

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) 391200VICFPFLUX5BL94
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

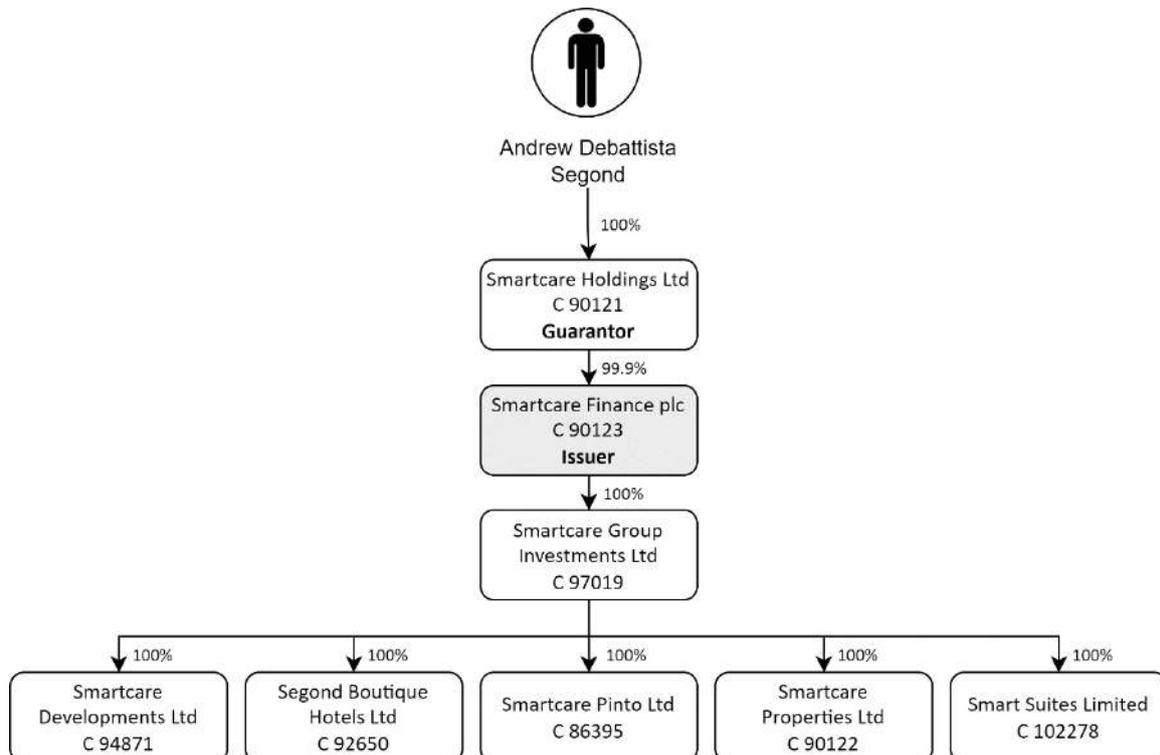
The Issuer is Smartcare Finance plc, a public company registered in terms of the Companies Act, with company registration number C 90123 and its registered office is at 326, Mdina Road, Qormi, Malta. The Issuer is incorporated and is domiciled in Malta. Its LEI number is 391200VICFPFLUX5BL94.

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.