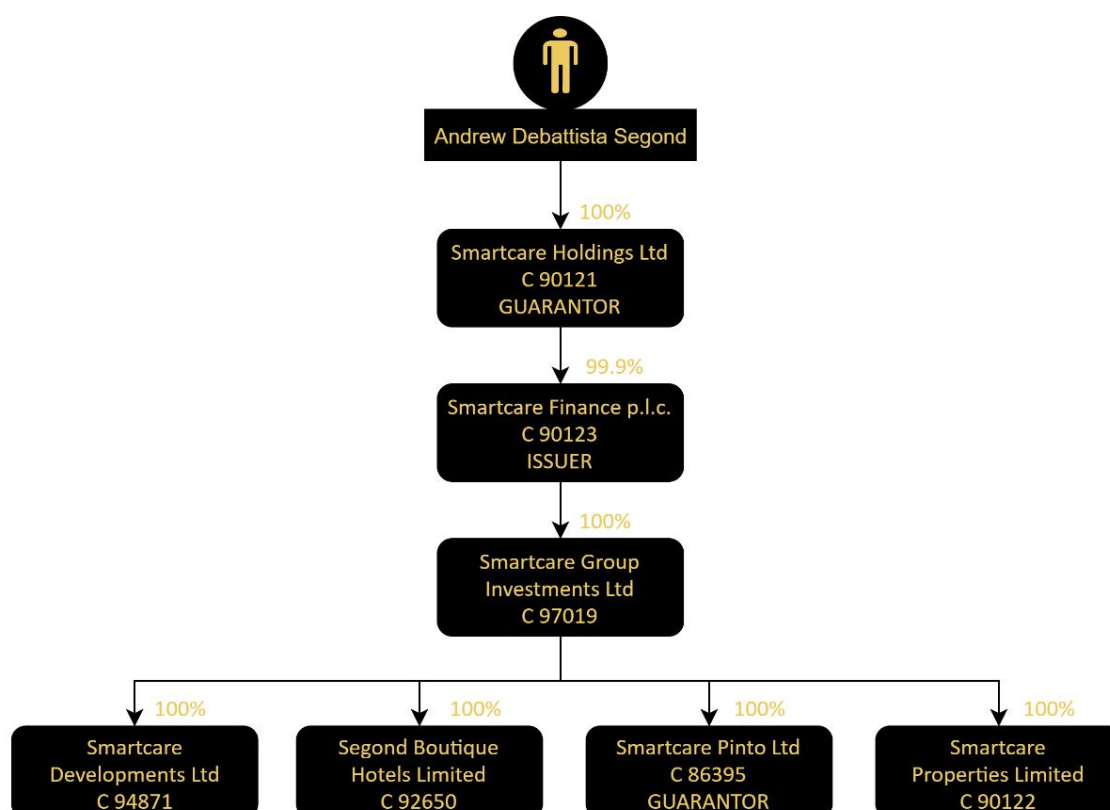
Save for the above, the Group is not party to any other principal investments, and has not entered into or committed for any such principal investments, subsequent to 31 December 2019, being the date of the latest audited financial statements of the Issuer.

## 5.6 Organisational structure

As previously stated, the Issuer is, essentially, a special purpose vehicle set up to act as a financing company for the needs of the Smartcare Group and, as such, it is dependent on the business prospects and operating results of Smartcare Group entities. Specifically, in so far as the Bonds are concerned, the Issuer is principally dependent, including for the purpose of servicing interest payments on the Bonds and the repayment of the principal amount on Redemption Date, on the receipt of interest payments and loan repayments from Group companies, specifically SGIL. Mr Andrew Debattista Segond ultimately, through Smartcare Holdings Ltd, owns 100% of the Group.

In terms of the Company Admission Document, with effect from 11 June 2019 SHL granted a pledge over all of its shares held in SPL in favour of the Security Trustee for the benefit of holders of the 2019 Prospects MTF Bonds.

The organisational structure of the Smartcare Group as at the date of the Prospectus is illustrated in the diagram below:



## 5.7 The Collateral granted in favour of the Security Trustee

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 in further detail in sub-section 5.5 of the Securities Note. The security shall be constituted in favour of

the Security Trustee for the benefit of all Bondholders from time to time registered in the Central Securities Depository of the Malta Stock Exchange. The Collateral will be vested in the Security Trustee for the benefit of the Bondholders in proportion to their respective holding of 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 and detailed in sub-section 6.2 of the Securities Note, 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 to be redeemed.

## **6 TREND INFORMATION AND FINANCIAL PERFORMANCE**

### **6.1 Trend information**

#### **6.1.1 Trend information of the Issuer**

There has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements dated 31 December 2019.

In view of the Issuer's purpose of acting as a financing company to the Group, its business is limited to the raising of capital for the financing of capital projects and the loaning of such capital to Group companies, the collection of interest from Group entities and the settlement, in turn, of interest payable on capital raised from third parties, in the circumstances via the issue of listed bonds.

The Issuer is dependent on the business prospects of the Group and, therefore, the trend information relating to the Group has a material effect on its financial position and prospects.

#### **6.1.2 Trend information of the Group**

At the time of publication of this Registration Document, 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 as disclosed in this Registration Document 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.

##### **6.1.2.1 Dar Pinto**

The operations of Dar Pinto commenced in May 2019, when through SPL the Group signed an agreement with the Active Ageing and Community Care Department ('AACD') to provide 50 long term care beds at Dar Pinto. Later during the year 3 addendums were signed and increased the number of beds that were made available to the AACD to 90. In March 2020, the Group signed another addendum which increased the occupancy level to 136 beds.

Despite the current COVID-19 pandemic, Dar Pinto 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 has had to close its doors to its residents' families as a required protective measure, the operations at Dar Pinto have not been 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.

### **6.1.3 Economic Update<sup>1</sup>**

In December, the Central Bank of Malta's Business Conditions Index (BCI) improved when compared with the previous month, but continued 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) improved in December when compared with the previous month. Confidence rose in the services sector and, to a more limited extent, among consumers, in industry and among retailers. Meanwhile, confidence in the construction sector turned negative. Notwithstanding these developments, sentiment was negative in all sectors.

In November, industrial production contracted after having risen marginally in the previous month, while the volume of retail trade fell at a slower pace in annual terms. The number of registered unemployed decreased compared with October. The unemployment rate rose marginally, but remained low from a historical perspective. The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) edged down to 0.2% in November, from 0.6% in October. Inflation based on the Retail Price Index (RPI) edged down marginally to 0.3% over the same period. Maltese residents' deposits grew at an annual rate of 5.3% over the year to November, below the 6.0% registered in the previous month, while annual growth in credit to Maltese residents expanded by 10.8%. In November, the deficit on the cash-based Consolidated Fund widened when compared with a year earlier, reflecting an increase in primary government expenditure and a drop in government revenue.

#### **6.1.3.1 Economic Outlook<sup>2</sup>**

In the light of the pandemic situation, which has continued to develop during recent months, the Central Bank of Malta (the Bank) 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 2023<sup>3</sup>. The downward revision of the Bank'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 Bank 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.

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.

<sup>1</sup> Central Bank of Malta – Economic Update 1/2021

<sup>2</sup> Central Bank of Malta – Economic Projections 2020 – 2022 (2020:4)

<sup>3</sup> 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.

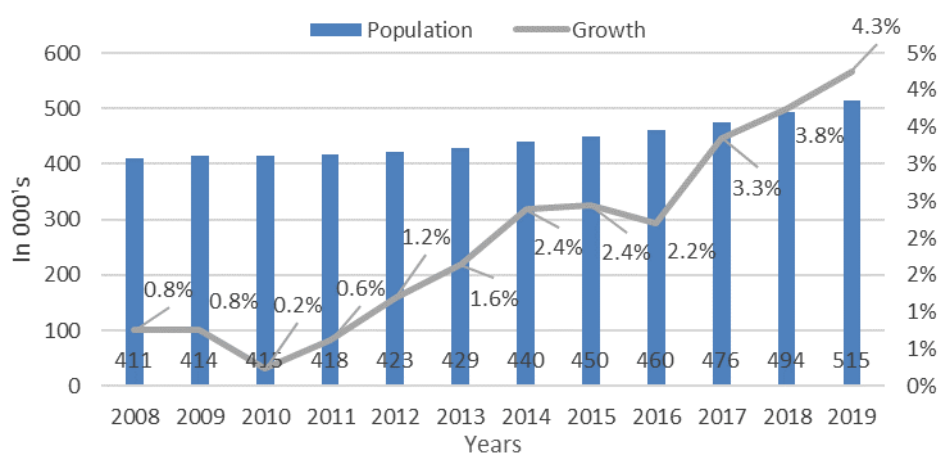
Annual inflation based on the Harmonised Index of Consumer Prices is set to ease to 0.8% this year, down from 1.5% in 2019, reflecting lower domestic and international price pressures. However, these downward pressures are mitigated in part by cost-push factors, in the context of disruptions to the global 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 Bank 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 Bank 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.

#### 6.1.4 Care home industry<sup>4</sup>

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:



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.

<sup>4</sup> National Statistics Office: World Population Day statistics

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.

#### **6.1.5 Hospitality and property development industries<sup>5</sup>**

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 is summarised in the below table, illustrating 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	7.0	-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 a second spike in COVID-19 cases similar to that witnessed at the start of the pandemic in the first half of the year, it is expected that borders will remain open, except for specific travel restrictions on countries experiencing a spike in COVID-19 cases. The consensus appears to be that the current global health crisis will significantly impact the European tourism industry, with growth expected to remain below 2019 levels until 2023. However, given that the Group's hotel is currently being constructed, the current pandemic has not impacted its operations.

In its August monthly economic update<sup>6</sup>, 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)<sup>7</sup> issued a statement saying that property 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.

<sup>5</sup> Inbound Tourism December 2019 and March 2020 (NSO), and European Tourism – Trends & Prospects Q2/2020

<sup>6</sup> Central Bank of Malta – Economic Update 8/2020

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

## 6.2 Key financial review

### 6.2.1 The Issuer

The table below shows the financial information of the Issuer for the year ended 31 December 2019.

Statement of Comprehensive Income		2019
Audited accounts	12 months	€000s
Revenue		-
Cost of sales		-
<b>Gross profit</b>		-
Administrative expenses		(46)
<b>EBITDA</b>		<b>(46)</b>
Depreciation and amortisation		(9)
<b>EBIT</b>		<b>(55)</b>
Interest income		233
Finance costs		(152)
Credit impairment loss		(3)
<b>Profit for the year before taxation</b>		<b>23</b>
Income tax		-
<b>Profit for the year after taxation</b>		<b>23</b>

Extracts of the unaudited management financial information of Smartcare Finance for the six-month periods ended 30 June 2019 and 30 June 2020.

Statement of Comprehensive Income		2019	2020
Unaudited management accounts	6 months	6 months	
	€000s	€000s	
Revenue	-	-	
Cost of sales	-	-	
<b>Gross profit</b>	-	-	
Administrative expenses	(22)	(27)	
<b>EBITDA</b>	<b>(22)</b>	<b>(27)</b>	
Depreciation and amortisation	(1)	(8)	
<b>EBIT</b>	<b>(23)</b>	<b>(35)</b>	
Interest income	35	192	
Finance costs	(17)	(125)	
Credit impairment loss	-	-	
<b>Profit/(loss) for the year before taxation</b>	<b>(5)</b>	<b>32</b>	
Income tax	-	-	
<b>Profit/(loss) for the year after taxation</b>	<b>(5)</b>	<b>32</b>	

The Issuer entered into a loan agreement dated 24 May 2019 with Smartcare Pinto Limited (as borrower) pursuant to which the Issuer advanced to Smartcare Pinto Limited by title of loan the amount of €3,420,000 from the proceeds of the issue of the 2019 Prospects MTF Bonds, which funds were applied in the manner set out in sub-section 18.1 of the Company Admission Document.

Similarly, the Issuer entered into a loan agreement dated 24 May 2019 with Smartcare Properties Limited (as borrower) pursuant to which the Issuer advanced to Smartcare Properties Limited by title of loan the amount of €600,000 from the proceeds of the issue of the 2019 Prospects MTF Bonds, which funds were applied in the manner set out in sub-section 18.1 of the Company Admission Document.

In addition, the Issuer entered into a loan agreement dated 24 May 2019 with Smartcare Holdings Limited (as borrower) pursuant to which the Issuer advanced to Smartcare Holdings Limited by title of loan the amount of €780,000 from the proceeds of the issue of the 2019 Prospects MTF Bonds, which funds were applied in the manner set out in sub-section 18.1 of the Company Admission Document.

In terms of the said agreements, the interest income as at 31 December 2019 and as at 30 June 2020, represents the accrued interest till that date. Moreover, finance cost represents the interest payable to bond holders that has accrued till 31 December 2019 and as at 30 June 2020 respectively.

The table below shows the financial position of the Issuer as at 30 June 2020 as extracted from the unaudited management accounts, compared with the audited accounts of same as at 31 December 2019.

Statement of Financial Position	2019 12 months € 000s	2020 6 months € 000s
<b>ASSETS</b>		
<b>Non-current assets</b>		
Receivable from subsidiaries	4,862	5,028
	<b>4,862</b>	<b>5,028</b>
<b>Current assets</b>		
Trade and other receivables	230	-
Cash at bank and in hand	6	2
	<b>236</b>	<b>2</b>
<b>Total assets</b>	<b>5,098</b>	<b>5,030</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
<b>Capital and reserves</b>		
Called up issued share capital	48	48
Retained earnings	23	55
<b>Total equity</b>	<b>71</b>	<b>103</b>
<b>Non-current liabilities</b>		
Debt securities in issue	4,858	4,854
	<b>4,858</b>	<b>4,854</b>
<b>Current liabilities</b>		
Trade and other payables	168	72
	<b>168</b>	<b>72</b>
<b>Total liabilities</b>	<b>5,027</b>	<b>4,926</b>
<b>Total equity and liabilities</b>	<b>5,098</b>	<b>5,030</b>

As the financing arm of the Group, the Issuer does not own any fixed assets and the only major assets related to the amount advanced to the related parties by way of a loan in line with the Company Admission Document.



The issuer's main liabilities consist of the debt securities in issue net of any costs incurred by the Issuer in the process of raising those funds.

The table below shows the statement of cash flow of the Issuer for the year ended 31 December 2019.

Statement of Cash Flows	2019
Audited accounts	12 months
	€ 000s
<b>Cash flow from operating activities</b>	
<b>Profit before tax</b>	23
Adjustments for:	
Depreciation	9
	<b>32</b>
Changing in working capital:	
Movement in trade and other receivables	(230)
Movement in trade and other payables	168
<b>Net cash used in operating activities</b>	<b>(30)</b>
<b>Cash flows from financing activities</b>	
Issue of share capital	48
Costs re bond issue	(150)
Debts securities in issue	5,000
Advances to related parties	(4,862)
<b>Net cash flows from financing activities</b>	<b>35</b>
<b>Net movement in cash and cash equivalents</b>	<b>6</b>
Cash and cash equivalents at start of year / period	-
<b>Cash and cash equivalents at end of year / period</b>	<b>6</b>

The table below shows the statement of cash flow of the Issuer for the six-month periods ended 30 June 2019 and 30 June 2020.

Statement of Cash Flows	2019	2020
Unaudited management accounts	6 months € 000s	6 months € 000s
<b>Cash flow from operating activities</b>		
<b>Profit/(loss) before tax</b>	<b>(5)</b>	<b>32</b>
Adjustments for:		
Depreciation	-	7
	<b>(5)</b>	<b>39</b>
Changes in working capital:		
Movement in trade and other receivables	(35)	234
Movement in trade and other payables	36	(99)
<b>Net cash from/(used in) operating activities</b>	<b>(4)</b>	<b>174</b>
<b>Cash flows from financing activities</b>		
Issue of share capital	48	-
Costs re bond issue	-	(12)
Debts securities in issue	4,910	-
Movement in related party balances	(4,827)	(165)
<b>Net cash flows from/(used in) financing activities</b>	<b>131</b>	<b>(177)</b>
<b>Movement in cash and cash equivalents</b>	<b>127</b>	<b>(3)</b>
Cash and cash equivalents at start of year / period	-	6
<b>Cash and cash equivalents at end of year / period</b>	<b>127</b>	<b>3</b>

The Issuer's cash flow statement indicates that cash generated from operating activities during the period under review totalled *circa* €174k, up from a negative outflow of €4k for the period ending 31 December 2019.

In 2019, main movements were related to the 2019 Prospects MTF Bonds, which resulted in a positive cash movement from financing activities of €5m and financing outflows to related parties of €4.8m.

### 6.2.2 The Guarantors

Smartcare Pinto Limited owns and operates an Old People's Home (OPH) in Qormi. The table below shows the profit and loss account for the years ended 31 December 2018 and 31 December 2019.

Statement of Comprehensive Income	2018	2019
Audited accounts	7 months €000s	12 months €000s
Revenue	-	569
Cost of sales	-	(444)
<b>Gross profit</b>	<b>-</b>	<b>125</b>
Administrative expenses	(158)	(263)
<b>EBITDA</b>	<b>(158)</b>	<b>(138)</b>
Depreciation and amortisation	(136)	(242)
<b>EBIT</b>	<b>(294)</b>	<b>(380)</b>
Finance costs	(17)	(206)
Credit impairment loss	-	(1)
<b>Loss for the year before taxation</b>	<b>(311)</b>	<b>(587)</b>
Income tax	-	163
<b>Loss for the year after taxation</b>	<b>(311)</b>	<b>(424)</b>

Extracts of the unaudited management financial information of Smartcare Pinto for the six-month periods ended 30 June 2019 and 30 June 2020.

Statement of Comprehensive Income	2019	2020
Unaudited management accounts	6 months €000s	6 months €000s
Revenue	39	1,175
Cost of sales	(82)	(550)
<b>Gross profit/(loss)</b>	<b>(43)</b>	<b>625</b>
Administrative expenses	(199)	(408)
<b>EBITDA</b>	<b>(242)</b>	<b>217</b>
Depreciation and amortisation	(109)	(121)
<b>EBIT</b>	<b>(351)</b>	<b>96</b>
Other income	95	153
Finance costs	(64)	(138)
Credit impairment loss	-	-
<b>Profit/(loss) for the year before taxation</b>	<b>(320)</b>	<b>111</b>
Income tax	-	-
<b>Profit/(loss) for the year after taxation</b>	<b>(320)</b>	<b>111</b>

The Company generates its revenue through the provision of beds to the Government of Malta. The Company commenced its operations in May 2019 and by March 2020, the Group signed the last addendum which increased the occupancy level to 136 beds.

The gross loss for the period ended 31st December 2019 was €43k and this improved to a gross profit of €625k for the first 6 months of 2020. In 2019 a number of staff members were already employed despite the low occupancy levels. Despite an increase of over 100% in revenue by June 2020 as compared to full year of 2019, the payroll costs of the Company increased by only 24%.

For the period ended 30th June 2020, the EBITDA Margin increased from a negative of 35% to 29%. Management attributes this increase to the improvement in the gross profit of the Group. In addition, in 2019 the Group incurred one off expense such as accommodation rent for their foreign staff.

The table below shows the financial position of Smartcare Pinto Limited as at 30 June 2020, extracted from the unaudited management accounts, compared with the audited accounts of same as at 31 December 2018 and 31 December 2019.

Statement of Financial Position	2018 7 months € 000s	2019 12 months € 000s	2020 6 months € 000s
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	-	21	-
Property, plant and equipment	2,481	5,455	5,366
Deferred taxation	-	163	163
	<b>2,481</b>	<b>5,639</b>	<b>5,528</b>
<b>Current assets</b>			
Trade and other receivables	177	276	894
Cash at bank and in hand	-	19	5
	<b>177</b>	<b>295</b>	<b>899</b>
<b>Total assets</b>	<b>2,658</b>	<b>5,934</b>	<b>6,428</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Called up issued share capital	1	1	1
Revaluation reserve	-	2,512	2,512
Retained earnings	(310)	(710)	(599)
<b>Total equity</b>	<b>(309)</b>	<b>1,802</b>	<b>1,914</b>
<b>Non-current liabilities</b>			
Advances from related parties	1,145	3,704	3,724
	-	<b>3,704</b>	<b>3,724</b>
<b>Current liabilities</b>	<b>1,145</b>		
Trade and other payables		427	621
Short term borrowings	1,220	-	169
	602	<b>427</b>	<b>790</b>
	<b>1,822</b>		
<b>Total liabilities</b>	<b>2,967</b>	<b>4,131</b>	<b>4,514</b>
<b>Total equity and liabilities</b>	<b>2,658</b>	<b>5,934</b>	<b>6,428</b>

In line with the company's growth strategy the balance sheet shows an increase in assets throughout the period

from inception to present date to show a value of €5.4m. The property was revalued to reflect current market value in line with architect's valuation. Advances from related party reflects loans from the Issuer which were taken to finance development.

The table below shows the property, plant and equipment of Smartcare Pinto as at 30 June 2020.

Property, plan and equipment	€ 000s
Land and buildings	4,109
Furniture and fittings	145
Medical equipment	535
Mechanical and electrical equipment	466
Other equipment	103
Motor vehicles	8
	<b>5,366</b>

Property, plant and equipment of Smartcare Group (Source: Unaudited management accounts, June 2020)

Other assets held by Smartcare Pinto limited as at 30 June 2020 included the following:

Trade and other receivables	€ 000s
Amount owed by related parties	243
Prepayments and accrued income	378
Trade receivables	208
Other receivables	64
	<b>894</b>

Trade and other receivables of Smartcare Group (Source: Unaudited management accounts, June 2020)

The Company's total liabilities remained relatively stable from €4.1m as at 31 December 2019 increasing to €4.5m as at 30 June 2020. The total liabilities include amount due to related parties. These represents amounts due to the Issuer, in relation to the loan agreement dated 24 May 2019.

Other liabilities of Smartcare Pinto limited as at 30 June 2020 included the following:

Trade and other payables	€ 000s
Accruals	443
Trade payables	177
Other payables	1
	<b>621</b>

Trade and other payables of Smartcare Group (Source: Unaudited management accounts, June 2020)

The table below shows the statement of cash flow of the Smartcare Pinto Limited for the years ended 31 December 2018 and 31 December 2019.

Statement of Cash Flows	2018	2019
Audited accounts	7 months	12 months
	€ 000s	€ 000s
<b>Cash flow from operating activities</b>		
<b>(Loss) before tax</b>	<b>(311)</b>	<b>(587)</b>
Adjustments for:		
Depreciation	136	242
	<b>(175)</b>	<b>(344)</b>
Changes in working capital:		
Movement in trade and other receivables	(176)	(100)
Movement in trade and other payables	1,220	(793)
<b>Net cash from/(used in) operations</b>	<b>869</b>	<b>(1,237)</b>
<b>Cash flows from investing activities</b>		
Development of property, plant and equipment	(1,147)	-
Acquisition of property, plant and equipment	(1,470)	(701)
<b>Net cash flows (used in) investing activities</b>	<b>(2,617)</b>	<b>(701)</b>
<b>Cash flows from financing activities</b>		
Cash issue for shares	1	-
Movement in related party balances	-	3,704
Movement in bank borrowings	1,747	(1,747)
<b>Net cash flows from financing activities</b>	<b>1,748</b>	<b>1,957</b>
<b>Movement in cash and cash equivalents</b>	<b>-</b>	<b>19</b>
Cash and cash equivalents at start of year / period	-	-
<b>Cash and cash equivalents at end of year / period</b>	<b>-</b>	<b>19</b>

The table below shows the statement of cash flow of the Smartcare Pinto Limited for the six-month periods ended 30 June 2019 and 30 June 2020.

Statement of Cash Flows	2019	2020
Unaudited management accounts	6 months	6 months
	€ 000s	€ 000s
<b>Cash flow from operating activities</b>		
<b>Profit/(loss) before tax</b>	(320)	111
Adjustments for:		
Depreciation	109	121
	<b>(211)</b>	<b>232</b>
Changes in working capital:		
Movement in trade and other receivables	(169)	(439)
Movement in trade and other payables	89	258
<b>Net cash from/(used in) operations</b>	<b>(291)</b>	<b>51</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	-	(11)
Development of property, plant and equipment	(697)	-
<b>Net cash flows (used in) investing activities</b>	<b>(697)</b>	<b>(11)</b>
<b>Cash flows from financing activities</b>		
Movement in related party balances	3,180	(224)
Movement in bank borrowings	(1,746)	169
<b>Net cash flows from/(used in) financing activities</b>	<b>1,434</b>	<b>(55)</b>
<b>Movement in cash and cash equivalents</b>	<b>446</b>	<b>(14)</b>
Cash and cash equivalents at start of year / period	-	19
<b>Cash and cash equivalents at end of year / period</b>	<b>446</b>	<b>5</b>

The Company's cash flow statement indicates that cash inflow from operating activities during the period till 30 June 2020 totalled €51k compared to a negative outflow of € 1.237m for financial year 2019. This was in line with commencement of operation of Dar Pinto.

In 2018, Smartcare Pinto purchased and developed Dar Pinto, with further developments taking place throughout 2019.

In line with the Company Admission Document, Smartcare Pinto received a total of *circa* €3.42m from the proceeds of the 2019 Prospects MTF Bond, which were then utilised as repayment and financing activities outflows in 2019.



### 6.2.3 Consolidated financial information

The table below shows the consolidated financial information of Smartcare Holdings Limited, Smartcare Finance, p.l.c, Segond Boutique Hotels Limited, Smartcare Pinto Ltd. and Smartcare Properties Limited for the year ended 31 December 2019.

Statement of Comprehensive Income		2019
Consolidated audited accounts		12 months €000s
Revenue		569
Cost of sales		(444)
<b>Gross profit</b>		<b>125</b>
Administrative expenses		(324)
<b>EBITDA</b>		<b>(199)</b>
Depreciation and amortisation		(251)
<b>EBIT</b>		<b>(450)</b>
Finance costs		(191)
Credit impairment loss		(2)
<b>Loss for the year before taxation</b>		<b>(643)</b>
Income tax		163
<b>Loss for the year after taxation</b>		<b>(480)</b>

Extracts of the unaudited management financial information of Smartcare Group consolidated management accounts for the six-month periods ended 30 June 2019 and 30 June 2020.

Statement of Comprehensive Income		2019	2020
Consolidated unaudited management accounts		6 months €000s	6 months €000s
Revenue		39	1,175
Cost of sales		(82)	(550)
<b>Gross profit/(loss)</b>		<b>(43)</b>	<b>625</b>
Administrative expenses		(130)	(288)
<b>EBITDA</b>		<b>(173)</b>	<b>337</b>
Depreciation and amortisation		(110)	(128)
<b>EBIT</b>		<b>(283)</b>	<b>209</b>
Finance costs		(57)	(127)
<b>Profit/(loss) for the year before taxation</b>		<b>(340)</b>	<b>82</b>
Income tax		-	-
<b>Profit/(loss) for the year after taxation</b>		<b>(340)</b>	<b>82</b>

Until 30 June 2020, the only trading company of the Group was Smartcare Pinto and therefore all revenue generated by the Group till 30 June 2020 represents revenue generated from Smartcare Pinto Limited.

The revenue for the period ended 30 June 2019 was €39k and this improved to €1.17m for the first 6 months of 2020. In 2019, a number of staff members were already employed despite the low occupancy levels. Despite an increase of over 100% in revenue by June 2020 as compared to full year of 2019, the payroll costs of the Company increased by only 24%.

For the period ended 30 June 2020, the EBITDA Margin increased from a negative of 35% to 29%. Management attributes this increase to the improvement in the gross profit of the Group. In addition, in 2019 the Group incurred one off expense such as accommodation rent for their foreign staff.

The table below shows the consolidated financial position extracted from the unaudited management accounts of Smartcare Holdings Limited, Smartcare Finance, p.l.c, Segond Boutique Hotels Limited, Smartcare Pinto Ltd and Smartcare Properties Limited as at 30 June 2020, compared with the audited accounts of same as at 31 December 2019.

Statement of Financial Position	2019	2020
	12 months	6 months
	€ 000s	€ 000s
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	332	311
Property, plant and equipment	6,443	7,632
Deferred taxation	163	163
Investment property	-	611
	<b>6,938</b>	<b>8,716</b>
<b>Current assets</b>		
Inventories	823	192
Trade and other receivables	562	1,526
Cash at bank and in hand	27	19
	<b>1,412</b>	<b>1,736</b>
<b>Total assets</b>	<b>8,350</b>	<b>10,452</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Called up issued share capital	1	1
Revaluation reserve	2,512	2,512
Retained earnings	(456)	(374)
<b>Total equity</b>	<b>2,057</b>	<b>2,139</b>
<b>Non-current liabilities</b>		
Long-term borrowings	667	1,774
Debt securities in issue	4,858	4,854
	<b>5,526</b>	<b>6,628</b>
<b>Current liabilities</b>		
Trade and other payables	768	1,507
Short term borrowings	-	178
	<b>768</b>	<b>1,685</b>
<b>Total liabilities</b>	<b>6,293</b>	<b>8,314</b>
<b>Total equity and liabilities</b>	<b>8,350</b>	<b>10,452</b>

Smartcare Group's statement of financial position as at 30 June 2020 indicated total assets of *circa* €10.5m an increase of *circa* €2.1m on the position reported as at 31 December 2019. This increase can be mainly attributed to the purchase of the Segond Boutique Hotel and an increase in trade receivables.

The intangible assets consist of computer software used by the Group and goodwill upon the acquisition of Smartcare Pinto by Smartcare Holdings Ltd.

The table below shows the property, plant and equipment of Smartcare Group as at 30 June 2020.

<b>Property, plant and equipment</b>	<b>€000s</b>
Land and buildings	6,375
Furniture and fittings	145
Medical equipment	535
Mechanical and electrical equipment	466
Other equipment	103
Motor vehicles	8
	<b>7,632</b>

Property, plant and equipment of Smartcare Group (Source: Unaudited management accounts, June 2020)

As at 31 December 2019, the Group owned immovable properties including a penthouse in Sliema which was classified as inventory. During the period ending 30 June 2020, this property was reclassified to investment property.

The table below shows the trade receivables and trade payables as at 30 June 2020 of Smartcare Group.

<b>Trade and other receivables</b>	<b>€000s</b>
Trade debtors	272
Other debtors	7
Amounts owed by other related parties	869
Prepayment and accrued income	378
	<b>1,526</b>

<b>Trade and other payables</b>	<b>€000s</b>
Trade payables	244
Accruals	1,201
Other payables	2
Amounts due to related parties	60
Indirect taxation and social security	-
	<b>1,507</b>

**Net working capital**

**19**

Working capital of Smartcare Group (Source: Unaudited management accounts, June 2020)

The table below shows the consolidated statement of cashflow of Smartcare Holdings Limited, Smartcare Finance, p.l.c, Segond Boutique Hotels Limited, Smartcare Pinto Ltd. and Smartcare Properties Limited for the year ended 31 December 2019.

Statement of Cash Flows	2019
Audited accounts	12 months € 000s
<b>Cash flow from operating activities</b>	
<b>Loss before tax</b>	<b>(643)</b>
Adjustments for:	
Amortisation	9
Depreciation	242
	<b>(392)</b>
Changes in working capital:	
Movement in inventories	(823)
Movement in trade and other receivables	(562)
Movement in trade and other payables	768
<b>Net cash (used in) operations</b>	<b>(1,009)</b>
<b>Cash flows from investing activities</b>	
Goodwill at acquisition	(311)
Acquisition of property, plant and equipment	(4,171)
<b>Net cash flows (used) in investing activities</b>	<b>(4,482)</b>
<b>Cash flows from financing activities</b>	
Cash issue for shares	1
Debt securities issue	4,850
Cost re bond issue	-
Bank borrowings	667
<b>Net cash flows from financing activities</b>	<b>5,518</b>
<b>Movement in cash and cash equivalents</b>	<b>27</b>
Cash and cash equivalents at start of year / period	-
<b>Cash and cash equivalents at end of year / period</b>	<b>27</b>

The table below shows the consolidated statement of cashflow of Smartcare Holdings Limited, Smartcare Finance, p.l.c, Segond Boutique Hotels Limited, Smartcare Pinto Ltd. and Smartcare Properties Limited as at 30 June 2019 and 30 June 2020.

Statement of Cash Flows	2019	2020
Unaudited management accounts	6 months	6 months
	€ 000s	€ 000s
<b>Cash flow from operating activities</b>		
<b>Profit/(loss) before tax</b>	<b>(341)</b>	<b>82</b>
Adjustments for:		
Amortisation	4	8
Depreciation	105	121
	<b>(232)</b>	<b>210</b>
Changes in working capital:		
Movement in inventories	(11)	21
Movement in trade and other receivables	(162)	(962)
Movement in trade and other payables	204	738
<b>Net cash flows from/(used in) operations</b>	<b>(201)</b>	<b>6</b>
<b>Cash flows from investing activities</b>		
Goodwill at acquisition	(311)	-
Acquisition of property, plant and equipment	(696)	(1,288)
<b>Net cash flows (used in) investing activities</b>	<b>(1,007)</b>	<b>(1,288)</b>
<b>Cash flows from financing activities</b>		
Cash issue for shares	-	-
Debt securities issue	4,910	-
Cost re bond issue	-	(12)
Bank borrowings	(1,747)	1,107
<b>Net cash flows from financing activities</b>	<b>3,163</b>	<b>1,095</b>
Movement in cash and cash equivalents	1,955	(187)
Cash and cash equivalents at start of year / period	-	27
<b>Cash and cash equivalents at end of year / period</b>	<b>1,955</b>	<b>(160)</b>

In 2019, the Group reported negative cash flow of €1.009m from operations and €5.5m net cash from financing activities, mainly through the issue of the 2019 Prospects MTF Bonds.

A net cash outflow of €4.5m was registered from the Smartcare Group's net investing activities, mainly relating to the development of OPH and other assets which still under construction mainly the Segond Boutique Hotel. This trend continued in 2020 with a further outflow in investing activities of €1.3m.

## Financial commitments

The table below shows, the financial commitments the Group has as at 31st December 2019 and as at 30th June 2020.

Company	Bank	Original Amount	Amount as at 31 December 2019	Amount as at 30 June 2020	Purpose of finance	General Hypothec	Special Hypothec	Privileges
Smartcare Finance p.l.c.	N/A	€5,000,000	€4,858,479	€4,854,185	<p>To finance finishing works and acquisition of equipment for the care home;</p> <p>To repay outstanding facilities with Lombard bank originally used to finance the acquisition of the Care home;</p> <p>To repay an overdraft facility with Lombard bank originally used to finance the acquisition the Care home;</p> <p>Acquisition of and finishing an apartment in Sliema;</p> <p>General corporate funding.</p>		First Special hypothec over OPH situated at 326, Mdina Road Qormi.	
Segond Boutique Hotels Limited	Lombard	€527,250	€527,250	€527,250	<p>Assistance with the purchase of:</p> <p>House number 4 on Triq Gajdoru c/w Triq il-Kommitiva.</p> <p>Plot of land known as ix-Xaghri tal-Hawwiela on Triq il-Kommitiva, Xaghra.</p>	First general hypothec over the assets of Segond Boutique Hotels Limited.	<p>First Special hypothec over:</p> <p>plot of land known as ix-xaghri tal-Hawwiela on Triq il-Kommitiva, Xaghra.</p>	<p>First special Privilege over:</p> <p>House number 4 on Triq Gajdoru c/w Triq il-Kommitiva;</p>

Segond Boutique Hotels Limited	Lombard	€1,927,750	€139,991	€1,246,963	Assistance with the development of:  House number 4 on Triq Gajdoru c/w Triq il-Kommitiva;  Plot of land known as ix-xaghri tal-Hawwiela on triq il-kommitiva, Xaghra;  House number 5 Triq Gajdoru c/w Triq il-Kommitiva;  into a boutique a hotel.	First general hypothec over the assets of Smarthomes Developments Ltd  First general hypothec over the assets of Smartcare Properties Limited.	House number 4 on Triq Gajdoru c/w Triq il-Kommitiva;  House number 5 Triq Gajdoru c/w Triq il-Kommitiva;  Eddie's Flats, Flat No.2 Gzira Road, Gzira.  Helena Flats, Flat No.2 and Flat No.4 Triq Emanuel Galizia, Ta' Xbiex; and  Helena Flats, Flat No.2 and Flat No.4 Triq Emanuel Galizia, Ta' Xbiex. Penthouse No. 37E, Stella Maris Street, Sliema.	Plot of land known as ix-xaghri tal-Hawwiela on triq il-kommitiva, Xaghra; and  House number 5 Triq Gajdoru c/w Triq il-Kommitiva.
Smartcare Developments Ltd	Lombard	€504,000	-	-	To purchase six plots of land in Triq Ta' Karkar, Xaghra, Gozo	First general hypothec over the assets of Smartcare Developments Ltd	First Special hypothec over:  Six plots of land in Triq Ta' Karkar, Xaghra, Gozo.  Any developments on the abovementioned plots.	
	Lombard	€896,000	-	-	To develop plots of land in Triq Ta' Karkar, Xaghra, Gozo into apartments, penthouse, and garages			
Smartcare Pinto Ltd	Lombard	€300,000	-	€178,290	Overdraft facility			
Total		€9,155,000	€5,525,720	€6,806,688				



## **7 MANAGEMENT AND ADMINISTRATION**

### **7.1 The Issuer**

#### **7.1.1 The Board of Directors and M&As**

The Board of Directors of the Issuer is to be composed of a minimum of three (3) and a maximum of six (6) Directors appointed by means of an ordinary resolution of the shareholders of the Company in general meeting. The Board meets regularly to establish and review the policies and strategies of the Issuer and to monitor the implementation thereof and the overall performance of the Issuer.

As at the date of the Prospectus, the Board of the Issuer is composed of the five (5) individuals listed in sub-section 4.1 of this Registration Document. Furthermore, in line with generally accepted principles of sound corporate governance, at least one (1) of the Directors shall be a person independent of the Issuer.

The Directors believe that the Issuer's current organisational structure is adequate for its present activities. The Directors will maintain this structure under continuous review to ensure that it meets the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

The Memorandum and Articles of Association of the Issuer are registered with the Malta Business Registry. The main objects of the Issuer's activities are set out in Clause 3 of the Memorandum of Association. The issue of bonds falls within the objects of the Issuer. The Memorandum and Articles of Association otherwise regulate matters customarily dealt with therein, including matters such as voting rights and restrictions thereof, and the appointment and powers of Directors.

A copy of the Memorandum and Articles of Association of the Issuer may be inspected during the lifetime of this Registration Document at the registered office of the Issuer as set out in section 16 of this Registration Document and at the Malta Business Registry during the lifetime of the Company.

#### **7.1.2 Executive Directors**

The executive Directors of the Issuer are entrusted with the Company's day-to-day management. The executive Directors of the Issuer are Andrew Debattista Segond and William Wait. Andrew Debattista Segond is also a director of all other companies within the Group.

#### **7.1.3 Independent, non-executive Directors**

The Independent, non-executive Directors constitute a majority on the Board of the Issuer and their 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.

The non-executive Directors are Sandro Grech, Ian Stafrace and Arthur Gauci, all three also being independent of the Issuer.

#### **7.1.4 Directors' service contracts**

None of the Directors of the Issuer have a service contract with the Issuer.

#### **7.1.5 Aggregate emoluments of Directors**

In terms of the Memorandum and Articles of Association of the Issuer, the aggregate emoluments of all Directors in any one financial year, and any increases thereto, shall be such amount as may from time to time be determined by the Issuer in general meeting, and any notice convening the general meeting during which an increase in the maximum limit of such aggregate emoluments shall be proposed, shall contain a reference to such fact.

For the financial year ended 31 December 2020 the Group paid an aggregate of €21,239.88 to its Directors.

#### **7.1.6 Loans to Directors**

There are no loans outstanding by the Issuer to any of its Directors, nor any guarantees issued for their benefit by the Issuer.

#### **7.1.7 Removal of Directors**

A Director may, unless he resigns, be removed by ordinary resolution of the shareholders as provided in Article 140 of the Act. The Directors currently in office are expected to remain in office at least until the next annual general meeting of the Company.

#### **7.1.8 Powers of Directors**

By virtue of the provisions of the Articles of Association of the Issuer, the Directors are empowered to transact all business which is not by the Articles expressly reserved for the shareholders in general meeting.

The Directors are vested with the management of the Issuer and their powers of management and administration emanate directly from the Memorandum and Articles of Association and the law. The Directors are empowered to act on behalf of the Issuer and in this respect have the authority to enter into contracts, sue and be sued in representation of the Issuer.

Directors may not vote on any proposal, issue, arrangement or contract in which they have a personal material interest.

The maximum limit of aggregate emoluments of the Directors is, in terms of the Memorandum and Articles of Association, to be established by the shareholders in general meeting.

In terms of the Memorandum and Articles of Association of the Issuer, the Board of Directors may exercise all the powers of the Issuer to borrow money and to hypothecate or charge its undertaking, property and uncalled capital or any part thereof, and to issue equity and debt securities on such terms, in such manner and for such consideration as they think fit. The shareholders in general meeting have the overriding authority to change, amend, restrict and/or otherwise modify such limit and the Directors' borrowing powers generally.

There are no provisions in the Issuer's Memorandum and Articles of Association regulating the retirement or non-retirement of Directors over an age limit.

#### **7.1.9 Employees**

As at the date of the Prospectus, the Issuer does not have any employees of its own and is, therefore, reliant on the resources which are made available to it by other Group entities. As at the date of this Registration Document, the Group has a total of 62 employees.

## **7.2 The Boards of the Guarantors**

#### **7.2.1 The Boards of directors and M&As**

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. Within those strategic parameters the board of each Guarantor is autonomous in the determination of the appropriate policies for the respective companies and their business and is entrusted with handling the relations with third parties dealing with those companies.

The Memorandum of Association of SPL provides that the business and affairs of SPL shall be managed and administered by a board of directors to be composed of not less than 1 and not more than 5 directors. As at the date of the Prospectus, the board of SPL is composed of one director, Andrew Debattista Segond, who is responsible for the overall direction and management of the company. The directors of SPL are appointed by means of an ordinary resolution in general meeting. Accordingly, SGIL, as sole shareholder, is empowered to appoint the directors of SPL and has control over the management and operations of SPL.

The Memorandum of Association of SHL provides that SHL's business and affairs shall be managed and administered by a board of directors to be composed of not less than 1 and not more than 5 directors. As at the date of the Prospectus, the board of SHL is composed of one director, Andrew Debattista Segond, who is responsible for the overall direction and management of the company. Directors of SHL are appointed by means of an ordinary resolution in general meeting.

The Memorandum and Articles of Association of SPL are registered with the Malta Business Registry and a copy of said M&As may be inspected during the lifetime of this Registration Document at the registered office of the Issuer as set out in section 16 of this Registration Document and at the Malta Business Registry during the lifetime of the Company.

The Memorandum and Articles of Association of SHL are registered with the Malta Business Registry and a copy of said M&As may be inspected during the lifetime of this Registration Document at the registered office of the Issuer as set out in section 16 of this Registration Document and at the Malta Business Registry during the lifetime of the Company.

#### **7.2.2 Directors' service contracts**

None of the directors of the Guarantors have a service contract with the respective Guarantor entity.

#### **7.2.3 Aggregate emoluments of directors**

For the financial year ending 31 December 2021, no director emoluments are due by the Guarantors.

#### **7.2.4 Loans to directors**

There are no loans outstanding by the Guarantors to any of their respective directors nor any guarantees issued for their benefit by the Guarantors.

#### **7.2.5 Powers of directors**

By virtue of the Articles of Association of each of the Guarantors, the respective boards of directors are empowered to exercise all the rights of each of said companies, except those rights as are expressly reserved for decision by the shareholders in general meeting.

### **7.3 Conflict of interest**

In addition to being a director of the Issuer, Mr Andrew Debattista Segond is also a director of all other companies within the Smartcare Group, including each of the Guarantors, and is, effectively, the ultimate beneficial owner of the entirety of the Smartcare Group.

In light of the foregoing, Mr Debattista Segond is susceptible to conflicts between the potentially diverging interests of the Issuer and the other companies forming part of the Smartcare Group, as the case may be, and any of such other companies in transactions entered into, or proposed to be entered into, between them.

The Audit Committee, established at the level of the Issuer, has the task of ensuring that any potential conflicts of interest that may arise at any moment pursuant to these different roles are handled in the best interest of the Issuer and the Smartcare Group generally, as well as according to law. The fact that the Audit Committee is constituted in its entirety by independent, non-executive Directors provides an effective measure to ensure that transactions vetted by the Audit Committee are determined on an arms-length basis.

As regards related party transactions generally, the Audit Committee operates within the remit of the applicable terms of Chapter 5 of the Listing Rules regulating the role of the Audit Committee with respect to related party transactions.

No private interests or duties unrelated to the Smartcare Group which may or are likely to place any of them in conflict with any interests in, or duties towards, the Smartcare Group have been disclosed by the Directors.

Senior management do not hold any shares in the Issuer or other entities comprising the Smartcare Group.

To the extent known or potentially known to the Issuer, as at the date of this Registration Document, other than the information contained and disclosed herein, there are no other potential conflicts of interest between any duties of the Directors and of executive officers of the Issuer and their respective private interests and/or their duties which require disclosure in terms of the Prospectus Regulation.

None of the Directors, members of the board committees or members of management referred to in this Registration Document have, in the last 5 years:

- i. been the subject of any convictions in relation to fraudulent offences or fraudulent conduct;
- ii. been associated with bankruptcies, receiverships or liquidations (other than voluntary) in respect of entities in respect of which they were members of administrative, management or supervisory bodies, partners with unlimited liability (in the case of a limited partnership with a share capital), founders or members of senior management;
- iii. been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies); or
- iv. been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

## 7.4 Working capital

As at the date of this Registration Document, the Directors of the Issuer are of the opinion that working capital available to the Issuer is sufficient for the attainment of its objects and the carrying out of its business for the next twelve (12) months of operations. In providing said working capital statement, the Issuer confirms that the proceeds of the Bond Issue have been included in the calculation of its working capital.

## 8 MAJOR SHAREHOLDERS AND SHARE CAPITAL

### 8.1 Shareholders of the Issuer

Smartcare Holdings Ltd, the parent company of the Group, currently owns 99.99% of the share capital of the Issuer, with 1 Ordinary share being held by Mr Andrew Debattista Segond.

Specifically, the Issuer has an authorised share capital of €250,000 divided into 250,000 Ordinary shares of a nominal value of €1 each. The issued share capital of the Company is €250,000 divided into 250,000 Ordinary shares of €1 each, which are subscribed to and allotted as fully paid up shares as follows:

<i><b>Name of shareholder</b></i>	<i><b>Number of shares held</b></i>
Smartcare Holdings Ltd (C 90121)	249,999 Ordinary shares of €1 each
Andrew Debattista Segond (ID 94573M)	1 Ordinary share of €1

The Issuer adopts measures in line with the Code of Principles of Good Corporate Governance forming part of the Listing Rules (the "**Code**") with a view to ensuring that the relationship of the Issuer with the rest of the Group and with the shareholders are retained at arm's length, including adherence to rules on related party transactions set out in Chapter 5 of the Listing Rules requiring the vetting and approval of any related party transaction by the Audit Committee, which is constituted in its entirety by independent, non-executive Directors, of which one, in the person of Sandro Grech, also acts as Chairman. The Audit Committee has the task of ensuring that any potential abuse is managed, controlled and resolved in the best interests of the Issuer and according to law.

To the best of the Issuer's knowledge there are no arrangements in place as at the date of the Prospectus the operation of which may at a subsequent date result in a change in control of the Issuer.

The authorised share capital of the Issuer may be increased by an ordinary resolution of the shareholders in general meeting. Shares can be issued when and under those conditions decided by extraordinary resolution of the shareholders in general meeting.

Each Ordinary share confers the right to one (1) vote at general meetings of the Issuer. All Ordinary shares rank *pari passu* in all respects.

The shares of the Issuer are not listed on the Exchange. Application has not been filed for the shares of the Issuer to be quoted on the Official List of the Exchange. There is no capital of the Issuer which has been issued to the public during the 2 years immediately preceding the publication of the Prospectus.

It is not expected that the Company issues during the next financial year any shares, whether fully or partly paid up, in consideration for cash or otherwise.

There is no capital of the Issuer which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Issuer is to be put under option.

## 8.2 Shareholders of the Guarantors

### Smartcare Pinto Ltd

The authorised and issued share capital of SPL is of one thousand, two hundred Euro (€1,200) divided into one thousand, two hundred (1,200) Ordinary shares of one Euro (€1.00) each, fully paid up, which are subscribed and held as follows:

<b><i>Name of shareholder</i></b>	<b><i>Number of shares held</i></b>
Smartcare Group Investments Ltd (C 97019)	1,200 Ordinary shares of €1 each

To the best of SPL's knowledge there are no arrangements in place as at the date of this Registration Document the operation of which may at a subsequent date result in a change in control of SPL.

### Smartcare Holdings Ltd

The authorised share capital of SHL is of two million, three hundred seventy-four thousand, two hundred and twenty-five Euro (€2,374,225) divided into two million, three hundred seventy-four thousand, two hundred and twenty-five (2,374,225) Ordinary shares of one Euro (€1) each.

The issued share capital of SHL is of two million, three hundred seventy-four thousand, two hundred and twenty-five Euro (€2,374,225) divided into two million, three hundred seventy-four thousand, two hundred and twenty-five (2,374,225) Ordinary shares of one Euro (€1) each, fully paid up, which are subscribed and held as follows:

<b><i>Name of shareholder</i></b>	<b><i>Number of shares held</i></b>
Andrew Debattista Segond (ID 94573M)	2,374,225 Ordinary shares of €1

To the best of SHL's knowledge there are no arrangements in place as at the date of this Registration Document the operation of which may at a subsequent date result in a change in control of SHL.

## 8.3 Commissions

There were no commissions, discounts, brokerages or other special terms granted during the 2 years immediately preceding the publication of the Prospectus in connection with the issue or sale of any capital of the Issuer or any other Group company.

## 9 AUDIT COMMITTEE

The Audit Committee's objective is to assist the Board in fulfilling its supervisory and monitoring responsibilities according to terms of reference that reflect the requirements of the Listing Rules, as well as current good corporate governance best practices.

The primary purpose of the Audit Committee is to assist the Directors in conducting their role effectively so that the Issuer's decision-making capability and the accuracy of its reporting and financial results are maintained at a high level at all times. The main responsibilities of the Audit Committee include, but are not limited to, the following:

- a) informing the Board of the outcome of the statutory audit and explaining how the statutory audit contributed to the integrity of financial reporting and the Committee's role in the process;
- b) monitoring the financial reporting process and submitting recommendations or proposals to ensure its integrity;
- c) monitoring of the effectiveness of the Issuer's internal quality control and risk management system and, where applicable, its internal audit regarding the financial reporting of the Issuer;
- d) making recommendations to the Board in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor, following appointment by the shareholders during the Issuer's Annual General Meeting;
- e) reviewing and monitoring the external auditor's independence; and
- f) evaluating the arm's length nature of any proposed transactions to be entered into by the Issuer and a related party, to ensure that the execution of such transaction is at arm's length, conducted on a sound commercial basis and in the best interests of the Issuer.

The Audit Committee has the task of ensuring that any potential conflicts of interest that may arise at any moment pursuant to the different roles held by the Directors are handled in the best interest of the Issuer. Additionally, the Audit Committee has a crucial role in monitoring the activities and conduct of business of the Group's subsidiaries, insofar as these may affect the ability of the Issuer to fulfil its obligations in terms of the Bond Issue. The Audit Committee also has the task of ensuring that any potential abuse is managed, controlled and resolved in the best interests of the Issuer and according to law.

For this purpose, the Audit Committee's remit also extends to the operations of the Group and, accordingly, the Audit Committee has, pursuant to the relative terms of reference, been granted express powers to be given access to the financial position of the Issuer and all other entities comprising the Group on a quarterly basis. To this effect, the Issuer and all other entities comprising the Group are to submit to the Audit Committee quarterly unaudited management accounts, as well as at least quarterly comparisons of actuals against projections.

The Audit Committee is constituted by three non-executive Directors, all of whom satisfy the independence criteria set out in the Listing Rules. The Audit Committee is presently composed of Sandro Grech, Ian Joseph Stafrace and Arthur Gauci, all three members being independent non-executive Directors. The Audit Committee is chaired by Sandro Grech, whilst Ian Joseph Stafrace and Arthur Gauci act as members. In compliance with the Listing Rules, the member who is designated as competent in auditing and/or accounting is Sandro Grech. The Issuer considers that the members of the Audit Committee have the necessary experience, independence and standing to hold office as members thereof. The *curriculum vitae* of the said Directors may be found in sub-section 4.1 above.

## 10 COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

### 10.1 The Issuer

Prior to the date of the Prospectus, the Issuer was not regulated by the Listing Rules and, accordingly, was not required to comply with the Code. As a consequence of the present Bond Issue, in accordance with the terms of the Listing Rules, the Issuer is required to comply with the provisions of the Code. The Issuer declares its full support of the Code and undertakes to fully comply with the Code to the extent that this is considered

complementary to the size, nature and operations of the Issuer, and is confident that the application thereof shall result in positive effects accruing to the Issuer.

The Board of Directors sets the strategy and direction of the Issuer and retains direct responsibility for appraising and monitoring the Issuer's financial statements and annual report. The functions of the Board are exercised in a manner designed to ensure that it can effectively supervise the operations of the Issuer so as to protect the interests of Bondholders, amongst other stakeholders. The Board is also responsible for making relevant public announcements and for the Issuer's compliance with its continuing listing obligations.

As required by the Act and the Listing Rules, the Issuer's financial statements are to be subject to annual audit by the Issuer's external auditors. Moreover, the non-executive Directors will have direct access to the external auditors of the Issuer who attend at Board meetings at which the Company's financial statements are approved. Directors are entitled to seek independent professional advice at any time on any aspect of their duties and responsibilities, at the Issuer's expense.

Going forward, in view of the reporting structure adopted by the Code, the Issuer shall, on an annual basis in its annual report, detail the level of the Issuer's compliance with the principles of the Code, explaining the reasons for non-compliance, if any.

As at the date hereof, the Board considers the Issuer to be in compliance with the Code save for the following exceptions:

- Principle 7: Under the present circumstances, the Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board's performance is evaluated on an on-going basis by, and is subject to the constant scrutiny of, the Board itself, the Company's shareholders, the market and the rules by which the Issuer is regulated as a listed company.
- Principle 8: The Board of Directors considers that the size and operation of the Issuer does not warrant the setting up of nomination and remuneration committees. Given that the Issuer does not have any employees other than the Directors and the company secretary, it is not considered necessary for the Issuer to maintain a remuneration committee. Also, the Issuer will not be incorporating a nomination committee. Appointments to the Board of Directors are determined by the shareholders of the Issuer in accordance with the Company's Memorandum and Articles of Association. The Issuer considers that the members of the Board possess the level of skill, knowledge and experience expected in terms of the Code.

## 10.2 The Guarantors

In view of the fact that the Guarantors are not public companies having securities listed on a regular market, they are not bound by the provisions of the Code set out in the Listing Rules, including, *inter alia*, the requirement to set up an audit committee.

## 11 HISTORICAL FINANCIAL INFORMATION

The historical financial information relating to the Issuer for the financial year ended 31 December 2019 as audited by Reanda Malta and the audit report thereon is set out in the financial statements of said entity, which are available for inspection as set out in section 16 below and are incorporated by reference, and may be accessed on the Issuer's website [www.smartcaremalta.com](http://www.smartcaremalta.com).

The historical financial information relating to SPL for the financial years ended 31 December 2018 and 2019 as audited by Reanda Malta and the audit reports thereon are set out in the financial statements of said entity, which are available for inspection as set out in section 16 below and are incorporated by reference, and may be accessed on the Issuer's website [www.smartcaremalta.com](http://www.smartcaremalta.com).



The historical financial information relating to SHL for the financial period ended 31 December 2019 as audited by Reanda Malta and the audit report thereon is set out in the consolidated financial statements of said entity, which are available for inspection as set out in section 16 below and are incorporated by reference, and may be accessed on the Issuer's website [www.smartcaremalta.com](http://www.smartcaremalta.com).

Save for the matters described in this Registration Document, there have been no significant changes in the financial or trading positions of the Issuer or the Guarantors since the end of the financial period of their latest published statements, being the unaudited financial statement for the period ended 30 June 2020.

Furthermore, the Issuer and the Guarantors hereby confirm that there has been no material change or recent development which could adversely affect potential investors' assessments in respect of the Bonds, other than the information contained and disclosed in the Prospectus.

## **12 LITIGATION PROCEEDINGS**

There have been no governmental, legal or arbitration proceedings involving the Issuer or the Guarantors (including any such proceedings which are pending or threatened of which the Issuer or the Guarantors are aware) during the period covering twelve (12) months prior to the date of the Prospectus which may have, or have had, in the recent past significant effects on the financial position or profitability of the Issuer, the Guarantors and/or the Group, taken as a whole.

## **13 MATERIAL CONTRACTS**

Save for the Care Home Agreement detailed in sub-section 5.4 of this Registration Document, the Issuer and/or the Guarantors have not entered into any material contracts which are not in the ordinary course of their business which could result in either the Issuer or the Guarantors being under an obligation or entitlement that is material to the Issuer's ability to meet its Bond Obligations to security holders in respect of the securities being issued pursuant to, and described in, the Securities Note.

## **14 PROPERTY VALUATION REPORT**

In connection with the issue of the Bonds in accordance with the terms of the Prospectus, the Issuer commissioned Perit Malcolm Sullivan of Sapienza and Sullivan Architects & Civil Engineers to issue a property valuation report in relation to the Security Property owned by SPL.

The following are the details of said independent valuer:

Name: Perit Malcolm Sullivan B.E.&A. (Hons.)  
Business address: No. 17, Dingli Street, Sliema SLM 1904, Malta

Listing Rule 7.4.3 provides that property valuations to be included in a prospectus must not be dated (or be effective from) more than 60 days prior to the date of publication of the prospectus in question. Accordingly, the property valuation report referred to herein is dated 29 January 2021.

A copy of said report dated 29 January 2021 compiled by Perit Malcolm Sullivan of Sapienza and Sullivan Architects & Civil Engineers in respect of the Security Property owned by SPL, the current market value of which has been estimated at fourteen million, eight hundred thousand Euro (€14,800,000), is set out in Annex I to this Registration Document and is available for inspection as set out in section 16 below.

## **15 THIRD PARTY INFORMATION, STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTEREST**

Save for the architect's property valuation report set out in Annex I to this Registration Document and the Financial Analysis Summary reproduced in Annex III of the 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 this 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 the 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.

## **16 DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents or certified copies thereof, where applicable, shall be available for inspection at the registered office of the Issuer at 326, Mdina Road, Qormi, Malta during the term of the Bond Issue during office hours:

- i. the Memorandum and Articles of Association of the Issuer and the Guarantors;
- ii. the audited financial statements of the Issuer for the financial year ended 31 December 2019;
- iii. the audited financial statements of SPL for the financial years ended 31 December 2018 and 2019;
- iv. the audited consolidated financial statements of SHL for the financial year ended 31 December 2019;
- v. the interim unaudited financial statements of the Issuer for the six-month period 1 January to 30 June 2020;
- vi. the interim unaudited financial statements of SPL for the six-month period 1 January to 30 June 2020;
- vii. the interim unaudited consolidated financial statements of SHL for the six-month period 1 January to 30 June 2020;
- viii. the architect's property valuation report dated 29 January 2021 prepared in respect of the Security Property, as reproduced in Annex I of this Registration Document;
- ix. the Financial Analysis Summary dated 19 February 2021 prepared by Calamatta Cuschieri Investment Services Limited, as reproduced in Annex III of the Securities Note;
- x. the Security Trust Deed;
- xi. the Pledge Agreement; and
- xii. the Guarantee, as reproduced in Annex I of the Securities Note.

Documents (i) to (vii), both included, and (ix) listed above are also available for inspection in electronic form on the Issuer's website [www.smartcaremalta.com](http://www.smartcaremalta.com).

**ANNEX I – PROPERTY VALUATION REPORT**

The Board of Directors,  
Smartcare Pinto Ltd.,  
326, Smart House,  
Mdina Road,  
Qormi, QRM 9014

Friday 29<sup>th</sup> January 2021

## **PROPERTY VALUATION REPORT**

Valuation Report covering properties at;

- i) **Dar Pinto, No. 326, Mdina Road, Qormi, QRM 9014, Malta**
- ii) **Segond Hotel, Triq ta' Gajdoru, Triq Kommitiva, Xaghra, Gozo**
- iii) **Roxy Home Furnishings, Nos 797, 798, 799, 800, 801, Triq il-Kbira San Guzepp  
and Nos 11, 11a Sqaq San Tumas , Triq Mile End, Hamrun, Malta**

Dear Sirs,

We have been commissioned to formulate a valuation report for the three properties listed in the caption above. The valuations are being carried out for Smartcare Pinto Ltd., a limited liability company having the following Company Registration number; **C86395**. It is understood that the valuation report is required in connection with a proposed bond issue and has been formulated in line with the requirements set out in listing rules, chapter 7, for the Official List of the Malta Stock Exchange. A copy of this report is to be included in the Company Admission Document for the aforementioned bond issue.

The undersigned Architect and Civil Engineer can confirm that on-site inspections were carried out for all the properties in question.

The undersigned is formulating this valuation report as an external, accredited valuer and can confirm that no conflicts of interest, either personal or in relation to the partnership exist.

### **Date of Valuations:**

The valuations included in this report are valid as of the **29<sup>th</sup> January, 2021** and reflect the market value of the properties in question at the time at which the report was written.

### **Basis of Valuations:**

The valuations have been carried out to ascertain the values of the properties inspected. This report leads to an estimation of the Market Value of the property, that is: *the estimated amount for which the property should exchange on the date of the valuation between a willing buyer and a willing seller in an*

*arm's length transaction after proper marketing wherein the parties had each acted knowledgeably prudently and without compulsion.*

The price stated in this valuation report is deemed to be the best price at which the sale of an interest in the property might reasonably be expected to have been completed unconditionally for cash consideration on the date of the valuation subject to the following:

- A willing seller
- A reasonable period for the proper marketing prior to the date of the agreement
- The absence of any additional bid by a purchaser with a special interest in the acquisition
- The state of the market and the property values were on the date of contract the same as on the date of the valuation
- Good title can be shown
- The property is not affected by any statutory notice
- The property is free from latent defects
- Only a visual inspection of the property was carried out to establish the condition of repair

Information pertinent to the properties that was considered necessary for this report, such as tenure, interested parties, leases, etc. was obtained directly from the directors of Smartcare Pinto Ltd.

Signed



Perit Malcolm Sullivan

B.E.&A. (Hons.)

Warrant number 538

ID 160977M

Sapienza and Sullivan Partnership number P16

This report is confidential to the client and for the specific purpose as described above. The sources of information and verification included the Client and Reporting Accountants, Deloitte. These valuations have been carried out, as an external valuer, in accordance with standards and guidelines issued by the Royal Institute of Chartered Surveyors. The valuations are valid at the date of inspection. They take into account the condition of the property as indicated in this report. No inquiries have been made regarding the actual or potential use of other property in the area that may have an effect on the value of the inspected property. The title of the inspected properties has not been investigated. It is assumed that that good title can be shown and that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoing. The undersigned has not carried out detailed structural surveys, tested services, nor has he exposed parts of the structure that were covered, unexposed or inaccessible. The undersigned is therefore unable to give any assurance that the property is free from defect. Nevertheless, the undersigned has had regard to the age and apparent general condition of the properties. In accordance with standard practice, neither the whole nor any part of this valuation nor any reference thereto may be included in any published document without the prior written approval of the undersigned for the context in which it may appear. All the printed notes form an integral part of the report.

# Section 1

valuation of

Dar Pinto Care Home,  
no. 326, Mdina Road,  
Qormi, QRM 9014,  
Malta



*Image 1 - Indicative location of existing Care Home (red colour) and proposed extension (mustard colour)*

### 1.1 Property Description:

The property in question is a six-storey old people's home that stretches between two parallel streets in Qormi. It spans from Triq Guze Duca on one end to Triq L-Imdina at the other end. The property has a street frontage of approximately 29m on Triq Guze Duca and approximately 13m on Triq L-Imdina. An underground parking area extends underneath the footprint of the building.

A licence to operate had been issued in December 2018 for 64 beds. The property is now fully operational. All three lifts are operational, as well as the laundry and the kitchen facilities. The two permits issued for the property in question, as it is currently built are; **PA 6306/17 and PA 9999/17**. A subsequent application to extend the care home was submitted and approved. This reference number for this application is **PA 1258/20**.

The old people's home as applied for in **PA 6306/17** allows for a home having 32 residents' rooms in total (each having multiple beds in the same room), spread over five floors starting at basement level (garage) and ending at third floor level that is receded from the two street facades. The gross floor areas of the basement garage and of the ground floor in this permit are 710sqm each. The gross floor areas of the first and second floor are 650sqm each and the gross floor area of the receded level is 480sqm. The gross floor area of the total development spread over all five floors in this permit is approximately 3200 square metres. The total number of beds catered for in these plans is 78. The third floor which also forms part of this application is finished but not yet fully operational. Other spaces

that also form part of this application include a Chapel, a dining room, a kitchen and others. The basement of the property houses 13 car parking spaces, accessed by a ramp leading to Triq L-Imdina.

The more recent application (**PA 9999/17**) proposed changes to the previous permit that mainly consisted in the addition of an extra two floors over and above what had already been approved. The construction works for these two additional floors are complete according to the valid and approved permit (PA 9999/17). A description of planning permits is included in *section 1.3* below.

**PA 9999/17** added a total of approximately 1390sqm to the layout established in PA 6306/17. It also resulted in additional beds.

Upon visual inspection, the property appears to be structurally sound.

## **1.2 Tenure:**

The title of the property is reported to be freehold. The necessary checks and searches have been carried out by the Notary and there are no title defects on the said property. (Please refer to attached annex 1)

## **1.3 Relevant Planning Permission:**

- i)       **PA 1808/01; To demolish existing premises no. 324 & 326 Mdina Road Qormi and erect old peoples home.***

This permission was granted in 2003 and sought permission to demolish the existing building present on the site and to construct a new building that could serve as an old people's home.

- ii)       **PA 6513/05; To sanction alterations and additions. To erect recessed floor.***

PA 6513/05 sought permission to bring changes and additions made to the construction referred to in PA 1808/01, in line with a permit. Permission was also sought to construct an extra, set-back floor. The application was granted in 2006.

- iii)       **PA 6306/17; Minor alterations, sanctioning of shifting of approved plans in PA 6513/05, and proposed parapet wall at roof level.***

Further changes to those applied for in PA 6513/05 were applied for in PA 6306/17. Permission was granted in 2017 and the works described in section 1.1 were complete in line with this particular PA application.

- iv)       **PA 9999/17; Internal alterations on all levels and external alterations for ventilation purposes and increase room size on Guze' Duca Street. Construction of 2 extra floors as per height limitation adjustment policy for Retirement Homes.***



This application sought to propose changes to the previous PA 6306/17. Changes included increasing the overall height by extending the current recessed floor to form a full floor, as well as the addition of a further full floor and a recessed floor. Permission for this had been granted, construction works are complete and finishing works are currently underway to complete the extra floors approved in this permit. The undersigned can confirm that no material contravention of statutory requirements was noted on site.

- v) **PA 1258/20; Demolition of 1st and 2nd level; And lateral extension of existing old people's home (Class 2A) at 1st, 2nd, 3rd, 4th, 5th floor to create 24 rooms and related public areas. Number of beds will be increased by 41.**

This application was approved in 2020. The permission sought to extend the current old people's home into the adjacent plot on Triq L-Imdina.

#### **1.4 PA 1258/20 Extension to Care Home and Completion Timeframe Assumptions**

The potential development associated with the acquisition of adjacent property, is covered by a valid and approved PA permit. PA 1258/20 shows plans to demolish the first and second floor of the adjacent, acquired properties and re-develop the site to act as an extension to the existing Care Home.

The adjacent properties currently consist of two separate apartments that have been purchased with two separate agreements. The Promise of Sale agreements for both of these properties have been included in the appendices of this document.

The proposed intervention will add an extra 24 rooms to the Care Home and works on the project are planned to commence in January 2021. The duration of the entirety of the works, including construction, finishing and furnishing (including equipment), is projected to be 12 (twelve) months. The extension is expected to be up and running by January 2022.

The effect on the day-to-day running of the Care Home of 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.

Although less than what is currently allowed for in PA 9999/17, there are currently 136 beds available in the Care Home (as indicated in the FDDR prepared by the Reporting Accountants). With the extension described in PA 1258/20 completed, it has been communicated that the Care Home will be operating with 184 beds.

#### **1.5 Completion Costs**

It is being assumed that the completion costs including, without limitation, the cost of financial carrying charges, and other ancillary costs are approximately €1,100,000.

## 1.6 Financials and Projections

The Care home has been fully operational since June 2019 and although it is only a year and a few months into its operations as a Care Home, it is already at full occupancy.

Information on studies into the financials and projected earnings of the Care Home have been based entirely on the Management's projections as reported in the Financial Due Diligence Report provided by the Reporting Accountants for the planned bond issue, Deloitte. These numbers form an integral part of the valuation process and have a significant and direct bearing on the values being arrived at.

It is being assumed that these financials and projections are being communicated in good faith and that they are correct and representative of the ongoing business and its future projections. Our office will not accept any responsibility, directly or indirectly linked to any shortcomings in the numbers and projections communicated to us.

The communicated EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) as at June 2020 stood at €370,639 (Source management accounts). Projections of future EBITDAs have been communicated as follows;

Year	EBITDA
1 (2020)	€731,000
2	€886,000
3	€1,053,000
4	€1,598,000
5	€1,627,000
6	€1,656,000
7	€1,686,000
8	€1,717,000
9	€1,748,000
10	€1,779,000
11	€1,811,000

## 1.7 Service Agreement

In 2019, a service agreement was entered into between the Active Ageing and Community Care Department (AACCD) and Smartcare Pinto Ltd. This agreement guarantees the occupancy of a number of beds within the Care Home for a period of five years (until 31<sup>st</sup> May 2024).

This agreement, together is being taken into account when determining the risk factors involved and when formulating the market value of the Care Home in question.

## 1.8 Rates and Percentages Applied

For the purposes of this valuation, the projected growth rate communicated to us is being projected as being one of 1.81%. This is an average growth rate and governs the projected EBITDA incremental

increases once the operations have stabilised. A capitalisation rate of 9% is being applied to the valuation and is tied to the discount rate and the projected growth rate being applied. An extra 1% is being added to the capitalisation rate in order to be applied as the exit capitalisation rate (10%). This is being done to account for increased uncertainty of future valuations is being considered. The discount rate being applied is one of 10.81%.

The capitalisation rate reflects the risks associated with ownership of an investment, particularly relating to the security of the rent in money and real terms. It also reflects the current market value assessments of the time value of money and the risks specific to the asset and All the risks, uncertainties and likely beneficial prospects of a property investment. It is influenced by a number of factors, including; general level of interest rates; the state of the national and local economies; the volatility of the market; government financial and fiscal policies; taxation of income and capital, VAT, stamp duty; liquidity issues to include not only the cost of disposal but more importantly the time it might take to realise the value of the property; and rental and capital growth prospects. It also takes into account the physical qualities of the property, including the construction and quality of finishes, workmanship and so on. The location of the property in terms of labour, transport and general and special accessibility also play a part in determining the capitalisation rate, as do any likely future changes that may make it more or less desirable to tenants and/or buyers.

The exit capitalisation rate is used to determine the capitalisation of the income derived from the 10th year of projections to perpetuity. The additional 1% that is added over and above the capitalisation rate is included to account for increased uncertainty in predicting the various circumstances mentioned above, so far in the future.

Just like the EBITDA projections, the growth rate was also derived from the projections being communicated to us in the FDDR prepared by the Reporting Accountants, Deloitte. Further information on the number of beds presently contracted and the key underlying assumptions underpinning the EBITDA projections, such as the occupancy rate and average bed rate, average room rates and any ancillary income may be found in the FDDR, prepared by the Reporting Accountants, that is to be included with the rest of the documents submitted by the client.

## **1.9 Current Market Value of Care Home**

The value being arrived at in this section is representative of the current market value of the care home. It is a current valuation of the going concern that is the care home, with its present boundaries, areas, rooms and beds as described in section 1.1, with the potential for expansion in line with PA 1258/20. Although the extension, or the potential for an extension, as described in PA 1258/20, is not yet up and running, its potential is being reflected in the projected accounts communicated to us and its future completion has a bearing on the current market value of the property and business in question.

It is important to note that the property and business are being assumed as going hand-in-hand with each other and consequently, the valuation included in this report is representative of the combined value of the property and the business.

Since the existing typology of the property (Care Home) is not something that is common or abundant in the area, the comparative method of valuation would not be a suitable method to use to arrive at the current market value of the property. The property is one where an income stream is generated from its use as an old people's home. Consequently, the investment method is being applied in order to obtain the current market value of the property. A Discounted Cash Flow exercise, taking into consideration the EBITDAs listed in section 1.6, is being employed. The residual method is also being applied for this value as some residual value will be released once the extension works are completed.

It is the opinion of the undersigned that the current market value of the property in question is €14,450,000 (fourteen million, four hundred and fifty thousand euro) in today's market.

### **1.10 Market Value of Care Home and Extension Upon Completion**

For this section of the report, we have been requested to value the Care Home, including the extension described in PA 1258/20 at the date at which the extension project is complete, functional and up and running. The value in this section is equivalent to the 'day one' value of the larger Care Home once the extension is complete.

The assumption is being made that the valuation is being made once the project is completed and fully functional and that the costs borne to implement it have already been accounted for in the EBITDAs provided to us. It is being assumed that no extra calculation needs to be done in the form of a residual method of valuation since the investment method being applied, will take the completion costs into account by making use of the EBITDAs provided.

It is the opinion of the undersigned that the current market value of the property in question, including the completed and functioning extension described in PA 1258/20 would be **€16,000,000 (sixteen million euro) upon completion of the extension (January 2022).**

### **1.11 Market Value of Care Home and Extension at Stabilised Operations**

For assets such as Care Homes and Hotels, the income generated from the occupancy and the daily costs and expenses to run the venture, generally tend to vary from year to year. This variance is usually significant between the first year from launching and the subsequent years until the occupancy would have stabilised and reached its full potential. The scope of this section of the report is to provide a value for the Care Home, together with its extension (covered by PA 1258/20), at the point when the occupancy rates and income of the asset would have stabilised.

It is being assumed that stabilised operations will be achieved just one year from the opening of the new extension to the Care Home. The EBITDAs provided indicate that stabilised operations should be achieved by year 4 (2023) and that the EBITDA that year should be €1,637,000. From that point onwards, it has been communicated that the projected growth should be 1.81%.

It is the opinion of the undersigned that the **market value at stabilised operations** would be **€16,700,000 (seventeen million, seven hundred thousand euro)**

# Section 2

valuation of

Segond Boutique Hotel,  
Triq ta' Gajdoru, Triq Komittiva,  
Xaghra, Gozo



*Image 2 - Indicative location of Second Hotel, Triq ta' Gajdoru, Triq Komittiva, Xaghra, Gozo*

## **2.0 Property Description (Existing):**

The property in question is currently composed of two separate construction sites, that are situated along two adjoining streets in Xaghra, Gozo. One of the sites in question has a footprint of approximately 367 sqm. The frontage of this site is located on Triq il-Kommittiva and the site is not located within the Urban Conservation Area of Xaghra.

The second site forming part of the property in question is located a few meters away on the corner of Triq il-Kommittiva and Triq ta' Gajdoru. This second site previously consists of two, adjacent, one storey houses that also had some recessed roof structures located above groundfloor. A garden at the corner of the two streets also used to form part of one of the houses described. The site footprint of this second site measures approximately 537 sqm. The frontage of the site located on Triq ta' Gajdoru and the site is located within the Urban Conservation Area of Xaghra.

Both sites are currently construction sites, upon which a hotel, 'The Second' is being built. Construction works started in January 2020 and are currently at an advanced stage of completion. The entire project is envisaged to be completed by June 2021.

A description of the hotel being built on the two sites is described in section 2.1 (below).

## **2.1 Property Description (Proposed):**

For the purposes of this valuation, the property in question is being considered as a development site, upon which two hotels are to be built. A planning application has already been launched, proposing such a development. The application is currently being processed by the Planning Authority.

The proposed development would result in a hotel spread over six floors (including basement level and set back level) on the site that is located on Triq il-Kommitiva and a second part, spread over four floors (including basement level) on the site that previously consisted of two houses and a garden on Triq ta' Gajdoru. The two sites that form part of the property in question will from hereon be referred to as '**Site A**' for the site on Triq il-Kommitiva and '**Site B**' for the site on Triq ta' Gajdoru that previously hosted the two houses and garden.

The proposed hotel on Site A is being proposed within an area that is outside the UCA of Xaghra. Consequently, with the allowable building height regulations, a hotel having a basement level, four full floors and a receded floor is being proposed.

The basement of Site A will provide five car parking spaces, together with areas allocated for a bathroom, staff changing rooms and lockers and stores. The ground floor above this level 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 actual hotel rooms are being proposed to be situated at first, second, third and fourth floor. There are eight (8) double rooms proposed at first floor (two of which having adjoining terraces), eight (8) at second floor (two of which have adjoining terraces), eight (8) at third floor (two of which have adjoining terraces) and six (6) at fourth floor (two of which having terraces and another two having adjoining terraces with Jacuzzis). In total, the proposed hotel on Site A will have thirty (30) double rooms.

Unlike the one on Site A, the proposed hotel on Site B falls within the UCA of Xaghra. The overall height of this proposed hotel is consequently lower than that for Site A. Furthermore, the façade at ground floor of the previous two houses on Site B, is being proposed to be retained. The area behind the façade will be demolished and rebuilt and a basement will also be excavated. The proposed hotel will then be built up behind and above the existing retained façade and will consist of a basement level and three full floors above that.

The basement of Site B is being proposed as storage space and bathrooms. The proposed ground floor contains seven (7) double rooms (three of which having adjoining terraces and pools) as well as a reception area, lounge area and outdoor dining area. The first and second floor both have eight (8) double rooms (three of which having adjoining terraces and Jacuzzis) at each level. The proposed hotel on Site B will have a total of twenty-three (23) rooms when built.

## **2.2 Tenure:**

The title of the property is reported to be freehold.

## 2.3 Relevant Planning Permission:

- i) **PA 6082/06;** *To erect apartments, penthouse and garages.*

This previous application to construct apartments and garages in Site A was approved, but was not built. Since more than five (5) years have elapsed since the permit was issued, this permit is no longer valid.

- ii) **PA 1440/10;** *To amend permission PA 6082/06 by different internal layout and elevation.*

This application sought to make changes to the approved PA 6082/06 described above. This application was also approved, but just like with the previous application, more than five (5) years have elapsed since the permit was issued and consequently the permit is no longer valid.

- iii) **PA 8752/18;** *Demolition of two existing townhouses retaining both facades, excavation of basement level & construction of three floors, including swimming pool on Triq ta' Gajdoru to be used as Class 3A Tourism Accommodation, and excavation of garage at basement level, construction of four floors plus one receded floor on a vacant plot on Triq il-Kommitiva to be used as Class 3A Tourism Accommodation.*

This application was approved. A minor amendment application was also submitted and approved. It is the application that is seeking permission for the works described in section 2.1.

- iv) **PA 3758/20;** *Minor internal alterations at all levels, proposed substation at basement level and addition of signs on facade with a different layout from that approved in permission PA 8752/18. Correction of site from PA 8752/18.*

This application is currently pending a decision by the PA. It seeks minor amendments to the description of Site A provided in section 2.1.

- v) **PA 5101/20;** *Minor internal alterations at all levels, which are mainly shifting of internal walls and openings. Proposed LPG gas tank and trench across the road to connect opposite building already approved by PA 8752/18 - Class 3A tourism accommodation, addition of signs on facade and pool with room at roof level with a different layout from that approved in permission PA 8752/18.*

This application is currently pending a decision by the PA. It also seeks minor amendments to the description of Site B provided in section 2.1.

## 2.4 Completion Timeframe Assumptions

It is assumed that the entire project described in section 2.1 will be completed (finished and furnished) and fully operational by June 2021.



## 2.5 Completion Costs

It is being assumed that the remaining completion costs including, without limitation, the cost of financial carrying charges, and other ancillary costs are approximately €300,000. This cost also includes the remaining professional fees, construction, finishing and furnishing costs and any remaining planning fees.

## 2.6 Financials and Projections

Second Hotel should be up and running and fully-functional by June 2021. Although it has been communicated that the target occupancy has been set at 70%, for the purposes of the financial projections being made, an occupancy of 50% is being projected from the second operational year onwards. The occupancy for the first operational year is being projected to be 40%. These percentages are reflected in the financials and projected earnings of the hotel.

Information on studies into the financials and projected earnings of the Hotel have been based entirely on the Management's projections as reported in the Financial Due Diligence Report provided by the Reporting Accountants for the planned bond issue, Deloitte. These numbers form an integral part of the valuation process and have a significant and direct bearing on the values being arrived at.

It is being assumed that these financials and projections are being communicated in good faith and that they are correct and representative of the ongoing business and its future projections. Our office will not accept any responsibility, directly or indirectly linked to any shortcomings in the numbers and projections communicated to us.

The Earnings Before Interest, Tax Depreciation and Amortisation (EBITDA) for the first year of operations of the hotel has been projected to be €49,000, whilst the second year EBITDA is projected to be €414,000. The full list of EBITDAs provided to us can be seen in the table below;

Year	EBITDA
1 (2020)	€0
2	€49,000
3	€414,000
4	€421,000
5	€429,000
6	€436,000
7	€444,000
8	€452,000
9	€460,000
10	€469,000
11	€477,000

Just like the EBITDA projections, the growth rate, which was taken at approximately 1.8%, was also derived from the projections being communicated to us in the FDDR prepared by the Reporting Accountants, Deloitte. A capitalisation rate of 9% is being applied to the valuation and an exit

capitalisation rate of 10% to account for increased uncertainty of future valuations is being considered. The discount rate being applied is one of 10.78%.

The capitalisation rate reflects the risks associated with ownership of an investment, particularly relating to the security of the rent in money and real terms. It also reflects the current market value assessments of the time value of money and the risks specific to the asset and all the risks, uncertainties and likely beneficial prospects of a property investment. It is influenced by a number of factors, including; general level of interest rates; the state of the national and local economies; the volatility of the market; government financial and fiscal policies; taxation of income and capital, VAT, stamp duty; liquidity issues to include not only the cost of disposal but more importantly the time it might take to realise the value of the property; and rental and capital growth prospects. It also takes into account the physical qualities of the property, including the construction and quality of finishes, workmanship and so on. The location of the property in terms of labour, transport and general and special accessibility also play a part in determining the capitalisation rate, as do any likely future changes that may make it more or less desirable to tenants and/or buyers.

The exit capitalisation rate is used to determine the capitalisation of the income derived from the 10th year of projections to perpetuity. The additional 1% that is added over and above the capitalisation rate is included to account for increased uncertainty in predicting the various circumstances mentioned above, so far in the future.

Just like the EBITDA projections, the growth rate was also derived from the projections being communicated to us in the FDDR prepared by the Reporting Accountants, Deloitte. Further information on the number of beds presently contracted and the key underlying assumptions underpinning the EBITDA projections, such as the occupancy rate and average bed rate, average room rates and any ancillary income may be found in the FDDR, prepared by the Reporting Accountants, that is to be included with the rest of the documents submitted by the client.

Further information on average room rates and ancillary income may be found in the FDDR, prepared by the Reporting Accountants, that is to be included with the rest of the documents submitted by the client.

## **2.7 Current Market Value**

Since the approved typology of the property is not something that is common or abundant in the area, the comparative method of valuation would not be a suitable method to use to arrive at the current market value of the property. Since the property is one where an income stream is expected from its use as a hotel and since the property is not yet completed, the investment method, together with the residual method of valuation are being applied in order to obtain the current market value of the property. A discount will also be factored in to the equation in order to account for the fact that the income stream is not yet up and running and that this future asset will only be able to provide a monetary return once the building is complete and the hotels are up and running.

It is the opinion of the undersigned that the **current market value** of the property in question is **€3,550,000 (three million, five hundred and fifty thousand euro)** in today's market.

## 2.8 Market Value Upon Completion

For this section of the report, we have been requested to value the hotel in question the date at which the whole project is complete and functional. The value in this section is equivalent to the 'day one' value of the whole hotel.

The assumption is being made that the valuation is being made once the project is completed and fully functional and that the costs borne to implement it have already been accounted for in the EBITDAs provided to us. It is being assumed that no extra calculation needs to be done in the form of a residual method of valuation since the investment method being applied, will take the completion costs into account by making use of the EBITDAs provided.

It is the opinion of the undersigned that the **market value upon completion (in June 2021)** would be **€4,000,000 (four million euro)**

## 2.9 Market Value at Stabilised Operations

For assets such as Care Homes and Hotels, the income generated from the occupancy and the daily costs and expenses to run the venture, generally tend to vary from year to year. This variance is usually significant between the first year from launching and the subsequent years until the occupancy would have stabilised and reached its full potential. The scope of this section of the report is to provide a value for the hotel, at the point when the occupancy rates and income of the asset would have stabilised.

It is being assumed that stabilised operations will be achieved approximately three years from the opening of the hotel. The EBITDAs provided indicate that stabilised operations should be achieved by year 5 (2024) and that the EBITDA that year should be €534,000. From that point onwards, it has been communicated that the projected growth should be within 1.74% to 1.88%.

It is the opinion of the undersigned that the **market value at stabilised operations** would be **€4,400,000 (four million, four hundred thousand euro)**.

# Section 3

valuation of

Roxy Home Furnishings,  
Nos 797, 798, 799, 800, 801, Triq il-Kbira San Guzepp  
and Nos 11, 11a Sqaq San Tumas,  
Triq Mile End, Hamrun, Malta

**Section (3)**      *Valuation of Roxy Home Furnishings, Nos 797, 798, 799, 800, 801, Triq il-Kbira San Guzepp and Nos 11, 11a Sqaq San Tumas, Triq Mile End, Hamrun*



*Image 3 - Indicative location of Roxy Home Furnishings, Hamrun*

### 3.1 Property Description (Existing):

The property in question currently consists of two-storey building, housing a furniture showroom, together with stores and offices. What can be considered to be the main façade of the building is situated on Triq il-Kbira San Guzepp and has a street frontage of approximately 32m. The building also occupies the whole Eastern length of Sqaq San Tumas (approximately 23.5m) and the Northern (end) of the alley too (approximately 2.6m). A 5m length of façade also exists as a back entrance on Triq Mile End, parallel to Triq il-Kbira San Guzepp. All these street frontages have got entrances leading onto the streets mentioned. The entirety of the site footprint is shown as occupied in both the 1915 Ordinance Survey Sheet and the 1968 Survey Sheet. Currently, the property is being used as a showroom.

The ground floor of the property currently measures approximately 1095 sqm and consists of showrooms and stores. The showrooms to the East of the property contain arched ceilings with stone slabs (*xorok*).

The first floor currently consists of offices and stores and measures approximately 634 sqm. A terrace, with stairs leading to the roof of the building are also present at this level.

There is currently a planning application being processed by the Planning Authority to convert and extend the existing building to be used a mixed-use space, further described in section 3.1.

### 3.2 Property Description (Proposed):

The site of the property in question is earmarked for re-development. There is currently an application in its final stages of being processed at the Planning Authority to convert and extend the current property and change its use into a mixed-use development, consisting mainly of commercial outlets at ground floor level and residential units above. Most of the property is being earmarked for demolition whilst at the same time retaining the façade on Triq il-Kbira San Guzepp, whilst some of the stores / showrooms having arched ceilings are to be retained. New floors and set-back floors are being proposed to be added to the current volume and the final product should have a total of six levels, including a basement garage, that will be excavated under a large part of the site.

In total, the proposed development will consist of approximately 805sqm of parking at basement level; five class 4b shops and three class 4a offices at ground floor; and twenty-nine residential units divided over all five floors from ground floor upwards.

A break-down of the proposed units / outlets / areas can be summarised in the list below;

Reference	Unit Type / Description	Located on Level	Gross Floor Area (sqm)
1	Basement Parking	-1	805
2	Class 4A Office	0	75
3	Class 4A Office	0	75
4	Class 4A Office	0	75
5	Class 4B Shop	0	49
6	Class 4B Shop	0	61
7	Class 4B Shop	0 and 1	170
8	Class 4B Shop	0 and 1	180
9	Class 4B Shop	0 and 1	132
10	Two-Bedroom Unit	0	96
11	Two-Bedroom Unit	1	101
12	Two-Bedroom Unit	1	101
13	Two-Bedroom Unit	1	101
14	One-Bedroom Unit	1	64
15	Two-Bedroom Unit	1	115
16	Two-Bedroom Unit	2	101
17	Two-Bedroom Unit	2	99
18	Two-Bedroom Unit	2	90
19	One-Bedroom Unit	2	65
20	Two-Bedroom Unit	2	80
21	Two-Bedroom Unit	2	104
22	Two-Bedroom Unit	2	105
23	Two-Bedroom Unit	2	104
24	Two-Bedroom Unit	3	101
25	Two-Bedroom Unit	3	99
26	Two-Bedroom Unit	3	90
27	One-Bedroom Unit	3	62
28	Two-Bedroom Unit	3	93
29	Two-Bedroom Unit	3	104
30	Two-Bedroom Unit	3	105

31	Two-Bedroom Unit	3	104
32	Two-Bedroom Unit	4	91
33	Two-Bedroom Unit	4	91
34	Two-Bedroom Unit	4	92
35	One-Bedroom Unit	4	65
36	Two-Bedroom Unit	4	88
37	One-Bedroom Unit	4	60
38	Two-Bedroom Unit	4	93

Adding the gross floor areas of the respective unit types, the following totals table can be formulated;

Reference	Unit Type / Description	Number of Units	Total GFA (sqm)
a	Basement Parking	16 garages / 22 spaces	805
b	Class 4A Office	3	216
c	Class 4B Shop	5	592
d	Two-Bedroom Unit	24	2348
e	One-Bedroom Unit	5	316

The fact that the application for the development in question has not yet been approved by the PA has been reflected in the Current Market Value arrived at in section 3.7.

### 3.3 Tenure:

The title of the property is reported to be freehold.

### 3.4 Relevant Planning Permission:

- i) **PA 792/94;** *Demolition of existing building and erection of offices, shop, store and car parking.*

This application was approved by the Planning Authority.

- ii) **PA 7050/96;** *Demolition of existing building and erection of offices, shop, store and car parking.*

This application was approved by the Planning Authority.

- iii) **PA 3076/01;** *Renewal of PA 7050/96.*

This application was a renewal of the application described in (ii). The application was approved.

- iv) **PA 4718/04;** *PA 7050/96; Demolition of existing building and erection of offices, shop, store and car parking.*

This application was a renewal of the application described in (iii). The application was approved.

- v) **PA 1602/11;** *To construct block as approved in PA04718/04 with proposed minor alterations and extension.*

Board noted that this application was submitted after the expiry of the latest permit PA 4718/04 and that there is no commitment on site. Therefore, this application cannot be treated as an amended or renewal application and needs to be fully assessed afresh including vetting fees. file is being referred for the necessary follow up

- vi) **PA 2120/14;** *To remove old and dangerous chimney stack.*

This application was approved by the Planning Authority.

- vii) **PA 1121/17;** *Demolition of existing building, and construction of basement garages, 7 in number Class 4A offices and 26 apartments.*

This application was refused by the Planning Authority

- viii) **PA 1087/18;** *To demolish part of the existing showroom building retaining the facade and the large internal arches (7 in number). To dismantle and incorporate the existing smaller arches into the proposed building as per drawings. To excavate one level over a portion of the site, for the construction of basement parking. To construct a building with a mixed use of residential, 29 apartments at the upper floors, and retail Class 4B, office Class 4A at the ground floors as per drawings.*

This application is the one that deals with the proposed development described in *section 3.2*. The application is currently being processed by the Planning Authority and is already at an advanced stage of the planning process. The Development Planning Application Report (DPAR) has just been issued for this application and the case officer has recommended the application for approval.

### **3.5 Completion Timeframe Assumptions**

It is assumed that works for the entire project described in *section 3.2* will commence in March/April of next year (2021) and should be completely constructed and finished within twenty-one (21) months from that date (circa December 2022).

### **3.6 Completion Costs**

It is being assumed that the completion costs including, without limitation, the cost of financial carrying charges, and other ancillary costs are approximately €2,180,000. This cost also includes the remaining professional fees, demolition, excavation, construction and finishing costs and any remaining planning fees.



### 3.7 Current Market Value

Seeing that there are many similar properties on the market to compare to and factoring the fact that the project has not yet been implemented, but still needs to be developed, the methods used to reach this value are a combination of the Comparative Method of Valuation, as well as the Residual Method of Valuation.

Taking into consideration the assumptions explained in this report, together with the size of the property, its location, the age and general condition of the structure, the quality of finish, and other factors, the undersigned is hereby certifying the property in question with a **current market value of €3,050,000 (three million and fifty thousand euro)**.

### 3.8 Market Value Upon Completion

For this section of the report, we have also been requested to value the property as if the development described in *section 3.2* were fully constructed and finished (fully completed).

The assumption is being made that the property market at the date of completion will be the same as the market value today and no allowance for speculation or adjustment of market values is being made. (The assumption is that the property is being valued as if it were fully completed at today's date.)

It is the opinion of the undersigned that the **market value upon completion (in December 2022)** would be **€7,035,000 (seven million, and thirty-five thousand euro)**.

#### **4.0 Special Assumptions**

Certain assumptions have been made when formulating this report. The assumptions are indicated throughout the report and form an integral part of the report. The report should not be seen in isolation of these assumptions.

#### **4.1 Statement Regarding Valuations Carried-Out During the COVID-19 Pandemic**

The outbreak of the Novel Coronavirus (COVID-19) was declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, and has impacted global financial markets. By virtue of Legal Notice 115 of 2020, and in accordance with Article 14 of the Public Health Act, the Superintendent of Public Health declared that, with effect from the 7 March 2020, a public health emergency exists in Malta in terms of COVID-19. Travel restrictions have been implemented by many countries (including Malta) and many market operators have been made to shut down, with various other restrictions brought into force through the relevant legal instruments.

Market activity is being impacted in many sectors. Even though there are no official statistics it is being claimed that as a result of the above-mentioned events, Malta is currently experiencing an uncertain and unpredictable real estate market and this has reportedly reduced the level of transactions. This has led to valuation uncertainty, which is not measurable, because the only inputs and metrics available for the valuation are likely to relate to the market before the event occurred and the impact of the event on prices will not be known until the market has stabilised.

This valuation is therefore reported on the basis of ‘valuation uncertainty’ as defined in the European Valuation Standards 2016, and in line with the Kamra tal-Periti Valuation Standards COVID-19 Guidance Note (May 2020). While the estimated value is considered to be the best and most appropriate estimate based on the available information, it is the opinion of the undersigned that less certainty – and a higher degree of caution – should be attached to this valuation than would normally be the case.

Given the unknown future impact that COVID-19 might have on the real estate market, it is recommended that the Client keeps the valuation of this property under frequent review.

Signed,



Perit Malcolm Sullivan  
B.E.&A. (Hons.)  
Warrant number 538  
ID 160977M  
Sapienza and Sullivan Partnership number P16

# Appendix 1

Relating to Dar Pinto Care Home

Permit Plans

PA 9999/17



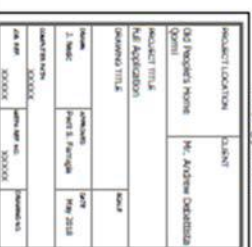
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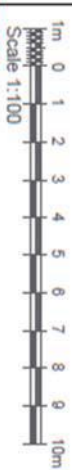
Compiled and published by the Mapping Unit, Planning Authority ©PA.  
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 Data Captured from: 1988, 1994, 1998, 2004 & 2008 aerial photography and updates from 2012 orthophotos.  
 Truncated U.T.M. Coordinates. Levelling Datum M.S.L. (Mean sea level). Contours when shown are at  
 2.5m vertical interval. Not to be used for interpretation or scaling of scheme alignments  
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St. Francis Ravelin, Floriana.  
Tel: +356 2290 0000, Fax: +356 2290 2295  
[www.pa.org.mt](http://www.pa.org.mt), [mappingshop@pa.org.mt](mailto:mappingshop@pa.org.mt)







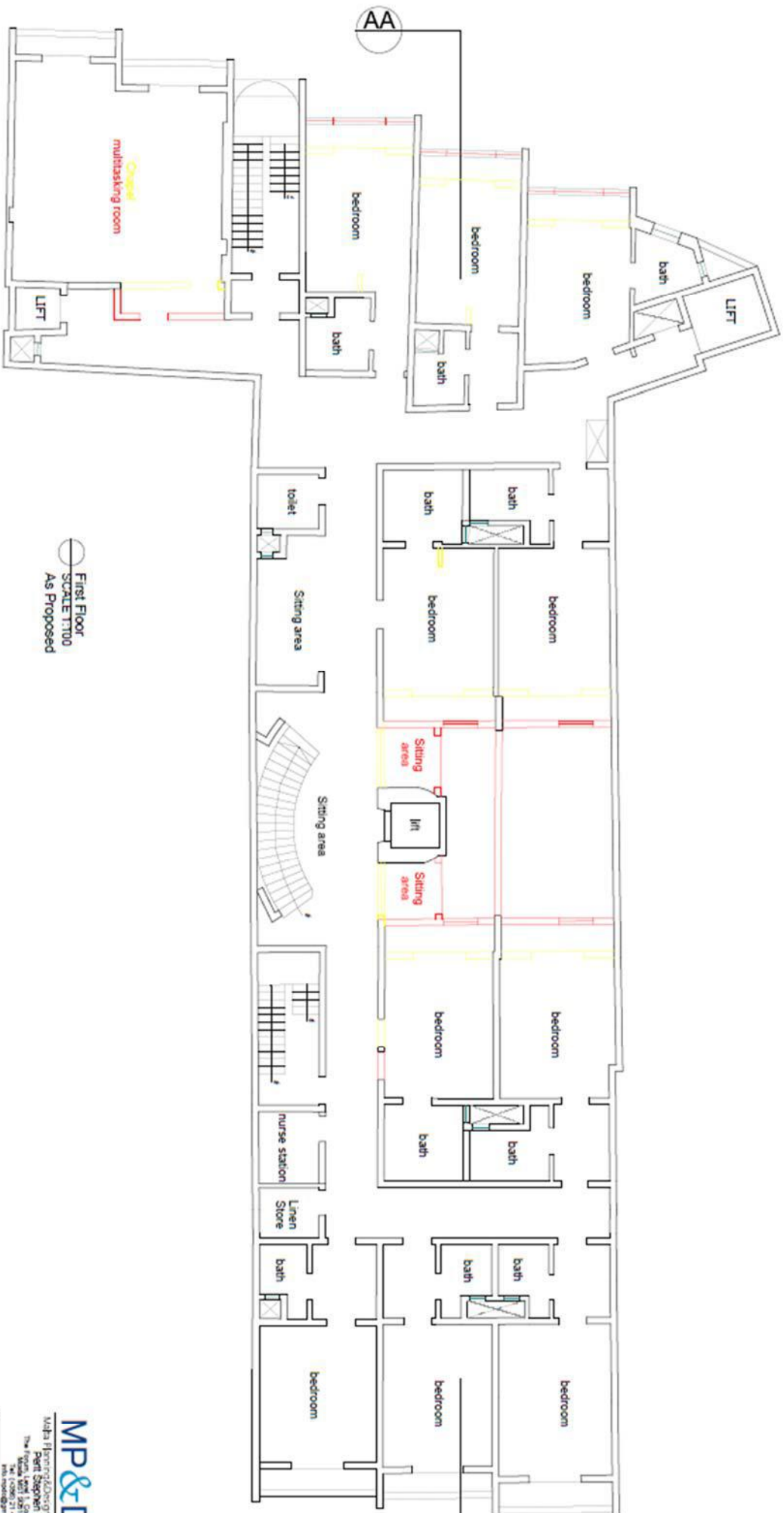
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Oxnard Title		May 2018	
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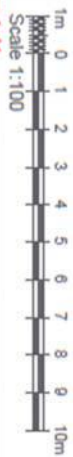
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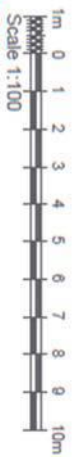
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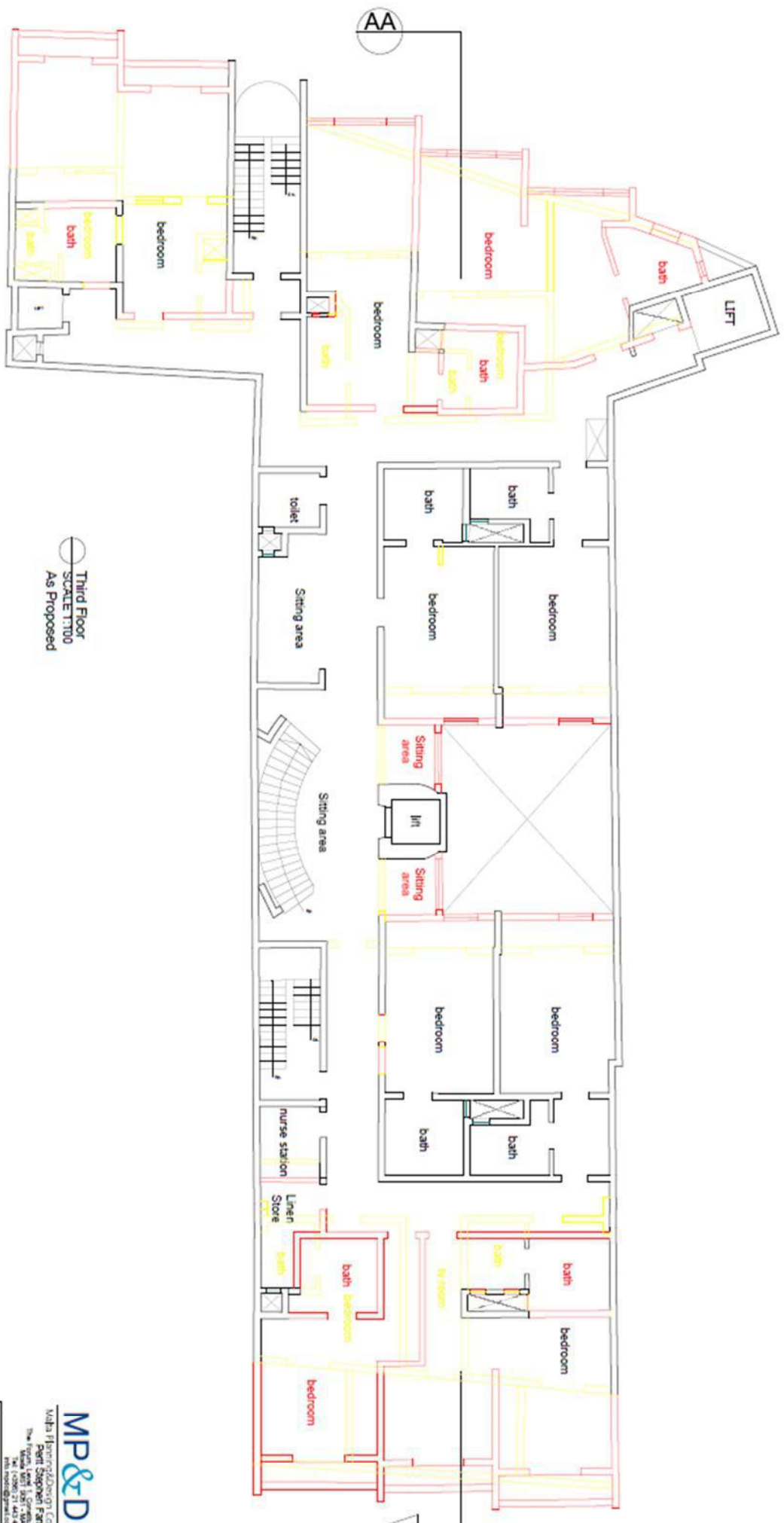
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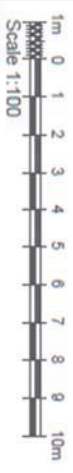
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Contract		May 2018	
Version		Project's Home Office	
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DATE		DATE	
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Third Floor  
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 As Proposed



**MP&DC**  
Maritime Planning & Design Consultants Ltd  
 The Forum, Level 1, Corporation Drive,  
 The Esplanade, 443 447  
 Perth, Western Australia 6000  
 info@mpdc.com.au

PROJECT LOCATION: **ESPLANADE**

DESIGNER: **MR. ANDREW DICKINSON**

PROJECT TITLE: **THE ESPLANADE**

DATE: **2019/03/20**

REVISION: **01**

REVISION: **02**

REVISION: **03**

REVISION: **04**

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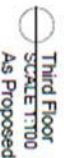
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DAS Project Name Osmi		Mr. Andrew Davidson
PROJECT TITLE Full Application		
Customer Title		Name
(Name) 1. (Email)	(Work Email) David L. Davidson	Age 59 (DOB)
CONTACT INFO		Address
Home phone	Mobile	Business
Work phone	Home	



INVESTMENT LOCATION		CLIENT	
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40. Dividend Yield		Purchase Qty	
41. Dividend Date		Purchase Price	
42. Dividend Yield		Purchase Qty	
43. Dividend Date		Purchase Price	
44. Dividend Yield		Purchase Qty	
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46. Dividend Yield		Purchase Qty	
47. Dividend Date		Purchase Price	
48. Dividend Yield		Purchase Qty	
49. Dividend Date		Purchase Price	
50. Dividend Yield		Purchase Qty	
51. Dividend Date		Purchase Price	
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59. Dividend Date		Purchase Price	
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93. Dividend Date		Purchase Price	
94. Dividend Yield		Purchase Qty	
95. Dividend Date		Purchase Price	
96. Dividend Yield		Purchase Qty	
97. Dividend Date		Purchase Price	
98. Dividend Yield		Purchase Qty	
99. Dividend Date		Purchase Price	
100. Dividend Yield		Purchase Qty	





PROJECT LOCATION		CLIENT
D&S Project Name D&S		Mr. Andrew Dickinson
PROJECT TITLE		
P&L Acquisition		
DEMANDER TITLE		
Name		
NAME	CONTACT	DATE
1. Name	Paul S. Pargue	May 2018
DEMANDER PHONE		
DEMANDER PHONE	DEMANDER FAX	DEMANDER FAX
DEMANDER FAX	DEMANDER FAX	DEMANDER FAX





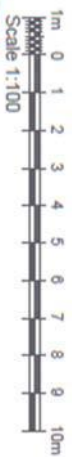
**MP&DC**  
INC. INCORPORATED

**Malta Planning & Design Consultants Ltd.**  
**Porti Saepean Farnuqa**

The Forum, Level 1001, 1002/1A  
Korona Mall, 1001, 1002/1A  
Tel: (00264) 21 542 4877  
info.mplandc@gmail.com



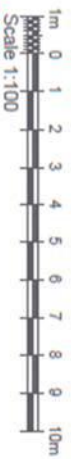
Section AA  
SCALE 1:100  
As Proposed

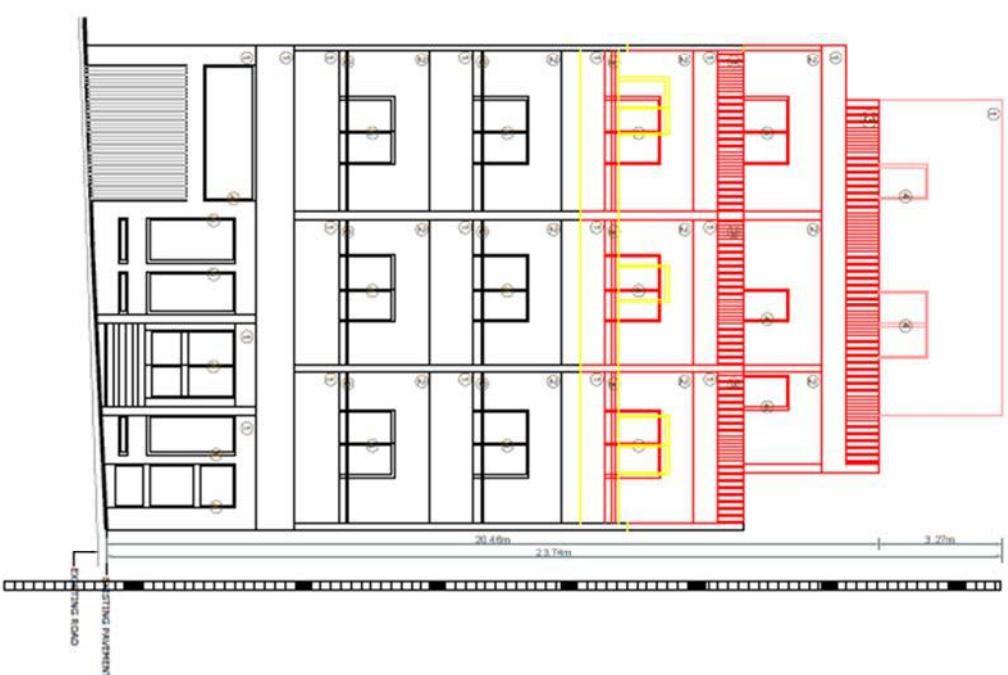


**MP & DC**  
INC. & DBA

Malpa Planning & Design Consultants Ltd  
Perrit Stephen Farquha  
The Forum, Level 11, Connaught Drive  
Meadowcroft 1601 • MONTREAL, QC  
Tel: (514) 291-4443 ext. 403  
info.mpead@mpdc.ca

PROJECT LOCATION		CLINIC									
On People's Income		Mr. Andrew DeGuzman									
Contact											
PROJECT TITLE											
Pul. Application											
Coversheet TITLE		Date of									
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Project 1, Foreign	May 2018										
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Front Elevation  
SCALE 1:100  
As Proposed







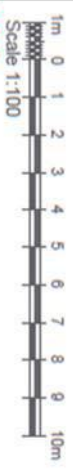
- 1 White Rendering
- 2 Painted fake windows
- 3 White Aluminium Railing
- 4 Aluminium Apertures

PROJECT TITLE		PROJECT LOCATION	
DAS (Project) Name		Client	
Project Title		Mr. Andrew Dierckx	
Project Description			
Submitted Title		Date	
Project		Submitted	
1. Name:		Date: 10/10/2018	
2. Name:		Date: 10/10/2018	
3. Name:		Date: 10/10/2018	
4. Name:		Date: 10/10/2018	
5. Name:		Date: 10/10/2018	
6. Name:		Date: 10/10/2018	
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91. Name:		Date: 10/10/2018	
92. Name:		Date: 10/10/2018	
93. Name:		Date: 10/10/2018	
94. Name:			



\*Possible future development according to DC2015

Side Elevation  
SCALE 1:100



**Materials:**

- 1 Write Rendering
- 2 Painted Fake Windows
- 3 Write Aluminium Filling
- 4 Aluminium Apertures

PROJECT LOCATION		COUNTY	
OCEAN POOL HOUSE		H. Andrew Decker	
OWNER			
PROJECT TITLE			
Pool Application			
DRAWING TITLE		Sheet	
OWNER	ARCHITECT	DATE	
1. HARRIS	Frank S. Burroughs	July 2018	
DATE OF THIS SET			
10/00/00	DATE APP. REC.	APPROVED BY	
00/00/00	00/00/00		





OFFICE OF THE DEPUTY PRIME MINISTER  
MINISTRY FOR HEALTH

Our Ref.: DH/54/2017/1048  
Your Ref.: PA 9999/17

**Planning Authority**  
**Floriana**  
**P.O. Box 200**  
**Valletta.**  
**CMR01**

12<sup>th</sup> January, 2018

**Re: Application by Mr. Andrew Debattista**  
**PA No: 9999/17**  
**Location: 326 Mdina Road and Triq Guze Duca Qormi**

**There is no objection from this end provided that:**

- Applicant adheres with the copy of proposed sketch plans.
- Since proposed development will make use of an outside caterer a suitable pantry/holding room is to be provided.
- Proposed toilets leading to food rooms should be provided with an adequately ventilated ante room. Where natural ventilation is not possible, adequate extract ventilation by mechanical means is to be provided.
- Height of proposed food rooms should not be less than 2.4m.
- Proposed development should be provided with suitable staff changing facilities and an acutely ventilated garbage room.
- Proposed grease trap/s (unless self-cleansing)/gully traps are to be located in the open air.
- All food rooms including food stores are to be adequately ventilated. Where natural ventilation is not possible, adequate intake and extract ventilation by mechanical means is to be provided.
- To provide adequate measures for the hygienic disposal of refuse.
- Applicant is to take all the necessary measures to prevent above mentioned premises from being a statutory nuisance to neighboring properties.
- All Building and Sanitary Laws & Regulations are to be strictly complied with.

Referred.

**Paul Bezzina**  
**Senior Principal Environmental Health Officer**  
**Reg No:045**  
**F/Director (Environmental Health)**



**Superintendence of Public Health**  
**Sovrintendenza tas-Sahha Pubblika**

Ministry for Health

9 January 2018

PA/9999/17

Dear Sir

We refer to your request for comments dated 4 December 2017 on the above mentioned application for development permission

The applicant is to ensure that:

All proposed bedrooms [excluding ensuite] including those on the additional new floors are to be of adequate size, measuring 12 sq metres per person for single rooms and 8 sq metres per person for double rooms or triple rooms

Indoor communal space is to amount to 4 square meters per person.

The proposed standards at [https://activeageing.gov.mt/en/Documents/NMS\\_ENG.pdf](https://activeageing.gov.mt/en/Documents/NMS_ENG.pdf) are to be followed and adhered to

All floors are to be serviced by a stretcher lift

The Environmental Health directorate as well as KNPD need to be consulted for their views

Regards

Dr M Micallef  
Consultant  
F/DHCSS





Bugeia Institute  
Braille Street, Santa Venera,  
SVR 1619, Malta

+356 2278 8555

helpdesk@crpd.org.mt

www.crpd.org.mt

## ACCESSIBILITY AUDIT REPORT

### Date

24.05.2018

### Reference

PA 09999/17

### Proposal Location

326 between Mdina Road and, Triq Guze Duca, Qormi

### Proposal Description

Internal alterations on all levels and external alterations for ventilation purposes and increase room size on Guze' Duca Street. Construction of 2 extra floors as per height limitation adjustment policy for Retirement Homes

### Documents

### Submitted for Vetting

Plans, Elevations and Sections

### CRPD Decision

No objection

.....

The no objection endorsement of the proposed development is on condition that all the building elements (structural, finishes and services) featured in the development shall conform to all the recommendations included in the Access for All Design Guidelines (2011) and other relevant guidelines published by CRPD and which are available on the CRPD website ([www.crpd.org.mt](http://www.crpd.org.mt)). Where applicable, the applicant's attention is drawn to recommended dimensions of elements such as door openings, accessible toilets and lifts where attention should be paid to ensure that structural dimensions take into account the tolerances required for wall tiling, door jambs, etc. and that lift shafts are large enough to accommodate lift cabins that conform to the said Guidelines.

### Disclaimer

With respect to issues concerning Access for All, there is no objection to the issue of development permission for the proposed development as far as could be ascertained from the submitted drawings and subject to the conditions included in this report and the relevant standards as set in the Access for All Design Guidelines. It is the applicant's ultimate responsibility to ensure that the proposed development shall conform to the Access for All Design Guidelines and any approval given herewith does not exonerate the applicant from adhering fully to all the recommendations set in the said guidelines, notwithstanding the contents of this report. Recourse to the submitted drawings listed above shall not exonerate the applicant from fully adhering to the Access for All Design Guidelines. **The Commission reserves the right to inspect the property in question and to check that the above conditions are respected, in accordance with and in conformity to the Equal Opportunities Act 2000 (Cap413).**

Regards,

A blue ink signature of Perit Frank Muscat, consisting of a stylized 'F' and 'M'.

Perit Frank Muscat - Accessibility Consultant Architect

# Appendix 2

Relating to Dar Pinto Care Home

Permit Plans

PA 1258/20



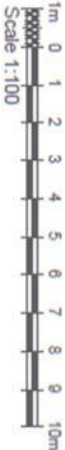


**1:2,500**



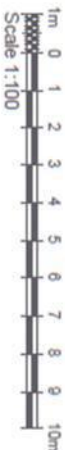
St. Francis Ravelin, Floriania.  
Tel: +356 2290 0000, Fax: +356 2290 2295  
www.pa.org.mt, mappingshop@pa.org.mt





SPECIALIST LOCATION		CLIENT	
SPECIALIST NAME AND PHONE NO OFFICE		MR. ANJANE DOORJIAN GOSWAMI SHARADHA CAR. PH. NO. 123	
PROJECT TITLE			
Ref. Application			
Contract Title		Ref. No.	
1. Name	2. Address	3. Date	4. Ref. No.
Mr. A. B. D.	123, 456, 789	10.10.2010	10.10.2010
10.10.2010	10.10.2010	10.10.2010	10.10.2010

[illegible]



Third Floor  
SCALE 1:100  
Changes

PROJECT LOCATION		CLIENT
<b>STRUCTURE</b> 1500000000 1500000000 1500000000	<b>NO. ADDRESS</b> 1500000000 1500000000 1500000000	<b>STRUCTURE</b> 1500000000 1500000000 1500000000





PROJECT LOCATION		CLIENT	
SCHWABER PERIOD 11/01/00 - 11/01/00		MR. ANDREW DOMINICKA (MR. DOMINICKA) SCHWABER PERIOD 11/01/00	
PROJECT TITLE		DATE	
P&ID Applications			
DRAWING TITLE		DATE	
Process	Worksheet	Print Date	
Process	Plant & Piping	Print Date	
Process	10. 01. 2001	11. 02. 2001	10. 01. 2001
Process	12. 01. 2001	11. 02. 2001	10. 01. 2001
Process	12. 01. 2001	11. 02. 2001	10. 01. 2001



Scale 1:100

0 1 2 3 4 5 6 7 8 9 10m

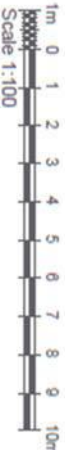
PROJECT LOCATION		CLIENT	
SUNSHINE 131 PLYM LANE		MR ANDREW DODDINGTON, 6006 SUNSHINE COW PLYM LANE	
PROJECT TITLE		FIND APPLICATION	
DORMED STYLE		WOOD	
OWNER	DESIGNER	DATE	BY
1. Noddy	Paul & Margaret	20th 2008	
20th 2008	11th 2008	12th 2008	20th 2008
27th 2008			



MP&DC  
LTD  
King's Cross Station

**Waters Planning Design Consultants Ltd**  
**Peter Stephen Farrugia**  
 The Forum, Level 1, Constitution Street,  
 Malvern WA61 001 • MALWA  
 Tel: (+61) 8 9453 4877  
 info@psd.com.au

PROJECT LOCATION		CLIENT	
3240 Canyon Blvd Suite 100 Denver, CO 80202		Mr. Andrew Decker Director of HR 1234 Main St. Denver, CO 80202	
PROJECT TITLE		DATE	
HR Requirements		10/15/2005	
DATE/TIME		TIME	
10/15/2005		10:00 AM	
CONTACT		CONTACT	
John J. Decker		John J. Decker	
PHONE		PHONE	
303.555.1234		303.555.1234	
FAX		FAX	
303.555.1234		303.555.1234	





Front Elevation  
SCALE 1:100  
Changes



- 1 White Rendering
- 2 Mushroom Colour Rendering
- 3 White Aluminium Rating
- 4 Aluminium Apertures
- 5 Green Rendering
- 6 Blue Rendering

[illegible]

[illegible]



[illegible]

7 August 2020

Planning Authority  
St. Francis Ravelin,  
Floriana. FRN 1230.

**Applicant: Andrew Debattista**

**PA No: 01258/20**

**Location: Dar Pinto, 326, Mdina Road and, Triq Guze Duca, Qormi**

**Description of the Facility: Older People's Home**

**Proposal: Lateral Extension to existing old people's home (class 2A) at 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup> floor to create 24 rooms and related public areas**

This Authority has reviewed the submitted proposed plans for the extension of existing old people's home (Class 2A). The proposed plans include internal and external alternations submitted by **Architect Stephen Farrugia** confirming the below number of rooms and beds in compliance with the Minimum National Standards for Care Homes for Older People, in particular:

**Standard 20 (20.4) – Shared Facilities**

**Standard 23 – Individual Accommodation: space requirements**

Floors	No of rooms
first floor	5
second floor	5
third floor	5
fourth floor	5
fifth floor	4
<b>Total</b>	<b>24</b>

**There is no objection from this Authority for compliance procedures provided that:**

- The applicant adheres to the construction management plan submitted by **Mr. Andrew Debattista obo Dar Pinto** ensuring that the Health & Safety and well-being of the residents residing at St. Elizabeth Home once the construction works starts.
- With respect to the planned facility, the National Minimum Standards for Care Homes for Older People are to be followed and adhere to.
- Prior opening for residents this Authority is to be contacted in advance in order to carry out full pre-license inspection of the additional floors.
- The Environmental Health Directorate and CRPD need to be consulted.
- This approval is subject to the plans as submitted to the Planning Authority and SCSA. The applicant is to be obliged to inform this Authority, should there be any changes to the plans submitted.

  
Francesca Muscat Camilleri  
Director-SCSA

# Appendix 3

Relating to Dar Pinto Care Home

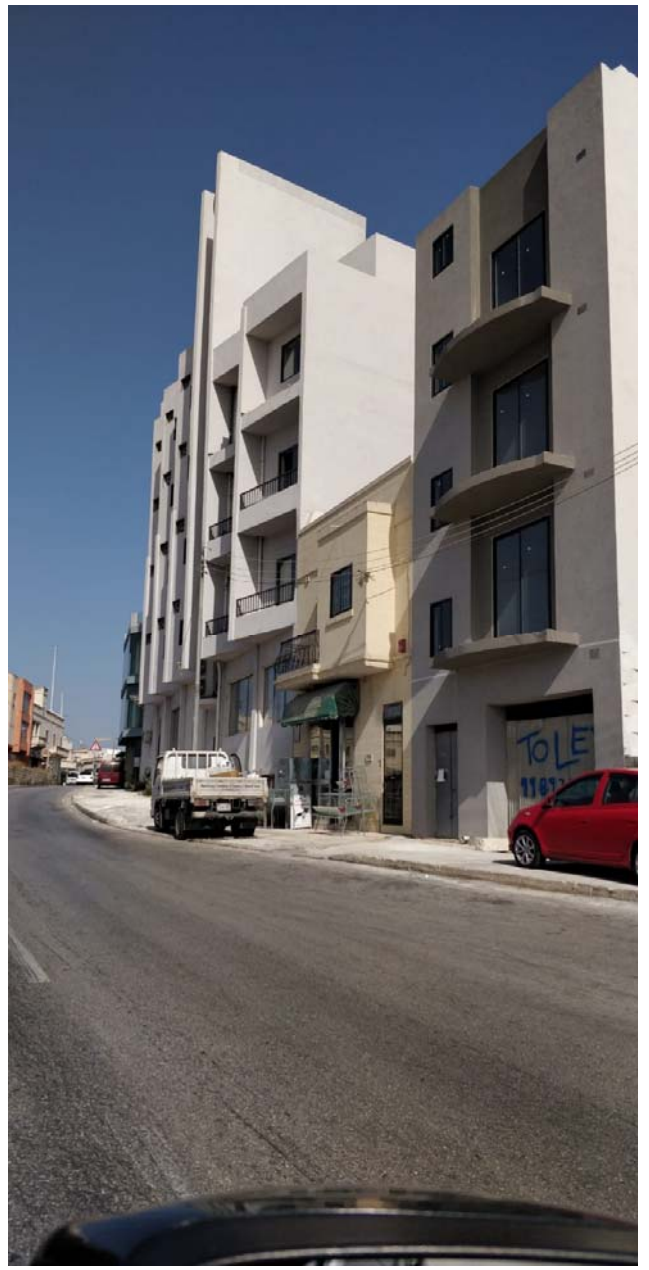
Photographic Study









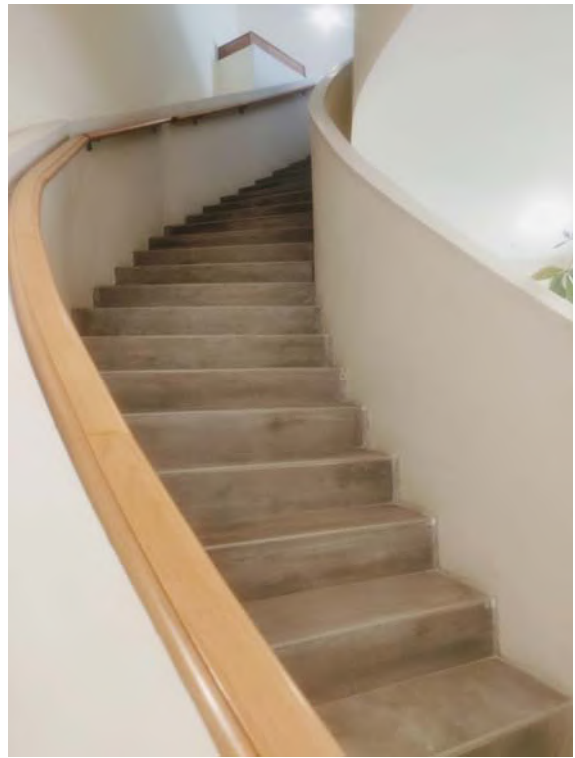












# Appendix 4

Relating to Dar Pinto Care Home

Promise of Sale Agreements  
for Adjacent Properties



Promise of Sale Agreement

AH P. Bolone

An agreement entered into today the seventh day of February of the year two thousand and nineteen (07/02/2019) - hereinafter referred to as "the Agreement".

Between, of the one part:

**John Borg**, port worker, unmarried son of George and of Ludgarda nee` Darmanin, born in Qormi on the 25<sup>th</sup> October 1965 (ID card number 526965M), and residing at 92, Triq San Bastjan, Qormi, Malta (mob tel 99829035)

hereinafter referred to as the "Vendor";

And, of the other part:

**Andrew Debattista Segond**, in business, single, son of Joseph Debattista and Antoinette nee` Vassallo, born in St. Julians on the second day of February of the year nineteen hundred and seventy-three and residing at Ibragg, holder of 94573M, who is appearing hereon in the name and for and on behalf of the limited liability company **Smartcare Pinto Limited** bearing company registration number letter 'C' number eight six three nine five (C 86395) and having its registered office at number three hundred and twenty six (326), Mdina Road, Qormi, Malta, and this as duly authorised in virtue of the Memorandum and Articles of Association of the said Company (Telephone number: 79471279);

hereinafter referred to as the "Purchaser".

The Vendor and Purchaser are hereinafter referred to collectively as "the Parties" and separately as "the Party".

**The Property**

1. And in virtue of this agreement the Vendor hereby promises and undertakes to sell convey and transfer to the Purchaser which hereby accepts and promises and undertakes to purchase and acquire

the apartment internally numbered one (1), at the first floor level, forming part of a block of two flats, officially numbered 328 (three hundred and twenty eight), in Mdina Road, Qormi, Malta. The block in part overlies two levels of garages named 'UK Garage' in Mdina Road, Qormi;

As including one half undivided share of the common parts of the block, that is the entrance, entrance hall, stairs and stairwell, together with a divided part of the roof, which divided part is located at the front of the roof overlooking Mdina Road and measuring approximately eighty five square meters (85sqm), including the washroom built on the said divided part of the roof and which part of the roof is bounded on the north by Mdina Road, on the south by the remainder of the roof property of George and Mandy spouses Scicluna and on the east by property of Carmelo Magri, or other truer boundaries. The divided part of the roof is to be transferred with its overlying airspace usque ad coelum.

The drains and drainage system are in common with the other flat in the block and with the right of access to same for repairs and maintenance, including access to the underlying garages for

Parties Initials: .....

1



Parties Initials: .....

John Borg

same purposes. In case of damage to the common parts the expenses are to be shared equally between the two owners of the said flats in the block.

The said apartment with all its rights and appurtenances as above described is hereinafter referred to as "the Property".

2. The block of which the apartment forms part is subject to the annual and perpetual non-revisable ground-rent of nine euro and nineteen cents (€9.19), equivalent to LM3.94c4m (three Maltese liri ninety four cents and four mils), but is exempt from the payment of any such ground-rent. The Property shall otherwise be sold as free and unencumbered from any other groundrent, and free from third party rights, and with its free and vacant possession on the final deed of transfer and with all its rights and appurtenances.

#### Price

3. This promise of sale is being made and accepted by the Parties in consideration of the price of two hundred and thirty thousand Euro (Euro 230,000) out of which the Purchaser is paying on account of the purchase price the sum of twenty three thousand Euro (Euro 23,000) today, and which deposit is to be retained in the form of a cheque by Notary Dr Sam Abela, until the date of receipt by the Purchaser of the official executable full development permit in terms of clause 8c. of this Agreement, whereupon the deposit shall be released to the Vendor.

The deposit is not to be cashed and to be retained in the form of a cheque as above stated by the Notary, however the Purchaser is to ensure that the cheque is always valid and cashable.

The Balance is payable on deed and without interest.

Both parties reserve the right to sue for specific performance.

#### Warranty

4. The Vendor hereby undertakes to warrant in favour of the Purchaser, which accepts:

- The good title and peaceful possession of the Property here being transferred;

And in support of this warranty, the Vendor will on deed grant unto the Purchaser, which will on deed accept, a **General Hypothec** over all the Vendor's property in general, present and future.

The Vendor also warrants in favour of the Purchaser, which accepts, that road and drainage contributions, building permits, architect's fees, and contractors in charge of the construction of the Property and suppliers of material, shall have all been fully paid, and that no claims for payment may be brought against the Purchaser. The Vendor also warrants that the Property is built with and according to valid building permits.

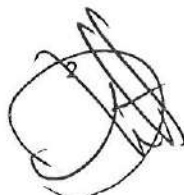
#### Appoggi

5. Regarding party walls (*appoggi*), the Purchaser shall neither pay nor be paid.

#### Right of Substitution

6. The Purchaser reserves the right to substitute third parties in its stead on the final deed of sale, and this in part or in toto, as subject to the same conditions stipulated in this Agreement

Parties Initials: .....



Parties Initials: .....



## Keys

7. The Vendor undertakes to deliver the key and possession to the Property in question by not later than the final deed of sale. In that the Purchaser reserves the right to have access to have his architects, and representatives survey the Property.

## Other Conditions

8. This Agreement and the final deed shall be subject to the fulfilment of the following conditions:
- a. That the necessary searches on the Property are duly conducted, and that from the said searches there results that the title to the Property is a valid one and that there is no impossibility or defect of title; and
  - b. That there are no conditions in any previous deed relating to the Property which do not allow the development of the Property according to the full development application referred to in paragraph c hereunder; and
  - c. That the Purchaser obtains an official executable full development permit, which is received by the Purchaser and which is not subject to any appeal or review, which permits the redevelopment of the Property and the entire block of which it forms part, including its roof and airspace, as an extension to the adjacent old people's home, named 'Dar Pinto' at three hundred and twenty six (326), Mdina Road, Qormi, property of the Purchaser, and in such manner as the Purchaser may, in his absolute discretion, determine; and
  - d. That the Purchaser acquires, concurrently with the final deed of transfer of the Property, the ownership of the overlying apartment, internally numbered two (2), with all its rights and appurtenances, including its share of the common parts of the block and its divided part of the roof with the washroom erected thereon and the overlying airspace, all property of George and Mandy spouses Scicluna, under such terms and conditions as the Purchaser may, in his absolute discretion, determine; and
  - e. That the Purchaser reaches an agreement with the owner of the underlying garages enabling the Purchaser to develop the site whereupon the block of which the Property forms part is built in such manner as the Purchaser may, in his absolute discretion, determine, as well as the right to open apertures overlooking the underlying property, and connect to the drains, drainage system, and extend the shafts.

Should any of these conditions not be fulfilled, then the Purchaser may [and the Vendor accepts] either withdraw from this Agreement and take back the deposit or still purchase the Property.

9. The Property is being transferred as free from any sort of litigation, including that it is not the subject of any proceedings or any other matter, before any competent authority (such as courts, tribunals, local authorities), and the Vendor declares that it is not aware of any actual or potential proceeding, actions and/or problems relative to the said Property herein transferred which could lead to litigation regarding the said Property. Furthermore the Vendor declares that it is not aware of any past litigation which can today affect the enjoyment of the said Property.
10. The Vendor declares that the Property de quo is not subject to any requisition order or expropriation order

Parties Initials: .....

Parties Initials: .....

11. Any pending bills and debts relating to the Property, are to be paid by Vendor before the date of the final transfer..

#### Fees

12. Notarial fees and expenses are to be paid by the Purchaser in accordance with the Notarial Council guidelines under [www.notariesofmalta.org](http://www.notariesofmalta.org); Duty on documents chargeable on the final transfer shall be borne by the Purchaser whereas any final withholding or capital gains tax shall be borne by the Vendor. Estate agency or brokerage fees are not due on this transfer.

#### Law and Forum

13. This Agreement shall be subject to the laws of Malta and the Parties hereby submit to the exclusive jurisdiction of the Maltese Courts.

#### Validity

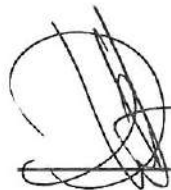
14. This promise of sale is valid till the 23.59 hours of the thirtieth day of June of the year two thousand and twenty (30/06/2020).

15. The Vendor is aware of his obligation to provide the Purchaser with an Energy Performance Certificate relating to the Property.

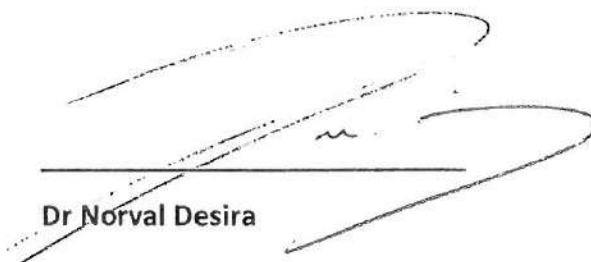
16. The Parties to this Agreement are irrevocably authorising Notary Dr Sam Abela / Notary Dr Anthony Abela, or a Notary delegated by him, to register the said promise of sale agreement with the Commissioner of Inland Revenue, in accordance with legal notice number seven of the year two thousand and four and to sign all the documents necessary for such registration on the Parties' behalf.

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the date and year set forth above.

\_\_\_\_\_

\_\_\_\_\_

WITNESS to signatures:

  
\_\_\_\_\_

Dr Norval Desira

## Promise of Sale Agreement

An agreement entered into today the sixth day of November

**OF THE YEAR TWO THOUSAND AND eighteen (2018),**

hereinafter referred to as "**the Agreement**".

Between, of the one part:

George Scicluna, maintenance technician, a son of John and of Stella nee Azzopardi, born in Pieta' on the 16<sup>th</sup> November 1971 (ID card number 0011972M), and residin at 328, Notre Songe, flat 2, Triq l-Imdina, Qormi, Malta and his wife Mandy Scicluna, housewife, a daughter of Rosario Farrugia and of Elizabeth nee Ellul, born in Pieta' on the 7<sup>th</sup> November 1981 and residing at Qormi (Id card number 630381M)

(e-mail [scicluna\\_george@yahoo.com](mailto:scicluna_george@yahoo.com) / tel 99004459)

hereinafter referred to as the "**Vendors**";

And, of the other part:

*Andrew Debattista Segond*, in business, single, son of Joseph Debattista and Antoinette nee Vassallo, born in St. Julians on the second day of February of the year nineteen hundred and seventy-three and residing at lbragg, holder of 94573M, who is appearing hereon in the name and for and on behalf of the limited liability company **Smartcare Pinto Limited** bearing company registration number letter 'C' number eight six three nine five (C 86395) and having its registered office at number three hundred and twenty six (326), Mdina Road, Qormi, Malta, and this as duly authorised in virtue of the Memorandum and Articles of Association of the said Company (Telephone number: 79471279);

hereinafter referred to as the "**Purchaser**".

The Vendor and Purchaser are all together referred to as "**the Parties**".

**The Parties hereby declare and agree as follows:**

### **The Property**

1. And in virtue of this agreement the Vendors hereby jointly undertake to sell convey and transfer to the Purchaser which hereby undertakes to purchase and acquire

the apartment internally numbered two (2), at ther second floor level, forming part of a block of two flats and underlying garages, as numbered 328 (three hundred and twenty eight) and named 'Notre Songe', in Mdina Road, Qormi, Malta.

As including one half undivided share of the common parts that is the entrance, entrance hall, stairs, staircase, and one half divided part of the roof, which part is the one at the back of the roof measuring approximately one hundred square meters (100sqm) ro better boundaries, as including the washroom on the said roof and which part of the roof is bounded on the south by the remainder of the roof and on all other sides by property of Easysell Properties Limited, or its successors in title.

The drains and drainage system are in common with those of the othe flat in the block and with the right of access to same for repairs and maintenance, including access to the

Parties Initials: .....

1  Parties Initials: ..... 



underlying garage for same purposes. In case of damage to the common parts the expenses are to be shared equally between the two owners of the said flat.

The Washroom is subject to the servitude of the installation of a water tank on the roof in favour of the owner of the ground floor level garage and with the right of access for repairs and maintenance to same.

Common areas are not to be encumbered. The façade of the apartment is to be kept uniform with the rest of the block.

Which is herein referred to as "**the Property**".

Hereinafter referred to as '**the Property**'

2. The Property shall be sold as free and unencumbered from any groundrent, and free from third party rights, and with its free and vacant possession and with all its rights and appurtenances.

### **Price**

3. This promise of sale is being made and accepted by the Parties in consideration of the price of four hundred and ten thousand Euro (Euro 410,000) out of which the Purchaser is paying on account of the purchase price the sum of forty one thousand Euro (Euro 41,000) today, and which deposit is to be retained in the form of a cheque by Notary Dr Sam Abela, until approval of permit and at this stage to be deposited in the Notary's client account – in that the said deposit will be released to the Vendor on approval of permit once the Vendor finds another property to purchase.

The deposit is not to be cashed and to be retained in the form of a cheque as above stated by the Notary, however the Purchaser is to ensure that the cheques are always valid and cashable.

The Balance is payable on deed and without interest.

Both parties reserve the right to sue for specific performance.

Should the Purchaser not come forward for deed without a valid reason according to Law and according to this agreement and should the Vendors not sue for specific performance, then the deposit being paid today will be forfeited in favour of the Vendor as pre-agreed and liquidated damages.

### **Warranty**

4. The Vendor hereby undertakes to warrant in favour of the Purchaser, which accepts:

- The good title and peaceful possession of the Property here being transferred;

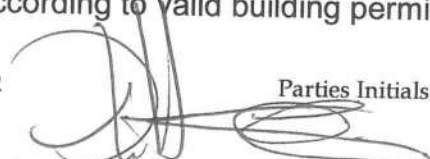
And in support of this warranty, the Vendor will on deed grant unto the Purchaser, which will on deed accept, a **General Hypothec** over all the Vendor's property in general, present and future; limited to the assets of the Trust.

The Vendor also warrants in favour of the Purchaser, which accepts, that road and drainage contributions, building permits, architect's fees, and contractors in charge of the construction of the Property and suppliers of material, shall have all been fully paid, and that no claims for payment may be brought against the Purchaser. The Vendor also warrants that the Property is built with and according to valid building permits.

Parties Initials: .....

2

Parties Initials: .....

 M. S. Sirtura

## **Appoggi**

5. Regarding party walls (*appoggi*), the Purchaser shall neither pay nor be paid.

## **Right of Substitution**

6. The Purchaser reserves the right to substitute third parties in its stead on the final deed of sale, and this in toto, as subject to the same conditions stipulated in this Agreement

## **Keys**

7. The Vendor undertakes to deliver the key and possession to the Property in question by not later than the final deed of sale. In that the Purchaser reserves the right to have access to have his architects, and representatives survey the Property.

## **Other Conditions**

8. Subject to:

- a. the necessary searches on the Property are duly conducted, and that from the said searches there results that the title to the Property is a valid one and that there is no impossibility or defect of title. If one of these conditions exists, and thus the title to the Property as dictated by law is not a valid title, the Purchasers reserve the right to dissolve the promise of sale and demand that deposit is returned.
- b. There are no conditions in any previous deed of the Property which do not allow the development of the Property according to the Applied Permit. Should there result conditions to this effect, then Purchasers reserves the right not to purchase the Property and thus claim back the deposit. The coming to an agreement for the purchase of apartment one (1) and the remaining part of the roof and airspace and the common areas within the block of which this Property being transferred forms part, and this in such a manner that the Purchaser is able to purchase for all the Block.
- c. The Purchaser obtaining a full development permit for the rending of the Property and the whole block as part of the Old People's Home and thus will be an extension to the old people's home already owned by the Purchaser.
- d. The Purchaser coming to an agreement with the owner of the underlying properties enabling the Purchaser to develop the Site, the Block and the Property and to open apertures overlooking the underlying property, and connect to drains, drainage system, and extend the shafts.

Should any of these conditions not be fulfilled, then the Purchaser may [and the Vendor accepts] either withdraw from this agreement and take back the Deposit or still purchase the Property.

9. The Property is being transferred as free from any sort of litigation, including that it is not the subject of any proceedings or any other matter, before any competent authority (such as courts, tribunals, local authorities), and the Vendor declares that it is not aware of any actual or potential proceeding, actions and/or problems relative to the said Property herein transferred which could lead to litigation regarding the said Property. Furthermore the Vendor declares that it is not aware of any past litigation which can today affect the enjoyment of the said Property.

10. The Vendor declares that the Property de quo is not subject to any requisition order or expropriation order

11. Any pending bills and debts relating to the Property, are to be paid by Vendor.

Parties Initials: .....

3

Parties Initials: .....

 M. Scistano

## **Fees**

12. Notarial fees and expenses are to be paid by the Purchaser in accordance to the Notarial Council guidelines under [www.notariesofmalta.org](http://www.notariesofmalta.org); Service fees are not due

## **Law and Forum**

13. This Agreement shall be subject to the laws of Malta and the Parties hereby submit to the exclusive jurisdiction of the Maltese Courts.

## **Validity**

14. This promise of sale is valid till the 23.59 hours of the 30<sup>th</sup> day of June of the year two thousand and twenty (2020).

15. The Parties to this Agreement are irrevocably authorising Notary Dr Sam Abela / Notary Dr Anthony Abela, or a Notary delegated by him, to register the said promise of sale agreement with the Commissioner of Inland Revenue, in accordance with legal notice number seven of the year two thousand and four and to sign all the documents necessary for such registration.

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the date and year set forth above.



**WITNESS to signatures:**



Dr Sam Abela  
Notary Public of Malta

Parties Initials: .....

Parties Initials: .....

**Agreement entered into this twenty-third day of June of the year two thousand and twenty (23/06/2020)**

Between, of the one part:

**John Borg**, port worker, unmarried son of George and of Ludgarda nee` Darmanin, born in Qormi on the 25th October 1965 (ID card number 526965M), and residing at 92, Triq San Bastjan, Qormi, Malta (mob tel 99829035) - hereinafter referred to as the **"Vendor"**;

And, of the other part:

**Andrew Debattista Segond**, in business, single, son of Joseph Debattista and Antoinette nee` Vassallo, born in St. Julians on the second day of February of the year nineteen hundred and seventy-three and residing at Ibragg, holder of 94573M, who is appearing hereon in the name and for and on behalf of the limited liability company **Smartcare Pinto Limited** bearing company registration number letter 'C' number eight six three nine five (C 86395) and having its registered office at number three hundred and twenty six (326), Mdina Road, Qormi, Malta, and this as duly authorised in virtue of the Memorandum and Articles of Association of the said Company (Telephone number: 79471279) - hereinafter referred to as the **"Purchaser"**.

The Vendors and Purchaser are all together referred to as **"the Parties"**.

The Parties refer to the promise of sale and purchase agreement signed between them on the seventh day of February of the year two thousand and nineteen (07/02/2019) – hereinafter referred to as the **'POS Agreement'** – relative to the promised sale and purchase of the apartment internally numbered one (1), at the first floor level, forming part of a block of two flats, officially numbered 328 (three hundred and twenty eight), in Mdina Road, Qormi, Malta, including a one-half undivided share of the common parts of the block and a one-half divided part of the roof, including the washroom built on the said divided part of the roof, all as better described and under such terms and conditions stipulated in the POS Agreement.

In virtue hereof the Parties extend the term of validity of the POS Agreement, under the terms and conditions set out therein, up to and including the twenty-ninth day of January of the year two thousand and twenty-one (29/01/2021), or within one (1) month from the date that the Purchaser calls upon the Vendors in writing to appear for the notarial deed of sale and purchase of the Property, whichever is the earlier.

The Parties authorise Notary Sam Abela to do and sign all that may be required, on behalf of the Parties, in order to register this agreement with the Commissioner for Revenue in terms of law.



**Agreement entered into this twenty-third day of June of the year two thousand and twenty (23/06/2020)**

**Between, of the one part:**

**George Scicluna, maintenance technician, a son of John and of Stella nee Azzopardi, born in Pieta' on the 16<sup>th</sup> November 1971 (ID card number 0011972M), and residing at 328, Notre Songe, flat 2, Triq l-Imdina, Qormi, Malta and his wife Many Scicluna, housewife, a daughter of Rosario Farrugia and of Elizabeth nee Ellul, born in Pieta' on the 7<sup>th</sup> November 1981 and residing at Qormi (ID card number 630381M) (e-mail [scicluna\\_george@yahoo.com](mailto:scicluna_george@yahoo.com) / tel 99004459) - hereinafter referred to as the "Vendors";**

**And, of the other part:**

**Andrew Debattista Segond, in business, single, son of Joseph Debattista and Antoinette nee Vassallo, born in St. Julians on the second day of February of the year nineteen hundred and seventy-three and residing at Ibragg, holder of 94573M, who is appearing hereon in the name and for and on behalf of the limited liability company Smartcare Pinto Limited bearing company registration number letter 'C' number eight six three nine five (C 86395) and having its registered office at number three hundred and twenty six (326), Mdina Road, Qormi, Malta, and this as duly authorised in virtue of the Memorandum and Articles of Association of the said Company (Telephone number: 79471279) - hereinafter referred to as the "Purchaser".**

**The Vendors and Purchaser are all together referred to as "the Parties".**

**The Parties refer to the promise of sale and purchase agreement signed between them on the sixth day of November of the year two thousand and eighteen (06/11/2018) – hereinafter referred to as the 'POS Agreement' – relative to the promised sale and purchase of the apartment internally numbered two (2), at second floor level, forming part of a block of two flats and underlying garages, at number 328 (three hundred and twenty eight) and named 'Notre Songe', in Mdina Road, Qormi, Malta, including a one-half undivided share of the common parts of the block and a one-half divided part of the roof of the said block, including the washroom on the said roof, all as better described and under such terms and conditions stipulated in the POS Agreement.**

**In virtue hereof the Parties extend the term of validity of the POS Agreement, under the terms and conditions set out therein, up to and including the twenty-ninth day of January of the year two thousand and twenty-one (29/01/2021), or within one (1) month from the date that the Purchaser calls upon the Vendors in writing to appear for the notarial deed of sale and purchase of the Property, whichever is the earlier.**

**The Parties authorise Notary Sam Abela to do and sign all that may be required, on behalf of the Parties, in order to register this agreement with the Commissioner for Revenue in terms of law.**



50 11972 M

M Scicluna

ID 0630381 (M)







## Abela & Abela

Notaries Public & Commissioners for Oaths

Today the 19th January 2021

Reference Kn 19781

In virtue of this agreement:

**Of one part:-**

**John Borg** [holder of identity card number 526965M]

'As the **Vendor**'

**Of the second part:-**

**Andrew Debattista Segond** [holder of identity card number 094573M] who appears hereon and on behalf of **Smartcare Pinto Limited** [C86395]

'As the **Purchasers**'.

Parties refer to the Promise of Sale, in relation to the **apartment internally numbered 1, 328, Mdina Road, Qormi** and hereby agree to extend the said promise of sale, and this under the same terms and conditions, till the **31st March 2021**.

A payment of €10,000 is being paid on account today 15.01.2021

Kindly forward the attached with the necessary signatures. Kindly be also advised that Abela and Abela Notaries are not responsible for obtaining of the signatures of same. Once extensions are forwarded with necessary signatures to us, we will register accordingly.

This instrument may be executed in one or more counterparts each of which when so executed shall constitute an original but which together (including scanned exchanged signed counterparts) shall constitute one and the same instrument.

The parties hereby agree that this instrument is deemed to have been executed on the date of receipt of the last signature hereon

The parties are hereby authorising Notary Anthony Abela / Notary Sam Abela / Notary Tiziana Maria Refalo Frigiolini / Notary Kristina Gatt / Dr Olivia Micallef or any delegate of same, to register this agreement with the Commissioner of Inland Revenue.

19544

Agreement entered into this 19<sup>th</sup> day of January of the year two thousand and twenty-one (19/01/2021)

Between, of the one part, George Scicluna, maintenance technician, a son of John and of Stella nee Azzopardi, born in Pieta' on the 16<sup>th</sup> November 1971 (ID card number 0011972M), and residing at 328, Notre Songe, flat 2, Triq l-Imdina, Qormi, Malta and his wife Mary Scicluna, housewife, a daughter of Rosario Farrugia and of Elizabeth nee Ellul, born in Pieta' on the 7<sup>th</sup> November 1981 and residing at Qormi (ID card number 630381M) (e-mail [scicluna@scicluna@yahoo.com](mailto:scicluna@scicluna@yahoo.com) / tel 99004459) - hereinafter referred to as the "Vendors";

George

And, of the other part, *Andrew Debattista Segond*, in business, single, son of Joseph Debattista and Antoinette nee Vassallo, born in St. Julians on the second day of February of the year nineteen hundred and seventy-three and residing at Ibragg, holder of 94573M, who is appearing hereon in the name and for and on behalf of the limited liability company **Smartcare Pinto Limited** bearing company registration number letter 'C' number eight six three nine five (C 86395) and having its registered office at number three hundred and twenty six (326), Mdina Road, Qormi, Malta, and this as duly authorised in virtue of the Memorandum and Articles of Association of the said Company (Telephone number: 79471279) - hereinafter referred to as the "Purchaser".

The Vendors and Purchaser are all together referred to as "the Parties".

The Parties refer to the promise of sale and purchase agreement signed between them on the sixth day of November of the year two thousand and eighteen (06/11/2018) as subsequently extended – hereinafter collectively referred to as the 'POS Agreement' – relative to the promised sale and purchase of the apartment internally numbered two (2), at second floor level, forming part of a block of two flats and underlying garages, at number 328 (three hundred and twenty eight) and named 'Notre Songe', in Mdina Road, Qormi, Malta, including a one-half undivided share of the common parts of the block and a one-half divided part of the roof of the said block, including the washroom on the said roof, all as better described and under such terms and conditions stipulated in the POS Agreement.

In virtue hereof the Parties extend the term of validity of the POS Agreement, under the terms and conditions set out therein, up to and including the thirtieth day of March of the year two thousand and twenty-one (30/03/2021), or within one (1) month from the date that the Purchaser calls upon the Vendors in writing to appear for the notarial deed of sale and purchase of the Property, whichever is the earlier.

The Parties authorise Notary Anthony Abela/ Notary Sam Abela/ Notary Tiziana Maria Refalo Frigiolini/ Notary Kristina Gatt/ Dr Olivia Micallef to do and sign all that may be required, on behalf of the Parties, in order to register this agreement with the Commissioner for Revenue in terms of law.







## Abela & Abela

Notaries Public & Commissioners for Oaths

Today the 1<sup>st</sup> February 2021

Reference Kn 17434

In virtue of this agreement:

**Of one part:**

**Stephen Mifsud** [holder of identity card number 460567M] appearing on behalf of the limited liability company **Roxland Holdings Limited** [C.11565]  
And

**Joseph Mifsud** [holder of identity card number 592243M] and his wife **Carmela sive Carmen Mifsud** [holder of identity card number 533246M]

As the '**Vendor**'.

**Of the second part:**

**Andrew Debattista Segond** [holder of identity card number 94573M] who is appearing hereon for and on behalf of the limited liability company **Smarthomes Developments Limited** [C.63358]

As the '**Purchasers**'.

Reference is made to the promise of sale dated **9<sup>th</sup> January 2017** in relation to the **block of building with its underlying land and overlying airspace, numbered 797, 798, 799, 800 and 801, Saint Joseph High Road, Hamrun. And having another two doors numbered 11 and 11A in Sqaq San Tumas Hamrun, Malta. Tenements 802 and 803 in Saint Joseph High Road, Hamrun** Parties are extending the above mentioned promise of sale under same terms and conditions till the **30<sup>th</sup> April 2021**.

This instrument may be executed in one or more counterparts each of which when so executed shall constitute an original but which together (including scanned exchanged signed counterparts) shall constitute one and the same instrument.

The parties hereby agree that this instrument is deemed to have been executed on the date of receipt of the last signature hereon.

Kindly forward the attached with the necessary signatures. Kindly be also advised that Abela and Abela Notaries are not responsible for obtaining of the signatures of same. Once extensions are forwarded with necessary signatures to us, we will register accordingly.

The parties are hereby authorising Notary Anthony Abela / Notary Sam Abela / Notary Tiziana Maria Refalo Frigiollini / Dr Olivia Micallef or any delegate of same, to register this agreement with the Commissioner of Inland Revenue.



## Abela & Abela

Notaries Public & Commissioners for Oaths

Today the 13<sup>th</sup> February 2021

Reference Kn 1544

In virtue of this agreement:

**Of one part:-**

**George Scicluna** [holder of identity card number 630381M]

'As the **Vendor**'

**Of the second part:-**

**Andrew Debattista Segond** [holder of identity card number 094573M] who appears hereon and on behalf of **Smartcare Pinto Limited** [C86395]

'As the **Purchasers**'.

Parties refer to the Promise of Sale, in relation to the **Apartment internally numbered 2, 328, Notre Sange, Mdina Road, Qormi** and hereby agree to extend the said promise of sale, and this under the same terms and conditions, till the **30<sup>st</sup> April 2021**.

Kindly forward the attached with the necessary signatures. Kindly be also advised that Abela and Abela Notaries are not responsible for obtaining of the signatures of same. Once extensions are forwarded with necessary signatures to us, we will register accordingly.

This instrument may be executed in one or more counterparts each of which when so executed shall constitute an original but which together (including scanned exchanged signed counterparts) shall constitute one and the same instrument.

The parties hereby agree that this instrument is deemed to have been executed on the date of receipt of the last signature hereon

The parties are hereby authorising Notary Anthony Abela / Notary Sam Abela / Notary Tiziana Maria Refalo Frigiolini / Notary Kristina Gatt / Dr Olivia Micallef or any delegate of same, to register this agreement with the Commissioner of Inland Revenue.





## Abela & Abela

Notaries Public & Commissioners for Oaths

Today the 13<sup>th</sup> February 2021

Reference Kn 19781

In virtue of this agreement:

**Of one part:-**

**John Borg** [holder of identity card number 526965M]

'As the **Vendor**'

**Of the second part:-**

**Andrew Debattista Segond** [holder of identity card number 094573M] who appears hereon and on behalf of **Smartcare Pinto Limited** [C86395]

'As the **Purchasers**'.

Parties refer to the Promise of Sale, in relation to the **apartment internally numbered 1, 328, Mdina Road, Qormi** and hereby agree to extend the said promise of sale, and this under the same terms and conditions, till the **30<sup>th</sup> April 2021**.

Kindly forward the attached with the necessary signatures. Kindly be also advised that Abela and Abela Notaries are not responsible for obtaining of the signatures of same. Once extensions are forwarded with necessary signatures to us, we will register accordingly.

This instrument may be executed in one or more counterparts each of which when so executed shall constitute an original but which together (including scanned exchanged signed counterparts) shall constitute one and the same instrument.

The parties hereby agree that this instrument is deemed to have been executed on the date of receipt of the last signature hereon

The parties are hereby authorising Notary Anthony Abela / Notary Sam Abela / Notary Tiziana Maria Refalo Frigiolini / Notary Kristina Gatt / Dr Olivia Micallef or any delegate of same, to register this agreement with the Commissioner of Inland Revenue.

*John Borg*



# Appendix 5

Relating to Dar Pinto Care Home

Extract of Data from FDDR  
prepared by the Reporting Accountants

Smartcare Pinto Ltd

Projected earnings

€'000	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Revenue	2,674	2,891	3,486	4,180	4,255	4,332	4,410	4,489	4,570	4,652	4,736
Direct cost	(1,366)	(1,417)	(1,835)	(1,972)	(2,008)	(2,044)	(2,081)	(2,118)	(2,156)	(2,195)	(2,235)
Gross profit	1,308	1,474	1,651	2,208	2,247	2,288	2,329	2,371	2,414	2,457	2,501
Indirect cost	(577)	(588)	(598)	(609)	(620)	(631)	(643)	(654)	(666)	(678)	(690)
EBITDA	731	886	1,053	1,598	1,627	1,656	1,686	1,717	1,748	1,779	1,811
Revenue growth (%)	n/a	8.1%	20.6%	19.9%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
EBITDA growth (%)	n/a	21.2%	18.8%	51.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
EBITDA Margin (%)	27.3%	30.6%	30.2%	38.2%	38.2%	38.2%	38.2%	38.2%	38.2%	38.2%	38.2%
Available beds (No.)	136	136	190	190	190	190	190	190	190	190	190
Occupied bes (No.)	126	133	158	186	186	186	186	186	186	186	186
Occupancy (%)	92.3%	98.0%	83.1%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Available bed nights ('000s)	49.6	49.6	69.4	69.4	69.4	69.4	69.4	69.4	69.4	69.4	69.4
Occupied bed nights ('000s)	45.8	48.6	57.7	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0
Occupancy (%)	92.3%	98.0%	83.1%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
ADR - bed nights (€)	58.4	59.4	60.5	61.5	62.6	63.7	64.9	66.1	67.2	68.5	69.7
Direct cost per occupied bed night (€)	29.8	29.1	31.8	29.0	29.5	30.1	30.6	31.2	31.7	32.3	32.9
Indirect cost per available bed night (€)	11.6	11.8	8.6	8.8	8.9	9.1	9.3	9.4	9.6	9.8	10.0

Source: Management information

ADR - Average Daily Rate

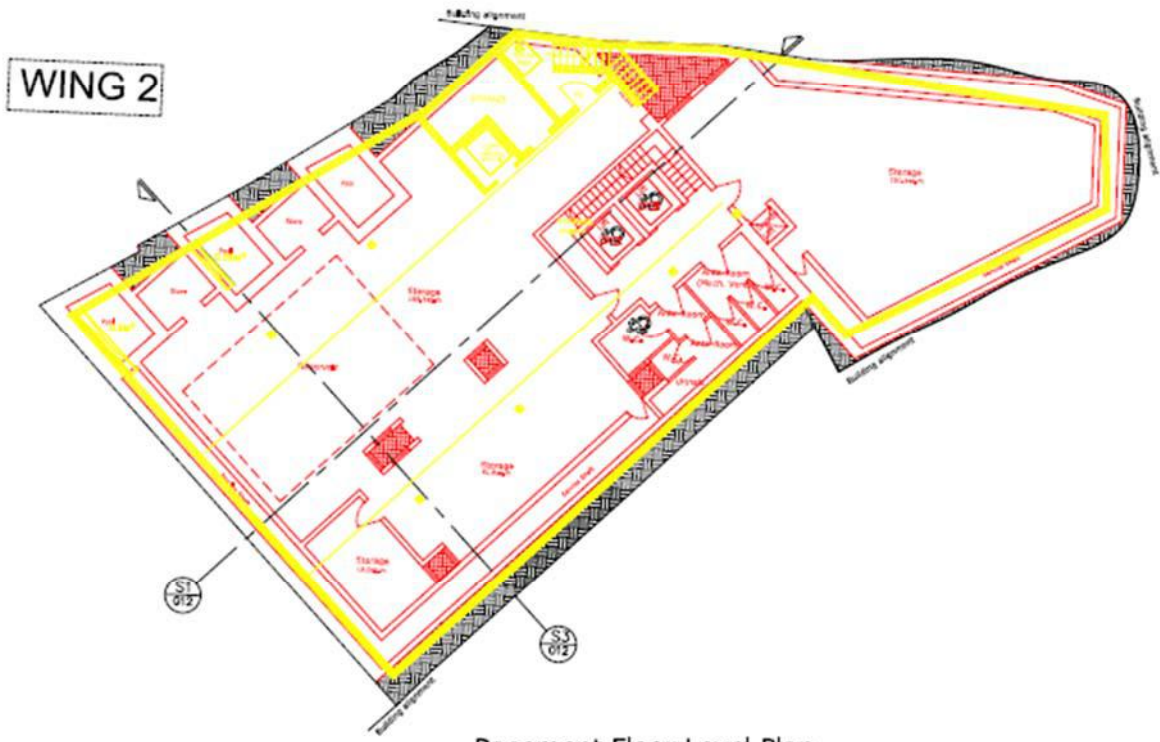
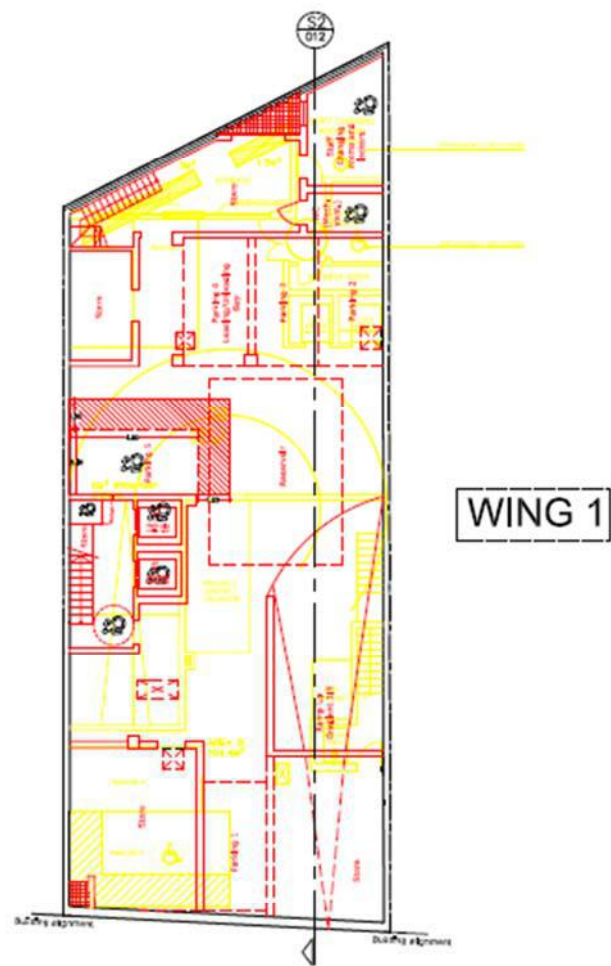
# Appendix 6

Relating to Second Hotel

Permit Plan Extracts

PA 8752/18

(Minor Amendment)



**Basement Floor Level Plan**

Scale 1:100

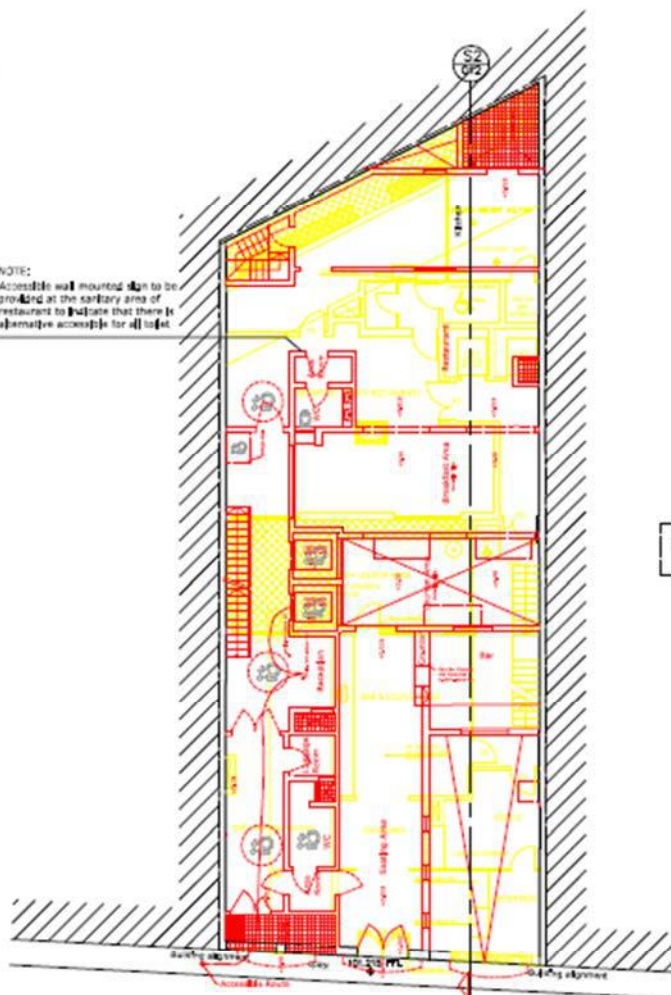
As Approved by PA 8752/18 and as proposed -  
colour coded



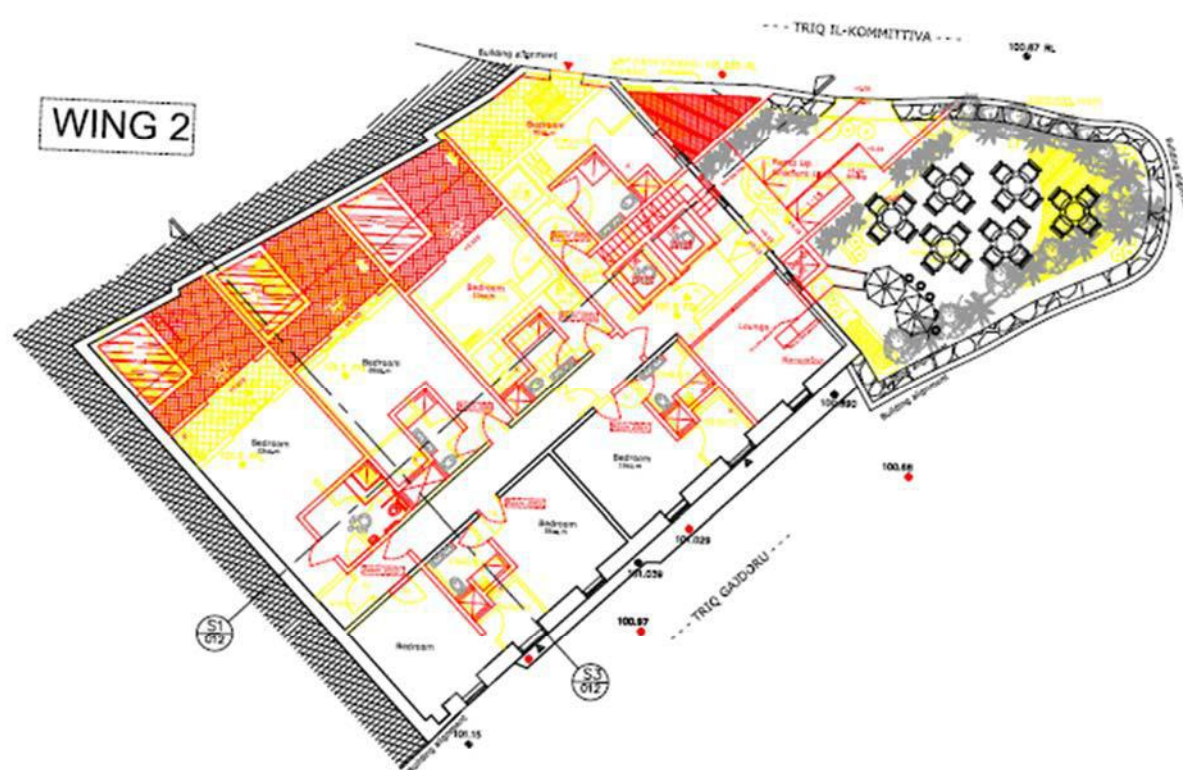
SCALE 1:100



NOTE:  
Accessible wall mounted sign to be provided at the sanitary area of restaurant to indicate that there is alternative accessible for all toilet.



WING 1



WING 2

### Proposed Ground Floor Level Plan

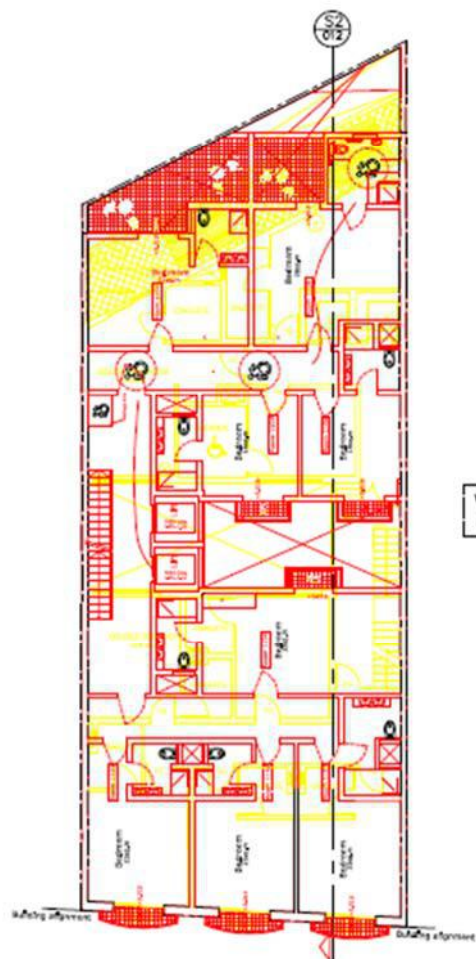
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As Approved by PA 8752/18 and as proposed -  
colour coded





SCALE 1:100



WING 1

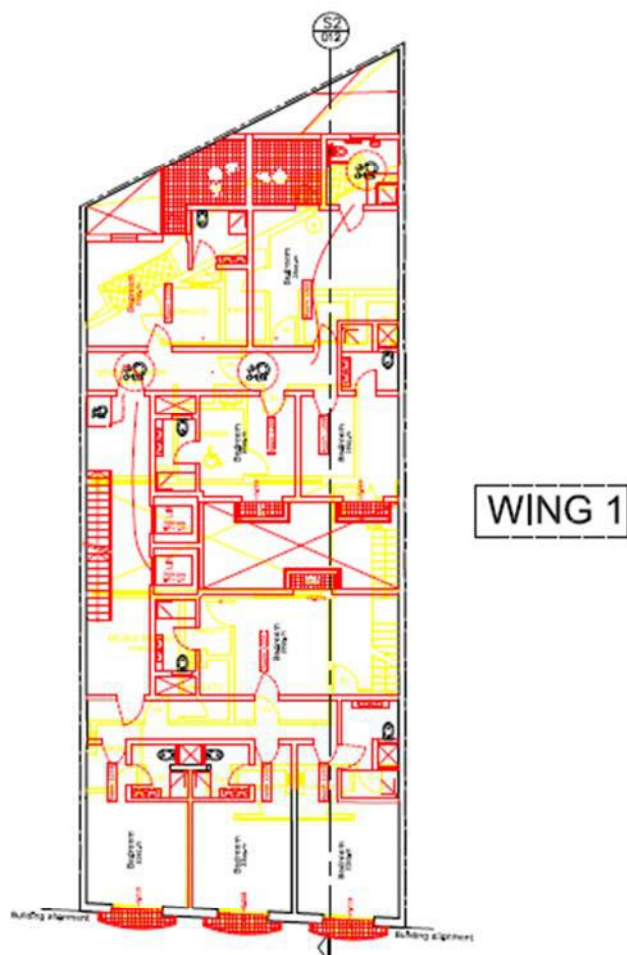
WING 2



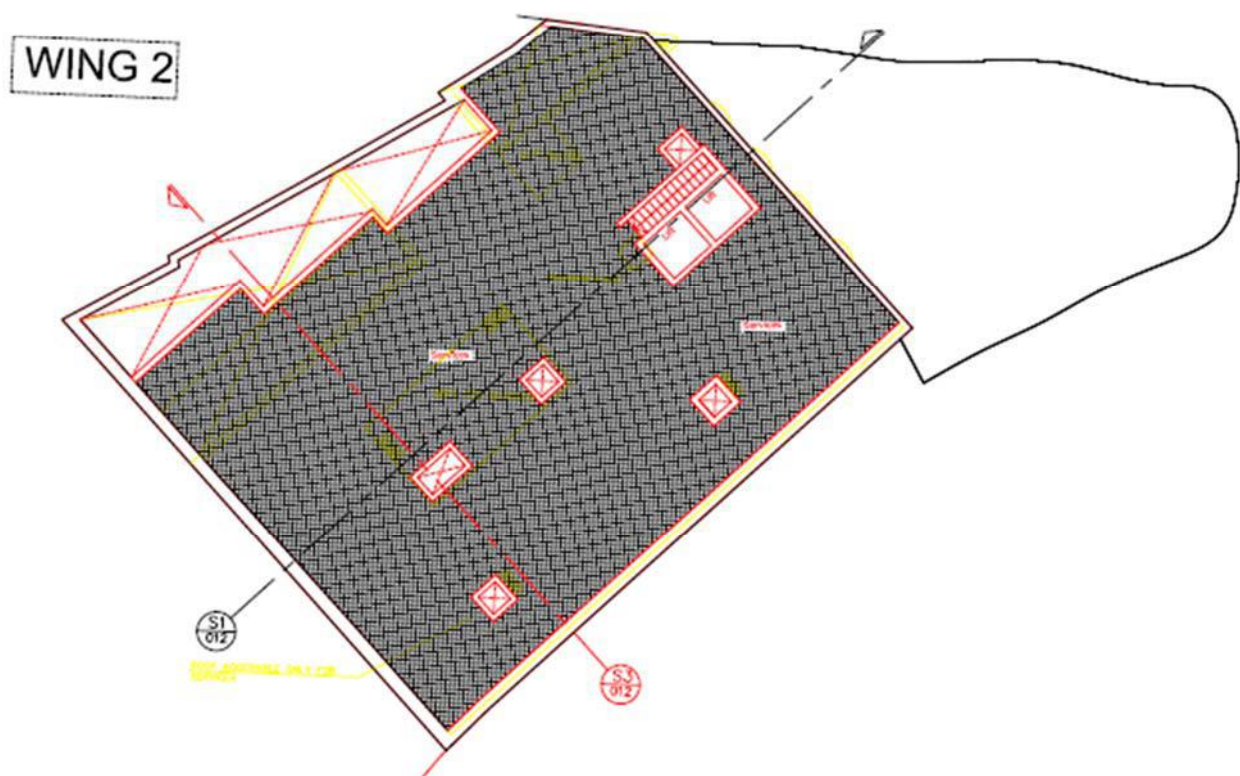
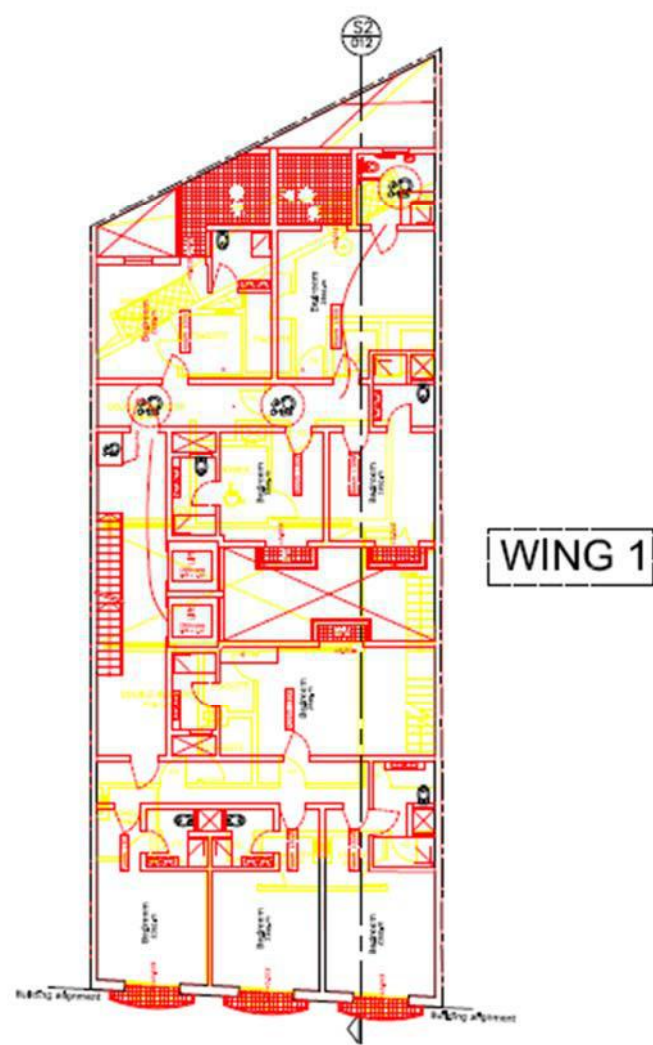
### Proposed First Floor Level Plan

Scale 1:100

As Approved by PA 8752/18 and as proposed -  
colour coded



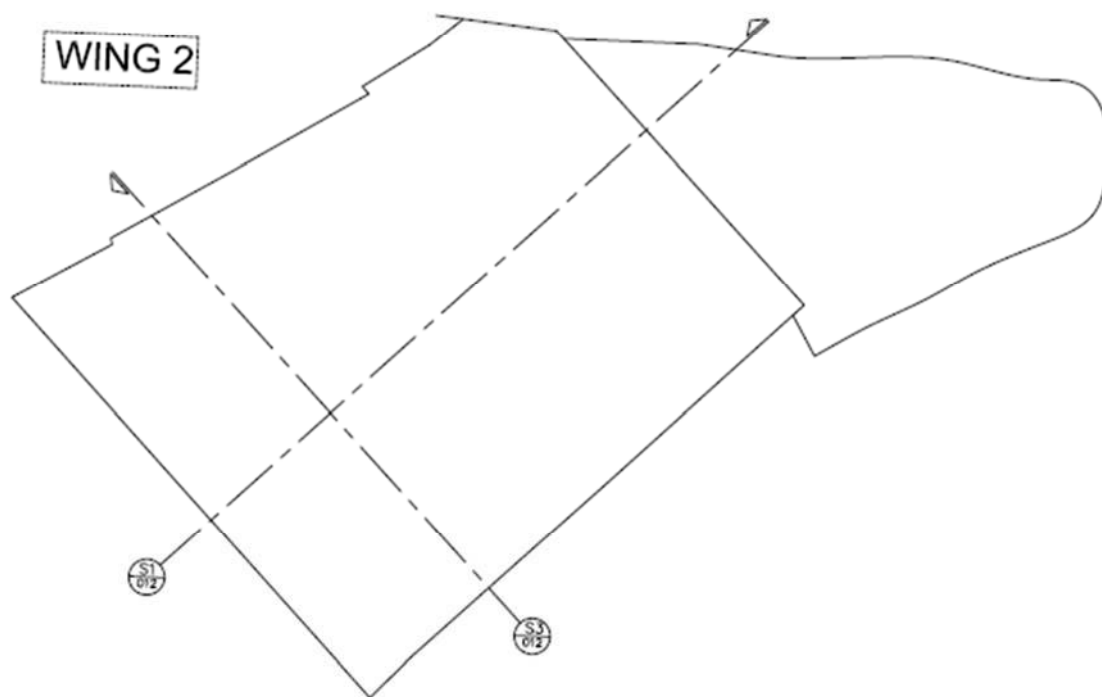
**Proposed Second Floor Level Plan**  
Scale 1:100  
**As Approved by PA 8752/18 and as proposed -  
colour coded**



**Proposed Third Floor Level Plan**  
Scale 1:100

As Approved by PA 8752/18 and as proposed - colour coded





## Scale 1:100

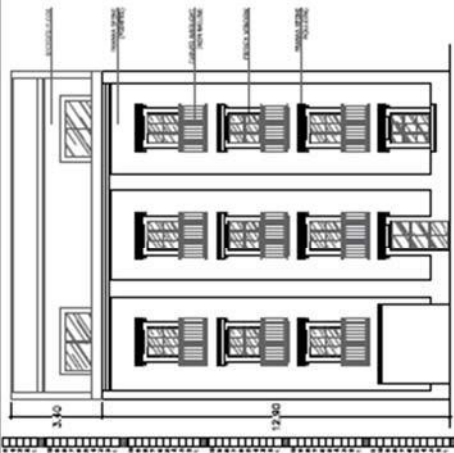
saplenza &amp; sullivan

[illegible]

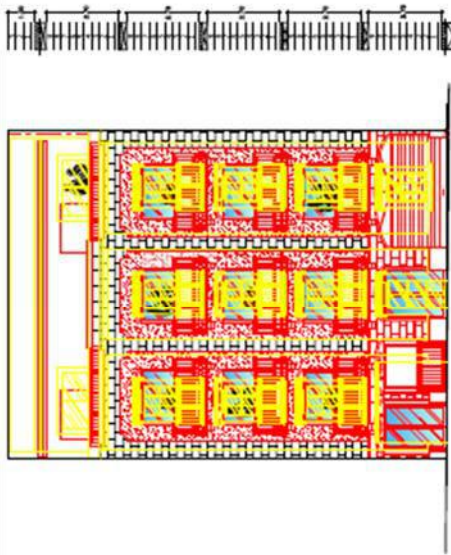
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- 将 100 个数据从小到大排列，第 50 个数据是 10，第 51 个数据是 100，则这组数据的中位数是 10。
- 这组数据的平均数是 10。
- 这组数据的方差是 10。



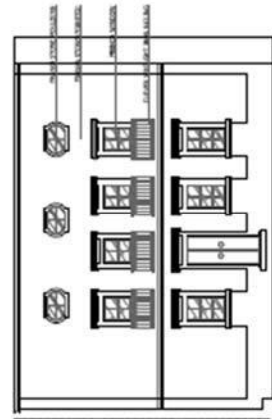




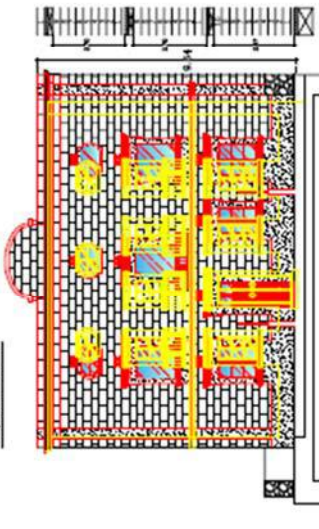
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SCALE 1:100  
As Approved by PA8752/18



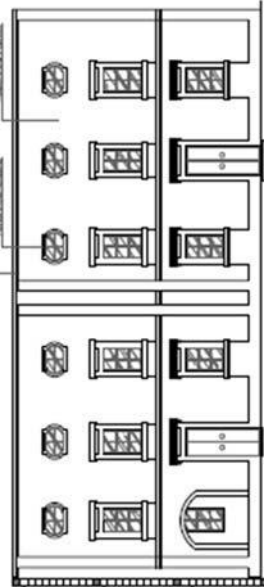
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SCALE 1:100  
As Approved by PA8752/18 and as proposed -  
colour coded



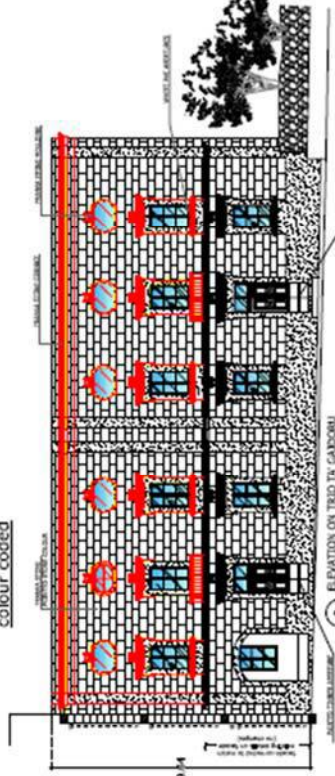
2 ELEVATION OVERLOOKING FRONT GARDEN  
SCALE 1:100  
As Approved by PA8752/18



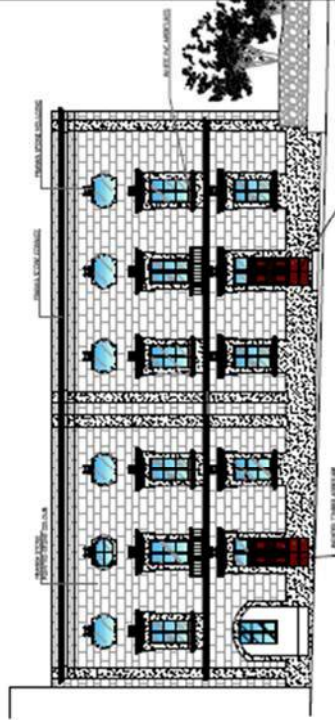
2 ELEVATION OVERLOOKING FRONT GARDEN  
SCALE 1:100  
As Approved by PA8752/18 and as proposed -  
colour coded



3 ELEVATION ON TRIG 11-KUMMITIVA  
SCALE 1:100  
As Approved by PA8752/18



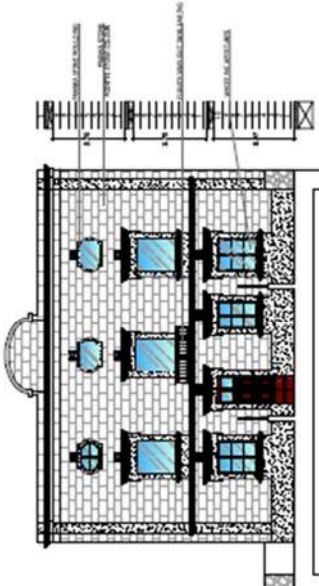
3 ELEVATION ON TRIG 11-KUMMITIVA  
SCALE 1:100  
As Approved by PA8752/18 and as proposed -  
colour coded



Proposed Elevation overlooking front garden  
Scale 1:100  
Clean copy



Proposed Elevation on Trig 11-Kummitiva  
Scale 1:100  
Clean copy



Proposed Elevation overlooking front garden  
Scale 1:100  
Clean copy

SCALE 1:100  
0 1 2 3 4 5 6 METRES

NOTES:

1. ALL DIMENSIONS ARE IN METRES UNLESS OTHERWISE SPECIFIED.
2. DIMENSIONS ARE TO FACE UNLESS OTHERWISE SPECIFIED.
3. DIMENSIONS ARE TO FACE UNLESS OTHERWISE SPECIFIED.
4. DIMENSIONS ARE TO FACE UNLESS OTHERWISE SPECIFIED.
5. DIMENSIONS ARE TO FACE UNLESS OTHERWISE SPECIFIED.

sapientia & sullivan

10/10/2018 10:10:10 AM  
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10/10/2018 10:10:10 AM  
10/10/2018 10:10:10 AM  
10/10/2018 10:10:10 AM

APPROVED AND PROPOSED  
ELEVATIONS

CLASS 3A BOUTIQUE  
HOTEL - KAGHRA

DATE: 10/10/2018  
DRAWN BY: [Name]  
CHECKED BY: [Name]  
DATE: 10/10/2018  
SCALE: 1:100  
PAGE NO: 10/10/2018  
A-116/18/25





SCALE 1:100

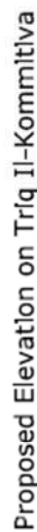


- colour coded

Scale 1:100



Scale 1:100



Scale 1:100

ALL LEVELS OF SERVICE AND EFFORT TO EXCEED EXPECTATIONS.  
THE DREAM MUST BE REALIZED BY CREATING A HIGHLY EFFECTIVE AND MOTIVATED  
CONCRETE PAVING SERVICE DEPARTMENT.  
DO NOT CALL ON THE DREAMING  
DEPARTMENT ANY.

WANG, TITZ  
 APPROVED AND PROPOSED  
 SECTION 1

CLASS 3A BOUTIQUE  
HOTEL • XAGHRA

PRICE			
198-1207 400H	W.L.	CAD REFERENCE	0049
0049AN 80			
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DATE	12/12/18		
DR NO	130519		





Commission for the Rights  
of Persons with Disability

G5 Offices  
Salvu Psaila Street, Birkirkara  
BKR 9077, Malta  
+356 2226 7600  
helpdesk@crpd.org.mt  
www.crpd.org.mt

## ACCESSIBILITY AUDIT REPORT

### Date

30/03/2020

### Reference

PA/08752/18 - 08

### Proposal Location

Nos. 4 & 5, Triq ta' Gajdoru and Vacant Plot on, Triq il-Komittiva,, Xaghra

### Proposal Description

Demolition of two existing townhouses retaining both facades, excavation of basement level & construction of three floors, including swimming pool on Triq ta' Gajdoru to be used as Class 3A Tourism Accommodation, and excavation of garage at basement

### Documents Submitted for Vetting

312A/C/D/E/F/G/337A

### CRPD Decision

Approved With Conditions

All accessible for all fixtures (W.C and showers) should be mounted in the conformity with AADG2011.

### General Conditions

The no objection endorsement of the proposed development is on condition that all the building elements (structure, finishes and services) featured in the development shall conform to all the recommendations included in the Access for All Design Guidelines (2011) and other relevant guidelines published by CRPD and which are available on the CRPD website ([www.crpd.org.mt](http://www.crpd.org.mt)). Where applicable, the applicant's attention is drawn to recommended dimensions of elements such as door openings, accessible toilets and lifts where attention should be paid to ensure that structural dimensions take into account the tolerances required for wall tiling, door jambs, etc. and that lift shafts are large enough to accommodate lift cabins that conform to the said guidelines.

### Disclaimer

With respect to issues concerning Access for All, there is no objection to the issue of development permission for the proposed development as far as could be ascertained from the submitted drawings and subject to the conditions included in this report and the relevant standards as set in the Access for All Guidelines. It is the applicant's ultimate responsibility to ensure that the proposed development shall conform to the Access for All Design Guidelines and any approval given herewith does not exonerate the applicant from adhering fully to all the recommendations set in the said guidelines, notwithstanding the contents of this report. Recourse to the submitted drawings listed above shall not exonerate the applicant from fully adhering to the Access for All Design Guidelines. **The Commission reserves the right to inspect the property in question and to check that the above conditions are respected, in accordance with and in conformity to the Equal Opportunities Act 2000 (Cap413).**

Regards,

Jonathan Cauchi

on behalf of Commission for the Rights of Persons with Disability

# Appendix 7

Relating to Segond Hotel

Photographic Study





















# Appendix 8

Relating to Segond Hotel

Extract of Data from FDDR  
Prepared by the Reporting Accountants

## Segond Boutique Hotel Limited

### Projected earnings

€'000	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Revenue	-	425	1,090	1,109	1,129	1,150	1,170	1,191	1,213	1,235	1,257
Direct costs	-	(206)	(448)	(456)	(465)	(473)	(482)	(490)	(499)	(508)	(517)
<b>Gross profit</b>	-	<b>219</b>	<b>641</b>	<b>653</b>	<b>665</b>	<b>677</b>	<b>689</b>	<b>701</b>	<b>714</b>	<b>727</b>	<b>740</b>
Indirect costs	-	(170)	(228)	(232)	(236)	(240)	(245)	(249)	(253)	(258)	(263)
<b>EBITDA</b>	-	<b>49</b>	<b>414</b>	<b>421</b>	<b>429</b>	<b>436</b>	<b>444</b>	<b>452</b>	<b>460</b>	<b>469</b>	<b>477</b>
Revenue growth (%)	n/a	n/a	156.6%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
EBITDA growth (%)	n/a	n/a	740.0%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
EBITDA Margin (%)	n/a	11.6%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%
Average rooms	n/a	53	53	53	53	53	53	53	53	53	53
Available room nights ('000s)	n/a	10	19	19	19	19	19	19	19	19	19
Room nights sold ('000s)	n/a	4	10	10	10	10	10	10	10	10	10
Occupancy (%)	n/a	40.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
ADR (€)	n/a	103.4	105.3	107.2	109.1	111.1	113.1	115.1	117.2	119.3	121.4
Non-Accom income POR (€)	n/a	7.2	7.4	7.5	7.6	7.8	7.9	8.1	8.2	8.4	8.5
Accom income PAR (€)	n/a	41.4	52.6	53.6	54.6	55.5	56.5	57.6	58.6	59.6	60.7
Direct cost per occupied night (€)	n/a	53.6	46.4	47.2	48.0	48.9	49.8	50.7	51.6	52.5	53.5
Indirect cost per available night (€)	n/a	17.7	11.8	12.0	12.2	12.4	12.6	12.9	13.1	13.3	13.6
Contribution margin - Rooms (%)	n/a	57.8%	65.5%	65.5%	65.5%	65.5%	65.5%	65.5%	65.5%	65.5%	65.5%
Contribution margin - F&B (%)	n/a	26.7%	27.4%	27.4%	27.4%	27.4%	27.4%	27.4%	27.4%	27.4%	27.4%
Net contribution margin (%)	n/a	51.6%	58.9%	58.9%	58.9%	58.9%	58.9%	58.9%	58.9%	58.9%	58.9%

Source: Management information

ADR - Average Daily Rate  
POR - Per Occupied Room  
PAR - Per Available Room

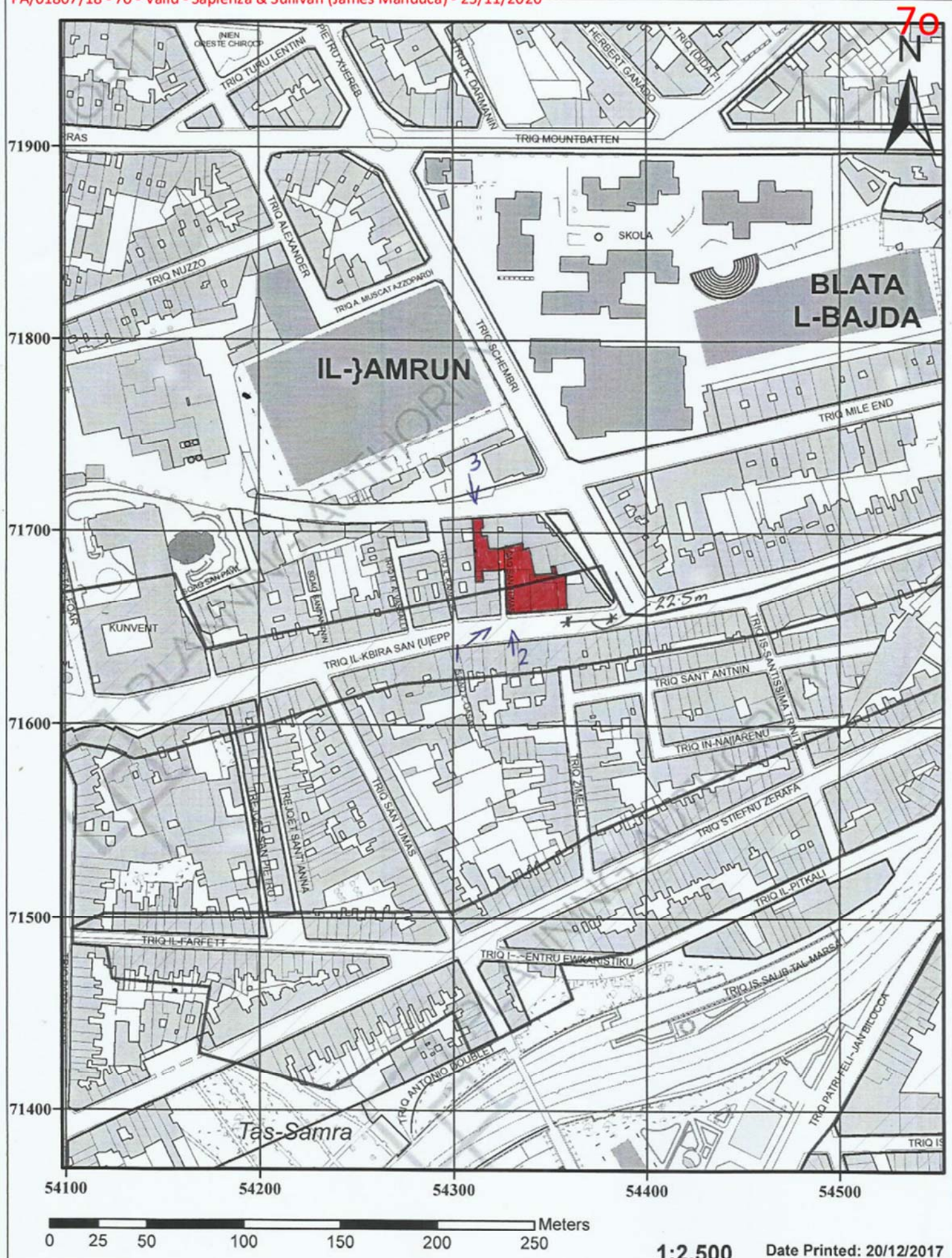
# Appendix 9

Relating to Hamrun Development

Extracts from PA Application

PA 1807/18





## Public Geoserver

Compiled and published by the Mapping Unit, Planning Authority ©PA.  
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 Data Captured from: 1988, 1994, 1998, 2004 & 2008 aerial photography and updates from 2012 orthophotos.  
 Truncated U.T.M. Coordinates. Levelling Datum M.S.L. (Mean sea level). Contours when shown are at 2.5m vertical interval. Not to be used for interpretation or scaling of scheme alignments  
 Copyright © PA - Planning Authority. Not for resale

1:2,500

Date Printed: 20/12/2017



PLANNING AUTHORITY

St.Francis Ravelin, Floriana.  
 Tel: +356 2290 0000, Fax: +356 2290 2295  
[www.pa.org.mt](http://www.pa.org.mt), [mappingshop@pa.org.mt](mailto:mappingshop@pa.org.mt)



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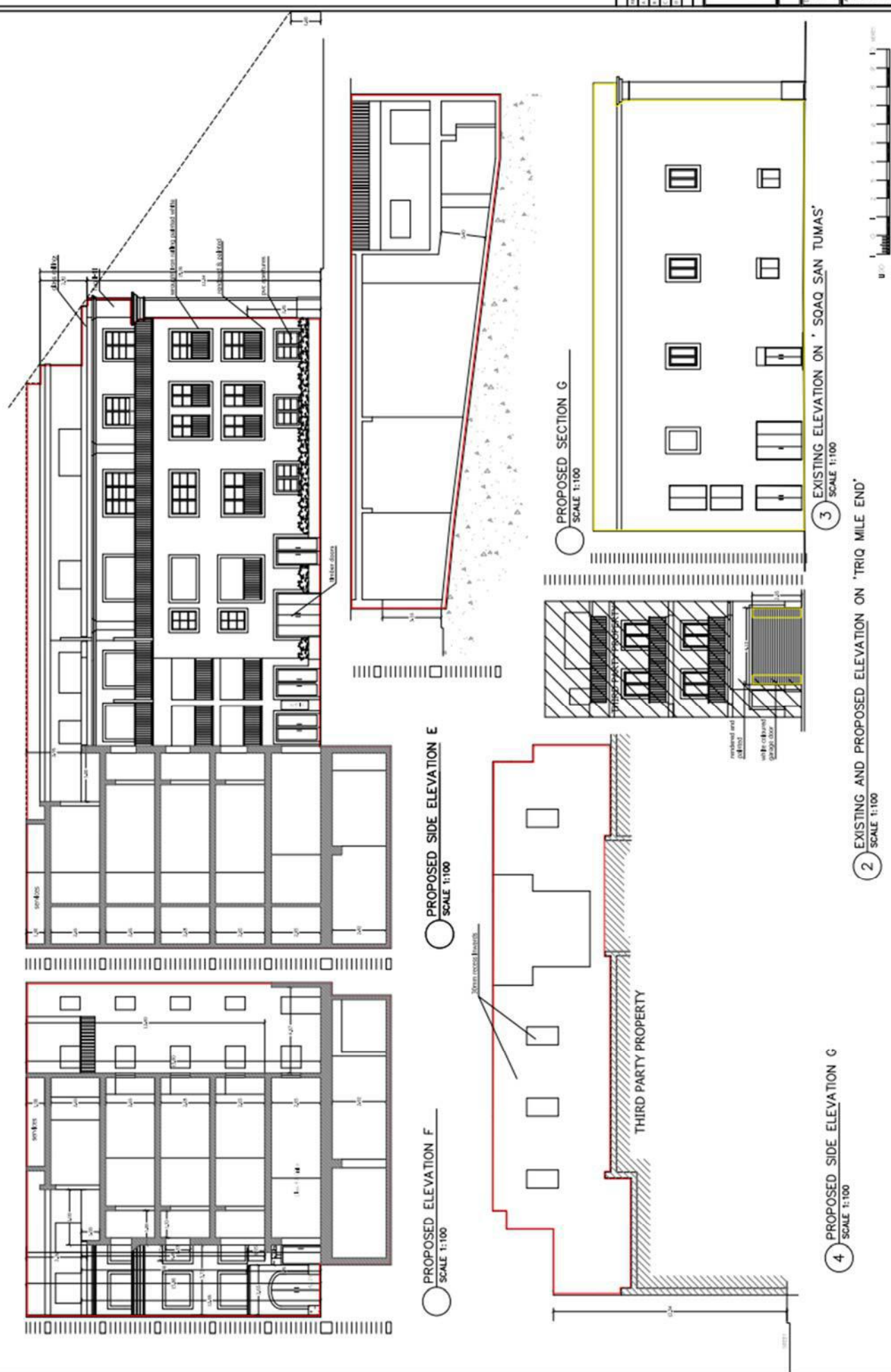
REVISIONS		DESCRIPTION
DATE	BY	

saplenza &amp; sullivan

**Architect: HOK**  
**Client: U.S. Army Corps of Engineers**  
**Location: New York, NY**  
**Program: Office Building**

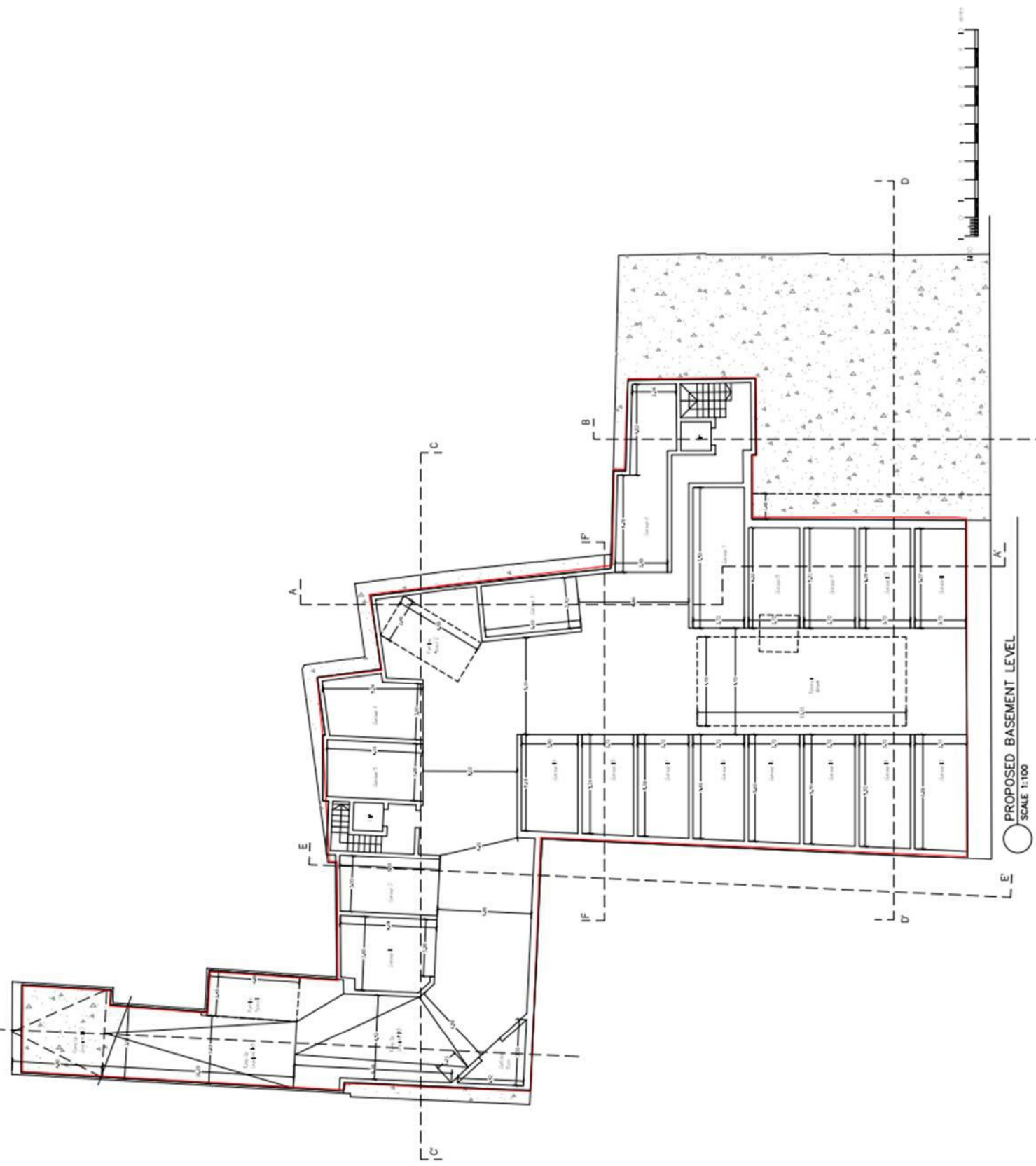
EXISTING AND PROPOSED SIDE  
ELEVATIONS / SECTIONS

Nos 797, 798, 799, 800, 801,  
Triq l-Kbira San Guzepp and  
Nos 11, 11a Sqaq San Tumas I,  
Triq Mile End, Hamrun

[illegible]

NOTES:  
 1. THE DRAWING IS THE PROPERTY OF THE ARCHITECT AND SHALL NOT BE REPRODUCED OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, WITHOUT THE WRITTEN PERMISSION OF THE ARCHITECT.  
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 3. THE ARCHITECT'S OFFICE SHALL NOT BE RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION PROVIDED BY THE CLIENT OR ANY OTHER SOURCE.

REVISIONS	
NO.	DATE
<b>sapienza &amp; sullivan</b> ARCHITECTS 1111 11th Avenue New York, NY 10019 Tel: 212 692 1234 Fax: 212 692 1235 Email: info@sapienzaandsullivan.com Website: www.sapienzaandsullivan.com	
<b>PROPOSED BASEMENT PLAN</b> Nos. 797, 799, 800, 801, Triq i-Klara San Geronz and Nos. 11, 11a Sqat San Tumas I, Triq Mile End, Hamrun	
PROJECT NO.	1111
DATE	11/11/2020
SCALE	1:100
DATE	11/11/2020
BY	1111
CHECKED BY	1111
DATE	11/11/2020
PROJECT NO.	1111
DATE	11/11/2020
SCALE	1:100
DATE	11/11/2020
BY	1111
CHECKED BY	1111
DATE	11/11/2020



PROPOSED BASEMENT LEVEL  
 SCALE 1:100

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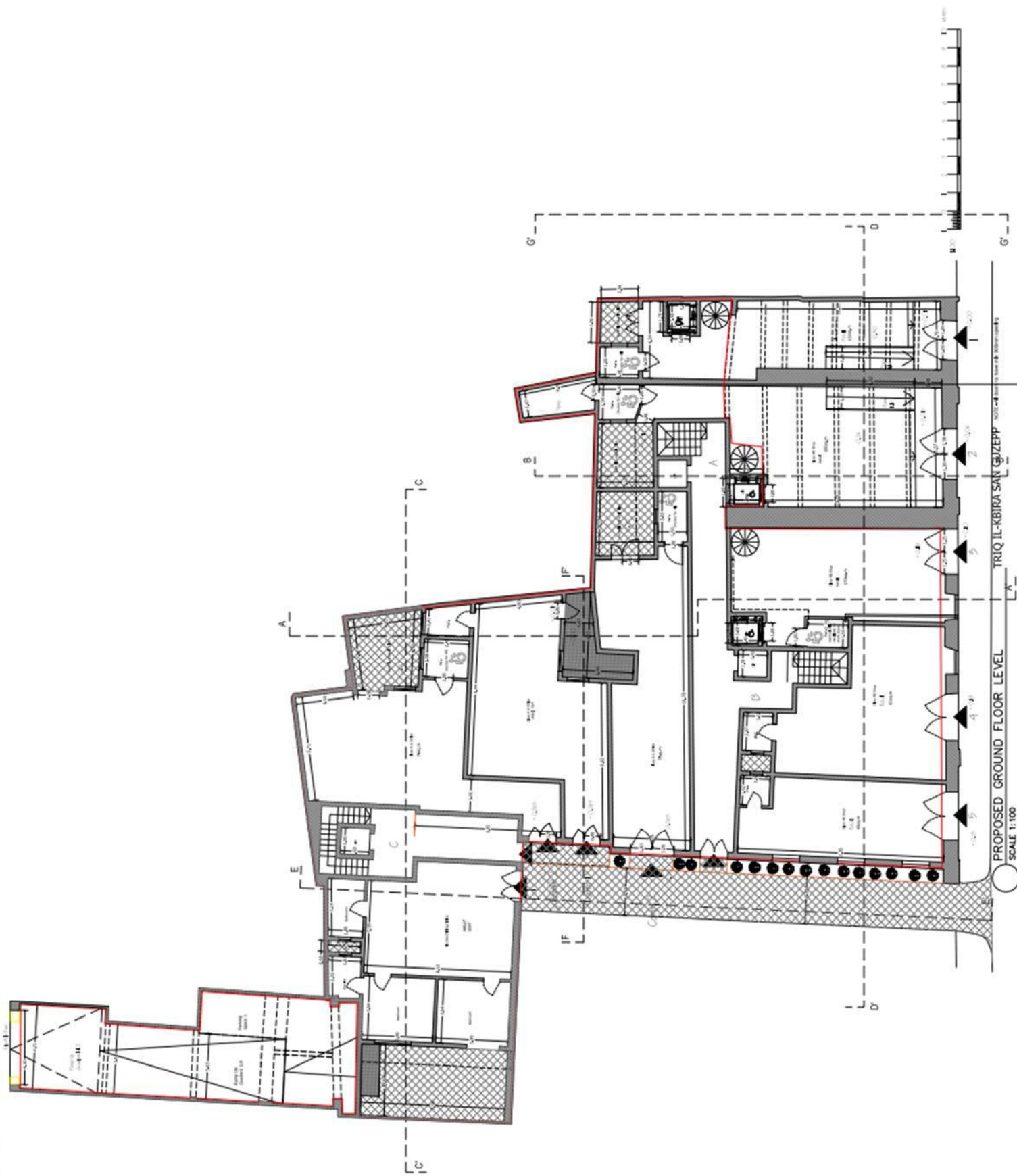
saplenza &amp; sullivan

American Society of Human Genetics  
 11 Dupont Circle, N.W.  
 Washington, D.C. 20036  
 Phone: 202/638-2600  
 Fax: 202/638-2601  
 E-mail: [info@ashg.org](mailto:info@ashg.org)

Not intended to be used for medical diagnosis or treatment.

### PROPOSED GROUND FLOOR PLAN

Nos 797, 798, 799, 800, 801,  
Trkq I-kbka San Guzepp and  
Nos 11, 11a Sqaq San Tumas /,  
Trkq Mlle End, Hamrun

[illegible]

PROPOSED GROUND FLOOR LEVEL

SCALE 1:100

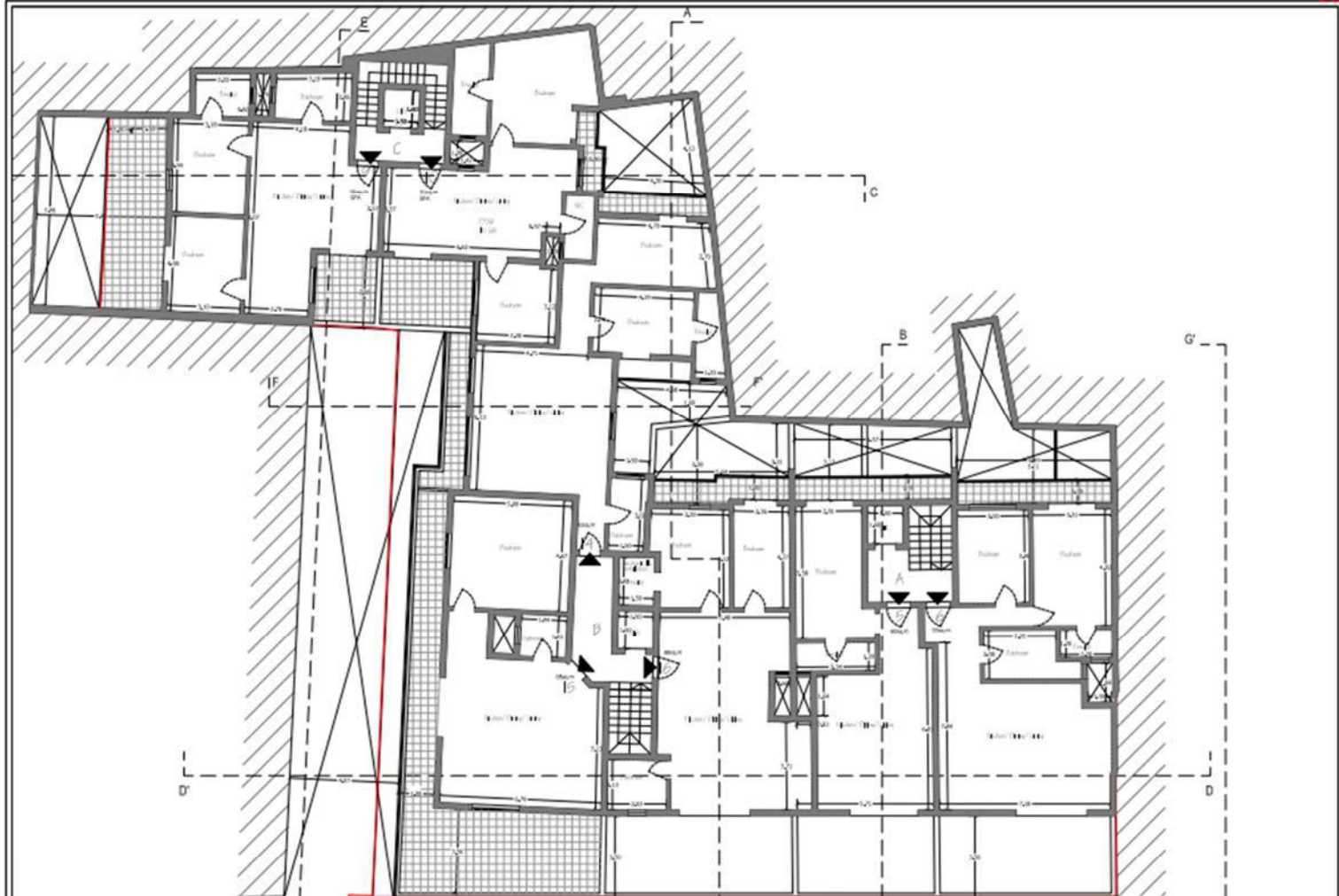
TRIQ IL-KBIRA SAN GUZEPP

11

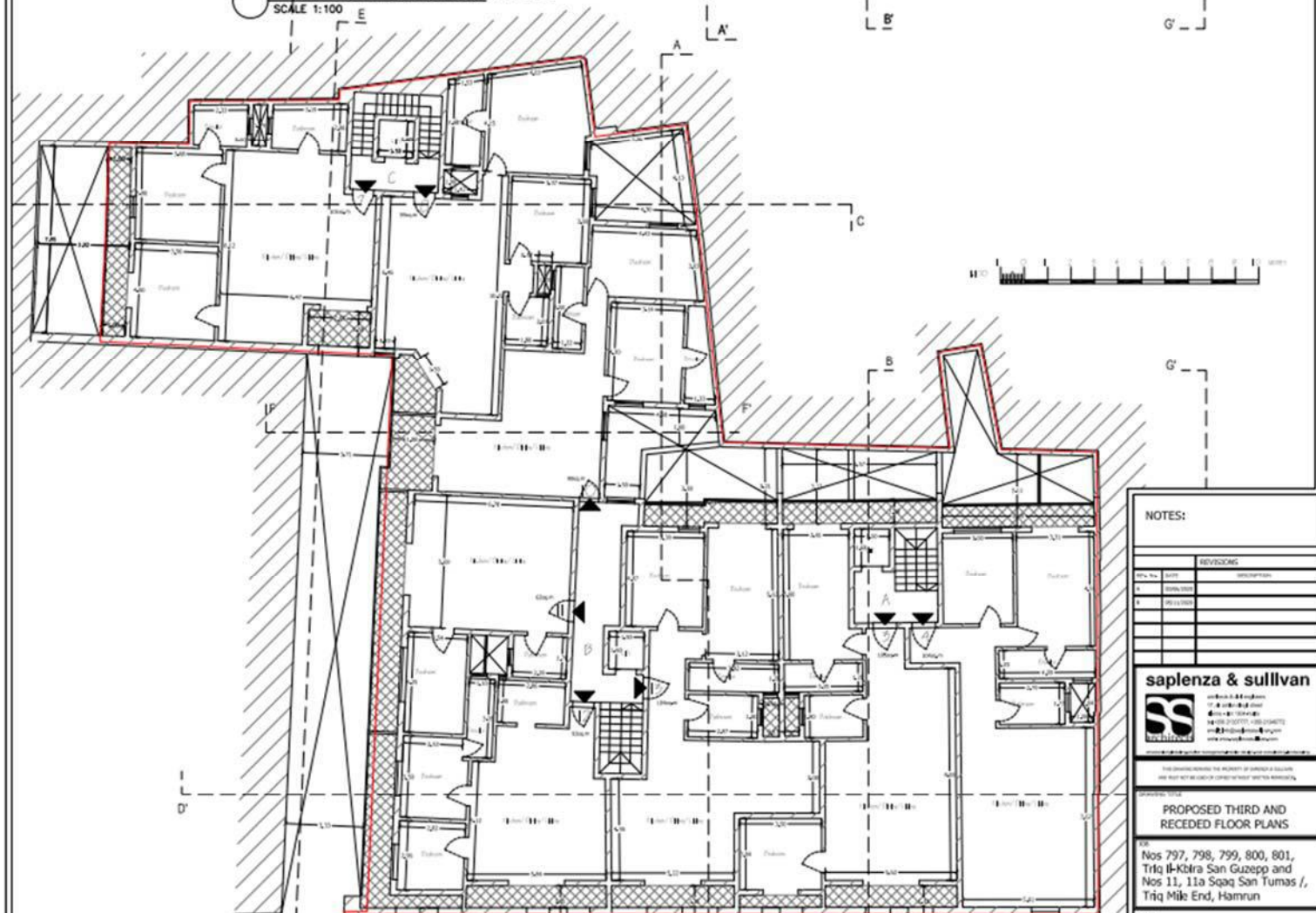








PROPOSED RECEDED FLOOR LEVEL  
SCALE 1:100



PROPOSED THIRD FLOOR LEVELS  
SCALE 1:100

NOTES:

REV.	DATE	REVISIONS
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2	02/02/2020	ISSUED FOR PERMIT



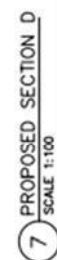
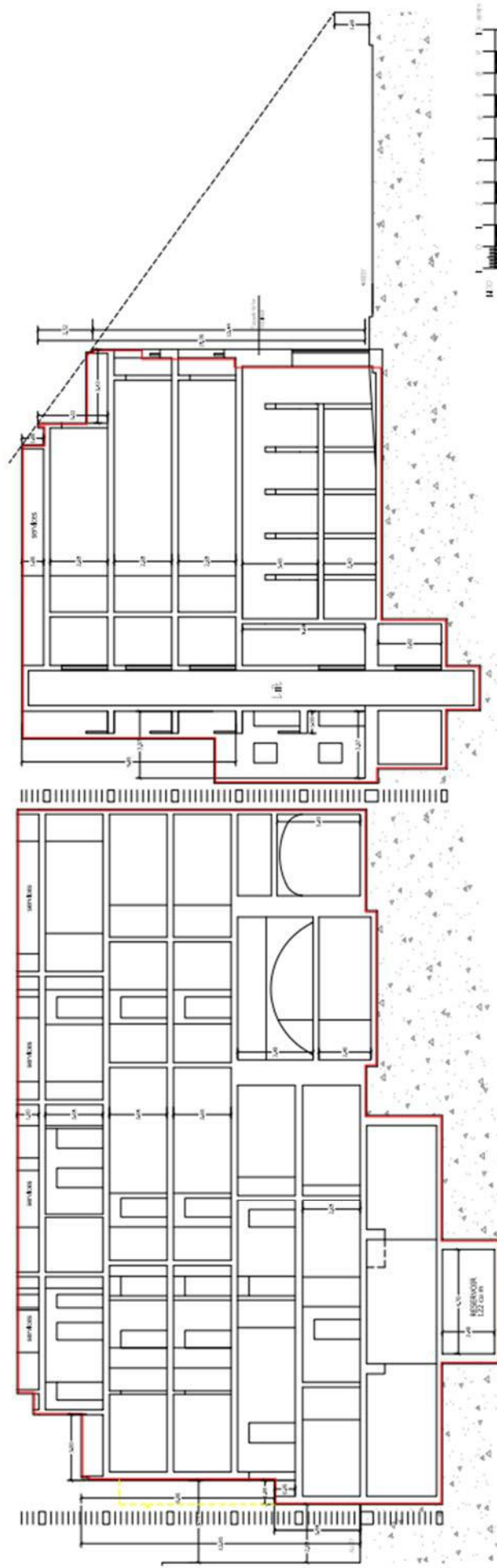
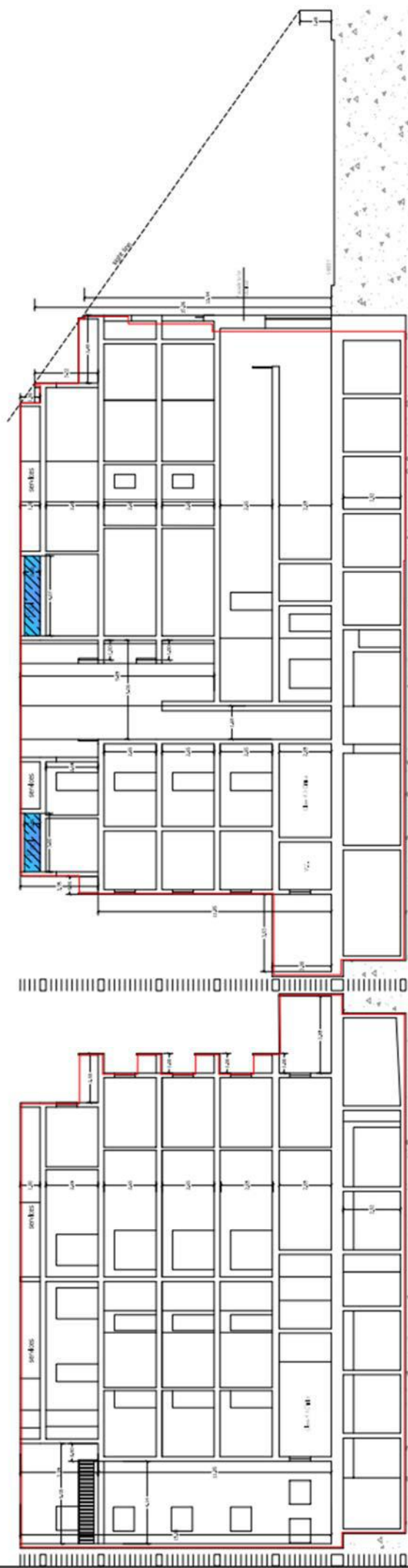
PROPOSED THIRD AND  
RECEDED FLOOR PLANS

Nos 797, 798, 799, 800, 801,  
Triq il-Kbir San Guzepp and  
Nos 11, 11a Sqaq San Tumas /  
Triq Mile End, Hamrun

PROJECT NO.	1043	CAD REFERENCE	1043-02
DATE	02/02/2020	DESIGNED BY	AS
DATE	02/02/2020	CHECKED BY	AS
DATE	02/02/2020	APPROVED BY	AS







REVISIONS		DATE		DESCRIPTION	
1					
2					
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## 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:

<b>Applicant/s</b>	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
<b>Application/s</b>	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;
<b>Application Form</b>	the form of application for subscription of Bonds, a specimen of which is contained in Annex IV of this Securities Note;
<b>Bond Issue Price</b>	the price of €100 per Bond;
<b>Business Day</b>	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
<b>CET</b>	Central European Time;
<b>CSD</b>	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;
<b>Cut-off Date</b>	close of business on 19 February 2021 (trading session of 17 February 2021);
<b>Existing Smartcare Prospects MTF Bondholders</b>	the holders of the 2019 Prospects MTF Bonds as at the Cut-off Date;
<b>Interest Payment Date</b>	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;
<b>Intermediaries' Offer</b>	shall have the meaning set out in sub-section 6.3 of this Securities Note;
<b>Issue Date</b>	expected on 21 April 2021;
<b>Issue Period</b>	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);
<b>MiFIR</b>	Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments;
<b>Redemption Value</b>	the nominal value of each Bond (€100 per Bond); and
<b>Terms and Conditions</b>	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](http://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 Second 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

<b>Amount:</b>	€13 million;
<b>Application Forms made available:</b>	10 March 2021;
<b>Bond Issue:</b>	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;
<b>Bond Issue Price:</b>	at par (€100 per Bond);
<b>Closing date for Applications to be received from Existing Smartcare Prospects MTF Bondholders:</b>	17 March 2021 at 12:00 hours CET;
<b>Denomination:</b>	Euro (€);
<b>Events of Default:</b>	the events listed in sub-section 6.14 of this Securities Note;
<b>Form:</b>	the Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
<b>Governing law and jurisdiction:</b>	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;
<b>Interest:</b>	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;
<b>Interest Payment Date:</b>	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);
<b>Intermediaries' Offer:</b>	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;
<b>ISIN:</b>	MT0002251214;
<b>Issue Period:</b>	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;
<b>Listing:</b>	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;
<b>Minimum amount:</b>	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.
<b>Minimum amount per Application:</b>	one thousand Euro (€1,000) and multiples of one hundred Euro (€100) thereafter per individual Bondholder;
<b>Plan of distribution:</b>	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;

<b>Preferred allocations:</b>	<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 (“<b>Cash Top-Up</b>”).</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) (“<b>2019 Prospects MTF Bond Transfer</b>”) 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>
<b>Redemption Date:</b>	22 April 2031;
<b>Redemption Value:</b>	at par (€100 per Bond);
<b>Status of the Bonds:</b>	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;
<b>Subscription:</b>	multiples of one hundred Euro (€100); and
<b>Underwriting:</b>	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)



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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**

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### **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,



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Nick Calamatta

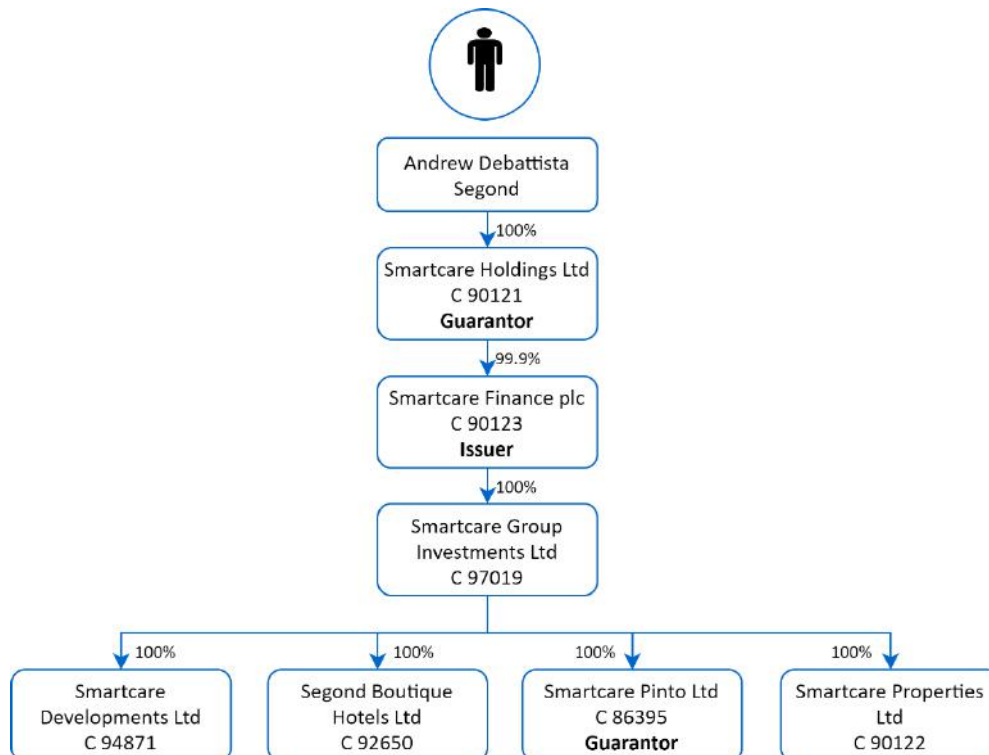
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## Part 1 - INFORMATION ABOUT THE GROUP

### 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' Gajdoru 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
<b>Total finance income</b>	<b>35</b>	<b>233</b>	<b>192</b>	<b>384</b>	<b>743</b>
Finance costs	(17)	(152)	(125)	(250)	(827)
<b>Net finance income</b>	<b>18</b>	<b>81</b>	<b>67</b>	<b>134</b>	<b>(84)</b>
Administrative expenses	(22)	(55)	(35)	(60)	(197)
Credit impairment loss	(1)	(3)	-	-	-
<b>Profit/(loss) before tax</b>	<b>(5)</b>	<b>23</b>	<b>32</b>	<b>74</b>	<b>(281)</b>
Income tax	-	-	-	(42)	-
<b>Profit/(loss) after tax</b>	<b>(5)</b>	<b>23</b>	<b>32</b>	<b>32</b>	<b>(281)</b>

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

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
<b>Cash flows from operating activities</b>					
Cash flows from operations	(4)	(30)	161	86	549
Taxation paid	-	-	-	(42)	-
Interest paid	-	-	-	(250)	(827)
<b>Net cash generated from/(used in) operating activities</b>	<b>(4)</b>	<b>(30)</b>	<b>161</b>	<b>(206)</b>	<b>(278)</b>
<b>Cash flows from investing activities</b>					
Investment in preference shares	-	-	-	-	(12,776)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,776)</b>
<b>Cash flows from financing activities</b>					
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
<b>Net cash generated from financing activities</b>	<b>131</b>	<b>36</b>	<b>(165)</b>	<b>202</b>	<b>13,096</b>
<b>Net movement in cash and cash equivalents</b>	<b>127</b>	<b>6</b>	<b>(4)</b>	<b>(4)</b>	<b>42</b>
<b>Cash and cash equivalents at the beginning of year</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>6</b>	<b>2</b>
<b>Cash and cash equivalents at the end of year</b>	<b>127</b>	<b>6</b>	<b>2</b>	<b>2</b>	<b>44</b>

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)
<b>Gross profit</b>	<b>(43)</b>	<b>125</b>	<b>625</b>	<b>1,148</b>	<b>3,092</b>
Administrative expenses	(130)	(324)	(288)	(659)	(875)
<b>EBITDA</b>	<b>(173)</b>	<b>(199)</b>	<b>337</b>	<b>489</b>	<b>2,217</b>
Depreciation	(110)	(251)	(128)	(238)	(504)
<b>EBIT</b>	<b>(283)</b>	<b>(450)</b>	<b>209</b>	<b>251</b>	<b>1,713</b>
Finance costs	(57)	(193)	(127)	(340)	(878)
<b>Profit/(loss) before tax</b>	<b>(340)</b>	<b>(643)</b>	<b>82</b>	<b>(89)</b>	<b>835</b>
Taxation	-	163	-	(96)	(288)
<b>Profit/(loss) after tax</b>	<b>(340)</b>	<b>(480)</b>	<b>82</b>	<b>(185)</b>	<b>547</b>

Ratio Analysis	June-19	FY19A	June-20	FY20F	FY21P
<b>Profitability</b>					
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%
Xaghra Project	-	142	2,332	1542.3%	4.7%	38.0%
	<b>569</b>	<b>3,053</b>	<b>6,138</b>	<b>101.0%</b>	<b>100%</b>	<b>100%</b>

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 Xaghra 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
<b>Assets</b>				
<b>Non-current assets</b>				
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
	<b>6,938</b>	<b>8,716</b>	<b>20,262</b>	<b>21,805</b>
<b>Current assets</b>				
Inventories	823	192	896	3,457
Trade and other receivables	562	1,523	721	768
Cash and cash equivalents	27	19	526	1,845
	<b>1,412</b>	<b>1,734</b>	<b>2,143</b>	<b>6,070</b>
<b>Total assets</b>	<b>8,350</b>	<b>10,450</b>	<b>22,405</b>	<b>27,875</b>
<b>Equity and liabilities</b>				
<b>Capital and reserves</b>				
Share capital	1	1	2,378	2,378
Retained earnings	(456)	(374)	(641)	(94)
Revaluation reserve	2,512	2,512	12,062	12,029
<b>Total equity</b>	<b>2,057</b>	<b>2,139</b>	<b>13,799</b>	<b>14,313</b>
<b>Non-current liabilities</b>				
Debt securities in issue	4,858	4,854	4,873	12,798
Long-term borrowings	667	1,774	2,959	-
	<b>5,525</b>	<b>6,628</b>	<b>7,832</b>	<b>12,798</b>
<b>Current liabilities</b>				
Trade and other payables	768	1,505	754	723
Tax payable	-	-	20	41
Short-term borrowings	-	178	-	-
	<b>768</b>	<b>1,683</b>	<b>774</b>	<b>764</b>
<b>Total liabilities</b>	<b>6,293</b>	<b>8,311</b>	<b>8,606</b>	<b>13,562</b>
<b>Total equity and liabilities</b>	<b>8,350</b>	<b>10,450</b>	<b>22,405</b>	<b>27,875</b>

Ratio Analysis	FY19A	June-20	FY20F	FY21P
<b>Financial Strength</b>				
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)
<b>Net cash flows generated from operating activities</b>	<b>(201)</b>	<b>(1,009)</b>	<b>6</b>	<b>(201)</b>	<b>(1,565)</b>
<b>Cash flows from investing activities</b>					
Goodwill at acquisition	(311)	(311)	-	-	-
Acquisition of property, plant and equipment	(696)	(4,171)	(1,288)	(2,258)	(1,933)
<b>Net cash flows used in investing activities</b>	<b>(1,007)</b>	<b>(4,482)</b>	<b>(1,288)</b>	<b>(2,258)</b>	<b>(1,933)</b>
<b>Cash flows from financing activities</b>					
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)	-	-
<b>Net cash flows generated from / (used in) financing activities</b>	<b>3,163</b>	<b>5,518</b>	<b>1,095</b>	<b>2,958</b>	<b>4,817</b>
<b>Movement in cash and cash equivalents</b>	<b>1,955</b>	<b>27</b>	<b>(187)</b>	<b>499</b>	<b>1,319</b>
Cash and cash equivalents at start of year	-	-	27	27	526
<b>Cash and cash equivalents at end of year</b>	<b>1,955</b>	<b>27</b>	<b>(160)</b>	<b>526</b>	<b>1,845</b>

Ratio Analysis	June-19	FY19A	June-20	FY20F	FY21P
<b>Cash Flow</b>					
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 Update<sup>1</sup>

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 Outlook<sup>2</sup>

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 2023<sup>3</sup>. 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.

<sup>1</sup> Central Bank of Malta – Economic Update 12/2020

<sup>2</sup> Central Bank of Malta – Economic Projections 2020 – 2022 (2020:4)

<sup>3</sup> 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.

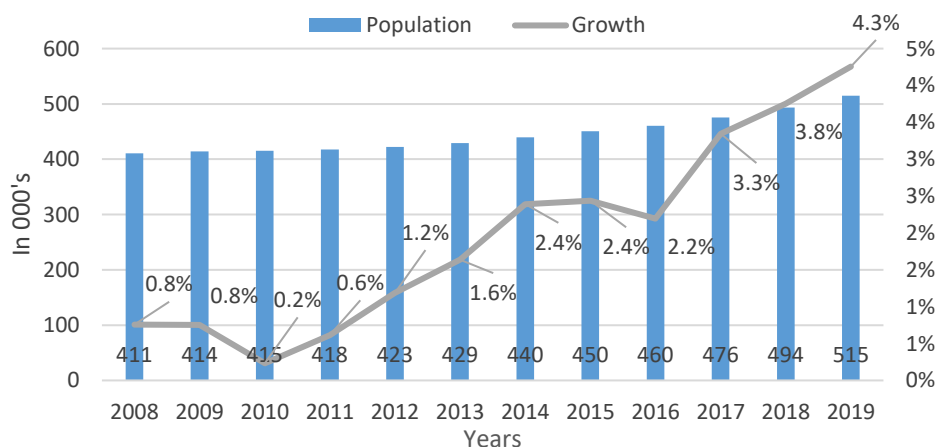
Public finances are expected to deteriorate in 2020 due to the decline in economic activity and the introduction of COVID-19 related fiscal support. The CBM is now projecting that the general government will record a deficit of 9.4% of GDP in 2020, having revised its economic growth projections downwards 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 industry<sup>4</sup>

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:



<sup>4</sup> 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 industries<sup>5</sup>

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 update<sup>6</sup>, 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)<sup>7</sup> issued a statement saying that property

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

<sup>6</sup> Central Bank of Malta – Economic Update 8/2020

<sup>7</sup> 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.

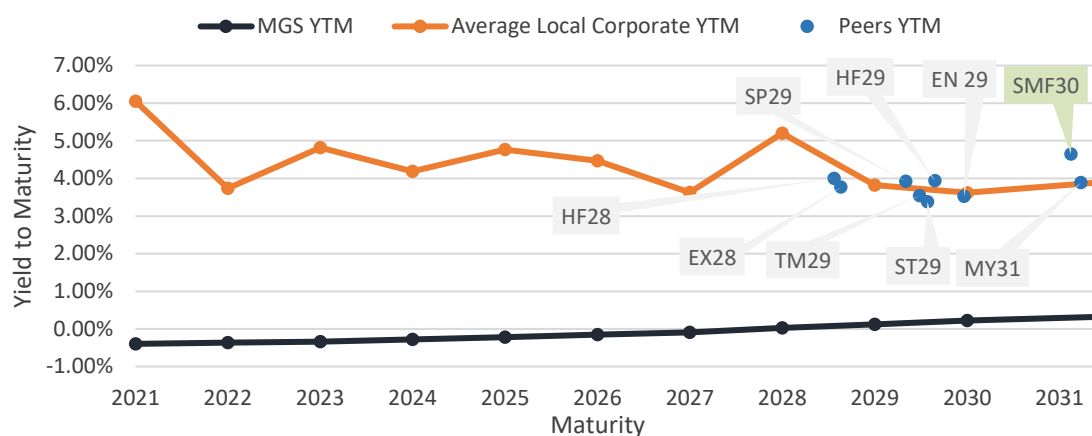
\* Last price as at 05/01/2021

\*\* 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 31<sup>st</sup> 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.
<b>Financial Strength Ratios</b>	
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.
<b>Other Definitions</b>	
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.

<b>A APPLICANT</b> (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>B TITLE</b> (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)			
<b>C ADDITIONAL (JOINT) APPLICANTS</b> (see note 3) (please use Addendum to Application Form if space is not sufficient)			
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	
DOCUMENT TYPE		I.D. CARD / PASSPORT NO.	
COUNTRY OF ISSUE		DATE OF BIRTH	
NATIONALITY			
<b>D DECISION MAKER/MINOR'S PARENTS/LEGAL GUARDIAN(S)</b> (see notes 4 and 7) (to be completed ONLY if applicable)			
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	
DOCUMENT TYPE		I.D. CARD / PASSPORT NO.	
COUNTRY OF ISSUE		DATE OF BIRTH	
NATIONALITY			
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	
DOCUMENT TYPE		I.D. CARD / PASSPORT NO.	
COUNTRY OF ISSUE		DATE OF BIRTH	
NATIONALITY			
<b>E I/WE APPLY TO PURCHASE AND ACQUIRE</b> (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)			
<b>F RESIDENT - WITHHOLDING TAX DECLARATION</b> (see note 10) (to be completed ONLY if the Applicant is a resident of Malta)			
<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)	
<b>G NON-RESIDENT - DECLARATION FOR TAX PURPOSES</b> (see note 12) (to be completed ONLY if the Applicant is a non-resident)			
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	
<b>H INTEREST, REFUND AND REDEMPTION MANDATE</b> (see notes 11 and 12) (completion of this panel is MANDATORY)			
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.