

BONDHOLDER CIRCULAR

23rd February 2021

This Circular is being issued by Smartcare Finance p.l.c. (C 90123) with registered office at 326, Mdina Road, Qormi, Malta (the “**Company**”) pursuant to the provisions of Chapter 6 of the Prospects MTF Rules in connection with the proposed redemption of the €5,000,000 5% secured bonds 2029 (ISIN: MT0002251206) issued by the Company, jointly and severally guaranteed by Smartcare Pinto Ltd (C 86395) and Smartcare Holdings Ltd (C 90121) and admitted and trading on the Prospects MTF List pursuant to a company admission document dated 28 May 2019 (hereinafter the “**2019 Prospects MTF Bonds**”).



IMPORTANT INFORMATION

THIS IS AN IMPORTANT DOCUMENT. THE DIRECTORS OF THE COMPANY HAVE AGREED ON THE ISSUES AND MATTERS DESCRIBED HEREIN BY MEANS OF A RESOLUTION IN WRITING. IN THE EVENT THAT BONDHOLDERS RECEIVING THIS DOCUMENT ARE IN ANY DOUBT AS TO THE IMPORT OF THIS DOCUMENT OR AS TO ANY OF THE CONTENT HEREIN, THEY ARE URGED TO CONSULT THEIR INDEPENDENT PROFESSIONAL ADVISERS.

All the Directors of the Company, whose names appear on page 5 of this Circular, accept responsibility for the information contained in this Circular. 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 Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

A handwritten signature in blue ink, appearing to be "K Cachia".

Katia Cachia
Company Secretary

INTRODUCTION

This circular (the “**Circular**”) contains information about the resolution of the Directors of the Company that was taken by the said Directors on 11th February 2021 (the “**Directors Resolution**”). By means of the Directors Resolution, the Directors resolved to issue a maximum of €13 million secured bonds due in 2031 of a nominal value of €100 per bond to be issued at par by the Company and redeemable at their nominal value, bearing interest at the rate of 4.65% *per annum* and, for such purpose and prior thereto, to redeem the 2019 Prospects MTF Bonds.

This Circular is being dispatched to all holders of the 2019 Prospects MTF Bonds as at close of business on the 19th February 2021, to enable them to understand better the nature of the proposed early redemption of the 2019 Prospects MTF Bonds, the principal commercial terms thereof, and to provide other necessary information about the proposed early redemption of the 2019 Prospects MTF Bonds to the holders thereof. This Circular is being dispatched in compliance with the requirements of Rule 6.00.01.06 of the Prospects MTF Rules and complies therewith in respect of content and form.

Where any or all of the 2019 Prospects MTF Bonds have been sold or transferred by the recipients of this Circular, then this Circular and any other relevant documents should be passed on to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

As provided for in the Company Announcement issued by the Company on the 15th of February 2021, trading in the 2019 Prospects MTF Bonds was suspended as from close of business on 17th February 2021.

A copy of this Circular has been provided to the Malta Stock Exchange in terms of Prospects MTF Rule 6.00.41.

TABLE OF CONTENTS

1	DEFINITIONS	3
2	RESPONSIBILITY STATEMENT	4
3	INFORMATION ABOUT THE COMPANY	4
4	PURPOSE OF THIS CIRCULAR	5
5	MEETING OF BONDHOLDERS AND EARLY REDEMPTION OF 2019 PROSPECTS MTF BONDS 6	6
6	DIRECTORS' CONFLICTS OF INTEREST	7
7	MARKET VALUE OF 2019 PROSPECTS MTF BONDS	7
8	EXPECTED TIMETABLE.....	7
9	TAXATION.....	8
10	DOCUMENTS AVAILABLE FOR INSPECTION	8

1 DEFINITIONS

For the purposes of this Circular, the following capitalised terms shall have the meaning attributed thereto hereunder:

2021 Bonds	a maximum of €13 million secured bonds due in 2031 of a nominal value of €100 per bond issued at par by the Company and redeemable at their nominal value, bearing interest at the rate of 4.65% <i>per annum</i> . The 2021 Bonds are to be guaranteed jointly and severally by the Guarantors (as defined below);
Applicant/s	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
Application Form	the form of application for subscription of the 2021 Bonds;
Bondholders Meeting	the meeting of the Existing Smartcare Prospects MTF Bondholders called by the Company on 9 th March 2021 in terms of the Company Admission Document for the purpose of obtaining the approval of the Existing Smartcare Prospects MTF Bondholders for the early redemption of the 2019 Prospects MTF Bonds;
CET	Central European Time;
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;
Company Admission Document	the company admission document dated 28 th May 2019 setting out the terms and conditions of the 2019 Prospects MTF Bonds issued by the Company;
Companies Act	the Companies Act, Chapter 386 of the laws of Malta;
€ or Euro	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;
Existing Smartcare Prospects MTF Bondholders	the holders of the 2019 Prospects MTF Bonds as at close of business on 19 th February 2021 (trading session of 17 th February 2021);
Guarantors	jointly and severally, Smartcare Pinto Ltd (C 86395) and Smartcare Holdings Ltd (C 90121), both as defined below in this section 1;
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;
Prospects MTF Market	the market regulated as a multilateral trading facility operated by the MSE providing a venue for start-up and growth for small to medium-sized enterprises to float their capital (including equity or debt) on the market;
Prospects MTF List	the list prepared and published by the Malta Stock Exchange as the list indicating the companies admitted to the Prospects MTF Market in accordance with the Prospects MTF Rules;
Prospects MTF Rules	the rules issued by the board of directors of the Malta Stock Exchange, in exercise of the powers conferred on it by the Financial Markets Act (Chapter 345 of the laws of Malta), regulating the Prospects MTF Market;
Prospectus	collectively, the Summary, the Registration Document and the Securities Note published by the Company in connection with the issue of the 2021 Bonds, dated 19 th February 2021, as such documents may be amended, updated, replaced and supplemented from time to time;

Smartcare Holdings Ltd	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. Smartcare Holdings Ltd is a joint and several Guarantor of the 2021 Bonds;
Smartcare Pinto Ltd	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 Pinto Ltd is a joint and several Guarantor of the 2021 Bonds; and
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. Calamatta Cuschieri Investment Services Limited was appointed as Corporate Advisor to the Company pursuant to the 2019 Prospects MTF Bond.

2 RESPONSIBILITY STATEMENT

All of the Directors of the Company, as at the date of this Circular being Andrew Debattista Segond, William Wait, Ian Stafrace, Arthur Gauci and Sandro Grech, accept responsibility for the information contained in this Circular. To the best of their knowledge and belief (after having taken all reasonable care to ensure that such is the case), the information contained in this Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

3 INFORMATION ABOUT THE COMPANY

Full legal and commercial name of the Company : 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 Company 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 Company 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.

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

Specifically, in May 2019, the Company issued to the public in Malta on the Prospects MTF List €5,000,000 secured bonds due in 2029 of a nominal value of €100 per bond bearing an interest rate of 5% *per annum*, issued at par and redeemable on 5 June 2029 at their nominal value. The 2019 Prospects MTF Bonds are guaranteed jointly

and severally by the Guarantors and secured by the security rights granted by Smartcare Pinto Ltd and Smartcare Holdings Ltd, as defined in the Company Admission Document, in favour of a security trustee for the benefit of the holders of the 2019 Prospects MTF Bonds.

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

4 PURPOSE OF THIS CIRCULAR

As detailed in Company Announcement SMF26 issued on 15th February 2021, the Company intends to make an offer for subscription to the issue of €13,000,000 worth of secured bonds 2031 of a nominal value of €100 each to be admitted to listing and trading on the Official List of the Malta Stock Exchange, pursuant to and in terms of the Prospectus. The 2021 Bonds to be issued by the Company shall be due for redemption on 22 April 2031 and shall bear interest from and including 22 April 2021 to the date of redemption at a fixed rate of interest of 4.65% *per annum*, payable annually.

The issue and allotment of the 2021 Bonds is conditional upon: (i) the minimum amount of €10,545,000 being subscribed for; (ii) the security being constituted in favour of the duly appointed security trustee in accordance with the terms of the Prospectus; (iii) the Company obtaining the approval of the Existing Smartcare Prospects MTF Bondholders for the early redemption of the 2019 Prospects MTF Bonds pursuant to the Bondholders Meeting; and (iv) the Bonds being admitted to the Official List.

An amount of €5,000,000 of the net proceeds from the issue of the 2021 Bonds will be used by the Company for the redemption of the outstanding amount of 2019 Prospects MTF Bonds remaining in issue as at or about 21st April 2021, being the expected date of redemption of the 2019 Prospects MTF Bonds.

The Company shall allocate the 2021 Bonds on the basis of the following policy and order of priority:

- i. first to Existing Smartcare Prospects MTF Bondholders applying for the 2021 Bonds by way of 2019 Prospects MTF Bond Transfer¹ (and subject to any Redemption Premium (as defined in section 5 below) and Cash Top-Up² as and if applicable) in accordance with the terms and conditions laid out in the Prospectus, and subject to a minimum application of €1,000;
- ii. the balance of the 2021 Bonds not subscribed for by Existing Smartcare Prospects MTF Bondholders limitedly by means of a 2019 Prospects MTF Bond Transfer (and subject to any Redemption Premium and Cash Top-Up as and if applicable), shall be made available for subscription to Existing Smartcare Prospects MTF Bondholders in respect of any additional 2021 Bonds applied for other than by 2019 Prospects MTF Bond Transfer exceeding in value the aggregate nominal value of 2019 Prospects MTF Bonds held by them as at close of business on 19th February 2021 (trading session of 17th February 2021), *pari passu*, without priority or preference between them and in accordance with the allocation policy as determined by the Company. Accordingly, in the event that an Existing Smartcare Prospects MTF Bondholder applies for additional 2021 Bonds other than by way of 2019 Prospects MTF Bond Transfer as specified in (i) above, no guarantee shall be given with respect to the amount of 2021 Bonds to be allocated to the excess 2021 Bonds applied for by such Existing Smartcare Prospects MTF Bondholder; and

¹ "2019 Prospects MTF Bond Transfer" refers to the process by which Existing Smartcare Prospects MTF Bondholders may elect to subscribe for 2021 Bonds through the transfer to the Company of all of the 2019 Prospects MTF Bonds held by them as at close of business on 19th February 2021 (trading session of 19th February 2021) (including any Redemption Premium and Cash Top-Up necessary), resulting in 2021 Bonds being allocated to Existing Smartcare Prospects MTF Bondholders for the corresponding nominal value of 2019 Prospects MTF Bonds transferred to the Company (including Redemption Premium and Cash Top-Up, where applicable).

² Existing Smartcare Prospects MTF Bondholders applying for 2021 Bonds are to settle all of the amount due on the 2021 Bonds applied for by the transfer to the Company of 2019 Prospects MTF Bonds at par value, subject to a minimum application of €1,000 in 2021 Bonds. Any Existing Smartcare Prospects MTF Bondholders whose holding in 2019 Prospects MTF Bonds is less than €1,000 shall be required to pay the difference together with the submission of their application for 2021 Bonds ("Cash Top-Up").

- iii. in the event that following the allocations made pursuant to paragraphs (i) and (ii) above there shall still remain unallocated 2021 Bonds, the Company shall offer such remaining 2021 Bonds to duly appointed authorised intermediaries through an intermediaries' offer in accordance with the terms and conditions laid out in the Prospectus.

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

The transfer of 2019 Prospects MTF Bonds to the Company in consideration for the subscription for 2021 Bonds shall cause the obligations of the Company with respect to such 2019 Prospects MTF Bonds to be extinguished and shall give rise to obligations on the part of the Company under the 2021 Bonds.

Pursuant to the foregoing, the Company confirms that the purpose of this Circular is to provide Existing Smartcare Prospects MTF Bondholders with the necessary information in accordance with the Prospects MTF Rules with respect to the Company's intention to obtain the approval of the Existing Smartcare Prospects MTF Bondholders for the early redemption of the 2019 Prospects MTF Bonds during the Bondholders Meeting (as detailed in section 5 below), with a view to the proposed issue of the 2021 Bonds by the Company.

5 MEETING OF BONDHOLDERS AND EARLY REDEMPTION OF 2019 PROSPECTS MTF BONDS

In terms of the Company Admission Document, a meeting of the Existing Smartcare Prospects MTF Bondholders for the purpose of considering the early redemption of the 2019 Prospects MTF Bonds is called by the Directors of the Company by giving the duly appointed security trustee and all Existing Smartcare Prospects MTF Bondholders listed on the register of bondholders as at a date being not more than 30 days preceding the date scheduled for the meeting, not less than 14 days' notice in writing.

The notice itself (as well as the results of the Bondholders Meeting) shall also be announced to the market via company announcement.

The quorum at the Bondholders Meeting is at least 2 bondholders present, in person or by proxy, representing not less than 75% in nominal value of the 2019 Prospects MTF Bonds then outstanding. If a quorum is not present within 30 minutes from the time scheduled for the commencement of the meeting, the meeting shall stand adjourned and the Company shall within 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 – the adjourned meeting shall be held not earlier than 7 days, and not later than 15 days, following the original meeting and at the adjourned meeting the number of Existing Smartcare Prospects MTF Bondholders present at the commencement of the meeting, in person or by proxy, shall constitute a quorum.

The proposal for the early redemption of the 2019 Prospects MTF Bonds placed before the Bondholders Meeting shall only be considered approved if at least 60% in nominal value of the Existing Smartcare Prospects MTF Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.

In the event of the required majority of Existing Smartcare Prospects MTF Bondholders voting in favour of the aforesaid proposal during the Bondholders Meeting, upon redemption of the 2019 Prospects MTF Bonds all Existing Smartcare Prospects MTF Bondholders will be afforded a premium in the form of payment of a redemption price of €102.4 (the "Redemption Premium"). Existing Smartcare Prospects MTF Bondholders will be entitled to have the Redemption Premium settled in cash upon redemption of the 2019 Prospects MTF Bonds (by direct credit into the Existing Smartcare Prospects MTF Bondholders' bank account) or by the transfer to the Company of the Redemption Premium in exchange for the subscription of a corresponding amount of 2021 Bonds in his/her/its favour (by completing the appropriate section of the 2021 Bonds application form).

Existing Smartcare Prospects MTF Bondholders who do not elect to avail themselves of the possibility to exchange their investment in the 2019 Prospects MTF Bonds for an investment in the 2021 Bonds in terms of the procedure outlined in the Prospectus shall receive all capital and accrued interest to date on 21st April 2021.

The Bondholders Meeting for the purpose of obtaining the approval of the Existing Smartcare Prospects MTF Bondholders for the early redemption of the 2019 Prospects MTF Bonds has been called by the Company on 9th March 2021 and the formal notice calling said Bondholders Meeting has been issued on the date of this Circular.

All details relative to the 2021 Bonds and the terms and conditions of issue of said 2021 Bonds are set out in the Prospectus, a copy of which is available on the Company's website (www.smartcaremalta.com).

6 DIRECTORS' CONFLICTS OF INTEREST

None of the Directors of the Company have any interest in the 2019 Prospects MTF Bonds and there are no material conflicts of interest pertaining to the early redemption of the 2019 Prospects MTF Bonds.

7 MARKET VALUE OF 2019 PROSPECTS MTF BONDS

First dealing day in month of	€
August	100.50
September	100.50
October	100.15
November	100.15
December	100.00
January	100.50
February	101.00
As at 9 February	101.00

8 EXPECTED TIMETABLE

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

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

9 TAXATION

9.1 General

Existing Smartcare Prospects MTF Bondholders are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the redemption of the 2019 Prospects MTF Bonds and the subscription to 2021 Bonds, including their acquisition, holding and transfer, as well as any income/gains derived therefrom or made on their disposal. The following is a summary of the anticipated tax treatment applicable to the redemption of the 2019 Prospects MTF Bonds in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive.

The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Company at the date of this Circular, in respect of a subject on which no official guidelines exist. Existing Smartcare Prospects MTF Bondholders 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 Existing Smartcare Prospects MTF Bondholders. The precise implications for bondholders will depend, among other things, on their particular circumstances and on the classification of the 2019 Prospects MTF Bonds from a Maltese tax perspective, and professional advice in this respect should be sought accordingly.

9.2 Maltese taxation on the Premium paid by the Company on the redemption on the 2019 Prospects MTF Bonds

On the basis that the 2019 Prospects MTF Bonds do not fall within the definition of “securities” in terms of article 5(1)(b) of the Income Tax Act, that is, “*shares and stocks and such like instrument that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return*”, and to the extent that the 2019 Prospects MTF Bonds are held as capital assets by the Existing Smartcare Prospects MTF Bondholder, no tax on capital gains shall be chargeable upon the receipt of the Redemption Premium upon redemption of the 2019 Prospects MTF Bonds.

10 DOCUMENTS AVAILABLE FOR INSPECTION

Certified copies of the following documents will be available for inspection at the Company’s registered office up to and including the date of the Bondholders Meeting:

- a) the Memorandum and Articles of Association of the Company³; and
- b) the consent by Calamatta Cuschieri Investment Services Limited as representative of the majority of holders of the 2019 Prospects MTF Bonds for the issue of this Circular.
- c) the audited financial statements of the Company and the Guarantors for the year end 31 December 2019 and the unaudited interim financial statements as at 30 June 2020 of the Company⁴.

³ The latest Memorandum and Articles of Association of the Company is available on the Company’s website <http://smartcaremalta.com/smartcare-finance-plc/>

⁴ The audited financial statements of the Company and the Guarantors for the year end 31 December 2019 and the unaudited interim financial statements as at 30 June 2020 of the Company are available on the Company’s website <http://smartcaremalta.com/smartcare-finance-plc/>