

SUMMARY

Dated 22 July 2022

This Summary is issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules issued by the Malta Financial Services Authority and of the Prospectus Regulation.

In respect of an issue of
€7,500,000 4.65% Secured Bonds 2032
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 Holdings Ltd (C 90121)

ISIN: MT0002251222

**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 Prospectus 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 Guarantor, as well as the Collateral granted by SPL, SBHL and SSL.*

THIS SUMMARY HAS BEEN APPROVED BY THE MFSA AS THE COMPETENT AUTHORITY IN MALTA UNDER THE PROSPECTUS REGULATION. THE MFSA 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/OR 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

in their capacity as Directors of Smartcare Finance p.l.c. and 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 Guarantor 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 Guarantor and the Bonds, summarised details of which are set out below:

Issuer	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 legal entity identifier number (LEI) 391200VICPFLUX5BL94
Address	326, Mdina Road, Qormi, Malta
Telephone number	+356 21449574
Website	www.smartcaremalta.com
Guarantor	Smartcare Holdings Limited (C 90121)
Nature of the securities	Secured Bonds up to a maximum amount of €7,500,000, bearing an interest rate of 4.65% <i>per annum</i> , payable annually in arrears on 23 August of each year until 23 August 2032
Collateral granted by SPL, SBHL and SSL	SPL, SBHL and SSL 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 II and the Deeds of Hypothec, 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
ISIN of the Bonds	MT0002251222
Competent authority approving the Prospectus	The Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Chapter 330 of the laws of Malta). The MFSA 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	Malta Financial Services Authority, Triq I-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 https://www.mfsa.mt/
Prospectus approval date	22 July 2022

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 Guarantor 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, 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

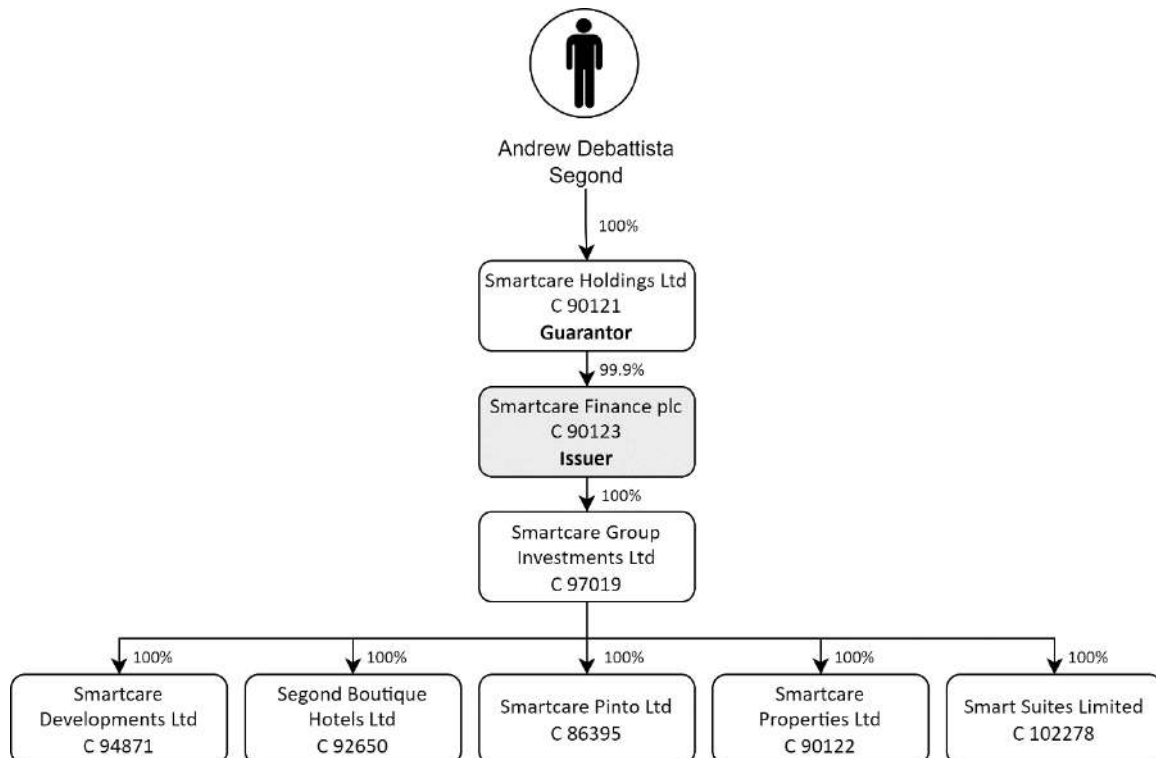
The Issuer is Smartcare Finance plc, a public company registered in terms of the Companies Act, with company registration number C 90123 and its registered office is at 326, Mdina Road, Qormi, Malta. The Issuer is incorporated and is domiciled in Malta. Its LEI number is 391200VICFPFLUX5BL94.

2.1.2 Principal activities of the Issuer

The Issuer was incorporated on 7 January 2019 as a public limited liability company. 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. The issue of bonds falls within the objects of the Issuer. The Issuer's intended purpose is to act as a financing company, serving as a vehicle through which the Smartcare Group will continue to finance its future projects. In this respect, the Issuer is economically dependent principally on the financial and operating performance of the businesses of the Smartcare Group entities, comprising the business of healthcare for the elderly, hospitality and real estate development. The Issuer operates exclusively in and from Malta.

2.1.3 Major shareholders

The authorised and issued share capital of the Issuer is €250,000 divided into 250,000 Ordinary shares of a nominal value of €1 each, being fully paid up and subscribed for, allotted and taken up by the Guarantor, other than 1 Ordinary share which is subscribed for, allotted and taken up by Mr Andrew Debattista Segond.



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 (Executive Director and Chairman), 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 years ended 31 December 2020 and 31 December 2021 were audited by Grant Thornton Malta of Fort Business Centre, Triq l-Intornjatur, Zone 1, Central Business District, Birkirkara CBD 1050, Malta. Grant Thornton Malta (accountancy board registration number AB/26/84/22) 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.	FY2021 €000s	FY2020 €000s	FY2019 €000s
Statement of Comprehensive Income			
Profit/(loss) after taxation	3	31	24
Balance Sheet			
Total assets	14,812	5,506	5,116
Cash Flow Statement			
Net cash from/(used in) operating activities	455	(371)	60
Net cash from/(used in) investing activities	(7,902)	616	(4,800)
Net cash from/(used in) financing activities	7,447	(250)	4,746

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:

2.3.1 Risks relating to the Issuer's reliance on the Smartcare Group

The Issuer itself does not have any substantial assets, apart from the shares held in SGIL, 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 Bond Obligations. 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.

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 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 The hotel industry could be adversely affected by natural disasters, infectious diseases (including COVID-19 pandemic and possible similar future outbreaks), 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. 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.

2.3.5 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.

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 2032 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €7.5 million. The Issue Date of the Bonds is expected to be 30 August 2022. 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 II. The Bond Issue is guaranteed by Smartcare Holdings Limited.

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: MT0002251222.

The Bonds are redeemable on 23 August 2032. The Bonds shall bear interest from and including 23 August 2022 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 23 August 2023 (covering the period 23 August 2022 up to and including 22 August 2023).

The Bonds, as and when issued and allotted, shall constitute the general, direct and unconditional obligations of the Issuer, as secured by means of the Collateral granted in terms of the Security Trust Deed II and shall be guaranteed in respect of both the interest due and the principal amount under the Bonds by the Guarantor jointly and severally. The Bonds shall at all times rank *pari passu*, without any priority or preference among themselves, but, in view of the fact that the Bonds shall be secured by the Collateral, shall rank with priority and preference over other present and future unsecured obligations of Smartcare Pinto Ltd, Segond Boutique Hotels

Limited and Smart Suites Limited, if any, save for such exceptions as may be provided by applicable law, and with ranking and priority over the Collateral.

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 Guarantor pursuant to the Guarantee in case of failure by the Issuer to pay any sum payable by it to Bondholders, and in accordance with the ranking specified in the Prospectus.

The Bonds are freely transferable and, once admitted to the Official List of the MSE, 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 upon original subscription of the Bonds. 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.

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 30 August 2022 and trading is expected to commence on 31 August 2022. 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 by the Guarantor, Smartcare Holdings Limited (C 90121). The Guarantor guarantees 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, undertakes 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 country of incorporation of the Guarantor

Smartcare Holdings Limited 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.

3.3.2 Key financial information of the Guarantor

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

Smartcare Holdings Ltd (Consolidated)	FY2021 €000s	FY2020 €000s	FY2019 €000s
Statement of Comprehensive Income			
Profit/(loss) after taxation	(279)	(75)	(480)
Balance Sheet			
Total assets	32,605	24,863	8,350
Cash Flow Statement			
Net cash from/(used in) operating activities	(3,042)	(126)	(3,610)
Net cash from/(used in) investing activities	(2,179)	(2,602)	(1,690)
Net cash from/(used in) financing activities	5,055	2,492	5,327

3.3.3 Key risks specific to the Guarantor

The risks of the Issuer are indirectly those of the Smartcare Group and, in turn, all risks relating to the Smartcare Group, including the Guarantor, 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 securities?

The most material risk factors specific to the Bonds are set out below:

- 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.
- Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.
- 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 I, the Security Property II and the Security Property III. 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.
- The Guarantee also entitles the Bondholders to take action against the Guarantor 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 Guarantor and, therefore, the level of recoverability by the Bondholders from the Guarantor of any amounts due under any of the Bonds, limited and dependent upon and is directly linked to the assets, the financial position and solvency of the Guarantor and the Group.

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

4.1 Under which conditions and timetable can I invest in these Bonds?

The issue and allotment of the Bonds is conditional upon: (i) the Guarantee being granted; (ii) the Collateral being constituted in favour of the Security Trustee in accordance with the provisions of the Security Trust Deed II; and (iii) 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.

4.1.1 Expected timetable of principal events

1	Closing date for Applications to be received from Existing Smartcare Bondholders	12 August 2022 at 12:00 CET
2	Intermediaries' Offer*	16 August 2022 - 19 August 2022 at 12:00 CET
3	Announcement of basis of acceptance through a company announcement	23 August 2022
4	Commencement of interest	23 August 2022
5	Refund of unallocated monies, if any	30 August 2022
6	Dispatch of allotment letters	30 August 2022
7	Expected date of admission of the Bonds to listing	30 August 2022
8	Issue date of the Bonds	30 August 2022
9	Expected date of commencement of trading in the Bonds	31 August 2022

*In the event that the total value of Applications received from Existing Smartcare Bondholders reaches €7,500,000, the Intermediaries' Offer will not take place. In the event that the Intermediaries' Offer does take place, the Issuer reserves the right to close the Intermediaries' Offer before 19 August 2022 at 12:00 CET in the event that the Bonds are fully subscribed prior to said date and time. In the eventuality that the Intermediaries' Offer does not take place or, if it does take place, it is closed early as aforesaid, some of the events set out above may be brought forward and the Issuer will issue a company announcement accordingly.

4.1.2 Allocation policy

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

- the total aggregate amount of €7,500,000 of the Bonds shall be allocated to Existing Smartcare Bondholders, *pari passu*, without priority or preference between them and in accordance with the allocation policy as determined by the Issuer; and
- in the event that following the allocations made pursuant to the preceding paragraph 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.

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 €7,100,000, will be utilised for the following purposes, in the following amounts and order of priority:

1. an amount of *circa* €1,280,000 of the Bond Issue net proceeds will be used by Smart Suites Limited for the purpose of financing the development and finishing of the Tower Road, Sliema hotel;
2. an amount of *circa* €2,250,000 of the Bond Issue net proceeds will be used by Smartcare Pinto Ltd for the purpose of financing the purchase of land and development and finishing costs in connection with the extension of the Care Home;
3. an amount of *circa* €1,400,000 of the Bond Issue net proceeds will be used by Smartcare Developments Ltd for the purpose of re-financing an existing facility taken out with Lombard Bank Malta plc prior to the date of the Prospectus for the purpose of financing the acquisition of land and development and finishing costs in connection with the Xaghra property development project; and
4. the remaining balance of net Bond Issue proceeds in an amount of *circa* €2,170,000 will be used for the general corporate funding purposes of the Group.

4.2.2 Underwriting

The Bond Issue is not underwritten.

4.2.3 Conflicts of interest

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.

REGISTRATION DOCUMENT

Dated 22 July 2022

This Registration Document is issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules issued by the Malta Financial Services Authority and of the Prospectus Regulation.

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€7,500,000 4.65% Secured Bonds 2032
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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 Holdings Ltd (C 90121)

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THE MFSA 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 WHATSOEVER 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

in their capacity as Directors of Smartcare Finance p.l.c. and 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 HOLDINGS LTD IN ITS CAPACITY AS GUARANTOR, IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES ISSUED BY THE MFSA, THE COMPANIES ACT AND THE PROSPECTUS REGULATION.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF 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 GUARANTOR OR THEIR RESPECTIVE DIRECTORS OR ADVISERS.

THE MFSA 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 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 ISSUER 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 GUARANTOR 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 APPLYING FOR ANY SUCH SECURITIES AND 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 MFSA IN SATISFACTION OF THE CAPITAL MARKETS 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 MFSA. 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 NAMED IN SUB-SECTION 4.4 OF THIS REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER 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:

2021 Smartcare Bonds	the €13,000,000 4.65% secured bonds 2031 (ISIN: MT0002251214) issued by the Issuer and listed and trading on the Official List of the Malta Stock Exchange pursuant to and in accordance with the terms and conditions set out in the 2021 Smartcare Prospectus (as defined immediately below). Further details on the 2021 Smartcare Bonds are set out in sub-section 5.1 of this Registration Document;
2021 Smartcare Prospectus	the prospectus dated 19 February 2021 published in connection with the issue by the Issuer of the 2021 Smartcare Bonds and setting out the terms and conditions thereof;
Act or Companies Act	the Companies Act (Chapter 386 of the laws of Malta);
Authorised Intermediaries	the licensed financial intermediaries whose details are listed in Annex II of the Securities Note forming part of the Prospectus;
Bond Issue or Issue	the issue of the Bonds;
Bond Obligations	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;
Bondholder	a holder of Bonds to be issued by the Issuer in terms of the Prospectus;
Bonds	a maximum of €7.5 million secured bonds due in 2032 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 Guarantor (as defined below);
Capital Markets Rules	the capital markets rules issued by the Malta Financial Services Authority, as may be amended and/or supplemented from time to time ;
Care Home	the Dar Pinto care home for the elderly situated at 326, Mdina Road, Qormi, Malta, as described in sub-section 5.4 of this Registration Document and, more specifically, in the property valuation report dated 1 July 2022, a copy of which is available for inspection as set out in section 16 of this Registration Document and which shall be deemed to be incorporated by reference in, and form part of, the Prospectus;
Collateral	<p>the following security rights granted by Smartcare Pinto Ltd, Segond Boutique Hotels Limited and Smart Suites Limited, respectively, in favour of the Security Trustee for the benefit of Bondholders:</p> <ul style="list-style-type: none"> • a first ranking special hypothec over the Security Property I (as defined below) up to an amount of €3,000,000 in favour of the Security Trustee in its capacity as trustee of the Smartcare Security Trust II pursuant to the terms of the Security Trust Deed II and the Deed of Hypothec I. Smartcare Pinto Ltd owns the Security Property I; • a first ranking special hypothec over the Security Property II (as defined below) up to an amount of €3,500,000 in favour of the Security Trustee in its capacity as trustee of the Smartcare Security Trust II pursuant to the terms of the Security Trust Deed II and the Deed of Hypothec II, together with a pledge over the proceeds from the insurance policy providing for the full replacement value of the Security Property II. Segond Boutique Hotels Limited owns the Security Property II; and • a first ranking special hypothec over the Security Property III (as defined below) up to an amount of €1,500,000 in favour of the Security Trustee in its capacity as trustee of the Smartcare Security Trust II pursuant to the terms of the Security Trust Deed II and the Deed of Hypothec III, together with a pledge over the proceeds from the insurance policy providing for the full replacement value of the

	Security Property III. Smart Suites Limited owns the Security Property III;
Deed of Hypothec I	a deed to be entered into on or around 29 August 2022 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 I which according to law requires the execution of a notarial deed;
Deed of Hypothec II	a deed to be entered into on or around 29 August 2022 by and between the Security Trustee, the Issuer and Segond Boutique Hotels Limited in the acts of Notary Sam Abela whereby Segond Boutique Hotels Limited constitutes in favour of the Security Trustee that part of the Collateral over the Security Property II which according to law requires the execution of a notarial deed;
Deed of Hypothec III	a deed to be entered into on or around 29 August 2022 by and between the Security Trustee, the Issuer and Smart Suites Limited in the acts of Notary Sam Abela whereby Smart Suites Limited constitutes in favour of the Security Trustee that part of the Collateral over the Security Property III which according to law requires the execution of a notarial deed;
Deeds of Hypothec	collectively, Deed of Hypothec I, Deed of Hypothec II and Deed of Hypothec III;
Directors or Board	the directors of the Issuer whose names are set out in sub-section 4.1 of this Registration Document;
Euro or €	the lawful currency of the Republic of Malta;
Exchange or Malta Stock Exchange or MSE	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;
Financial Analysis Summary	the financial analysis summary dated 22 July 2022 compiled by the Sponsor in line with the applicable requirements of the MFSA Listing Policies, a copy of which is set out in Annex III of the Securities Note forming part of the Prospectus;
Guarantee	the guarantee dated 22 July 2022 granted by the Guarantor as security for the punctual performance of all the obligations undertaken by the Issuer under the Bonds and, without prejudice to the generality of the foregoing, the undertaking on the part of the Guarantor to pay all amounts of principal and interest which may become due and payable by the Issuer to Bondholders under the Bonds, within 60 days from the date such amount falls due and remains unpaid by the Issuer. A copy of the Guarantee and a description of the nature, scope and terms of the Guarantee are appended to the Securities Note forming part of the Prospectus as Annex I thereto;
Guarantor or Smartcare Holdings Ltd or SHL	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 the parent company of the Group and is acting as Guarantor in terms of the Guarantee;
Issuer or Company	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;
Memorandum and Articles of Association or M&As	the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus, and the terms “Memorandum of Association” and “Articles of Association” shall be construed accordingly;
MFSA	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Chapter 330 of the laws of Malta) in its capacity as the competent authority in terms of the Financial Markets Act (Chapter 345 of the laws of Malta) authorised to approve prospectuses and admissibility to listing and to monitor and supervise local regulated

	markets and participants thereof falling within the regulatory and supervisory remit of the MFSA;
MSE Bye-Laws	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;
Official List	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the MSE Bye-Laws;
Prospectus	collectively, the Summary, this Registration Document and the Securities Note published by the Issuer all dated 22 July 2022 as such documents may be amended, updated, replaced and supplemented from time to time;
Prospectus Regulation	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, and in accordance with the provisions of Commission Delegated Regulation No. 2019/979 and Commission Delegated Regulation No. 2019/980 issued thereunder;
Redemption Date	23 August 2032;
Registration Document	this document in its entirety issued by the Issuer dated 22 July 2022, forming part of the Prospectus;
Securities Note	the securities note issued by the Issuer dated 22 July 2022, forming part of the Prospectus;
Security Property I	the immovable property comprising the Care Home, owned by Smartcare Pinto Ltd;
Security Property II	the immovable property comprising a separate wing (wing 1) forming part of the Segond Boutique Hotel, owned by Segond Boutique Hotels Limited, as better described in the property valuation report dated 1 July 2022, a copy of which is available for inspection as set out in section 16 of this Registration Document and which shall be deemed to be incorporated by reference in, and form part of, the Prospectus;
Security Property III	the immovable property situated at 73, Tower Road, Sliema, Malta, owned by Smart Suites Limited, as better described in sub-section 5.5.4 of this Registration Document and, more specifically, in the property valuation report dated 1 July 2022, a copy of which is available for inspection as set out in section 16 of this Registration Document and which shall be deemed to be incorporated by reference in, and form part of, the Prospectus;
Security Trust Deed II	the security trust deed to be entered into on or around 29 August 2022 by and between the Issuer, Smartcare Pinto Ltd, Segond Boutique Hotels Limited, Smart Suites Limited and the Security Trustee in connection with the granting of the Collateral;
Security Trustee	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 II pursuant to the terms of the Security Trust Deed II;
Segond Boutique Hotel	the Segond Boutique Hotel situated in Xagħra, Gozo, as described in sub-section 5.5.2 of this Registration Document and also in the property valuation report dated 1 July 2022, a copy of which is available for inspection as set out in section 16 of this Registration Document and which shall be deemed to be incorporated by reference in, and form part of, the Prospectus;
Segond Boutique Hotels Limited or SBHL	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;

Smart Suites Limited or SSL	Smart Suites Limited, a private limited liability company registered and existing under the laws of Malta with company registration number C 102278 and having its registered office situated at The Segond, Triq ta' Gajdoru c/w Triq il-Komittiva, Xagħra (Gozo) XRA 2543, Malta;
Smartcare Developments Ltd	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;
Smartcare Group Investments Ltd or SGIL	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;
Smartcare Group or Group	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, SBHL, Smartcare Developments Ltd and Smartcare Properties Limited, principally involved in the business of healthcare for the elderly, hospitality and real estate development;
Smartcare Pinto Ltd or SPL	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;
Smartcare Properties Limited	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;
Smartcare Security Trust II	the trust established in virtue of the Security Trust Deed II, which deed is available for inspection at the registered office of the Issuer as set out in section 16 of this Registration Document;
Sponsor, Manager & Registrar	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
Summary	the summary issued by the Issuer dated 22 July 2022, forming part of the Prospectus.

All 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 ISSUER.

SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND NEITHER THE ISSUER NOR THE GUARANTOR IS 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, THE GUARANTOR'S AND THE GROUP'S BUSINESS, TRADING PROSPECTS, RESULTS OF OPERATIONS AND FINANCIAL CONDITION AND, CONSEQUENTLY, ON THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE SECURITIES TO BE ISSUED IN TERMS OF THE PROSPECTUS AND OF THE GUARANTOR TO HONOUR ITS OBLIGATIONS UNDER THE GUARANTEE.

THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS OF THE ISSUER AS AT THE DATE OF THE PROSPECTUS, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER AND THE GUARANTOR MAY FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S 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 GUARANTOR.

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 GUARANTOR, 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 Guarantor's 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", "should", "expect", "intend", "plan", "estimate", "anticipate", "believe", "forecast", "project" 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 Guarantor's control. Important factors that could cause actual results to differ materially from the expectations of the Issuer's directors include those risks identified under the heading "Risk Factors" and elsewhere in the Prospectus.

The Issuer cautions 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 Guarantor 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 Guarantor's 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 of the Prospectus. Subject to applicable legal and regulatory obligations, the Issuer and its 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, apart from the shares held in SGIL, 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 Bond Obligations. 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.

The interest and dividend 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; the terms of agreements to which they are or may become party; or 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 Guarantor) and its business

2.3.1 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 are 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 Active Ageing and Community Care department 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.

2.3.2 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.

2.3.3 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 Guarantor's ability to fulfil their respective obligations under the Bonds.

2.3.4 Labour force supply

A major challenge for the healthcare sector is labour force supply. 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.

2.3.5 The hotel industry could be adversely affected by natural disasters, infectious diseases (including COVID-19 pandemic and possible similar future outbreaks), 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.

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.

The ongoing COVID-19 pandemic and any possible future outbreaks of viruses may have a significant adverse effect on the Group. A spread of such diseases amongst the residents and/or employees of the Group, as well as any quarantines affecting the residents and/or employees of the Group or the Group's facilities, may affect the Group's operations, including pursuant to a reduction in the possibility of the Group's personnel to carry out their work effectively.

2.3.6 Risks specific to property development and realisation of benefits expected from property investments

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.

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.

2.3.7 Property valuation

The property valuation reports referred to in section 14 of this Registration Document are prepared by independent qualified architects in accordance with the valuation standards published by the Royal Institution of Chartered Surveyors (RICS). In providing a market value of each of the Security Property I, the Security Property II and the Security Property III, each of the independent architects have 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.

2.3.8 The Group may not be able to obtain the capital it requires for development or improvement of existing or new properties on commercially reasonable terms, or at all

The Group's ability to implement its business strategies is dependent upon, amongst other things, its ability to generate sufficient funds internally and to access external financing at acceptable costs. No assurance can be given that sufficient financing for its current and future investments will be available on commercially reasonable terms or within the timeframes required by the Group, also taking into account the need, from time to time, for the Group's properties to undergo renovation, refurbishment or other improvements. Any weakness in the capital markets may limit the Group's ability to raise capital for completion of projects that have commenced or for development of future investments. Failure to obtain, or delays in obtaining, the financing required to complete current or future developments on commercially reasonable terms, including increases in borrowing costs or decreases in loan funding, may limit the Group's growth and materially and adversely affect its business, financial condition, results of operations and prospects.

Specifically, as regards development projects, delays in the time scheduled for completion of Group projects may also cause significant delays in the tempo of the revenues forecasted by the Group to be generated from such projects, which can have a significant adverse impact on the Group's financial condition and cash flows in future.

3 PERSONS RESPONSIBLE & AUTHORISATION STATEMENT

3.1 Persons responsible

This Registration Document includes information prepared in compliance with the Capital Markets Rules issued by the MFSA for the purpose of providing Bondholders with information with regard to the Issuer and the Guarantor. 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 MFSA as the competent authority in Malta for the purposes of the Prospectus Regulation. The MFSA has only approved 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

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 five 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 Rule 5.119 of the Capital Markets 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 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.

Sandro Grech; Independent, non-Executive Director

Sandro is a warranted certified accountant and auditor with over thirty 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 of 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 Guarantor

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:

Mr Andrea Sultana; Group Chief Executive Officer

Andrea obtained an international Diploma from Cambridge College in Sales and Management Marketing, has over fifteen years of experience in managerial roles, principally working for IT sales companies, and over five years of experience in a C-level role with a listed Maltese IT company. Andrea joined the Group in April 2022 and from the outset put his vast skill-set at the disposal of the Group's management team, drawing upon his strong understanding in financial and budgeting reporting and keen interest in governance and business development.

Mr Chris Camilleri; Group Chief Financial Officer

Following his studies Chris qualified in ACCA and today occupies the role of Chief Financial Officer of the Smartcare Group, a role he has held since joining the Group in January 2020. Prior to joining the Group Chris worked as a senior accountant with a local advisory firm servicing clients across a wide spectrum of corporate segments.

Ms Natalie Micallef; Head of Clinical Services

Natalie graduated from the University of Malta in 2012 with a first-class degree in Nursing Studies from the Faculty of Health Sciences and she obtained a post graduate Diploma in Respiratory Medicine at the University of South Wales, in 2020. She is currently reading for a Masters of Arts in Ageing and Dementia Studies with the University of Malta, expected to graduate in 2023. Natalie 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, Natalie also served as an IVI assessor of staff nurses working at Mater Dei Hospital. She has been occupying the position of Head of Clinical Services within SPL since October 2018.

Mr Erich Vassallo; Care Home Manager

Erich obtained a diploma in nursing from the Institute of Health Care in 1996. He obtained a Masters degree in Healthcare Management and Leadership from Idea Leadership and Management Institute in 2021. Erich was 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. He has been occupying the position of Head of Home within SPL since October 2018.

Mr Ronald Galea; General Manager Hotel Operations

Ronald joined the Group in September 2021 as General Manager of The Segond Boutique Hotel. Prior to taking on this role with the Group, Ronald held various managerial roles with private companies operating in various sectors, most recently as commercial and operations manager with a fast-moving-consumer-goods operator for over 5 years.

The Directors believe that the Group's present management organisational structures are adequate for the current activities of the Issuer and the Group generally. The Directors will maintain these structures under continuous review to ensure that they meet the changing demands of the Group's business and to strengthen the checks and balances necessary for optimum corporate governance and maximum operational efficiency.

4.4 Advisers to the Issuer

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: Grant Thornton Malta
Address: Fort Business Centre, Triq l-Intornjatur, Zone 1, Central Business District, Birkirkara CBD 1050, 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 Guarantor. Additionally, save for the terms of engagement relative to their respective

services provided in connection with the application for admissibility to listing of the Bond Issue, no material transactions have been entered into by the Issuer or the Guarantor 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: Grant Thornton Malta
Address: Fort Business Centre, Triq l-Intornjatur, Zone 1,
Central Business District, Birkirkara CBD 1050, Malta

The annual statutory financial statements of the Issuer and the Guarantor 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 the Issuer and the Guarantor for the financial years ended 31 December 2020 and 31 December 2021 have been audited by Grant Thornton Malta. Grant Thornton Malta (accountancy board registration number AB/26/84/22) 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 GUARANTOR

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 information on the Issuer's website does not form part of the Prospectus, unless that information is incorporated by reference into the Prospectus.*

The Issuer was registered in Malta as a public limited liability company on 7 January 2019 and 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 Company, present and future.

As at the date of the Prospectus, 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, hospitality 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 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 two bonds, one of which is currently listed and trading on the Official 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 (ISIN: MT0002251206) of a nominal value of €100 per bond bearing an interest rate of 5% *per annum*, issued at par pursuant to a company admission document dated 28 May 2019. The said Prospects MTF Bonds issued by the Issuer in 2019 were redeemed in full on the 30 March 2021, in furtherance of the issue of the 2021 Smartcare Bonds as detailed in the 2021 Smartcare Prospectus.

In March 2021, the Company issued to the public in Malta and listed on the Official List of the Malta Stock Exchange €13,000,000 secured bonds due in 2031 of a nominal value of €100 per bond bearing an interest rate of 4.65% *per annum*, issued at par and redeemable on 22 April 2031 at their nominal value, pursuant to the terms and conditions set out in the 2021 Smartcare Prospectus. The 2021 Smartcare Bonds (ISIN: MT0002251214) are guaranteed jointly and severally by the Guarantor and SPL and are secured by the following security rights: (i) a first ranking special hypothec over the Security Property I up to the amount of €13,000,000; (ii) a pledge by SGIL over all of its shares held in Smartcare Pinto Ltd; and (iii) a pledge over the proceeds from the insurance policy providing for the full replacement value of the Security Property I, details of which security rights are set out in the 2021 Smartcare Prospectus. The first €5,000,000 of net proceeds raised pursuant to the issue of the 2021 Smartcare Bonds were used by the Issuer to finance the redemption of the outstanding amount of €5,000,000 5% 2019 Prospects MTF bonds referred to above. As at the date of this Registration Document, the amount of €13,000,000 of the 2021 Smartcare Bonds remains outstanding.

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 Guarantor

Full legal and commercial name of the Guarantor:	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

**The information on the Guarantor's website does not form part of the Prospectus, unless that information is incorporated by reference into the Prospectus.*

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 €2,374,526 divided into 2,374,526 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 Guarantor in terms of the issue of the 2021 Smartcare Bonds

In terms of the 2021 Smartcare Prospectus regulating the terms and conditions of the 2021 Smartcare Bonds issued by the Issuer, SHL stands surety jointly and severally with SPL and with the Issuer and irrevocably and unconditionally guaranteed the due and punctual performance of all obligations undertaken by the Issuer under the 2021 Smartcare Bonds and, accordingly, undertook to each holder of the 2021 Smartcare 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 2021 Smartcare Prospectus as and when the same shall become due, SHL will (on a joint and several basis with SPL) 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 2021 Smartcare Bonds. The obligations of SPL and SHL under the guarantee dated 19 February 2021 shall remain in full force and effect until no sum remains payable to any holder of the 2021 Smartcare Bonds.

5.4 Overview of the Group's business

Mr Andrew Debattista Segond incorporated 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 and the hospitality sector. In this regard, Smartcare Pinto Ltd was incorporated in May 2018, intended to be the owner and operator of the Care Home. In July 2019 SHL was incorporated with a view to owning and operating the Segond Boutique Hotel. 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 the operating company Smartcare Pinto Ltd, owns and currently operates a 131 long-term care bed old people's home, Dar Pinto, situated in Qormi through a private-public partnership agreement with the Active Ageing and Community Care department.

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 receded 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, also resulting in additional beds. Although the Care Home holds a permit to operate 148 beds, as at the date of this Registration Document the Care Home operates 131 beds.

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 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.

Pursuant to the issue of the 2021 Smartcare Bonds, the property adjacent to the Care Home was acquired by SPL for the purposes of extending the footprint of the Care Home, so as to operate 185 beds following the completion of the extension. The construction and the development of the extension is currently underway with the target to complete *circa* by Q4 2022.

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

5.5 Principal investments of the Group

5.5.1 Extensions to the Care Home

In 2020 SPL was granted approval (PA/01258/20) to extend the Care Home into an adjacent plot on Mdina Road, Qormi, which extension is intended to cater for an additional 23 rooms and 37 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 23 rooms and related public areas.

This development, associated with the acquisition of two adjacent properties in Mdina Road, Qormi, is covered by a valid and approved planning permit. On 13 May 2021, SPL completed the acquisitions of each of said adjacent properties and development of the said properties started in November 2021. Construction works in respect of said extension have been completed and the ancillary finishing and furnishing works are currently underway and due to be completed by Q4 2022, meaning that the additional beds are expected to be operational immediately thereafter.

Additionally, to the foregoing, SPL intends to carry out a further extension to the Care Home. In this regard, on 21 December 2021, SPL has submitted a planning application (PA/02321/22) seeking to further extend the Care Home into another two adjacent plots on Mdina Road, which new extension would cater for an additional 28 beds in total. Specifically, the application provides for the demolition of the ground and first floor level of the Care Home, with a different layout from that previously approved, and an extension at ground, first, second, third, fourth and fifth floor levels to create rooms to cater for an additional 28 beds, to bring the total number of beds in the Care Home to 213 beds.

On 28 October 2021 and 9 March 2022, respectively, SPL entered into promise of sale agreements in connection with the acquisition of each of said adjacent properties, which promise of sale agreements are valid till 30 October 2022 and 9 March 2023 (or two months after the relative permit is obtained, whichever is earlier), respectively. The relative final deeds of acquisition are expected to be entered into immediately following the Bond Issue. 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 all of the extension works. This further extension of the Care Home is due to be completed by Q4 2023.

The aggregate costs associated with this latest proposed extension, including purchase of the adjacent sites and constructions and finishing works, are estimated to be €2,250,000 and 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 first extension to the Care Home is estimated to increase the value of the Security Property I to €16.8 million, while the second extension (including the value of the two adjoining properties on Mdina Road) is estimated to increase the value of the Security Property I to €19.5 million. Furthermore, the market value is expected to reach €20.5 million at stabilised operations.

5.5.2 Segond Boutique Hotel

The Group, through Segond Boutique Hotels Limited, owns land in Xagħra, Gozo and in 2021 completed the development and construction of The Segond Boutique Hotel. The hotel, which has a total of 51 double rooms, consisting of 14 large suites, which include a jacuzzi or pool, and 37 double rooms, opened its doors to the public and commenced operations in January 2022.

The hotel is situated on two sites along two adjoining streets in Xagħra, Gozo. The sites together have total footprint of *circa* 892 square metres. One site is situated on Triq il-Kommitiva while the other site is situated on Triq ta' Gajdor.

The site situated on Triq il-Kommitiva has a total of 6 floors, including basement and a setback level, with a total of 30 rooms. The basement provides for 5 car parking spaces together with areas allocated for a bathroom and staff changing rooms. The hotel's facilities include 2 reception areas, bar area, restaurant and bar which doubles up as a breakfast room, seating area, luggage room and a roof-top pool.

The other site situated on Triq ta' Gajdor is spread over four floors, including a basement, which basement is used as a storage space and includes bathroom facilities. This part of the hotel has a total of 21 rooms.

5.5.3 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 will consist of a mix of 1 bedroom, 2 bedroom, 3 bedroom apartments 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 works commenced in January 2021 and the entire project is estimated to be completed in 2022.

The total development cost, including demolition, construction and finishing, is estimated to be in the region of €1,300,000.

5.5.4 Tower Road, Sliema Hotel

In August 2021, Smartcare Properties Ltd entered into a promise of sale agreement to acquire a 65-year temporary emphyteusis from the Archdiocese of Malta on a property situated at 73, Tower Road, Sliema, Malta. As per promise of sale, the final deed of emphyteusis is to be signed within three months of the issue of the development permit, which was issued on 18 May 2022.

Pursuant to the aforementioned promise of sale agreement, Smartcare Properties Ltd submitted a planning application to demolish the existing dwelling and to construct a restaurant Class 4D at ground and first floor level and an overlying Class 3A guest house with a total of 14 rooms. It is the Group's intention to develop the hotel into 12 standard rooms, one suite and one penthouse suite. Of these, 6 rooms and the penthouse shall have an indoor pool. The relative planning permit was approved in May 2022.

On 20 October 2021, Smart Suites Limited entered into a contract of works agreement with Smart Homes Limited (C 35565) for the latter to carry out civil and buildings works, and all other works required to render the hotel into a finished state within 21 months from commencement date. Development works are expected to be completed by December 2023 and the hotel is expected to commence operations as from 1 January 2024.

The completion costs are estimated to be €1,280,000 and 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.

5.5.5 Hamrun development

In December 2021, the Group acting through Smartcare Developments Ltd acquired a block of buildings forming part of the Roxy Home Furnishings complex situated in Saint Joseph High Road, Hamrun, with its underlying land and overlying roof and airspace, numbered 797, 798, 799, 800 and 801, the latter extending above and also including the airspace overlying the adjacent properties numbered 802 and 803. The properties acquired include two doors numbered 11 and 11A in Saint Thomas Alley, Hamrun and one-half undivided share of the alley.

In January 2021, a full development permit was granted to demolish part of the existing showroom building, retaining the façade and the large internal arches, to dismantle and incorporate the existing smaller arches into the proposed building, to excavate one level over a portion of the site, for the construction of basement parking and 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. The residential part of the development will be offering a mix of one-bedroom, two-bedroom and penthouse units.

Works on the development commenced in 2021 and are estimated to be completed in 2023.

5.5.6 Pieta', Birzebbuga and Zejtun developments

In April 2022, Smartcare Developments Ltd entered into a promise of sale agreement to acquire a farmhouse in Pieta', together with all its rights and appurtenances, including its surrounding gardens and structures, overlying roofs and underlying terrain, altogether occupying a superficial area of *circa* 770m², for a consideration of €1.1 million. A full development application (PA/03161/22) was submitted to demolish existing rooms, retaining part of the garden wall and to excavate the site to form a basement and to construct 5 terraced houses having basement, ground, first and setback second floor with proposed pool in the garden of three of the houses and a pool on the roof terrace on two of the houses. The demolition, development and finishing works of the planned development are expected to commence in 2023 following approval of the relative permit and all works are expected to be completed by 2024.

On 13 September 2021, Smartcare Developments Ltd entered into a promise of sale agreement (subsequently assigned to Smartcare Properties Ltd) to acquire two penthouses and their respective airspaces, both of which are located in Birzebbuga, Malta. The final deed of sale was entered into on 28 June 2022. Smartcare Properties Ltd has submitted a planning application to demolish the existing penthouses and construct an extra three floors, which would consist of seven apartments and two additional penthouses. The development of the residential property shall be split into two 1-bedroom apartments, four 2-bedroom apartments, one 3-bedroom apartment, one two-bedroom penthouse and a one-bedroom penthouse. The planning permit was approved on the 24 May 2022.

Similarly, on 26 October 2021, Smartcare Developments Ltd entered into a promise of sale agreement (subsequently assigned to Smartcare Properties Ltd), which is valid up to 26 January 2023, to acquire a site located in Zejtun, Malta. SPL has submitted a planning application to demolish the existing dilapidated structures, excavate and construct one floor of basement garages with an access from an existing garage opening in Triq Santa Monika, together with the construction of two overlying three-bedroom terraced houses with pools.

Save for the above, the Issuer and the Group generally is not party to any other principal investments, and has not entered into or committed for any principal investments, subsequent to 31 December 2021, being the date of the latest audited financial statements of the Issuer and the Guarantor.

5.6 Contracted works

As specified in section 5.4 of this Registration Document, the ultimate beneficial owner of the Group had established a company outside of the Group, Smart Homes Limited (C 35565) which is engaged by the Group to carry out the construction works for the Group's development projects.

For each individual project, the Group enters into a contract of works agreement with Smart Homes Limited. This contract specifies the nature of work to be undertaken by the Smart Homes Limited and governs the contractual agreements including pricing, timing and construction works.

The pricing applied in said agreements is based on the Group's vast experience in the industry and is tailored to factor in both local and international current industry trends, particularly as regards inflationary pressures. The aforementioned contractor entity makes minimal reliance on third party contractors, thereby minimizing variances resulting from third party inflationary pricing. All works referred to in the preceding sections of this Registration Document are planned to be completed within 24 months of the date of the Prospectus, thus limiting the effect of future inflationary price increases.

In any event, any possible inflationary elements have been factored into the fixed price set out in the agreements entered into as aforesaid, including additional contingency following professional advice and bills of quantity obtained from the Group's advisors.

Given that this is a related party, all contracts of work constituted between the Group and Smart Homes Limited are reviewed by the Audit Committee. This ensures that all contract of works agreements are entered into at arms' length.

5.7 Organisational structure

As previously stated, the Issuer is 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. Mr Andrew Debattista Segond ultimately, through Smartcare Holdings Ltd, owns 100% of the Group.

In terms of the 2021 Smartcare Prospectus, with effect from 30 March 2021, SGIL granted a pledge over all of its shares held in SPL in favour of the Security Trustee for the benefit of holders of the 2021 Smartcare Bonds.

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



5.8 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.

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 2021. Furthermore, there has been no material adverse change in the Issuer's borrowing and funding structure since said date.

There has been no significant change in the financial performance of the Issuer since the date of its last published audited financial statements dated 31 December 2021.

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 2022. However, investors are strongly advised to carefully read the risk factors disclosed in the Prospectus.

There has been no material adverse change in the prospects of the Guarantor since the date of its last published audited financial statements dated 31 December 2021. Furthermore, there has been no material adverse change in the Guarantor's borrowing and funding structure since said date.

There has been no significant change in the financial performance of the Guarantor since the date of its last published audited financial statements dated 31 December 2021.

Information relative to the profit forecasts of the Issuer and the Group is set out in the Financial Analysis Summary.

The following is an overview of the most significant recent trends affecting the Group and the markets in which it operates:

6.1.3 Economic Update¹

The Central Bank of Malta's Business Conditions Index indicates that annual growth in business activity has returned to its long-term average. The European Commission survey shows that in May, economic sentiment in Malta remained above its long-term average but was unchanged from a month earlier. When compared with April, sentiment strongly ameliorated in the services sector and among retailers. It also improved slightly in construction. These developments were partly offset by weaker sentiment in industry and among consumers. Additional survey information shows that price expectations increased in the retail and services sectors. On the contrary, price expectations in other sectors declined, with the largest decrease recorded in industry. In May, the European Commission's Economic Uncertainty Indicator increased when compared with April. Higher uncertainty was largely driven by developments in services and industry, and to a smaller extent, among consumers.

In April, industrial production contracted in annual terms, following a small rise a month earlier. The volume of retail trade rose at a faster pace. The unemployment rate was marginally lower than that recorded in March and below last year's rate. Commercial and residential permits increased in April relative to their year-ago levels. In May, the number of promise-of-sale agreements fell on a year-on-year basis while final deeds of sale rose slightly.

The annual inflation rate based on the Harmonised Index of Consumer Prices stood at 5.8% in May, up from 5.4% in the previous month. Inflation based on the Retail Price Index (RPI) edged up to 6.0% in May, from 5.7% a month earlier. Maltese residents' deposits expanded at an annual rate of 8.8% in April following an increase of 10.1% in the previous month while annual growth in credit to Maltese residents stood at 7.8%, marginally above the rate of 7.7% recorded a month earlier. The Consolidated Fund deficit in April 2022 narrowed compared with a year earlier as expenditure fell while revenue rose slightly.

¹ Central Bank of Malta – Economic Update 6/2022

6.1.3.1 Economic Outlook²

The Central Bank of Malta expects Malta's gross domestic product (GDP) to grow by 5.4% in 2022, 4.9% in 2023 and 3.8% in 2024. Compared to the Bank's previous projections, this represents a downward revision of 0.6 percentage point in 2022 and 0.4 percentage point in 2023. The downward revision reflects the deterioration in the international economic environment due to the Russian invasion of Ukraine and the lockdown measures in Asia. These headwinds have weakened global trade and have exacerbated supply chain disruptions and shortages of key vital inputs. Such disruptions have also increased imported price pressures.

Net exports are expected to be the main driver of growth in 2022, reflecting the correction in import-intensive investment outlays from the exceptional levels reached in 2021. The contribution of domestic demand is expected to be positive but significantly lower compared to that of the previous year. In the following years, domestic demand is expected to lead the expansion in economic activity, reflecting especially a foreseen strong contribution from private consumption. At the same time, the contribution of net exports is projected to remain positive, reflecting the gradual normalisation of tourism exports and growth in foreign demand more generally.

Employment growth in 2022 is expected to reach 2.9% from 1.6% in 2021. It is set to moderate to just below 2% by 2024. The unemployment rate is projected to decline to 3.3% this year, from 3.5% last year and it is expected to hover within this range over the outlook period.

In view of the expected increase in inflation this year, wage growth is projected to be relatively strong as employees might demand some partial compensation for the increase in prices. Nevertheless, nominal wage growth is projected to remain below that of inflation due to some lag in the transmission from prices to wages. In the following years, wage pressures are expected to moderate as the labour market becomes less tight.

Annual inflation based on the Harmonised Index of Consumer Prices is projected to accelerate to 5.0% in 2022, from 0.7% in 2021. The sharp pick-up in inflation reflects a broad-based increase across all sub-components of HICP except for energy inflation. Import price pressures are expected to moderate somewhat by the beginning of next year, although these are envisaged to remain high by historical standards. HICP inflation is expected to moderate to 2.9% by 2023, driven by lower contributions from all subcomponents except for energy inflation. Inflation is set to ease further in 2024, to 1.8%.

The general government deficit-to-GDP ratio is projected to recede to 5.6% of GDP in 2022, from 8.0% in 2021. It is expected to narrow further to 4.0% of GDP in 2023, and to 3.2% of GDP in 2024. This profile is driven by the unwinding of COVID-19 support measures in 2022, which should offset outlays on price mitigation measures. The general government debt-to-GDP ratio is projected to stand at 58.7% of GDP in 2024.

On balance, risks to economic activity are to the downside for 2022 and 2023, and on the upside for 2024. These risks stem from a possible prolongation of the Russia-Ukraine war. More persistent supply bottlenecks as well as higher input and transport costs, could adversely affect manufacturing output, private consumption, and investment. Foreign demand could also be weaker than expected if monetary policy in advanced economies responds more forcibly to inflation than assumed in this baseline. These downside risks could be mitigated somewhat by possibly more expansionary domestic fiscal policy, an earlier resolution of the war, as well as the possibility of a faster drawdown of domestic private savings.

Risks to inflation are on the upside during the entire projection horizon. Indeed, the prolongation of the war, as well as China's zero-COVID policy, could increase commodity prices further and exacerbate imported price pressures and costs. Finally, wage pressures could be stronger than expected if high inflation persists for a longer period.

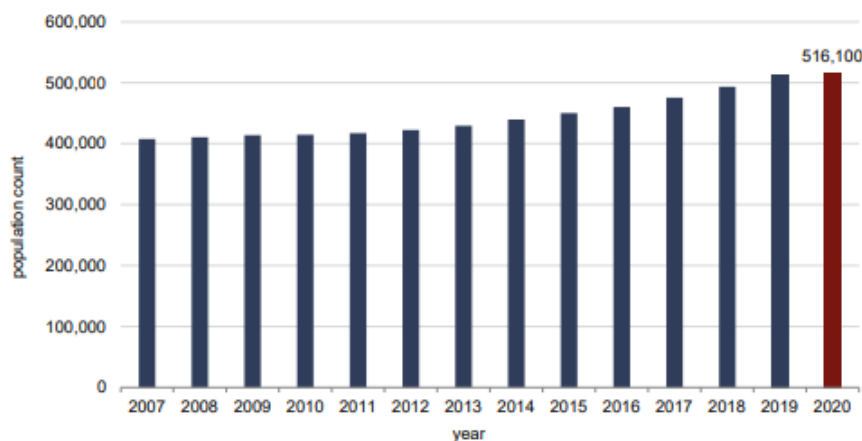
On the fiscal side, risks mainly relate to a larger deficit in 2022 and 2023. These mostly reflect the likelihood of additional Government support to mitigate rising commodity prices and State aid to Air Malta.

² Central Bank of Malta – Outlook for the Maltese Economy 2022 – 2024 (2022:2)

6.1.4 The care home industry in Malta³

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 records, the estimated population of Malta and Gozo at the end of 2020 stood at 516,100, up by only 0.3% when compared to 2019. However, 2020 was a unique year due to COVID-related restrictions and their repercussions on the movement of people. Comparing to the same figures from last year, the growth was 4.3% YoY, a very rapid rate of growth in the population. If we look at a broader picture, Malta's population grew by 17.4% in the last six years (2014-2020), a very significant growth, even when compared to the previous 6-year period between 2008 and 2014 when the population only increased by 7%.

This is summarised in the following chart:



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 aging considerably. As of 31 December 2020, the population aged 65 years and above comprised 18.9% (97,418) of the total population of 516,100, an increase of 3.2% from the 15.7% recorded in 2010. Similarly, according to the '2021 Ageing Report'⁴ prepared by the European Commission and the Economic Policy Committee, the EU-27's median age is projected to increase by 5 years to reach 47.3 years for men and 50.3 years for women by 2070. This phenomenon is projected to be universal across all EU Member States, including Malta.

6.1.5 The hospitality sector in Malta⁵

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:

	2018	2019	2020	2021	Change '21/'19	Change '21/'20
Inbound tourists, '000s	2,599	2,753	660	969	-65%	47%
Tourist guest nights, '000s	18,570	19,339	5,227	8,390	-57%	60%
Average length of stay, nights	7.1	7	7.9	8.7	46%	-42%
Tourist expenditure, €mns	2,102	2,221	455	871	-61%	91%
Tourist expenditure per capita (€)	809	807	691	899	11%	30%

³ National Statistics Office: World Population Day statistics

⁴ The 2021 Ageing Report (2019-2070)

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

Unfortunately, the tourism sector, both internationally and locally, has been severely impacted by the outbreak of the COVID-19 pandemic. As countries introduced several confinement measures, and those people who could travel, opted to stay at home, the number of tourists dropped by 76% from 2019 to 2020 on a comparative basis. 2021 was still conditioned by the pandemic. Countries intermittently tightened and loosened restrictive measures as infection numbers fluctuated throughout the year. Consequently, tourism still had to face a lot of hurdles that could be witnessed in different statistics. Locally, almost 1 million people visited Malta in 2021 which is 47% more than in the first year of the pandemic however still lags far behind (by 65%) pre-pandemic levels.

Tourists also seemed to stay in Malta longer than in previous years and spend more. The average length of stay in 2021 was of 8.7 nights, compared to 7.9 nights in 2020 and 7 nights in 2019. The average tourist expenditure in 2021 was €899 which is 30% more than a year before but also 11% more than prior to the pandemic. As globally it seems that the Pandemic is now being sidelined, tourism figures are bouncing back. The latest available NSO data from March shows that there were more inbound tourists in 2022 than in 2020. It has also been projected that overall travel volumes are going to return to pre-pandemic levels by 2024. Nonetheless, given that the Group's Boutique Hotel has just recently opened, the pandemic will have a dampened effect on its operations ad interim.

6.1.6 The property development sector in Malta

In its May monthly economic update⁵, the Central Bank of Malta reported that the sentiment in the construction sector increased sharply during April. Sentiment within the construction sector increased sharply. It rose to 15.1, from 3.4 a month earlier, and stood further above its long-term average of -9.5. Higher sentiment was largely driven by developments in participants' employment expectations, which turned positive in the month under review. At the same time, the share of respondents assessing their order book levels to exceed normal levels almost doubled relative to March.

To strengthen this point, the Malta Developers' Association (MDA)⁶ had also issued a statement saying that property sales boomed during March 2022, making it an all-time record month since statistics started being reported. Undoubtedly this is also a reflection of the prolonged easing measures taken by the local Government to keep a very important sector for the economy afloat.

⁶ Malta Developers' Association – News: <https://mda.com.mt/category/news/>

6.2 Key financial review

6.2.1 Financial information of the Issuer

The historical financial information about the Issuer is included in the audited financial statements of the Issuer for each of the financial years ended 31 December 2019, 2020 and 2021. There were no significant changes to the financial or trading position of the Issuer since 31 December 2021.

The said financial statements are available on the Issuer's website (www.smartcaremalta.com) and are also available for inspection at the Issuer's registered office as set out in section 16 of this Registration Document.

Smartcare Finance p.l.c. Statement of Comprehensive Income for the year ended 31 December	2019	2020	2021
	€000s	€000s	€000s
Interest income from group companies	234	384	298
Dividend income from subsidiary	-	-	359
Finance income	234	384	657
Finance cost	(161)	(265)	(528)
Net interest earned	73	119	130
Administrative expenses	(46)	(59)	(71)
Impairment losses on financial assets	(3)	(3)	(11)
Profit before taxation	23	58	47
Taxation	-	(26)	(45)
Profit after taxation	23	31	3

Smartcare Finance p.l.c. Statement of Financial Position as at 31 December	2019	2020	2021
	€000s	€000s	€000s
Non-current assets			
Investments in subsidiaries	-	1	13,001
Loan receivable	4,800	4,800	-
Deferred expenditure	-	157	-
Total non-current assets	4,800	4,958	13,001
Current assets			
Trade and other receivables	310	547	1,809
Cash and cash equivalents	6	1	1
Total current assets	315	548	1,811
Total assets	5,115	5,506	14,812
Equity			
Share capital	48	250	250
Retained earnings	23	35	21
Total equity	71	285	271

Non-current liabilities			
Debt securities in issue	4,858	4,873	12,424
Total non-current liabilities	4,858	4,873	12,424
Current liabilities			
Trade and other payables	185	322	2,117
Current tax payable	-	26	-
Total current liabilities	185	348	2,117
Total liabilities	5,044	5,222	14,541
Total equity and liabilities	5,115	5,506	14,812

Smartcare Finance p.l.c.	2019	2020	2021
Cash Flows Statement for the year ended 31 December	€000s	€000s	€000s
Net cash from operating activities	60	(371)	455
Net cash from investing activities	(4,800)	616	(7,902)
Net cash from financing activities	4,746	(250)	7,447
Net movement in cash and cash equivalents	6	(5)	1
Cash and cash equivalents at beginning of year	-	6	1
Cash and cash equivalents at end of year	6	1	1

In May 2019, the Issuer successfully raised €5 million through the issuance of 5% secured bonds 2029 on the Prospects MTF and, thereafter, the amount of €4.8 million (being the net proceeds from the bond issue) was on-let under title of loan to various subsidiaries within the Group. In terms of the said loan agreements, the interest income between FY2019 and FY2021 represents accrued interest.

In March 2021, the Issuer successfully raised €13 million through the issuance of 4.65% unsecured bonds 2032 and, thereafter, €5 million of these funds were used to redeem the outstanding amount of the 2019 Prospects MTF Bonds, whilst the remaining €8 million were advanced to subsidiaries within the Group. Following this, total loans due to subsidiaries, amounting to €13 million, were assigned to SGIL in April 2021 and extinguished in July 2021 against an issue of 13 million 6.2% redeemable preference shares in SGIL.

Consequently, finance income represents interest generated on related party loans and dividends received from SGIL, which totalled €1.3 million between 7 January 2019 and 31 December 2021. Finance costs represent the accrued interest on outstanding debt securities and other finance costs, which totalled €1.0 million during the same period. After accounting for administrative expenses and taxation, total comprehensive income generated by the Issuer between 7 January 2019 and 31 December 2021 totalled €58k.

6.2.2 Financial information of the Guarantor

The historical financial information about the Guarantor is included in the audited financial statements of the Guarantor for each of the years ended 31 December 2019, 2020 and 2021. There were no significant changes to the financial or trading position of the Guarantor since 31 December 2021.

The said financial statements are available on the Issuer's website (www.smartcaremalta.com) and are also available for inspection at the Issuer's registered office as set out under the heading "Documents available for inspection" in section 16 of this Registration Document.

Smartcare Holdings Limited Consolidated Statement of Comprehensive Income for the year ended 31 December	2019	2020	2021
	€000s	€000s	€000s
Revenue	569	2,590	2,819
Cost of sales	(444)	(1,459)	(1,434)
Gross profit	125	1,131	1,385
Other income	-	8	6
Administrative expenses	(566)	(886)	(1,007)
Finance costs	(200)	(277)	(554)
Impairment on financial assets	(2)	-	(16)
Loss before taxation	(643)	(24)	(186)
Taxation	163	(52)	(93)
Loss after taxation	(480)	(76)	(279)
Other comprehensive income			
Revaluation of property, plant and equipment	2,536	10,233	20
Tax effect on revaluation of property, plant and equipment	-	(1,157)	(53)
Other comprehensive income for the year	2,536	9,076	(33)
Total comprehensive income for the year	2,056	9,000	(312)

Smartcare Holdings Limited Consolidated Statement of Financial Position as at 31 December	2019	2020	2021
	€000s	€000s	€000s
Non-current assets			
Property, plant and equipment	6,443	19,033	20,986
Intangible assets	21	12	13
Goodwill	311	311	311
Deferred tax asset	163	-	-
Deferred expenditure	-	157	-
Total non-current assets	6,938	19,513	21,310
Current assets			
Inventories	823	2,373	4,514
Trade and other receivables	562	2,480	6,505
Current tax asset	-	-	73

Cash and cash equivalents	27	27	143
Other assets	-	470	60
Total current assets	1,412	5,350	11,295
Total assets	8,350	24,863	32,605
Equity			
Share capital	1	2,375	2,375
Revaluation reserves	2,512	11,561	11,501
Accumulated losses	(456)	(505)	(757)
Total equity	2,057	13,430	13,118
Non-current liabilities			
Borrowings	667	2,694	1,178
Debt securities in issue	4,858	4,873	12,424
Deferred tax liabilities	-	1,010	1,100
Payables	-	108	100
Total non-current liabilities	5,526	8,685	14,802
Current liabilities			
Borrowings	-	764	519
Trade and other payables	768	1,958	4,048
Current tax payable	-	26	117
Total current liabilities	768	2,748	4,684
Total liabilities	6,293	11,433	19,487
Total equity and liabilities	8,350	24,863	32,605

Smartcare Holdings Limited Consolidated Statement of Cash Flows for the year ended 31 December	2019	2020	2021
	€000s	€000s	€000s
Net cash from operating activities	(3,610)	(126)	(3,042)
Net cash from investing activities	(1,690)	(2,602)	(2,179)
Net cash from financing activities	5,327	2,492	5,055
Net movement in cash and cash equivalents	27	(236)	(166)
Cash and cash equivalents at beginning of the year	-	27	(209)
Cash and cash equivalents at end of the year	27	(209)	(375)

As set out in the table below, the performance of the Group between 7 January 2019 and 31 December 2021 principally consists of the trading activity of SPL (that is, the Dar Pinto Care Home). This is because all other companies within the Group did not generate any income (net of consolidation adjustments) or were not yet operational, except for Smartcare Properties Ltd which sold two properties.

Revenue Breakdown	2019	2020	2021
	€000s	€000s	€000s
Care home	569	2,380	2,589
Sale of property	-	210	230
Total	569	2,590	2,819

The company generates its revenue primarily through the provision of beds to the Government of Malta. The Care Home commenced operations in June 2019 and, as a result, revenue generated from the Care Home in FY2019 of €569k represents 7 months of operations. As the Care Home reached full occupancy in April 2020, SPL generated revenue of €2.4 million during the year.

Over half of the Group's total cost of sales in FY2020 and FY2021 are attributable to the salaries paid to carers and nurses attending to the residents in the Care Home. Other direct costs include cost of food to residents, medical expenses, subcontracted labour and consumables/cleaning in the Care Home.

Gross profit margin (which is calculated as gross profit divided by revenue) in FY2019 was 22%. This is relatively low, particularly compared to FY2020 and FY2021, as the staff employed already catered for higher occupancy levels than those achieved during 2019. As costs were relatively stable between FY2020 and FY2021 at €1.4 million, gross profit margin increased from 45% in FY2020 to 49% in FY2021 as a result of the revenue increase.

Administrative expenses increased from €0.6 million in FY2019 to €1.0 million in FY2021. This is primarily due to an increase in wages and salaries and professional fees, with a corresponding increase in headcount, given that administrative staff increased from 5 individuals in FY2019 to 25 individuals in FY2021. Other administrative expenses include professional fees, health and safety fees, telecommunication expenses, insurance, repairs, utilities, depreciation and bank charges.

Finance costs mainly consist of interest on bank loans and bonds in issue during the year. Finance costs increased in FY2021 following the issue of the 2021 Smartcare Bonds, which resulted in an increase of €8 million on the Group's borrowings, partially mitigated through a decrease in bank borrowings.

During FY2019 and FY2020, the Group recorded a gain in the revaluation of property, plant and equipment, amounting to €2.5 million and €10.2 million, respectively, stemming from the revaluation of the Care Home. As a result, the Group recorded a total comprehensive income of €2.1 million in FY2019 and €9.0 million in FY2020. The revaluation of FY2021 pertains to the revaluation of the Segond Boutique Hotel.

Non-current assets in the statement of financial position as at 31 December 2021 amounted to €21.3 million (2020: €19.4 million). This principally consists of property, plant and equipment, which comprises the Care Home and the Segond Boutique Hotel.

Current assets as at 31 December 2021 amounted to €11.3 million (2020: €5.4 million) and primarily include inventory, trade receivables, other assets and cash balances. Current liabilities amounted to €4.7 million as at 31 December 2021 (2020: €2.7 million), made up of borrowings as to €0.5 million (2020: €0.8 million) and trade and other payables of €4.1 million (2020: €2.1 million). The Group's liquidity ratio (which is measured by dividing current assets by current liabilities and indicates a company's ability to pay its current liabilities from its current assets) as at 31 December 2021, stood at 2.41 times (2020: 1.95 times).

Non-current liabilities as at 31 December 2021 amounted to €14.8 million (2020: €8.7 million) and mainly include borrowings and bonds, as well as deferred tax liabilities on the gains on revaluation. The increase is mainly the result of the previous issue of the 2021 Smartcare Bonds.

The equity value of the Group as at 31 December 2021 totalled €13.1 million (2020: €13.4 million).

Net cash flows used in operating activities in FY2021, as presented in the statements of cash flows for the year ended 31 December 2021, amounted to €3.1 million as compared to €0.1 million in the prior year, principally due to working capital movements. In FY2021, the Group used €2.1 million in investing activities, as compared to €2.6 million in FY2020, primarily to invest in the Care Home (first extension) and the Segond Boutique Hotel. These cash outflows were mainly financed through bank loan drawdowns and new bonds issued in both FY2019 and FY2021. Cash and cash equivalents as at 31 December 2021 amounted to €143k, plus an overdraft balance of €518k, resulting in a net overdraft of €375k.

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.

None of the Directors 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.

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 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 2021 the Group paid an aggregate of €126,090 to its Directors.

7.1.5 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.

7.1.6 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.

7.1.7 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.

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.

7.2 The Guarantor

7.2.1 The Board of directors and M&As

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 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 Director's service contract

The director of the Guarantor does not have a service contract with the company.

7.2.3 Powers of directors

By virtue of the Articles of Association of the Guarantor, the board of directors is empowered to exercise all the rights of the Guarantor, except those rights as are expressly reserved for decision by the shareholders in general meeting.

7.3 Conflict of interest at Group level

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 of the Guarantor, and is 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 Capital Markets Rules regulating the role of the Audit Committee with respect to related party transactions. The Audit Committee ensures that transactions entered into between related parties are carried out on an arm's length basis and that the Issuer accurately reports all related party transactions in the notes to the Company's financial statements.

No private interests or duties unrelated to the Issuer or the Group, as the case may be, have been disclosed by the Group's management team which may or are likely to place any of them in conflict with any interests in, or duties towards, the Issuer.

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 their respective private interests and/or their duties which require disclosure in terms of the Prospectus Regulation.

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>Name of shareholder</i>	<i>Number of shares held</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 Capital Markets 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 Capital Markets 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 whom one, in the person of Ian Stafrace, also acts as Chairman. The Audit Committee has the task of ensuring that any potential abuse is managed, controlled and resolved according to law. The composition of the Board, including the presence of a majority of independent, non-executive Directors, effectively minimises the possibility of any abuse of control by the major shareholder.

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.

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

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

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 financial year ending 31 December 2022, any shares, whether fully or partly paid up, in consideration for cash or otherwise.

8.2 Shareholders of the Guarantor

The authorised share capital of SHL is of €2,374,526 divided into 2,374,526 Ordinary shares of one Euro (€1) each. The issued share capital of SHL is of €2,374,526 divided into 2,374,526 Ordinary shares of one Euro (€1) each, fully paid-up, which are subscribed and held as follows:

<i>Name of shareholder</i>	<i>Number of shares held</i>
Andrew Debattista Segond (ID 94573M)	2,374,526 Ordinary shares of €1 each

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

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 Capital Markets Rules, as well as current good corporate governance best practices.

The terms of reference of the Audit Committee include support to the Board of Directors of the Issuer in its responsibilities in dealing with issues of risk, control and governance. The Board has set formal terms of establishment and the terms of reference of the Audit Committee which set out its composition, role and function, the parameters of its remit, as well as the basis for the processes that it is required to comply with. The Board reserved the right to change the Audit Committee's terms of reference from time to time. The Audit Committee reports directly to the Board of Directors.

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) monitoring the financial reporting process and submitting recommendations or proposals to ensure its integrity;
- b) monitoring of the effectiveness of the Issuer's internal quality control and risk management system;
- c) 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;
- d) reviewing and monitoring the external auditor's independence;
- e) assessing any potential conflicts of interest between the duties of the Directors and their respective private interests or duties unrelated to the Issuer; 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 a crucial role in monitoring the activities and conduct of business of the Group's subsidiaries, limitedly insofar as these may affect the ability of the Issuer to fulfil its Bond Obligations. 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 Capital Markets Rules. The Audit Committee is presently composed of Sandro Grech, Ian Stafrace and Arthur Gauci, all three members being independent, non-executive Directors. The Audit Committee is chaired by Ian Stafrace, whilst Sandro Grech and Arthur Gauci act as members. The Board of Directors, in terms of Capital Markets Rule 5.118, has indicated Arthur Gauci as the independent, non-executive member of the Audit Committee who is considered to be competent in accounting and/or auditing. 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

The Issuer is subject to, and continues to support, the Code and the Board has taken such measures as were considered necessary in order for the Issuer to comply with the requirements of the Code to the extent that these were deemed appropriate and complementary to the size, nature and operations of 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 the Company's 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 Capital Markets Rules, the Issuer's financial statements are to be subject to annual audit by the Issuer's external auditors. Moreover, the non-executive Directors 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.

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

Save for the instances of non-adherence to the Code which are explained immediately below, the Board is of the opinion that the Issuer is in compliance with the Code:

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 Company's shareholders.

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 has not set up 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 Guarantor

In view of the fact that the Guarantor is not a public company having securities listed on a regular market, it is not bound by the provisions of the Code set out in the Capital Markets Rules, including, *inter alia*, the requirement to set up an audit committee.

11 HISTORICAL FINANCIAL INFORMATION

The Issuer's historical financial information for the financial year ended 31 December 2019, as audited by Reanda Malta and the auditor's reports thereon, and for the two financial years ended 31 December 2020 and 2021, as audited by Grant Thornton Malta and the auditor's reports thereon, are set out in the applicable audited financial statements of the Issuer.

The Guarantor's historical financial information for the financial year ended 31 December 2019, as audited by Reanda Malta and the auditor's reports thereon, and for the two financial years ended 31 December 2020 and 2021, as audited by Grant Thornton Malta and the auditor's reports thereon, are set out in the applicable audited financial statements of the Guarantor.

Audited financial statements of the Issuer and of the Guarantor are available for inspection as set out in section 16 below, are incorporated by reference and may be accessed on the Issuer's website www.smartcaremalta.com.

	Information incorporated by reference in this Registration Document	Page number in Annual Report		
		Financial year ended 31 December 2019	Financial year ended 31 December 2020	Financial year ended 31 December 2021
Issuer	Statements of Comprehensive Income	15	11	10
	Statements of Financial Position	16	12-13	11
	Statements of Cash Flows	18	15	12
	Notes to the Financial Statements	19-35	16-28	12-24
	Independent Auditor's Report	12-14	29-33	24-28
Guarantor	Statements of Comprehensive Income	8	4	4
	Statements of Financial Position	9	5-6	5-6
	Statements of Cash Flows	11	8	8
	Notes to the Financial Statements	12-31	9-20	9-20
	Independent Auditor's Report	5-7	21-24	21-24

There have been no significant adverse changes to the financial or trading position of the Issuer and/or the Guarantor since the end of the financial period to which their respective afore-mentioned last audited financial statements relate.

Furthermore, the Issuer and the Guarantor 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 Guarantor (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor 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 Guarantor and/or the Group, taken as a whole.

13 MATERIAL CONTRACTS

Save for the material agreements disclosed in the 2021 Smartcare Prospectus and the material agreements disclosed in this Registration Document, the Issuer has not entered into any material contracts which are not in the ordinary course of its business which could result in the Issuer being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to security holders in respect of the Bonds, as such securities are issued pursuant to, and described in, the Securities Note.

14 PROPERTY VALUATION REPORTS

In connection with the issue of the Bonds in accordance with the terms of the Prospectus and the granting of the Collateral, Perit Malcolm Sullivan of Sapienza and Sullivan Architects & Civil Engineers was commissioned to issue a property valuation report in relation to the Security Property I 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

Furthermore, Perit Colin Zammit of Maniera Group was commissioned to issue property valuation reports in relation to the Security Property II owned by SBHL and the Security Property III owned by Smart Suites Limited, respectively.

The following are the details of said independent valuer:

Name: Perit Colin Zammit B.E.&A. (Hons) A.&C.E.P.G. Dip. Cons. Tech
Business address: 80, Triq it-Torri, Mosta MST 3502, Malta

Capital Markets Rule 7.4.3 provides that property valuations to be included in a prospectus must not be dated (or be effective from) more than 60 days prior to the date of publication of the prospectus in question. Accordingly, the property valuation reports referred to herein are all dated 1 July 2022.

A copy of the report dated 1 July 2022 compiled by Perit Malcolm Sullivan of Sapienza and Sullivan Architects & Civil Engineers in respect of the Security Property I owned by SPL, the current market value of which has been estimated at sixteen million Euro (€16,000,000), is available for inspection as set out in section 16 of this Registration Document and is deemed to be incorporated by reference in, and form part of, the Prospectus.

A copy of the report dated 1 July 2022 compiled by Perit Colin Zammit of Maniera Group in respect of the Security Property II owned by SBHL, the current market value of which has been estimated at three million, five hundred thousand Euro (€3,500,000), is available for inspection as set out in section 16 of this Registration Document and is deemed to be incorporated by reference in, and form part of, the Prospectus.

A copy of the report dated 1 July 2022 compiled by Perit Colin Zammit of Maniera Group in respect of the Security Property III owned by Smart Suites Limited, the current market value of which has been estimated at one million, five hundred thousand Euro (€1,500,000), is available for inspection as set out in section 16 of this Registration Document and is deemed to be incorporated by reference in, and form part of, the Prospectus.

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

Save for the architects' property valuation reports in relation to the Security Property I owned by SPL, the Security Property II owned by SBHL, and the Security Property III owned by Smart Suites Limited, respectively, which are available for inspection as set out in section 16 of this Registration Document and are deemed to be

incorporated by reference in, and form part of, the Prospectus, 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 architects' property valuation reports all dated 1 July 2022 are available for inspection as set out in section 16 of this Registration Document and are deemed to be incorporated by reference in, and form part of, the Prospectus in the form and context in which they each appear with the authorisation of each of Perit Malcolm Sullivan of Sapienza and Sullivan Architects & Civil Engineers and Perit Colin Zammit of Maniera Group, as applicable, each of whom has given and has not withdrawn his consent to the inclusion of said reports herein.

The Financial Analysis Summary dated 22 July 2022 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.

None of the foregoing experts have any beneficial interest in the Issuer or the Guarantor. The Issuer has received confirmation from Perit Malcolm Sullivan of Sapienza and Sullivan Architects & Civil Engineers, from Perit Colin Zammit of Maniera Group and from Calamatta Cuschieri Investment Services Limited, respectively, that all of the architects' property valuation reports and the Financial Analysis Summary, as applicable, 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 Guarantor;
- ii. the audited financial statements of the Issuer for the financial years ended 31 December 2019, 2020 and 2021;
- iii. the audited financial statements of SHL for the financial years ended 31 December 2019, 2020 and 2021;
- iv. the architects' property valuation reports dated 1 July 2022 prepared in respect of the Security Property I, the Security Property II and the Security Property III, respectively;
- v. the Financial Analysis Summary;
- vi. the Security Trust Deed II; and
- vii. the Guarantee.

Documents (i) to (iii) listed above are also available for inspection in electronic form on the Issuer's website www.smartcarmalta.com.

SECURITIES NOTE

Dated 22 July 2022

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules published by the Malta Financial Services Authority and of the Prospectus Regulation. This Securities Note is issued pursuant to the requirements of Rule 4.14 of the Capital Markets 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
€7,500,000 4.65% Secured Bonds 2032
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 Holdings Ltd (C 90121)

ISIN: MT0002251222

**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 Guarantor, as well as the Collateral granted by SPL, SBHL and SSL.*

THIS SECURITIES NOTE HAS BEEN APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY AS THE COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MALTA FINANCIAL SERVICES 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. INVESTORS SHOULD MAKE THEIR OWN ASSESSMENT AS TO THE SUITABILITY OF INVESTING IN THE SECURITIES THAT ARE THE SUBJECT OF THIS SECURITIES NOTE.

THE MALTA FINANCIAL SERVICES 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.

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

in their capacity as Directors of Smartcare Finance p.l.c. and 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 22 JULY 2022 AND CONTAINS INFORMATION ABOUT SMARTCARE FINANCE PLC IN ITS CAPACITY AS ISSUER, ABOUT SMARTCARE HOLDINGS LTD IN ITS CAPACITY AS GUARANTOR AND ABOUT THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES ISSUED BY THE MALTA FINANCIAL SERVICES 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 A MAXIMUM OF €7,500,000 SECURED BONDS 2032 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 23 AUGUST OF EACH YEAR UNTIL THE REDEMPTION DATE, WITH THE FIRST INTEREST PAYMENT FALLING DUE ON 23 AUGUST 2023. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 23 AUGUST 2032. THE BOND ISSUE IS GUARANTEED JOINTLY AND SEVERALLY BY THE GUARANTOR.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF 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 GUARANTOR OR THEIR RESPECTIVE DIRECTORS OR ADVISERS.

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

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

1 DEFINITIONS

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

Applicant/s	any person or persons, natural or legal, who subscribes for the Bonds;
Application/s	the application to subscribe for Bonds made by an Applicant/s through any of the Authorised Intermediaries (which include the Sponsor, Manager & Registrar) in accordance with the terms of this Securities Note;
Bond Issue Price	the price of €100 per Bond;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
CET	Central European Time;
CSD	the Central Securities Depository of the Malta Stock Exchange authorised in terms of Part IV of the Financial Markets Act (Chapter 345 of the laws of Malta), having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Cut-off Date	close of business on 22 July 2022 (trading session of 20 July 2022);
Existing Smartcare Bondholders	holders of the 2021 Smartcare Bonds (as defined in the Registration Document) appearing on the applicable register held at the CSD as at the Cut-Off Date;
GDPR	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC;
Interest Payment Date	23 August of each year between and including each of the years 2023 and the year 2032, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
Intermediaries' Offer	an offer for subscription of Bonds made by the Issuer to the Authorised Intermediaries through subscription agreements as further detailed in sub-section 6.3 of this Securities Note;
Issue Date	expected on 30 August 2022;
Issue Period	the period between 08:30 hours CET on 26 July 2022 and 12:00 hours CET on 12 August 2022 during which the Bonds are available for subscription by Existing Smartcare Bondholders (or such earlier date as may be determined by the Issuer);
MiFIR	Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments;
Redemption Value	the nominal value of each Bond (€100 per Bond);
Smartcare Security Trust 2021	the trust established in virtue of a security trust deed, in terms of the 2021 Prospectus, dated 21 April 2021 and which deed is available for inspection at the registered office of the Issuer; and
Terms and Conditions	the terms and conditions of the Bonds, set out in sub-section 5.3 (<i>'Issue Statistics'</i>), section 6 (<i>'Information concerning the Bonds'</i>) and section 8 (<i>'Terms and Conditions of the Bond Issue'</i>) of this Securities Note.

All 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. 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 AND OF THE GUARANTOR TO HONOUR ITS OBLIGATIONS UNDER THE GUARANTEE.

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 GUARANTOR, 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 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 generally 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.
- 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 Malta Financial Services 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 Malta Financial Services 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. Furthermore, in terms of the Guarantee, the Guarantor has the power to veto a decision by the Bondholders, taken at a Bondholders' meeting duly convened and held, to amend or waive the Terms and Conditions of the Bonds which are issued with the benefit of its Guarantee, in cases in which such amendment or waiver may give rise to changes in: (i) the amount payable by the Guarantor under the Guarantee; (ii) the term and/or frequency of such payments; (iii) the Events of Default listed in sub-section 6.14 of this Securities Note; and/or (iv) any other term which may otherwise increase the exposure of the Guarantor to the enforcement of the Guarantee. In the event that the Guarantor were to exercise such right of veto, the proposed amendment to, or waiver of, the Terms and Conditions would not be put into effect.
- In view of the current inflationary environment, investment in the Bonds involves the risk that rising inflation on real rates of return in relation to coupon payments as well as secondary market prices may

have an adverse impact on the value of the Bonds, such that increasing rates of inflation could have an adverse effect on the return on the Bonds in real terms.

- 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.
- No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time. If such changes take place, they could have an adverse effect on the market price for the Bonds.
- The Bonds and the Terms and Conditions of the Bond Issue are based on the requirements of the Capital Markets 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 and unconditional obligations of the Issuer, shall be secured by means of the Collateral granted in terms of the Security Trust Deed II and shall be guaranteed in respect of both the interest due and the principal amount under the Bonds by the Guarantor jointly and severally. In view of the fact that the Bonds shall be secured by the Collateral they shall rank with priority and preference over other present and future unsecured obligations of Smartcare Pinto Ltd, Segond Boutique Hotels Limited and Smart Suites Limited. Notwithstanding that the Bonds constitute the general, direct and unconditional obligations of the Issuer, as secured by Smartcare Pinto Ltd, Segond Boutique Hotels Limited and Smart Suites Limited and guaranteed by the Guarantor, 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 Smartcare Pinto Ltd and/or Segond Boutique Hotels Limited and/or Smart Suites Limited which may rank with priority or preference over the Collateral.
- In view of the fact that the Bonds are being guaranteed by the Guarantor on a joint and several basis, the Bondholders shall be entitled to request the Guarantor 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 Guarantor 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 Guarantor and, therefore, the level of recoverability by the Bondholders from the Guarantor of any amounts due under any of the Bonds, is limited and dependent upon and is directly linked to the assets, the financial position, and solvency of the Guarantor and the Group. More specifically, given that the Guarantor is the parent company of the Issuer and given that the only asset on the balance sheet of the Guarantor as at the date of this Securities Note is its holding in the Issuer, the only recourse that the Bondholders will have from the Guarantor will be the financial investment in the Issuer itself. The implication of this is that, in the eventuality that the Guarantee is enforced, the only recourse will be to the Issuer's and the Group's assets and, in the eventuality that the Group's assets are already compromised, there will be no additional assets to which the Guarantee can make recourse.
- 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 I, the Security Property II and the Security Property III. 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.

- Whilst the Bond Obligations are secured by the Collateral, Security Property I is burdened by a prior ranking special hypothec in favour of the Security Trustee as set out in further detail in sub-section 5.5 of this Securities Note, as security for obligations which are outside the scope of this Bond Issue. As such, should the Guarantee and the Collateral not cover the full amount of interest and principal outstanding under the Bonds, the rights of the Bondholders will rank after the aforementioned security as presently constituted.
- By acquiring Bonds, a Bondholder is considered to be bound by the terms of the Security Trust Deed II as if he/she/it had been a party to it. The Security Trust Deed II 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 II: (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 and/or Smartcare Pinto Ltd and/or Segond Boutique Hotels Limited and/or Smart Suites Limited to which it is entitled under the Security Trust Deed II 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 Capital Markets Rules for the purpose of providing prospective investors with information with regard to the Issuer, the Guarantor and the Bonds. Andrew Debattista Segond, William Wait, Sandro Grech, Arthur Gauci and Ian Joseph Stafrace, being all of the Directors of the Issuer as further detailed 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 hereby accept responsibility accordingly.

4 CONSENT FOR USE OF THE PROSPECTUS & AUTHORISATION STATEMENT

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

For the purposes of any subscription for Bonds through any of the Authorised Intermediaries in terms of this Securities Note and any subsequent resale, placement or other offering of Bonds by such 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;
- 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.

Neither the Issuer, nor the Guarantor, 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. 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 the Issuer does not have any responsibility or liability for such information.

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

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

4.2 Statement of Authorisation

This Securities Note has been approved by the Malta Financial Services Authority, as the competent authority under the Prospectus Regulation. The Malta Financial Services 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 Bond Issue and use of proceeds

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €7,100,000, will be utilised for the following purposes, in the following amounts and order of priority:

1. an amount of *circa* €1,280,000 of the Bond Issue net proceeds will be used by Smart Suites Limited for the purpose of financing the development and finishing of the Tower Road, Sliema hotel, details of which are set out in sub-section 5.5.4 of the Registration Document;
2. an amount of *circa* €2,250,000 of the Bond Issue net proceeds will be used by Smartcare Pinto Ltd for the purpose of financing the purchase of land and development and finishing costs in connection with the extension of the Care Home, details of which are set out in sub-section 5.5.1 of the Registration Document;
3. an amount of *circa* €1,400,000 of the Bond Issue net proceeds will be used by Smartcare Developments Ltd for the purpose of re-financing an existing facility taken out with Lombard Bank Malta plc prior to the date of the Prospectus for the purpose of financing the acquisition of land and development and finishing costs in connection with the Xagħra property development project, details of which are set out in sub-section 5.5.3 of the Registration Document; and
4. the remaining balance of net Bond Issue proceeds in an amount of *circa* €2,170,000 will be used for the general corporate funding purposes of the Group.

Upon receiving the Bond Issue net proceeds, the Issuer will inject approximately €7,100,000 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:

- *circa* €1,400,000 will be injected into Smartcare Developments Ltd as redeemable preference shares carrying a coupon of 6.2%;
- *circa* €1,280,000 will be loaned by SGIL to Smart Suites Limited at an interest rate of 6.2% pursuant to a loan agreement to be entered into for the purpose; and
- *circa* €2,250,000 will be loaned by SGIL to Smartcare Pinto Ltd at an interest rate of 6.2% pursuant to a loan agreement to be entered into for the purpose.

In the event that the Bond Issue is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for 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 Guarantee being granted in terms of Annex I to this Securities Note; (ii) the Collateral being constituted in favour of the Security Trustee in accordance with the provisions of the Security Trust Deed II; and (iii) 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 Bond Issue

The Bond 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 €400,000, with approximately €93,750 being attributed to selling commission fees and approximately €306,250 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 approximately €7,100,000. There is no particular order of priority with respect to such expenses.

5.3 Issue statistics

Amount:	€7,500,000;
Bond Issue:	the issue of a maximum of €7,500,000 secured Bonds due in 2032 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 23 August 2032;
Bond Issue Price:	at par (€100 per Bond);
Closing date for Existing Smartcare Bondholders to apply for Bonds via Authorised Intermediaries:	12 August 2022 at 12:00 hours CET;
Denomination:	Euro (€);
Events of Default:	the events listed in sub-section 6.14 of this Securities Note;
Form:	the Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
Governing law and jurisdiction:	the Prospectus and the Bonds are governed by and shall be construed in accordance with Maltese law. The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Prospectus and/or the Bonds;
Interest:	the Bonds shall bear interest from and including 23 August 2022 at the rate of four point six five per cent (4.65%) <i>per annum</i> payable annually in arrears on the Interest Payment Dates;
Interest Payment Date:	annually on the 23 August of each year between and including each of the years 2023 and 2032, as from 23 August 2023 (the first interest payment date);
Intermediaries' Offer:	in the event that following the subscription of Bonds by Existing Smartcare 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 subscriptions received from Authorised Intermediaries pursuant to subscription agreements in terms of the Intermediaries' Offer is in excess of the amount of Bonds available for subscription, the Issuer (acting through the Registrar) shall scale down each subscription agreement received from Authorised Intermediaries in accordance with the allocation policy to be issued in terms of sub-section 6.5 of this Securities Note;
ISIN:	MT0002251222;
Issue Period:	the period between 08:30 hours CET on 26 July 2022 and 12:00 hours CET on 12 August 2022 (or such earlier date as may be determined by the Issuer) during which the Bonds are available for subscription by Existing Smartcare Bondholders;

Listing:	the Malta Financial Services Authority has approved the Bonds for admissibility to listing and subsequent trading on the Official List. Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List;
Minimum amount per Application:	one thousand Euro (€1,000) in nominal value of Bonds and in multiples of one hundred Euro (€100) thereafter per individual Bondholder;
Plan of distribution:	the Bonds are open for subscription by: Existing Smartcare Bondholders; and Authorised Intermediaries pursuant to the Intermediaries' Offer in respect of any balance of the Bonds not subscribed to by Existing Smartcare Bondholders as aforesaid;
Preferred allocations:	Existing Smartcare Bondholders will be granted preference in their applications for Bonds in terms of sub-section 6.2 of this Securities Note;
Redemption Date:	23 August 2032;
Redemption Value:	at par (€100 per Bond);
Status of the Bonds:	the Bonds, as and when issued and allotted, shall constitute the general, direct and unconditional obligations of the Issuer, shall be secured by means of the Collateral granted in terms of the Security Trust Deed II and shall be guaranteed in respect of both the interest due and the principal amount under said Bonds by the Guarantor 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 Smartcare Pinto Ltd, Segond Boutique Hotels Limited and Smart Suites Limited, if any, save for such exceptions as may be provided by applicable law, and with ranking and priority over the Security Property I, the Security Property II and the Security Property III;
Subscription:	multiples of one hundred Euro (€100); and
Underwriting:	the Bond Issue is not underwritten.

5.4 Interest of natural and legal persons involved in the Issue

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

5.5 Collateral

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

SPL, SBHL and SSL 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 II and the Deeds of Hypothec, 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, Segond Boutique Hotels Limited and Smart Suites Limited, respectively, in favour of the Security Trustee:

- i. a first ranking special hypothec over the Security Property I up to an amount of €3,000,000 in favour of the Security Trustee in its capacity as trustee of the Smartcare Security Trust II pursuant to the terms of the Security Trust Deed II and the Deed of Hypothec I;
- ii. a first ranking special hypothec over the Security Property II up to an amount of €3,500,000 in favour of the Security Trustee in its capacity as trustee of the Smartcare Security Trust II pursuant to the terms of the Security Trust Deed II and the Deed of Hypothec II, together with a pledge over the proceeds from the insurance policy providing for the full replacement value of the Security Property II; and
- iii. a first ranking special hypothec over the Security Property III up to an amount of €1,500,000 in favour of the Security Trustee in its capacity as trustee of the Smartcare Security Trust II pursuant to the terms of the Security Trust Deed II and the Deed of Hypothec III, together with a pledge over the proceeds from the insurance policy providing for the full replacement value of the Security Property III.

Specifically, the Issuer, Smartcare Pinto Ltd, Segond Boutique Hotels Limited and Smart Suites Limited shall enter into a Security Trust Deed II 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 hypothecary rights under the Deeds of Hypothec and all other ancillary rights and benefits enjoyed by the Security Trustee (for the benefit of Bondholders) under the Security Trust Deed II. 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 Deeds of Hypothec and/or the Security Trust Deed II 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.

By creating a preferred claim over the Security Property I, the Security Property II and the Security Property III, 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, the Security Trustee will have the benefit of a hypothecary security over the Security Property I, the Security Property II and the Security Property III for the full amount of the Bonds and interest thereon.

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 Guarantor.

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 and/or SPL and/or SBHL and/or SSL 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 II and/or under the Deeds of Hypothec, 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 and/or SPL and/or SBHL and/or SSL is observing and performing all the obligations, conditions and provisions on its part pursuant to the Prospectus and the Security Trust Deed II, 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 II and the Deeds of Hypothec, 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 II, the Security Trustee reserves the right to demand to the Issuer that additional or alternative immovable property owned by the Group be given as security in addition to and/or in place of the Security Property I, the Security Property II and the Security Property III, should at any given time the value of the Security Property I, the Security Property II and the Security Property III 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 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 I, the Security Property II and Security Property III for the purposes of securing the Bond Issue, and procure that the relative Group company takes such steps as may be necessary for such property/ies to replace or be added to the existing Security Property I, the Security Property II and the Security Property III. 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 deemed suitable for the aforementioned purpose, 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 I, the Security Property II and the Security Property III 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 special hypothec thereon in favour of the Security Trustee for the purpose of securing the Bond Issue.

Furthermore, the Security Trustee shall retain the right, to be exercised in its sole and absolute discretion, to release part of the Collateral granted at the date of issue of the Bonds in the event the value of one or more of Security Property I, Security Property II and/or Security Property III, as determined pursuant to an independent architect's valuation report, increases such as to merit, in the opinion of the Security Trustee as aforesaid, the release of any part of the Collateral at any time throughout the term of the Bonds.

The terms and conditions of the Security Trust Deed II 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 II and as if the Security Trust Deed II 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 II.

As stated above in this sub-section with respect to the Security Property I, the Security Property II and the Security Property III and in terms of the Security Trust Deed II, 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, or releases part of the property settled on trust as contemplated above, the Issuer shall make the necessary company announcement in accordance with the Capital Markets Rules to that effect.

No provision contained in the Prospectus and/or the Security Trust Deed II 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 II, the Smartcare Security Trust II 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 II; 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.

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 II. The beneficial interest of a primary beneficiary in terms of the Security Trust Deed II 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 II to beneficiaries of the Smartcare Security Trust II and to the MFSA. A copy of the Security Trust Deed II 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 I is burdened by a special hypothec up to an amount of €13,000,000 registered in favour of the Security Trustee in terms of and pursuant to the 2021 Smartcare Prospectus. That part of the Collateral relative to Security Property I being created in favour of the Security Trustee for the benefit of Bondholders in terms hereof shall be constituted in addition to all charges currently encumbering the Security Property I as detailed in the 2021 Smartcare Prospectus.

The insurance policy providing for the full replacement value of the Security Property I is currently pledged in favour of the Security Trustee in terms of and pursuant to the Smartcare Security Trust 2021 and the 2021 Smartcare Prospectus. In terms of the security trust deed of the Smartcare Security Trust 2021, the Security Trustee shall have the power at any time to add to the class of residual beneficiaries, such one or more persons as the Security Trustee may in its absolute discretion determine. In accordance with the terms of the security trust deed of the Smartcare Security Trust 2021, the Security Trustee shall add the Bondholders as residual beneficiaries of the Smartcare Security Trust 2021 and shall limit their entitlement to any balance of any funds received by the Security Trustee in the event of any enforcement of the pledge over the insurance policy for the full replacement value of the Security Property I after the debt in terms of the 2021 Smartcare Prospectus, due to the Existing Smartcare Bondholders, has been repaid in full.

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

The Bond Issue proceeds shall be retained by the Sponsor, Manager & Registrar and be released to the Issuer or a designated Group entity on condition that: (i) it receives appropriate assurance that publication and registration of each of the Deeds of Hypothec pursuant to which all security over the Security Property I, the Security Property II and the Security Property III for the benefit of Bondholders in terms hereof is duly perfected

and registered; (ii) the Guarantee is duly and properly granted in terms of Annex I to this Securities Note; and (iii) it receives confirmation that the Bonds will be admitted to the Official List by no later than 30 August 2022.

Following registration of the Deeds of Hypothec and the presentation to the Sponsor, Manager & Registrar of the appropriate notes of hypothec, and upon the Bonds being admitted to the Official List, the Sponsor, Manager & Registrar shall release the Bond Issue proceeds to be applied for the purposes specified in sub-section 5.1 above.

5.6 Expected timetable of principal events

1	Closing date for Applications to be received from Existing Smartcare Bondholders	12 August 2022 at 12:00 CET
2	Intermediaries' Offer*	16 August 2022 - 19 August 2022 at 12:00 CET
3	Announcement of basis of acceptance through a company announcement	23 August 2022
4	Commencement of interest	23 August 2022
5	Refund of unallocated monies, if any	30 August 2022
5	Dispatch of allotment letters	30 August 2022
6	Expected date of admission of the Bonds to listing	30 August 2022
7	Issue date of the Bonds	30 August 2022
8	Expected date of commencement of trading in the Bonds	31 August 2022

*In the event that the total value of Applications received from Existing Smartcare Bondholders reaches €7,500,000, the Intermediaries' Offer will not take place. In the event that the Intermediaries' Offer does take place, the Issuer reserves the right to close the Intermediaries' Offer before 19 August 2022 at 12:00 CET in the event that the Bonds are fully subscribed prior to said date and time.

In the eventuality that the Intermediaries' Offer does not take place or, if it does take place, it is closed early as aforesaid, some of the events set out above may be brought forward and the Issuer will issue a company announcement accordingly.

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 2032 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €7,500,000 (except as otherwise provided under sub-section 6.16 "Further Issues" below). The Issue Date of the Bonds is expected to be 30 August 2022. 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 II. The Bond Issue is guaranteed by SHL.
- 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 23 August of each year, with the first interest payment falling due on 23 August 2023 (covering the period between 23 August 2022 and 22 August 2023). 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: MT0002251222.

- 6.1.5 The Bonds are expected to be listed on the Official List on 30 August 2022 and dealing is expected to commence on 31 August 2022. 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 the date fixed for redemption) on the Redemption Date.
- 6.1.7 In the event that any of the Existing Smartcare 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 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 such 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.
- 6.1.8 Any balance of the Bonds not subscribed to by Existing Smartcare 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 19 August 2022 at 12:00 hours CET. The results of the Bond Issue will be announced through a company announcement by 23 August 2022. It is expected that allotment letters will be dispatched to Bondholders by 30 August 2022. The Issuer, acting through the Registrar, will communicate the number of Bonds each Authorised Intermediary has been allocated in terms of the respective subscription agreement by latest 12:00 hours CET on 22 August 2022.
- 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 Guarantor 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 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 upon subscription is €1,000, and in multiples of €100 thereafter.
- 6.1.11 The issue of the Bonds is made in accordance with the requirements of the Capital Markets Rules, the Act and the Prospectus Regulation.
- 6.1.12 The Bond Issue is not underwritten. In the event that the Bond Issue is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for.
- 6.1.13 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 Bondholders

- 6.2.1 The Bonds shall be made available for subscription, *pari passu* without priority or preference between them, to Existing Smartcare Bondholders. Applications for subscription of Bonds by Existing Smartcare Bondholders shall be made through an Authorised Intermediary by latest 12 August 2022 at 12:00 hours CET. Existing Smartcare Bondholders applying for Bonds shall have no guarantee of allocation but shall 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.

6.2.2 Payment by Existing Smartcare Bondholders for subscription of Bonds shall be made in Euro and in cleared funds at the Bond Issue Price, either by credit transfer to the respective Authorised Intermediary, by cheque payable to the respective Authorised Intermediary or by any other method of payment as accepted by the respective Authorised Intermediary.

6.2.3 In the event that any of the Existing Smartcare Bondholders applying for Bonds shall not have been allocated any Bonds or shall 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 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 such 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.

6.3 Intermediaries' Offer

Any balance of Bonds not subscribed to by Existing Smartcare 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 Bondholders but limited to any remaining balance of Bonds after fully allocating the Bonds to Existing Smartcare Bondholders 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 €7,500,000 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.

In terms of the subscription agreements, Authorised Intermediaries may subscribe for the Bonds either 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.

Completed subscription agreements, together with evidence of payment, are to reach the Registrar by 12:00 hours CET on 19 August 2022. The Issuer, acting through the Registrar, shall communicate the amount allocated under each subscription agreement by 12:00 hours CET on 22 August 2022. Any amounts unallocated in terms of the subscription agreements shall be returned to the respective Authorised Intermediary by direct credit to the account indicated in the respective subscription agreement by latest close of business on 30 August 2022.

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 all categories of investors, as follows:

- i. the Issuer has reserved the aggregate amount of Bonds of €7,500,000 for subscription by Existing Smartcare Bondholders; and
- ii. any balance of the Bonds not subscribed to by Existing Smartcare Bondholders as aforesaid shall be made available for subscription by Authorised Intermediaries through an Intermediaries' Offer.

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 issued by the Issuer to Applicants by latest 30 August 2022. The registration advice and other documents and 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.

Dealings in the Bonds shall not commence prior to the Bonds being admitted to the Official List.

6.5 Allocation Policy

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

- i. the total aggregate amount of €7,500,000 of the Bonds shall be allocated to Existing Smartcare Bondholders, *pari passu*, without priority or preference between them and in accordance with the allocation policy as determined by the Issuer; and
- ii. in the event that following the allocations made pursuant to paragraph (i) 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 22 August 2022. Any amounts unallocated in terms of the subscription agreements shall be returned to the respective Authorised Intermediary by direct credit to the account indicated in the respective subscription agreement by latest close of business on 30 August 2022.

In the event that the Bond Issue is subscribed for in full by Existing Smartcare Bondholders in terms of paragraph (i) above, the Intermediaries' Offer shall not take place.

The Issuer shall announce the result of the Bond Issue and the basis of acceptance and the allocation policy to be adopted through a company announcement by 23 August 2022.

6.6 Status and ranking of the Bonds

The Bonds, as and when issued and allotted, shall constitute the general, direct and unconditional obligations of the Issuer, as secured by means of the Collateral granted in terms of the Security Trust Deed II and shall be guaranteed in respect of both the interest due and the principal amount under the Bonds by the Guarantor jointly and severally. The Bonds shall at all times rank *pari passu*, without any priority or preference among themselves, but, in view of the fact that the Bonds shall be secured by the Collateral, shall rank with priority and preference over other present and future unsecured obligations of Smartcare Pinto Ltd, Segond Boutique Hotels Limited and Smart Suites Limited, if any, save for such exceptions as may be provided by applicable law, and with ranking and priority over the Collateral.

Pursuant to the terms of the Security Trust Deed II, Smartcare Pinto Ltd, Segond Boutique Hotels Limited and Smart Suites Limited have 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 I, the Security Property II and the Security Property III.

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 Smartcare Pinto Ltd, Segond Boutique Hotels Limited and Smart Suites Limited. Notwithstanding the aforesaid, privileges or similar charges accorded by law in specific situations may arise during the course of the business of the Issuer

and/or Smartcare Pinto Ltd and/or Segond Boutique Hotels Limited and/or Smart Suites Limited 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 II, 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 and/or Smartcare Pinto Ltd and/or Segond Boutique Hotels Limited and/or Smart Suites Limited to which it is entitled under the Security Trust Deed II 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.

The following sets out a summary of the Group's indebtedness which as at 31 December 2021 amounted in aggregate to €14,697,000 and includes corporate bonds and other borrowings:

Group borrowings and bonds	31 Dec 2020 €'000	31 Dec 2021 €'000
Bonds*	5,000	13,000
Other Borrowings	3,457	1,697
	<hr/>	
Total borrowings and bonds	8,457	14,697

* Bonds are shown gross of bond amortisation expenses.

Further details on the aforesaid indebtedness are found in the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2021, which have been published on the Issuer's website (www.smartcaremalta.com) and are available for inspection at its registered office during office hours for the term of the Bonds.

6.7 Rights attaching to the Bonds

This Securities Note incorporates the Terms and Conditions of the Bond Issue and, in its entirety, creates the contract between the Issuer and a Bondholder.

A Bondholder shall have such rights as are, pursuant to this Securities Note, attached to the Bonds, including:

- i. the payment of interest;
- ii. the repayment 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, Smartcare Pinto Ltd, Segond Boutique Hotels Limited and Smart Suites Limited in accordance with the provisions of sub-section 6.6 above;
- v. seeking recourse from the Guarantor 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;
- vi. the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
- vii. the right to 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 23 August 2022 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 23 August 2023 (covering the period 23 August 2022 up to and including 22 August 2023). 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 amount 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 Bondholders who opt to subscribe for the online e-portfolio account with the CSD 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. A Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept at 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 for Bonds through nominee accounts for and on behalf of clients shall 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 a Bond will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Redemption Date. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith. 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 loss or delay in transmission or any charges in connection therewith.
- 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 the date fixed for redemption) on 23 August 2032. 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 are 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 II, the Security Trustee may in its absolute and unfettered discretion, and shall upon the request in writing of not less than 60% 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 Guarantor 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 Guarantor 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 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 Guarantor before the expiry of such 60 days (where applicable); and/or
- iv. if the Issuer and/or SPL and/or SBHL and/or SSL commits a breach of any of the covenants or provisions contained in the Security Trust Deed II 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 Guarantor 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 material 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 security constituted by any hypothec, pledge or charge upon the whole or any part of the undertaking or assets of the Issuer or the Guarantor 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, Guarantor, SPL, SBHL or SSL 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 II; 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 Guarantor 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 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 Malta Financial Services 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, the Guarantor, SPL, SBHL or SSL 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, SBHL, SSL and the Guarantor is observing and performing all the obligations, conditions and provisions on its part contained under the Prospectus and the Security Trust Deed II, 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 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/herself/itself as holder of the Bond or to have some person nominated by him/her/it registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself/herself/itself, he/she/it shall deliver or send to the CSD a notice in writing signed by him/her/it stating that he/she/it so elects. If he/she/it shall elect to have another person registered he/she/it shall testify his/her/its 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, 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 (i) the Security Trustee, (ii) the Guarantor and (iii) 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 Security Trustee, the Guarantor and 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 No change or amendment to, or waiver of, any of the applicable Terms and Conditions of the Bonds may be made unless such decision is made at a meeting of Bondholders duly convened 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, the Guarantor 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 Security Trustee, the Guarantor and 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 the 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 at any adjourned meeting, as the case may be, 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 In terms of the Guarantee, the Guarantor has the power to veto a decision by the Bondholders, taken at a Bondholders' meeting duly convened and held, to amend or waive the Terms and Conditions of the Bonds which are issued with the benefit of its Guarantee, in cases in which such amendment or waiver

may give rise to changes in: (i) the amount payable by the Guarantor under the Guarantee; (ii) the term and/or frequency of such payments; (iii) the Events of Default listed in sub-section 6.14 of this Securities Note; and/or (iv) any other term which may otherwise increase the exposure of the Guarantor to the enforcement of the Guarantee. In the event that the Guarantor were to exercise such right of veto, the proposed amendment to, or waiver of, the Terms and Conditions would not be put into effect.

6.17.10 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 13 July 2022. The Guarantee being given by the Guarantor in respect of the Bonds has been authorised by a resolution of the board of directors of the Guarantor dated 13 July 2022.

6.19 Admission to trading

6.19.1 The Malta Financial Services Authority has authorised the Bonds as admissible to listing pursuant to the Capital Markets Rules by virtue of a letter dated 22 July 2022.

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 30 August 2022 and trading is expected to commence on 31 August 2022. 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 To the best of the Directors' knowledge, the Prospectus contains all relevant material information with respect to the Issuer, the Guarantor and the Bonds 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 Guarantor, 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 spouses), the person 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 in the register. 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 Guarantor 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 the acquisition, holding and disposal of Bonds, as well as any interest payments made by the Issuer. 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, that does not constitute legal or tax advice and does not purport to be exhaustive, refers only to Bondholders who do not deal in securities in the course of their normal trading activity.

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 who do not deal in the acquisition and disposal of securities in the course of their normal trading activities. 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 of any withholding tax or if the Bondholder does not fall within the definition of “recipient” in terms of article 41(c) of the Income Tax Act (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/her income tax return (to the extent that the interest is paid net of tax). No person (whether corporate or non-corporate) 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/her/its Maltese income tax return and be subject to tax on such interest at the standard rates applicable to that person at that time. Additionally, in this latter case the Issuer will 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 therein, 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 Bondholders) to the Maltese 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

On the assumption that the Bonds would 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 income tax on capital gains should be chargeable in respect of a 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 should not be treated as constituting marketable securities within the meaning of the aforementioned legislation and, therefore, the transfer/transmission thereof should not be 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 Official List, 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 Guarantor on the one hand and the Bondholders on the other.
- 8.2 The issue and allotment of the Bonds is conditional upon: (i) the Guarantee being granted in terms of Annex I to this Securities Note; (ii) the Collateral being constituted in favour of the Security Trustee in accordance with the provisions of the Security Trust Deed II; and (iii) 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. The Issuer has not established an aggregate minimum subscription level for the Bond Issue.
- 8.3 Applications must be accompanied by the full price of the Bonds applied for, in Euro. Payment may be made by credit transfer to the respective Authorised Intermediary, by cheque payable to the respective Authorised Intermediary or by any other method of payment as accepted by 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 Applications are signed/delivered 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 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). 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 the terms set out herein.
- 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 by him/her/it at any time before the Bonds are admitted to listing on the Official List. 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 submitting the Application 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 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 the Prospectus, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person without contravention of any regulation or other legal requirements.
- 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 relative instructions or is not accompanied by the required documents.
- 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 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 an 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 Bond 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 (Subsidiary Legislation 373.01), 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 for Bonds, 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 Guarantor and the issue of the Bonds contained therein;
- ii. warrants that the information submitted by the Applicant 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) provided by an Applicant and those held by the MSE in relation to the MSE account number indicated by the Applicant, 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 securities 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 connection with an Application for Bonds, 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 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 Guarantor 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, 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 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 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 by the Applicant and in the case of monies by direct credit into the Applicant's bank account as indicated by the Applicant;

- 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 (or any smaller number for which the Application is accepted) at the Bond Issue Price subject to the Prospectus and the Terms and Conditions thereof;
- 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/delivers an Application 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. No interest shall be due on refunds. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith.

9 ADDITIONAL INFORMATION

Save for the architects' property valuation reports in relation to the Security Property I owned by SPL, the Security Property II owned by SBHL and the Security Property III owned by SSL, respectively, which are available for inspection as set out in section 16 of the Registration Document and are deemed to be incorporated by reference in, and form part of, the Prospectus, 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 architects' property valuation reports all dated 1 July 2022 are available for inspection as set out in section 16 of the Registration Document and are deemed to be incorporated by reference in, and form part of, the Prospectus in the form and context in which they each appear with the authorisation of each of Perit Malcolm Sullivan of Sapienza and Sullivan Architects & Civil Engineers and Perit Colin Zammit of Maniera Group, as applicable, each of whom has given and has not withdrawn his consent to the inclusion of said reports herein.

The Financial Analysis Summary dated 22 July 2022 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.

None of the foregoing experts have any beneficial interest in the Issuer or the Guarantor. The Issuer has received confirmation from Perit Malcolm Sullivan of Sapienza and Sullivan Architects & Civil Engineers, from Perit Colin Zammit of Maniera Group and from Calamatta Cuschieri Investment Services Limited, respectively, that all of the architects' property valuation reports and the Financial Analysis Summary, as applicable, 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
(the “Guarantor”)

To all Bondholders:

Reference is made to the issue of up to €7,500,000 4.65% Secured Bonds 2032 by Smartcare Finance p.l.c., a company registered in Malta bearing company registration number C 90123 (the “Issuer”), pursuant to and subject to the Terms and Conditions contained in the Securities Note forming part of the Prospectus dated 22 July 2022.

Now, therefore, by virtue hereof, Smartcare Holdings Ltd (C 90121) hereby stands surety jointly and severally with the Issuer and irrevocably and unconditionally guarantees 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, undertakes to pay all amounts of principal and interest which become due and payable by the Issuer to Bondholders under the Bonds, before the expiry of 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 22nd July 2022, after approval of the board of directors of Smartcare Holdings Ltd.



Andrew Debattista Segond
Director - Smartcare Holdings Ltd

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 Guarantor, the full terms of which are set out in clause 3 below.

2. INFORMATION ABOUT THE GUARANTOR

The information about the Guarantor required pursuant to the Capital Markets 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 Guarantor, as primary obligor, hereby jointly and severally with the Issuer irrevocably and unconditionally guarantees 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 Guarantor 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.

The Guarantor is the parent company of the Issuer and, given that the only asset on the balance sheet of the Guarantor as at the date of the Prospectus is its holding in the Issuer, the only recourse that the Bondholders will have from the Guarantor will be the financial investment in the Issuer itself. The implication of this is that, in the eventuality that the Guarantee is enforced, the only recourse will be to the Issuer's and the Group's assets and, in the eventuality that the Group's assets are already compromised, there will be no additional assets to which the Guarantor can make recourse.

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 Guarantor by the Issuer.

This Guarantee shall apply to all Bonds issued on or after 30 August 2022 in accordance with the terms of the Securities Note.

3.2 Guarantor as joint and several surety

The Guarantor will be liable under this Guarantee as joint and several surety 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 Guarantor to the Bondholders under this Guarantee shall be up to and shall not be in excess of €7,500,000 (seven million, five hundred thousand 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 Guarantor, which shall be additional to the maximum sum herein stated.

3.4 Continuing and unconditional liability

The liability of the Guarantor 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 Guarantor; 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 Guarantor without settlement in full of the Indebtedness towards the relevant Bondholder.

3.5 Indemnity

As a separate and alternative stipulation, the Guarantor unconditionally and irrevocably agrees 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 Guarantor or any Bondholder) not recoverable from the Guarantor, will nevertheless be recoverable from it as if it were the sole principal debtor and will be paid by it to the Bondholder on demand. This indemnity constitutes 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 Guarantor represents and warrants:

- (i) that it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business;
- (ii) that it has power to grant this Guarantee and that this Guarantee is duly authorised and all corporate action has been taken by the Guarantor in accordance with its deeds of constitution and the laws of its incorporation and regulation;
- (iii) that this Guarantee constitutes and contains valid and legally binding obligations of the Guarantor 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 the Guarantor is or may be subject, or any agreement or other instrument to which the Guarantor is a party or is subject or by which it or any of its property is bound;
- (v) that this Guarantee shall not result in or cause the creation or imposition of, or oblige the Guarantor to create, any encumbrance on the Guarantor's undertakings, assets, rights or revenues;
- (vi) that it is 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 is it threatened with any such procedures;
- (vii) that the obligations of the Guarantor under this Guarantee constitute general, direct and unsecured obligations of the Guarantor and rank equally with all its other existing and future unsecured obligations, except for any debts for the time being preferred by law;
- (viii) that it is not in material breach of or in default under any agreement relating to indebtedness to which it is a party or by which it may be bound, nor has any default occurred in its 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 Guarantor 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 Guarantor have been discharged in full, and until such time the Guarantor acknowledges 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 Guarantor 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 Guarantor for the benefit of the Bondholders. The Guarantor shall not be entitled to assign or transfer any of its obligations under this same Guarantee.

3.10 Amendments

The Guarantor has the power to veto any changes to the Terms and Conditions of the Bonds which are issued with the benefit of this Guarantee, limitedly in cases in which such amendments may give rise to changes in: (i) the amount payable by the Guarantor under this Guarantee; (ii) the term and/or frequency of such payments; (iii) the Events of Default listed in sub-section 6.14 of the Securities Note; and/or (iv) any other term which may otherwise increase the exposure of the Guarantor to the enforcement of this Guarantee.

3.11 Notices

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

Smartcare Holdings Ltd

Address: 326, Mdina Road, Qormi, Malta
Telephone number: (+356) 21 449 574
Contact person: The Company Secretary

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.



Andrew Debattista Segond
Director - Smartcare Holdings Ltd

ANNEX II – AUTHORISED INTERMEDIARIES

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

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

ANNEX III – FINANCIAL ANALYSIS SUMMARY

**FINANCIAL ANALYSIS
SUMMARY 2022**



Smartcare Finance p.l.c.

22 July 2022



Calamatta Cuschieri

**Prepared by Calamatta Cuschieri
Investment Services Ltd.**



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

22 July 2022

Dear Sirs,

In accordance with your instructions, and in line with the requirements of the MFSA Listing 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 “**Guarantor**” Smartcare Holdings Ltd, where the latter acts as the parent company of the companies forming part of the Smartcare Group (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 years ended 31 December 2019, 31 December 2020 and 31 December 2021 have been extracted from the audited financial statements of the Issuer and the Guarantor.
- b) The forecast data for the financial years 2022 and 2023 has been provided by management.
- c) Our commentary on the Issuer and Guarantor’s results and financial position is based on the explanations provided by management.
- d) The ratios quoted in the 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 investors in the Issuer’s securities and potential investors by summarising the more important financial data of the Group. The Analysis does not contain all data that is relevant to investors or potential investors. The Analysis does not constitute an endorsement by our firm of any securities of the Issuer and should not be interpreted as a recommendation to invest in any of the Issuer’s securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis. As with all investments, potential investors are encouraged to seek professional advice before investing in the Issuer’s securities.

Yours sincerely,

Nick Calamatta
Director

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Part 1 - Information about the Group

Smartcare Finance p.l.c. has applied for a bond issue in respect of €7.5m 4.65% bonds maturing on 23 August 2032, of a nominal value of €100 per bond issued at par by the Issuer (the “Bond Issue”). This Financial Analysis Summary has been prepared in line with the MFSA Listing Policies.

1.1 Issuer’s Key Activities and Structure

The Group structure is as follows:



The “Group” of companies consists of Smartcare Finance p.l.c., the Issuer of the bonds (the “Issuer”), Smartcare Holdings Ltd (“SHL”) being the Guarantor of the Bond Issue and the holding company of the Group, as well as Smartcare Pinto Ltd (which is also the Guarantor of the Issuer’s 2021 bonds), Smartcare Group Investments Ltd, Smartcare Developments Ltd, Segond Boutique Hotels Limited, Smartcare Properties Limited and Smart Suites Limited also being companies within the Group.

The principal activity of the Group is the management and operation of a private health care residence, in addition to the development and operation of hotels and residential real estate.

Smartcare Finance plc, having company registration number C 90123, is a public limited liability company registered in Malta on 7 January 2019. The Issuer is, except for one ordinary share directly held by Andrew Debattista Segond, a wholly-owned subsidiary of SHL. As at the date of the Analysis, the Issuer, which was set up and established to act as a finance vehicle, has an

authorised and issued share capital of €250,000 divided into 250,000 ordinary shares of €1 each, all fully paid up. Smartcare Holdings Ltd, a private limited liability company with company registration number C 90121, was set up on 7 January 2019 and acts as the holding company of the Group. As of the date of the Analysis, SHL has an authorised and issued share capital of €2,374,526 divided into 2,374,526 ordinary shares of €1 each, fully paid up. The ultimate beneficial owner of the Group is Mr. Andrew Debattista Segond, who has 100% ownership of SHL. SHL is the Guarantor of the Bond Issue and one of the two Guarantors of the Issuer’s bonds admitted to the official list of the Malta Stock Exchange on 30 March 2021 (the “2021 Bonds”).

Smartcare Pinto Ltd is a fully owned subsidiary of Smartcare Group Investments Ltd, which is in turn fully owned by Smartcare Finance p.l.c., and eventually fully owned by SHL. SPL, company registration number C 86395, is a private limited liability company registered in Malta on 21 May 2018. As at the date of the Analysis, SPL 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 of a private health care residence, including the provision of all equipment, facilities, and caregiving in connection with and ancillary to the running of the residence. It owns and operates a care home, “**Dar Pinto**”, situated in Qormi. Along with Smartcare Holdings Ltd, it is one of the two Guarantors of the 2021 Bonds.

Smartcare Group Investments Ltd (“**SGIL**”) with company registration number C 97019 is a private limited liability company registered in Malta on 23 October 2020. SGIL acts as a holding company of the five wholly-owned operating subsidiaries being SPL, Smartcare Developments Ltd (“**Smartcare Developments**”), Segond Boutique Hotels Limited (“**Segond Boutique**”), Smartcare Properties Limited (“**Smartcare Properties**”) and Smart Suites Limited (“**Smart Suites**”).

Smartcare Developments Ltd with company registration number C 94871 is a private limited liability company registered in Malta on 13 February 2020. 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 Hotels Limited, with company registration number C 92650, is a private limited liability company registered in Malta on 22 July 2019. Segond Boutique was set up to acquire land in Xagħra, Gozo, and subsequently develop it into a 51-room boutique hotel (the “**Boutique Hotel**”).

Smartcare Properties Limited, with company registration number C 90122, is a private limited liability company registered in Malta on 7 January 2019. Smartcare Properties was incorporated to own, develop and/or manage other real estate properties owned by the Group.

Smart Suites Limited with company registration number C 102278 is a private limited liability company registered in Malta on 12 May 2022. Smart Suites was incorporated as the owner of the newly acquired hotel in Sliema (“**Tower Road Hotel, Sliema**”).

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

Name	Office Designation
Mr Andrew Debattista Segond	Executive Director
Mr William Wait	Executive Director and Chairman
Mr Arthur Gauci	Independent, Non-Executive Director
Mr Sandro Grech	Independent, Non-Executive Director
Dr Ian Joseph Stafrace	Independent, Non-Executive Director

The business address of all of the directors is the registered office of the Issuer. Dr Katia Cachia is the company secretary of the Issuer.

The Issuer does not have any employees of its own, and thus is dependent on the resources within the Group entities.

Board of Directors – Guarantor

As of the date of the Analysis, the board of **Smartcare Holdings Ltd** is constituted by the following person:

Name	Office Designation
Mr Andrew Debattista Segond	Executive Director

The business address of the sole director is the registered office of the Issuer. Mr Andrew Debattista Segond is the company secretary.

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, all of whom are 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.

As of the date of this Analysis, the Group has a total of 62 employees.

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. The material assets are owned by other companies of the Group, hence in the following section, we will focus on the assets owned by the Group rather than the assets owned by the Issuer.

Dar Pinto, Qormi

The Group, through its operating company SPL, owns and currently operates a 131-bed long-term care old people's home, Dar Pinto, situated in Qormi through a private-public partnership agreement with the Government of Malta. Dar Pinto is housed within a six-storey property which is located between two parallel streets in Qormi, spanning from Triq Guze' Duca on one end to Triq l-Imdina on the other end. The property has a street front of approximately 29 metres on Triq Guze' Duca and approximately 13 metres on Triq l-Imdina.

The Group has entered into an agreement with the Active Ageing and Community Care Department 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 one year beyond the initial five-year term. Therefore, the sole customer of Dar Pinto is the Government of Malta.

Dar Pinto is currently undergoing extension scheduled to be completed in Q4'2022. SPL intends to carry out a second extension to Dar Pinto following the Bond Issue. According to valuation dated 24 June 2022, upon completion of said extensions, the market value of Dar Pinto will be €19.5m. Details of both care home extensions and the Bond Issue can be found in section 1.4 below.

Boutique Hotel, Xagħra - Gozo

The Group owns land in Xagħra, Gozo, on which it has concluded the development of a 51-room boutique hotel which has commenced operations in January 2022. The Boutique Hotel's facilities include 2 reception areas, a bar area, a restaurant and bar which doubles up as a breakfast room, seating area, luggage room, and a roof-top pool. The hotel has 14 large suites with private pools and 37 double rooms.

Development works have been contracted on a turnkey basis at a value of €3.48m. The development project in its current state was valued at €4.95m by an independent appraiser. As a note to the above, a review of the previous valuation is ongoing and appraised value may change as a result. The Boutique Hotel is situated on two sites along two adjoining streets in Xagħra, Gozo. The sites together have a total footprint of *circa* 892 sqm.

One site is situated on Triq il-Kommitiva while the other site is situated on Triq ta' Gajdor.

An amount of €2.45m of the proceeds of the 2021 Bonds was utilised to refinance outstanding bank facilities, which were originally raised for the acquisition and development of the Boutique Hotel.

Residential Apartments

Smartcare Properties Limited owns and manages the residential properties of the Group. These consist of the following properties:

- A duplex penthouse situated within a block of apartments in Stella Maris Street, Sliema, has a gross floor area of *circa* 150sqm and a total terrace area of 54sqm. The penthouse was valued at €0.65m by an independent appraiser.
- An apartment in Helena Flats in Ta' Xbiex numbered 4. The apartment has a book value of €96k.
- The Group also owns three apartments (within a block named Eddie's Flats) in Gzira with a net book value of €730k.

The Group also entered into a promise of sale agreement to part exchange an apartment in Eddie's Flats for another property in Msida however the property transfer contracts have not been executed.

Hamrun Project

Following the bond issue in 2021, the Group has acquired a block of buildings in Hamrun that it is redeveloping into a mixed-use complex consisting of residences, retail outlets, and offices. Further details regarding this project are found below in sub-section 1.4 below.

Xagħra Project

On 9 November 2020, the Group acquired through Smartcare Developments Ltd, a plot of land in Xagħra, Gozo which is being developed into residential blocks for resale. Further details regarding this project are found below in sub-section 1.4 below.

Tower Road Hotel, Sliema

In August 2021, the Group, through Smartcare Properties, entered into a promise of sale agreement to acquire a 65-year temporary emphytheusis agreement on a house located in Tower Road, Sliema. As per said promise of sale, the final deed of emphytheusis is to be signed within three months of the issue of the development permit, which was issued on 18 May 2022. Details on the planned development of this property into a hotel is explained in section 1.4 below.

1.4 Operational Developments

Bond Issue

The Issuer is proposing a bond issue of €7.5m with a term of ten years. The proposed bond issue shall be secured. The proceeds from the said bond issue, are intended to be used in the amounts and order of priority set out below:

- an amount of *circa* €1,280,000 of the Bond Issue net proceeds will be used by Smart Suites Limited (a related company) for the purpose of financing the development and finishing of the Tower Road, Sliema hotel, details of which are set out further below in this sub-section 1.4;
- an amount of *circa* €2,250,000 of the Bond Issue net proceeds will be used by Smartcare Pinto Ltd for the purpose of financing the purchase of land and development and finishing costs in connection with the extension of Dar Pinto, details of which are set out further below in this sub-section 1.4;
- an amount of *circa* €1,400,000 of the Bond Issue net proceeds will be used by Smartcare Developments Ltd for the purpose of re-financing an existing facility taken out with Lombard Bank Malta plc prior to the date of this Analysis for the purpose of financing the acquisition of land and development and finishing costs in connection with the Xaghra property development project, details of which are set out further below in this sub-section 1.4; and
- the remaining balance of net Bond Issue proceeds in an amount of *circa* €2,170,000 will be used for the general corporate funding purposes of the Group.

First Extension to Dar Pinto

In 2020, the Group entered into a promise of sale agreement for the acquisition of land adjacent to Dar Pinto in order to develop a new extension to its Dar Pinto

care home. The development will cater for an additional 23 rooms and 54 beds. Works on the first extension are expected to be finalised by Q4'2022. The costs for this first extension to the care home are estimated to be €1.7m, which were financed through part of the proceeds of the 2021 Bonds.

Disruptions to the day-to-day running of Dar Pinto due to the extension works are considered negligible and the existing care home has been functioning as usual throughout the extension works. While the plot was acquired for a value of €0.6m, the construction costs are estimated to be €1.4m, therefore all the expenses of the extension's development will amount to *circa* €2m.

As per an independent valuation carried out on 24 June 2022, the first extension is estimated to increase the market value of the home to €16.8m upon completion.

€1.7m of the proceeds of the Issuer's 2021 Bonds were used to finance this acquisition and first extension of Dar Pinto.

Second Extension to Dar Pinto

In 2021, the Group submitted an application for the demolition and subsequent construction of the ground and first floor of Dar Pinto, with a different layout from the first extension described above. Both extensions will result with an aggregate increase of 82 beds, increasing the total number of beds to 213. Works on the second extension are expected to be completed by Q4'2023. The costs for this second extension to the care home are estimated to be €2.25m. Said costs will be financed through part of the net proceeds of the Bond Issue.

As per an independent valuation carried out on 24 June 2022, the second extension is estimated to increase the market value of the home to €19.5m upon completion. Furthermore, the market value is expected to reach €20.5m at stabilised operations.

Hamrun Project

On 16 December 2021, Smartcare Developments Ltd acquired a block of buildings forming part of the Roxy Home Furnishings complex situated in Saint Joseph High Road, Hamrun. The finalised project will entail the re-development of the Roxy Home Furnishings site in Hamrun into a mixed-use development consisting of residences, retail outlets, offices, and garages.

On 22 January 2021, a development permit was granted to demolish part of the existing showroom building

retaining the facade and the large internal arches, dismantle and incorporate the existing smaller arches into the proposed building, to excavate one level over a portion of the site for the construction of basement parking and to construct a building on the site. The building will include 29 apartments on the upper floors, and 8 commercial units, both retail Class 4B and office Class 4A units on the ground floor level, and 16 garages as well as 2 parking spaces on the underground level. The residential part of the development will be offering a mix of one-bedroom, two-bedroom, and penthouse units.

On 7 September 2021, Smartcare Developments Ltd entered into two promise of sale agreements with Santa Katerina Construction Limited for the sale of a divided share of the Hamrun property and the development thereof. Smartcare Developments Ltd has on Promise of Sale the airspaces of 5 apartments in Block A, airspaces of 9 units in Block C, airspaces of 5 garages as well as airspaces of two commercial outlets.

On the same day, Smarthomes Developments Limited entered into a contract of works agreement with Santa Katerina Construction Limited to demolish those parts of the existing properties and construct the site for a fixed price of €1.2 million. For clarity, Smarthomes Developments Limited is also owned by Mr Andrew Debattista Segond however is not considered as part of the bond group. As confirmed by the Group's management, Smarthomes Developments Ltd will assign the rights obtained from Santa Katerina Construction Limited to Smartcare Developments Ltd.

Works on the development commenced in 2021 and are estimated to be completed in 2022.

As of 31 December 2021, SPL owed Neriku Limited €0.7m for catering services. A barter agreement is in place, whereby once the balance reaches €0.9m, the Group would set off the balance due with the following properties:

- St. Helena flats held by SC Properties; and
- 4 apartments and 4 garages in finished form, on the Hamrun property.

Moreover, SC Developments another subsidiary of the group entered into 6 promise of sale agreements with a total sales value of €0.9m relating to the following properties:

- a commercial outlet on the ground floor; and

- 5 apartments in finished form.

€3.6m of the proceeds from the 2021 Bonds were earmarked for the financing, acquisition, and development of the Hamrun project.

Xagħra Project

On 9 November 2020, the Group acquired through Smartcare Developments Ltd, a plot of land in Xagħra, Gozo with a total area of approximately 1,142sqm, 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 will offer a mix of 1, 2, and 3 bedroom and penthouse units which will be available in three different blocks. The project altogether will have 24 residential units, 8 underlying garages, and 3 parking spaces.

The three blocks will include 10, 9, and 5 residential units. A promise of sale agreement has been signed for the block of 9 apartments with Mr Peter Paul Said for consideration of €550k.

Works on the development principally commenced in 2022 and are estimated to be completed by end of the year. As of 30 April 2022, Smartcare Developments Ltd entered into promise of sale agreements for 14 apartments, 9 garages, 3 garage spaces, and 2 plots, having a total sales value of €2.5m. The units and plots are expected to be sold between 2022 and 2024.

The Group, through Smartcare Developments, will utilise *circa* €1.4m of the proceeds of the Bond Issue to refinance an existing credit facility taken out prior to the date of this Analysis for the purpose of financing the acquisition of land and development and finishing costs of this project.

Tower Road Hotel, Sliema

As explained in section 1.3, the Group entered into a promise of sale agreement to acquire a 65-year temporary emphytheusis agreement on a house located in Tower Road, Sliema, with the final contract being entered into by Smart Suites Limited.

It is the Group's intention to develop this into a hotel with 12 standard rooms, one suite, and one penthouse. In September 2021, the Group submitted the relative development permit which was approved in May 2022.

The Group will be utilising €1.28m of the net proceeds of the Bond Issue for the financing the development and finishing of this hotel.

1.5 COVID-19 impact on the Group's operational and financial performance

In light of the events relating to COVID-19, which has had a material effect globally, the Group's priority was to safeguard the health and well-being of Dar Pinto's residents and its employees.

Throughout FY21 the care home was running at high capacity, except for a limited period of time at the beginning of the year. It was also the Group's main priority to make sure to adhere to the ongoing changes in policies and measures imposed by health authorities

and implement all necessary preventive measures to protect its residents and employees.

The Group continues to closely monitor the situation albeit being cautiously optimistic about the future developments of the pandemic. No adjustments arising from uncertainties brought about by the pandemic were necessary to be made in these consolidated financial statements.

1.6 Subsequent events after the reporting period: Conflict in Ukraine

The directors of the Group assessed that there were no significant effects to the Group's operation as a result of the conflict between Russia and Ukraine. Nevertheless, they will continue to monitor the situation as events continue to evolve.

Part 2 - Historical Performance and Forecasts

The Issuer was incorporated on 7 January 2019, thus the first year captures the period from inception to 31 December 2019. Furthermore, the Issuer itself 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 to 31 December 2021, together with the projections for the year 2022, is set out in sub-sections 2.1 to 2.3.

For the purpose of this document, the focus is a review of the consolidated performance of the Group as captured by Smartcare Holdings Ltd. In view of the recent restructuring, the audited historical financial information of SHL for the year ended 31 December 2019 captures the performance of the Issuer, SPL, Smartcare Properties Limited, and Segond Boutique Hotels Limited. Whereas, the years ended 31 December 2020 and 2021 as well as the Group's projections for the year ending 31 December 2022, as set out in sub-sections 2.4 to 2.6, capture 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.

2.1 Issuer's Income Statement

Income Statement for the year ended 31 December	2019A	2020A	2021A	2022F	2023P
	€000s	€000s	€000s	€000s	€'000s
Preference dividend	-	-	359	916	1,246
Interest income	234	384	298	-	-
Total finance income	234	384	657	916	1,246
Finance costs	(161)	(265)	(528)	(764)	(1,056)
Net finance income	73	119	129	152	190
Administrative expenses	(46)	(59)	(70)	(148)	(150)
Credit impairment loss	(3)	(3)	(11)	-	-
Profit/(loss) before tax	24	57	48	4	40
Income tax	-	(26)	(45)	(2)	(14)
Profit/(loss) after tax	24	31	3	2	26

Ratio Analysis ¹	2019A	2020A	2021A	2022F	2023P
Gross Margin (Net finance income / Finance income)	31.2%	31.0%	19.6%	16.6%	15.2%
Net Margin (Profit for the year / Finance income)	10.3%	8.1%	0.5%	0.2%	2.1%

The first bonds of the Issuer were issued on 5 June 2019, therefore the activity of the Issuer prior to this date was minimal. The Issuer's performance predominantly captures the interest income earned on the net proceeds granted as loans to SPL, SHL, and Smartcare Properties Limited and the finance costs incurred on the aforementioned bonds. Net finance income represents the interest margin of 3% that the Issuer charges to its fellow subsidiaries to cover its operating expenditure.

During FY21, the generated €657k revenue that was split into €359k of dividend income from other subsidiaries of

the Group and €298k of interest income on loans granted to other subsidiaries of the Group as explained above.

In turn, the Issuer incurred €528k of finance costs, higher than a year earlier, as understandably there were more interest-bearing securities in issue during FY21 than a year earlier, on which more interest payments had to be serviced. The €70k of administrative expenses incurred in FY21 were largely in line with the prior year. Credit impairment losses of €11k were slightly higher than a year earlier (FY20: €3k).

¹ Ratio Analysis may not agree to prior FASs due to a change in the calculation methodology or due to rounding differences variance

Tax expenses were higher in FY21 mainly due to disallowed expenses of €36k, slightly increasing the final tax expense figure for the year. Thus, overall, the Issuer reported a small profit of €3k, down from €31k a year earlier.

As a consequence of lower reported profit, the profitability ratios reflected a lower profitability position of the Issuer.

The Issuer is projected to increase its overall income from €657k to *circa* €916k in FY22. Moreover, the Issuer is projected to continue to shift its income towards dividends received from other group subsidiaries in FY22, instead of interest income as was the case in FY20 and partially until FY21. The above-mentioned shift is being undertaken for tax benefit purposes.

The finance costs of the Issuer are projected to increase to €764k in FY22 (FY21: €528k) due to the Bond Issue.

Administrative expenses are expected to increase substantially in FY22 in line with the Bond issue.

Consequently, profit before tax is projected to be lower at €4k in FY22.

Income tax is projected to be lower in line with the lower projected profit. Overall, the Issuer is expected to report a slightly lower profit after tax of €2k in FY22.

Understandably, the lower projected profit is expected to result in lower Gross and Net Margins in FY22 when compared to previous years.

Moving into 2023, dividends received are again expected to make up 100% of finance income and are projected to reach €1.2m. Finance costs are also projected to increase to €1.0m (FY22: €0.8m) given that interest payable on the Bond Issue would be that of a full year. Administrative expenses are expected to remain stable in 2023. Given the increase in revenue is greater than increase in expenses, the Issuer is projecting an improved profit before tax over FY22.

2.2 Issuer's Statement of Financial Position

Statement of Financial Position as at 31 December	2019A	2020A	2021A	2022F	2023P
	€000s	€000s	€000s	€000s	€000s
Assets					
Non-current assets					
Investment in subsidiary	-	1	13,001	20,101	20,101
Amounts due from related parties	4,800	4,800	-	-	-
Deferred expenditure		157	-	-	-
Total non-current assets	4,800	4,958	13,001	20,101	20,101
Current assets					
Trade and other receivables	310	547	1,737	1,839	1,839
Current tax asset	-	-	73	-	-
Cash and cash equivalents	6	1	1	95	222
Total current assets	316	548	1,811	1,934	2,061
Total assets	5,116	5,506	14,812	22,035	22,162
Equity and liabilities					
Capital and reserves					
Share capital	48	250	250	250	250
Retained earnings	24	35	21	24	50
Total equity	72	285	271	274	300
Non-current liabilities					
Debt securities in issue	4,858	4,873	12,424	19,596	19,699
Total non-current liabilities	4,858	4,873	12,424	19,596	19,699
Current liabilities					
Trade and other payables	185	322	2,117	2,164	2,163
Tax payable	-	26	-	-	-
Total current liabilities	185	348	2,117	2,164	2,163
Total liabilities	5,043	5,221	14,541	21,760	21,862
Total equity & liabilities	5,115	5,506	14,812	22,034	22,162

The Issuer's assets in FY21 mainly consisted of investments in the Group (€14.8m) up significantly from €5.5m in FY20. These reflect the proceeds of the 2021 Bonds granted as loans to the Group's fellow subsidiaries. Other than that, the Issuer held €1.7m of trade receivables on its balance sheet in FY21 which are predominantly loans that are unsecured, interest-free, and are repayable upon demand.

From an equity perspective, figures remained relatively stable when compared to FY20.

In FY21, the majority of the Group's liabilities consist of €12.4m debt securities in issue relating to the 2021 Bonds less accumulated amortised costs that include

capitalised bond issue costs. Understandably, a substantial increase can be observed in this balance sheet item, originating from the amounts relating to the Bond issue.

Under current liabilities, trade and other payables represent mostly amounts due to the parent company as well as accruals. Trade payables increased substantially year-on-year to €2.1m in FY21, while only €0.3m a year earlier, mostly due to the increase in amounts due to other group companies, and to a lesser extent accrual, relating to the increased debt securities in issue and related interest. While the increase in non-current liabilities purely reflects the 2021 Bonds.

In FY22, following the Bond Issue, the financial position of the Issuer is expected to increase substantially when compared to FY21. Non-current assets, through investments in subsidiaries, are expected to increase to €20.1m (FY21: €13.0m). This increase in total assets is mainly due to the Bond Issue and will also be reflected in debt securities in issue under non-current liabilities. Other than the aforementioned, shareholders' equity, as

well as current liabilities, are projected to remain largely consistent year-on-year.

FY23 projections are projected to remain stable across the board when compared to FY22 forecasts. The Issuer expects small positive movements in both cash and cash equivalents and retained earnings which reflect the projected profit after tax in FY23.

2.3 Issuer's Statement of Cash Flows

Cash Flows Statement for the year ended 31 December	2019A	2020A	2021A	2022F	2023P
	€000s	€000s	€000s	€000s	€000s
Cash flows from operating activities					
Cash flows from operations	60	(372)	481	(106)	(152)
Taxation paid	-	-	(26)	(2)	(14)
Interest paid	(152)	(250)	(205)	(605)	(953)
Net cash generated from/(used in) operating activities	(92)	(622)	250	(713)	(1,119)
Cash flows from investing activities					
Repayment of the loan receivable from related parties	-	-	4,800	-	-
Payments to subsidiaries	-	(1)	(13,000)	(7,100)	-
Interest received	-	618	298	-	-
Dividend received	-	-	-	806	1,246
Net cash generated from/(used in) investing activities	-	617	(7,902)	(6,294)	1,246
Cash flows from financing activities					
Proceeds from equity	48	-	-	-	-
Proceeds from the issue of debt securities	4,850	-	13,000	7,500	-
Redemption of bonds	-	-	(5,000)	-	-
Bond issue costs	-	-	(348)	(400)	-
Movements in related party balances	(4,800)	-	-	-	-
Net cash generated from financing activities	98	-	7,652	7,100	-
Net movement in cash and cash equivalents	6	(5)	-	93	127
Cash and cash equivalents at the beginning of the year	-	6	1	1	94
Cash and cash equivalents at the end of the year	6	1	1	94	221

The Issuer generated a net cash flow of €0.3m from operating activities after the payment of taxes and interest in FY21 (FY20: cash outflow of €0.6m). Interest paid was less during FY21 when compared to FY20 due mainly to a bond redemption.

Cash from investing activities captured a €13m cash outflow relating to the proceeds of the 2021 Bonds, partially offset by €4.8m relating to the repayment of loans receivable on previous loans to other group companies. In total, the cash from investing activities had an outflow of €7.9m in FY21 (FY20: inflow of 0.6m).

Cash flow from financing activities showed a €13m cash inflow from the 2021 Bonds, offset by the €5m cash outflow relating to the refinancing of previous bonds. Cash flow from financing activities had an inflow of €7.7m in FY21.

The net movement in cash was close to zero in FY21 as the Issuer used up all cash inflows from operations and financing on investing activities by making payments to other subsidiaries of the Group.

In FY22, the Issuer is expected to report lower cash inflows from operations, higher cash interest paid due to

the higher outstanding debt as well as marginally lower cash tax payments. Consequently, the Issuer is projected to utilise cash outflow from operations of *circa* €0.7m. Cash from investing activities are projected to be negative due to the planned distribution of the net proceeds of the Bond Issue. Similarly, the net cash from financing activities as at end of FY22 is forecast to be positive by the same amount to be distributed to subsidiaries. Thus overall, the Issuer is expected to report a positive cash movement of €93k next year.

In FY23, the Issuer expects net cash used in operating activities to increase slightly due to both higher interest paid and higher cash outflow from operations. The Issuer expects net cash generated from investing activities to be positive by €1.2m solely through dividends received. No movements in cash relating to financing activities are projected for FY23.

2.4 Group's Income Statement

Smartcare Holdings Ltd was incorporated on 7 January 2019 and, accordingly, the first year captures the period from inception to 31 December 2019.

Income Statement for the year ended 31 December	2019A	2020A	2021A	2022F	2023P
	€000s	€000s	€000s	€000s	€000s
Revenue	569	2,590	2,819	7,233	9,651
Cost of sales	(444)	(1,459)	(1,434)	(4,118)	(5,635)
Gross profit	125	1,131	1,385	3,115	4,016
Other income	-	8	6	-	-
Administrative expenses	(332)	(631)	(707)	(847)	(906)
EBITDA	(207)	508	684	2,268	3,110
Depreciation and amortisation	(242)	(254)	(300)	(510)	(650)
EBIT	(449)	254	384	1,758	2,460
Finance costs	(192)	(277)	(554)	(847)	(1,198)
Impairment of financial assets	(2)	-	(16)	-	-
Profit/(loss) before tax	(643)	(23)	(186)	911	1,262
Taxation	163	(52)	(93)	(149)	(313)
Profit/(loss) after tax	(480)	(75)	(279)	762	949

Ratio Analysis ²	2019A	2020A	2021A	2022F	2023P
<i>Profitability</i>					
Growth in Revenue (YoY Revenue Growth)	n/a	355.2%	8.8%	156.6%	33.4%
Gross Profit Margin (Gross Profit / Revenue)	22.0%	43.7%	49.1%	43.1%	41.6%
EBITDA Margin (EBITDA / Revenue)	-36.4%	19.6%	24.3%	31.4%	32.2%
Operating (EBIT) Margin (EBIT / Revenue)	-78.9%	9.8%	13.6%	24.3%	25.5%
Net Margin (Profit for the year / Revenue)	-84.4%	-2.9%	-9.9%	10.5%	9.8%
Return on Common Equity (Net Income / Total Equity)	-23.3%	-1.0%	-2.1%	5.6%	6.6%
Return on Assets (Net Income / Total Assets)	-5.7%	-0.5%	-1.0%	2.1%	2.3%

In FY21, the Group generated €2.8m in revenue, an increase of €0.2m when compared to FY20. The majority of the Group's income originates from its care home revenue business which in turn is based on the Group's agreement with the Government of Malta to provide care home services for a defined, five-year period, expiring in May 2024. In 2021, 91.8% of the Group's revenue was generated by this revenue stream. The minority of the income stemmed from the sale of properties, more specifically €0.2m in FY21. This figure was largely similar to the income generated a year earlier.

From Q1 to Q4 2021 occupancy rates of the Dar Pinto care home were 51%, 85%, 95%, and 97% respectively. In

compliance with the protocols of the Government of Malta, residents found positive for the virus were transferred to a government hospital. This resulted in the non-utilisation of the beds allocated, hence non-payment to the care home for the hospitalized bed nights. This caused a drop in occupancy rates during the first quarter of FY2021, but occupancy levels increased as residents recovered and the Government eased its restrictions.

The cost of sales primarily consists 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,

² Ratio Analysis may not agree to prior FASs due to a change in the calculation methodology or due to rounding differences variance

repairs & maintenance costs, professional service fees, telecommunication costs, health & safety costs, and bank charges. The cost of sales amounted to €1.4m in FY21 which is in line with the amount of the previous year. While administrative expenses slightly increased YoY from €0.6m to €0.7m.

Depreciation amounted to €0.3m in FY21, which mainly reflects the depreciation related to Dar Pinto. Finance costs amounted to €0.5m in FY21, up from €0.3m in FY20, which mainly captures the increased amount of interest due to the value of debt securities in issue compared to FY20. Tax expenses slightly increased from FY20 to FY21 however still remained under €0.1m.

Despite the higher revenue of Dar Pinto, the Group has generated a loss of €0.3m for FY21, a slight deterioration from the €0.1m loss in FY20.

The profitability ratios of Smartcare confirm the above picture, more specifically improved Gross profit and EBITDA positions compared with a slightly deteriorated Net Income margin. The Group showed an improvement in the Gross Profit Margin, which improved from 43.7% to 49.1% in FY21 as well as the EBITDA Margin which picked up from 19.6% to 24.3%. The operating margin also showed an increasing trend with 13.6% in FY21 following 9.8% in FY20. The ratios involving Net Margin showed a deterioration as Net Income was conditioned mainly by higher finance costs. Thus, the Net Margin,

Return on Equity, and Return on Assets all show a slightly deteriorating profitability position on a YoY basis.

In FY22, revenue is expected to increase substantially to €7.2m as the sale of properties from the Hamrun and the Xagħra projects will begin to generate revenue. In parallel, the cost of sales is projected to increase to €4m.

Administrative expenses are also expected to increase slightly to €0.9m while depreciation is projected to rise to €0.5m, including the amortisation of bond issue costs. Finance costs are expected to increase to €0.9m as the result of the Bond Issue.

Overall, the Group projects to report a profit before tax of €0.9m and, after a slightly higher tax expense in FY22 than a year earlier, a profit after tax of *circa* €0.8m.

In FY23, the group is projecting higher revenue at €9.7m (FY22: €7.2m). In line with this increase in revenue, cost of sales are also expected to increase by €1.5m to €5.6m. The Group's Gross Profit Margin, however, is projected to decrease slightly, to 41.6% (FY22: 43.1%).

Administrative expenses, depreciation and amortisation and finance costs are all projected to amount slightly higher in FY23. The increase in revenue however, is expected to easily balance out these increases in costs and the Group expects to end the year with a profit after tax of €0.9m (FY22: €0.8m).

2.5 Group's Statement of Financial Position

Statement of Financial Position as at 31 December	2019A	2020A	2021A	2022F	2023P
	€000s	€000s	€000s	€000s	€000s
Assets					
Non-current assets					
Property, plant and equipment	6,443	19,033	20,986	22,004	24,517
Intangible assets	332	323	324	321	317
Investment property	-	-	0	-	-
Deferred expenditure	-	157	0	-	-
Right of use asset	-	-	-	-	1,305
Deferred tax asset	163	-	-	-	-
Investment tax credit	-	-	-	1,450	1,733
Total non-current assets	6,938	19,513	21,310	23,775	27,872
Current assets					
Inventories	823	2,373	4,514	5,469	8,150
Trade and other receivables	562	2,480	6,505	4,029	3,691
Cash and cash equivalents	27	27	143	7,224	3,839
Other assets	-	470	133	60	60
Total current assets	1,412	5,350	11,295	16,782	15,740
Total assets	8,350	24,863	32,605	40,557	43,612
Equity and liabilities					
Share capital	1	2,375	2,375	2,375	2,375
Retained earnings	(456)	(505)	(757)	4	953
Revaluation reserve	2,512	11,560	11,501	11,527	11,527
Total equity	2,057	13,430	13,119	13,906	14,855
Non-current liabilities					
Debt securities in issue	4,858	4,873	12,424	19,596	19,699
Long-term borrowings	667	2,694	1,178	1,451	1,581
Lease liabilities	-	-	-	-	1,322
Deferred tax liabilities	-	1,010	1,100	1,100	1,100
Payables	-	-	100	-	-
Total non-current liabilities	5,525	8,577	14,802	22,147	23,702
Current liabilities					
Trade and other payables	768	2,066	4,048	3,400	3,702
Tax payable	-	26	117	149	313
Short-term borrowings	-	764	519	954	1,040
Total current liabilities	768	2,856	4,684	4,503	5,055
Total liabilities	6,293	11,433	19,486	26,650	28,757
Total equity and liabilities	8,350	24,863	32,605	40,556	43,612

Ratio Analysis ³	2019A	2020A	2021A	2022F	2023P
<i>Financial Strength</i>					
Gearing 1 (Net Debt / Net Debt and Total Equity)	72.8%	38.2%	51.6%	51.5%	57.1%
Gearing 2 (Total Liabilities / Total Assets)	75.4%	46.0%	59.8%	65.7%	65.9%
Gearing 3 (Net Debt / Total Equity)	267.3%	61.8%	106.5%	106.3%	133.3%
Net Debt / EBITDA	(26.6)x	18.3x	22.0x	7.0x	6.3x
Current Ratio (Current Assets / Current Liabilities)	1.8x	1.9x	2.4x	3.7x	3.1x
Quick Ratio (Current Assets - Inventory / Current Liabilities)	0.8x	1.0x	1.4x	2.5x	1.5x
Interest Coverage level 1 (EBITDA / Cash interest paid)	(1.1)x	1.9x	1.2x	3.3x	3.0x
Interest Coverage level 2 (EBITDA / finance costs)	(1.1)x	1.8x	1.2x	2.7x	2.6x

Total assets of the Group amounted to €32.6m in FY21 (FY20: €24.9m). The notable assets are property, plant and equipment, trade and other receivables, and inventories, having values of €21m, €6.5m, and €4.5m respectively (FY20: €19m, €2.5m and €2.4m).

The majority of the property, plant, and equipment values are in turn comprise of land and buildings, with €16m and €3m carrying amounts as of FY21 (FY20: €14.1m and €0.2m). Buildings substantially increased in value as the Boutique Hotel construction has been finalised and its assets have been restated from assets under construction to buildings. Goodwill values remained unchanged as it has been assigned an indefinite life however it is tested by the Group annually for impairment. Deferred expenditure referred to the costs incurred on the bond that was still not issued in FY20. When the bond was successfully issued the related issue costs were offset against the debt securities in issue. They will continue to be amortised over the period of the bond.

Current assets mainly represent the Group's trade and other receivables as well as its inventories. In FY21, current assets amounted to €11.3m, of which trade and other receivables amounted to €6.5m while inventories to €4.5m. Trade receivables predominantly relate to the Dar Pinto operations and they are projected based on a 60-day credit term. The financial statements have been reviewed for indicators of impairment. Inventories increased substantially mainly as a result of the acquisition of the Hamrun site, and further development of the Xagħra site. Inventory is shown at cost and is wound down once a final deed of sale is signed for the respective units.

Cash and cash equivalents increased slightly and were reported at €0.14m while the Group also had immaterial amounts of current tax assets as well as other assets, together amounting to slightly more than € 0.1m as of FY21.

The Group's equity mainly captures the share capital, the revaluation reserve, and the accumulated losses. Total equity decreased to €13.1m in FY21 from €13.4m in FY20, which reflects the loss for the year under review. The Group's share capital remained unchanged at €2.4m while the revaluation reserves at €11.5m were shown €0.1m lower than a year prior.

Total liabilities stood at €11.4m and €19.5m in FY21 and FY20, respectively. They predominantly consisted of the debt securities in issue, in addition to trade and other payables and long-term borrowings.

The most sizeable non-current liabilities in FY21 were the €12.4m issued debt securities, the €1.2m long-term borrowings, as well as the €1.1m, deferred tax liabilities. The debt security balance increased substantially from FY20 held at €4.9m, understandably due to the issuance of the Bonds, partially offset by the refinancing of €5m of previous bonds. Long-term borrowings refer to bank loans that are secured by general and special hypothec over the assets of Segond Boutique Hotels Limited and Smartcare Developments Ltd. The current interest rates vary between 4.65% and 5% *per annum*. The Group also has deferred tax liabilities that have increased to €1.1m as the result of the revaluation of property, plant, and equipment in FY21.

Current liabilities primarily comprise trade and other payables and borrowings. Payables have increased from €2.1m in FY20 to €4.1m in FY21, mainly reflecting an

³ Ratio Analysis may not agree to prior FASs, due to a change in the calculation methodology or due to rounding differences variance

increase in accrual values comprised of bond interest accruals, tax arrears, and construction works done by a contractor that have not yet been invoiced.

The presented ratios show a slight deteriorating trend. Gearing Ratios 1 and 3 have both increased because of the higher amount of net debt increase compared to the increase in total equity values year-on-year. Net debt over EBITDA has also increased due to an increase in debt. The current ratio also moved higher from 1.9x to 2.4x reflecting the more favourable proportion of current assets to current liabilities. Interest coverage in FY21 was also slightly lower when compared to FY20 mainly due to the higher interest payments.

In FY22, the Group is projecting an increase in the value of its total assets, to €40.6m from €32.6m in FY21. Non-current assets, namely property, plant, and equipment are projected to increase by €1m while the Group is expected to report €1.4m of investment tax credit during this year. As for current assets, cash is expected to grow by €7.1m mostly due to the proceeds from the Bond Issue. Inventories are projected to grow by €1m, offset by a substantial reduction in receivables.

Shareholders' equity and retained earnings are projected to increase by the total amount of profit the Group will generate. In FY22 the interest coverage ratio is expected to increase substantially due to the increased EBITDA.

On the liabilities side, overall, they are expected to increase by €7.2m. The most substantial move comes from the €7.5m increase in debt securities in issue, which is part of non-current liabilities. Moreover, the Group is expected to slightly increase both its long and short-term borrowings in FY22. The long-term borrowings are expected to increase by €0.3m while the short-term borrowings are projected to grow by €0.5m. The ratios reflecting the Group's financial strength are expected to show an improving trend in line with the projected increase in revenue and EBITDA, as shown in section 2.4 above.

In FY23, the Group is projecting total assets to increase to €43.6m (FY22: €40.6m). This increase is expected to come mainly from higher investments in inventory through held for sale property following the Bond Issue as explained in section 1.4 above. Lower cash and cash equivalents are expected to offset some of these increases.

Equity is expected to remain fairly stable in FY23 bar an increase in retained earnings due to the expected increase in profit for the year. On the liabilities side the only noticeable increase is expected to be lease liabilities totalling €1.3m which were not included in previous years. Total liabilities are projected to reach €28.8m in FY23 (FY22: €26.7m).

2.6 Group's Statement of Cash Flows

Cash Flows Statement for the year ended 31 December	2019A	2020A	2021A	2022F	2023P
	€'000s	€'000s	€'000s	€'000s	€'000s
Cash flows from operations	(3,609)	(116)	(3,006)	1,575	788
Income tax paid	-	(10)	(37)	(117)	(149)
Rent paid	-	-	-	-	(65)
Interest paid	(192)	(262)	(554)	(687)	(1,035)
Net cash flows generated from/(used in) operating activities	(3,801)	(388)	(3,597)	771	(461)
Cash flows from investing activities					
Goodwill at acquisition	(11)	(11)	(10)	-	-
Acquisition of property, plant, and equipment	(1,678)	(2,591)	(2,169)	(1,498)	(3,140)
Net cash flows generated from/(used in) investing activities	(1,689)	(2,602)	(2,179)	(1,498)	(3,140)
Cash flows from financing activities					
Issue of share capital	1	200	-	-	-
Movement in bank loans	667	2,554	(2,042)	1,227	215
Debt securities issue	4,849	-	7,652	7,500	-
Bond issue costs		-	-	(400)	-
Net cash flows generated from/(used in) financing activities	5,517	2,754	5,610	8,327	215
Movement in cash and cash equivalents	27	(236)	(166)	7,600	(3,386)
Cash and cash equivalents at the start of the year	-	27	(209)	(375)	7,224
Cash and cash equivalents at end of the year	27	(209)	(375)	7,224	3,838

Ratio Analysis ⁴	2019A	2020A	2021A	2022F	2023P
Cash Flow	€'000s	€'000s	€'000s	€'000s	€'000s
Free Cash Flow (Net cash from operations + Interest - Capex)	(2,112)	2,214	(1,418)	2,269	2,679

The Group reported a negative €3.0m cash from operating activities in FY21, a significantly higher cash outflow than a year earlier when cash outflows amounted to €0.1m. The reason for the substantial difference stems from the much higher cash outflows from operating activities which in turn is mostly due to the higher working capital figures in FY21 than a year earlier. Higher interest payments in FY21 also increased the cash outflow figure compared to a year earlier. Thus, overall, cash outflow from operating activities

after taxes and interest payments was negative €3.6m in FY21 (FY20: €-0.4m).

Cash flows from investing activities showed an outflow of €2.2m in FY21 (FY20: €2.6m). The main reason was the cash outflow relating to the acquisition of property, plant, and equipment, more specifically the acquisition of land for *circa* €2m and the acquisition of furniture and fittings for *circa* €0.5m. These costs are related to the ongoing construction projects of the Group.

⁴ Ratio Analysis may not agree to prior FASs, due to a change in the calculation methodology or due to rounding differences variance

Cash from financing activities understandably increased following the bond issuance, with €7.7m reflecting the refinancing of the 2021 Bonds. Moreover, the Group reported bank loan movements of €2m. Overall, the Smartcare Group saw a €5.6m cash inflow from financing activities in FY21.

In FY22, the Group expects a cash inflow from operations of €0.7m as positive revenue is projected for this year. Within investing activities, the Group expects to see a cash outflow related to property, plant and equipment of *circa* €1.5m. From financing activities, the Group projects to see a €8.3m cash inflow mainly due to the proceeds from the Bond Issue. Overall, €7.6m positive cash movement is projected for FY22.

In FY23 the Group is expecting lower cash from operations and higher interest paid given the full year interest to be paid following the Bond Issue, which means the Group is expected to end the year with net cash flows used in operating activities of €0.5m. The Group expects additional purchases of property, plant and equipment to be the sole contributor to the cash outflow in relation to investing activities of €3.1m.

Finally, in FY23, the Group is projecting minimal activity from financing activities, with a projected €0.2m movement in bank loans being the only factor to consider. Taking all this into consideration, the Group is projecting a total outflow of cash and cash equivalents of €3.4m (FY22: 7.6m inflow), with cash and cash equivalents at the end of the year amounting to €3.8m.

Part 3 - Key Market and Competitor Data

At the time of publication of this Analysis, the Group considers that overall business should be normal with the industries in which the Group companies are involved and operate and, bar unforeseen circumstances, management does not anticipate any divergence in trends 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. Nonetheless, inevitably risks surrounding the business model are still possible and to this end, investors are strongly advised to carefully read the risk factors disclosed in the Prospectus.

3.1 Economic Update⁵

The Central Bank of Malta's Business Conditions Index indicates that annual growth in business activity has returned to its long-term average.

The European Commission survey shows that in May, economic sentiment in Malta remained above its long-term average but was unchanged from a month earlier. When compared with April, sentiment strongly ameliorated in the services sector and among retailers. It also improved slightly in construction. These developments were partly offset by weaker sentiment in industry and among consumers.

Additional survey information shows that price expectations increased in the retail and services sectors. On the contrary, price expectations in other sectors declined, with the largest decrease recorded in industry.

In May, the European Commission's Economic Uncertainty Indicator increased when compared with April. Higher uncertainty was largely driven by developments in services and industry, and to a smaller extent, among consumers.

In April, industrial production contracted in annual terms, following a small rise a month earlier. The volume of retail trade rose at a faster pace. The unemployment rate was marginally lower than that recorded in March and below last year's rate.

Commercial and residential permits increased in April relative to their year-ago levels. In May, the number of promise-of-sale agreements fell on a year-on-year basis while final deeds of sale rose slightly.

The annual inflation rate based on the Harmonised Index of Consumer Prices stood at 5.8% in May, up from 5.4% in the previous month. Inflation based on the Retail Price Index edged up to 6.0% in May, from 5.7% a month earlier.

Maltese residents' deposits expanded at an annual rate of 8.8% in April following an increase of 10.1% in the previous month while annual growth in credit to Maltese residents stood at 7.8%, marginally above the rate of 7.7% recorded a month earlier.

The Consolidated Fund deficit in April 2022 narrowed compared with a year earlier as expenditure fell while revenue rose slightly

3.2 Economic Outlook⁶

The Central Bank of Malta expects Malta's gross domestic product (GDP) to grow by 5.4% in 2022, 4.9% in 2023 and 3.8% in 2024. Compared to the Bank's previous projections, this represents a downward revision of 0.6 percentage point in 2022 and 0.4 percentage point in 2023. The downward revision reflects the deterioration in the international economic environment due to the Russian invasion of Ukraine and the lockdown measures in Asia. These headwinds have weakened global trade and have exacerbated supply chain disruptions and shortages of key vital inputs. Such disruptions have also increased imported price pressures.

Net exports are expected to be the main driver of growth in 2022, reflecting the correction in import-intensive investment outlays from the exceptional levels reached in 2021. The contribution of domestic demand is expected to be positive but significantly lower compared to that of the previous year. In the following years, domestic demand is expected to lead the expansion in economic activity, reflecting especially a foreseen strong contribution from private consumption. At the same time, the contribution of net exports is projected to remain positive, reflecting the gradual normalisation of tourism exports and growth in foreign demand more generally.

⁵ Central Bank of Malta – Economic Update 06/2022

⁶ Central Bank of Malta – Outlook for the Maltese Economy 2022 – 2024 (2022:2)

Employment growth in 2022 is expected to reach 2.9% from 1.6% in 2021. It is set to moderate to just below 2% by 2024. The unemployment rate is projected to decline to 3.3% this year, from 3.5% last year and it is expected to hover within this range over the outlook period.

In view of the expected increase in inflation this year, wage growth is projected to be relatively strong as employees might demand some partial compensation for the increase in prices. Nevertheless, nominal wage growth is projected to remain below that of inflation due to some lag in the transmission from prices to wages. In the following years, wage pressures are expected to moderate as the labour market becomes less tight.

Annual inflation based on the Harmonised Index of Consumer Prices is projected to accelerate to 5.0% in 2022, from 0.7% in 2021. The sharp pick-up in inflation reflects a broad-based increase across all sub-components of HICP except for energy inflation. Import price pressures are expected to moderate somewhat by the beginning of next year, although these are envisaged to remain high by historical standards. HICP inflation is expected to moderate to 2.9% by 2023, driven by lower contributions from all subcomponents except for energy inflation. Inflation is set to ease further in 2024, to 1.8%.

The general government deficit-to-GDP ratio is projected to recede to 5.6% of GDP in 2022, from 8.0% in 2021. It is expected to narrow further to 4.0% of GDP in 2023, and to 3.2% of GDP in 2024. This profile is driven by the unwinding of COVID-19 support measures in 2022, which should offset outlays on price mitigation measures. The general government debt-to-GDP ratio is projected to stand at 58.7% of GDP in 2024.

On balance, risks to economic activity are to the downside for 2022 and 2023, and on the upside for 2024. These risks stem from a possible prolongation of the Russia-Ukraine war. More persistent supply bottlenecks as well as higher input and transport costs, could adversely affect manufacturing output, private consumption, and investment. Foreign demand could also be weaker than expected if monetary policy in advanced economies responds more forcibly to inflation than assumed in this baseline. These downside

risks could be mitigated somewhat by possibly more expansionary domestic fiscal policy, an earlier resolution of the war, as well as the possibility of a faster drawdown of domestic private savings.

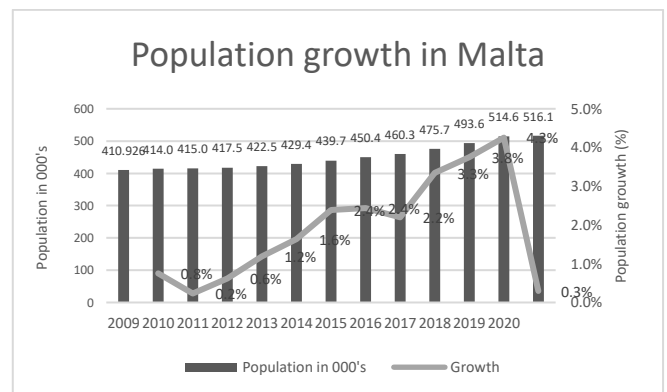
Risks to inflation are on the upside during the entire projection horizon. Indeed, the prolongation of the war, as well as China's zero-COVID policy, could increase commodity prices further and exacerbate imported price pressures and costs. Finally, wage pressures could be stronger than expected if high inflation persists for a longer period.

On the fiscal side, risks mainly relate to a larger deficit in 2022 and 2023. These mostly reflect the likelihood of additional Government support to mitigate rising commodity prices and State aid to Air Malta.

3.3 Care home industry⁷

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 records, the estimated population of Malta and Gozo at the end of 2020 stood at 516,100, up by only 0.3% when compared to 2019. However, 2020 was a unique year due to COVID-related restrictions and their repercussions on the movement of people. Compared to the same figures from last year, the growth was 4.3% YoY, a very rapid rate of growth in the population. If we look at a broader picture, Malta's population grew by 17.4% in the last six years (2014-2020), a very significant growth, even when compared to the previous 6-year period between 2008 and 2014 when the population only increased by 7%.

This is summarised in the following chart:



Life expectancy has also increased throughout the years, with the average life expectancy for those born in

⁷ National Statistics Office: World Population Day statistics

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 aging considerably. As of 31 December 2020, the population aged 65 years and above comprised 18.9% (97,418) of the total population of 516,100, an increase of 3.2% from the 15.7% recorded in 2010.

Similarly, according to the '2021 Ageing Report' prepared by the European Commission and the Economic Policy Committee, the EU-27's median age is projected to increase by 5 years to reach 47.3 years for men and 50.3 years for women by 2070. This phenomenon is projected to be universal across all EU Member States, including Malta.

Elderly care in Malta

Informal care plays an important role in Maltese society, due to the strong traditional role of the family. Caring for the dependent relatives is traditionally an important societal aspect. Living at home in the community domestically seems to be the preferred option amongst elderly people.

However, the demand for long-term care services has been growing due to the aging of the population and the intensification of labor-market participation of women. Since the mid-1980s, issues related to long-term care have been given more attention. Long-term care capacities have already been expanded in recent years. However, although the public capacity for institutional care (i.e. residential homes) is around the EU average, and provided by the government at both central and local levels, it remains insufficient to meet the growing demand. The private sector has been developing a complementary offer of long-term care services. Home-based services have also expanded in recent years.⁸

3.4 Hospitality and property development industries⁹

The tourism sector in Malta

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:

	2018	2019	2020	2021	Change '21/'19	Change '21/'20
Inbound tourists, '000s	2,599	2,753	660	969	-65%	47%
Tourist guest nights, '000s	18,570	19,339	5,227	8,390	-57%	60%
Average length of stay, nights	7.1	7	7.9	8.7	46%	-42%
Tourist expenditure, €mns	2,102	2,221	455	871	-61%	91%
Tourist expenditure per capita (€)	809	807	691	899	11%	30%

Unfortunately, the tourism sector, both internationally and locally, has been severely impacted by the outbreak of the COVID-19 pandemic. As countries introduced several confinement measures, and those people who could travel, opted to stay at home, the number of tourists dropped by 76% from 2019 to 2020 on a comparative basis.

2021 was still conditioned by the pandemic. Countries intermittently tightened and loosened restrictive measures as infection numbers fluctuated throughout the year. Consequently, tourism still had to face a lot of hurdles that could be witnessed in different statistics. Locally, almost 1 million people visited Malta in 2021 which is 47% more than in the first year of the pandemic however still lags far behind (by 65%) pre-pandemic levels.

Tourists also seemed to stay in Malta longer than in previous years and spend more. The average length of stay in 2021 was of 8.7 nights, compared to 7.9 nights in 2020 and 7 nights in 2019. The average tourist expenditure in 2021 was €899 which is 30% more than a year before but also 11% more than prior to the pandemic.

As globally it seems that the is now being side-lined, tourism figures are bouncing back. The latest available NSO data from March shows that there were more inbound tourists in 2022 than in 2020. It has also been projected that overall travel volumes are going to return to pre-pandemic levels by 2024. Nonetheless, given that the Group's Boutique Hotel has just recently opened,

⁸ <https://eurocarers.org/country-profiles/malta/>

⁹ Inbound Tourism December 2019 and March 2020 (NSO), and European Tourism – Trends & Prospects Q3/2020

the pandemic will have a dampened effect on its operations in ad interim.

The construction sector in Malta

In its March monthly economic update¹⁰, the Central Bank of Malta reported that the sentiment in the construction sector dropped during February. Confidence within the construction sector fell to 4.2 from 7.8 a month earlier but remained above

its long-term average of -9.7. The weaker sentiment was driven by developments in participants' employment expectations, which turned negative in the month under review and offset an amelioration in order books.

On the other hand, the Malta Developers Association (MDA)¹¹ issued a statement saying that property sales boomed during March 2022, making it a record month since statistics started being reported. Undoubtedly this is also a reflection of the prolonged easing measures taken by the local Government to keep a very important sector of the economy afloat.

¹⁰ Central Bank of Malta – Economic Update 4/2022

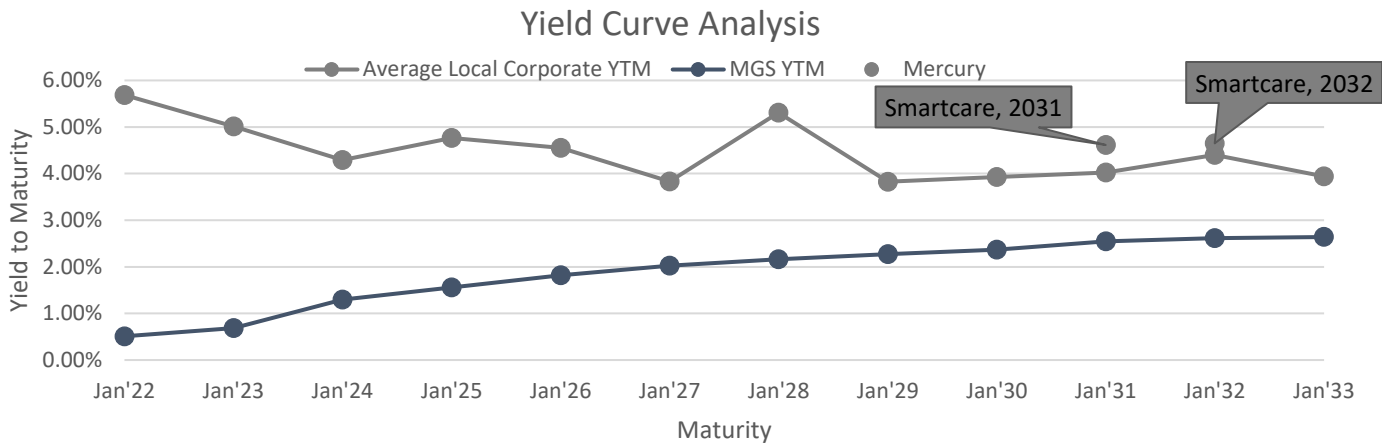
¹¹ Malta Developers' Association – News: <https://mda.com.mt/category/news/> - "MDA appeals for property tax incentives to be extended"

3.5 Comparative Analysis

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)
	€000's	(%)	(times)	(€'millions)	(€'millions)	(%)	(%)	(times)	(times)	(%)	(%)	(%)
6% Pendergardens Developments plc Secured € 2022 Series II	19,673	5.69%	(2.3)x	59.5	30.7	48.4%	35.5%	4.6x	0.7x	3.91%	10.19%	-9.54%
4.25% GAP Group plc Secured € 2023	8,350	4.24%	7.8x	112.2	21.6	80.8%	66.3%	3.5x	6.2x	48.3%	17.7%	110.7%
5.3% United Finance Plc Unsecured € 2023	8,500	5.27%	5.5x	18,484.8	7,801.6	57.8%	54.0%	3.5x	3.4x	30.1%	271.0%	5.0%
5.8% International Hotel Investments plc 2023	10,000	5.38%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%	-23.5%	40.6%
6% AX Investments Plc € 2024	40,000	3.94%	3.0x	369.8	237.1	37.0%	25.1%	6.8x	0.9x	0.8%	5.4%	23.3%
4.4% Von der Heyden Group Finance plc Unsecured € 2024	25,000	4.39%	0.7x	133.5	40.9	69.4%	61.3%	59.9x	2.0x	-5.4%	-19.3%	-51.0%
6% International Hotel Investments plc € 2024	35,000	5.13%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%	-23.5%	40.6%
5% Tumas Investments plc Unsecured € 2024	25,000	4.49%	4.9x	232.1	139.2	40.0%	19.7%	2.6x	4.4x	2.8%	11.6%	-1.4%
5% Hal Mann Vella Group plc Secured € 2024	30,000	3.68%	3.1x	123.8	48.5	60.8%	53.1%	9.0x	1.4x	2.5%	4.7%	7.7%
4.25% Best Deal Properties Holding plc Secured € 2024	9,183	4.02%	25.4x	24.6	6.9	71.9%	68.4%	3.9x	6.6x	50.2%	13.8%	83.2%
5.75% International Hotel Investments plc Unsecured € 2025	45,000	5.74%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%	-23.5%	40.6%
4.5% Hili Properties plc Unsecured € 2025	37,000	4.00%	1.5x	208.7	110.9	46.9%	32.3%	10.6x	4.7x	3.7%	38.5%	6.5%
5.25% Central Business Centres plc Unsecured € 2025 S2T1	3,000	4.93%	2.0x	58.2	23.6	59.4%	54.7%	21.3x	1.2x	15.5%	227.7%	19.1%
4% MIDI plc Secured € 2026	50,000	3.47%	0.9x	225.7	102.4	54.6%	38.6%	30.5x	2.8x	0.5%	5.9%	234.4%
4% International Hotel Investments plc Secured € 2026	55,000	3.86%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%	-23.5%	40.6%
3.9% Plaza Centres plc Unsecured € 2026	5,680	3.90%	3.3x	38.6	26.8	30.5%	14.8%	2.8x	2.7x	1.9%	20.4%	-7.4%
4% International Hotel Investments plc Unsecured € 2026	60,000	4.00%	1.0x	1,695.2	838.2	50.6%	41.2%	23.6x	1.5x	-3.8%	-23.5%	40.6%
3.25% AX Group plc Unsec Bds 2026 Series I	15,000	3.27%	3.0x	369.8	237.1	37.0%	25.1%	6.8x	0.9x	0.8%	5.4%	23.3%
3.75% Mercury Projects Finance plc Secured € 2027	11,500	3.75%	0.3x	113.0	34.6	69.4%	47.4%	99.5x	1.8x	-19.6%	-117.0%	-75.1%
4.35% SD Finance plc Unsecured € 2027	65,000	4.16%	0.3x	328.5	131.5	60.0%	30.3%	43.7x	1.2x	-1.6%	-12.2%	-70.9%
4% Eden Finance plc Unsecured € 2027	40,000	3.88%	3.7x	193.5	109.3	43.5%	28.6%	5.9x	1.1x	0.9%	4.3%	86.6%
4.4% Central Business Centres plc Unsecured € 2027 S1/17 T1 (xd)	6,000	4.40%	2.0x	58.2	23.6	59.4%	54.7%	21.3x	1.2x	15.5%	227.7%	19.1%
3.75% Tumas Investments plc Unsecured € 2027 (xd)	25,000	3.54%	4.9x	232.1	139.2	40.0%	19.7%	2.6x	4.4x	2.8%	11.6%	-1.4%
4% Stivala Group Finance plc Secured € 2027	45,000	3.72%	0.5x	363.0	235.4	35.1%	26.7%	33.8x	0.9x	5.3%	82.2%	28.2%
4% Hili Finance Company plc Unsecured € 2027	50,000	4.05%	4.6x	727.7	154.6	78.7%	71.8%	4.7x	1.1x	25.9%	5.7%	22.0%
3.85% Hili Finance Company plc Unsecured € 2028	40,000	4.04%	4.6x	727.7	154.6	78.7%	71.8%	4.7x	1.1x	25.9%	5.7%	22.0%
4% Exalco Finance plc Secured € 2028	15,000	3.99%	4.8x	70.0	44.3	36.7%	23.8%	3.6x	1.1x	5.7%	49.3%	3.9%
4% SP Finance plc € Secured 2029	12,000	3.59%	0.5x	40.0	16.0	60.0%	55.6%	48.8x	0.4x	-8.0%	-62.8%	71.5%
3.75% TUM Finance plc Secured € 2029	20,000	3.51%	3.6x	67.9	37.4	44.9%	34.4%	7.3x	0.6x	4.0%	41.0%	10.1%
3.65% Stivala Group Finance plc Secured € 2029	15,000	3.65%	0.5x	363.0	235.4	35.1%	26.7%	33.8x	0.9x	5.3%	82.2%	28.2%
3.8% Hili Finance Company plc Unsecured € 2029	80,000	3.85%	4.6x	727.7	154.6	78.7%	71.8%	4.7x	1.1x	25.9%	5.7%	22.0%
3.75% AX Group plc Unsec Bds 2029 Series II	10,000	3.52%	3.0x	369.8	237.1	37.0%	25.1%	6.8x	0.9x	0.8%	5.4%	23.3%
4.25% Mercury Projects Finance plc Secured € 2031	11,000	4.25%	0.3x	113.0	34.6	69.4%	47.4%	99.5x	1.8x	-19.6%	-117.0%	-75.1%
4.65% Smartcare Finance plc Secured € 2031	13,000	4.61%	1.2x	32.6	13.1	59.8%	51.6%	20.9x	2.4x	-2.1%	-9.9%	8.8%
4.25% Central Business Centres plc Unsecured € 2033	21,000	4.19%	2.0x	58.2	23.6	59.4%	54.7%	21.3x	1.2x	15.5%	227.7%	19.1%
4.3% Mercury Project Finance plc Secured € 2032	50,000	4.05%	0.3x	113.0	34.6	69.4%	47.4%	99.5x	1.8x	-19.6%	-117.0%	-75.1%
4.65% Smartcare Finance plc Secured € 2032		4.65%	1.2x	32.6	13.1	59.8%	51.6%	20.9x	2.4x	-2.1%	-9.9%	8.8%
Average*		4.16%										

Source: Latest available audited financial statements

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



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 illustrates on a stand-alone basis, the Issuer's existing yields of its outstanding bonds.

As of 01 July 2022, the average spread over the Malta Government Stocks (MGS) for corporates with a maturity range of 9-10 (2031-2032) years was 148 basis points. The 4.65% Smartcare Finance p.l.c. Bonds 2031 are currently

trading at a YTM of 461 basis points, meaning a spread of 207 basis points over the equivalent MGS. This means that this bond is trading at a premium of 59 basis points in comparison to similar corporate bonds with a maturity of 2031.

Meanwhile, the proposed 4.65% Smartcare bond is being priced with a 4.65% coupon issued at par, meaning a spread of 204 basis points over the equivalent MGSs. This means that the bond is trading at a premium of 25 basis points in comparison to similar corporate bonds with a maturity of 2032.

Part 4 - Glossary and Definitions

<i>Income Statement</i>	
Revenue	Total revenue generated by the Group/Company from its principal business activities during the financial year.
Costs	Costs are expenses incurred by the Group/Company in the production of its revenue.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. It reflects the Group's/Company's earnings purely from operations.
EBIT (Operating Profit)	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.
Profit After Taxation	The profit made by the Group/Company during the financial year net of any income taxes incurred.
<i>Profitability Ratios</i>	
Growth in Revenue (YoY)	This represents the growth in revenue when compared with previous financial year.
Gross Profit Margin	Gross profit as a percentage of total revenue.
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 average total assets (average assets of two years financial performance).
<i>Cash Flow Statement</i>	
Cash Flow from Operating Activities (CFO)	Cash generated from the principal revenue producing activities of the Group/Company less any interest incurred on debt.
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.
<i>Balance Sheet</i>	
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.
Inventory	Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale.
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.
Current Liabilities	Obligations which are due within 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.

Financial Strength Ratios

Current Ratio	The Current ratio (also known as the Liquidity Ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares current assets to current liabilities.
Quick Ratio (Acid Test Ratio)	The quick ratio measures a Group's/Company's ability to meet its short-term obligations with its most liquid assets. It compares current assets (less inventory) to current liabilities.
Interest Coverage Ratio	The interest coverage ratio is calculated by dividing EBITDA of one period by cash interest paid of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance total assets.
Gearing Ratio Level 1	Is calculated by dividing Net Debt by Net Debt and Total Equity.
Gearing Ratio Level 2	Is calculated by dividing Total Liabilities by Total Assets.
Gearing Ratio Level 3	Is calculated by dividing Net Debt by Total Equity.
Net Debt / EBITDA	The Net Debt / EBITDA ratio measures the ability of the Group/Company to refinance its debt by looking at the EBITDA.

Other Definitions

Yield to Maturity (YTM)	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.
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